

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PARTICULARS OF THE REPORT

Report Summary

This report is prepared to provide stakeholders with an update on the work of Li Ning Company Limited (“the Group”) and its subsidiaries (collectively “the Group”, “we/our” and “Li Ning”) in the environmental, social and governance (“ESG”) fields in 2023. This report was prepared in accordance with *Environmental, Social and Governance Reporting Guide* (the “ESG Reporting Guide”) which is set out in Appendix C2 to the Listing Rules of The Stock Exchange of Hong Kong Limited. This report should be read in conjunction with the section “Corporate Governance Report” in the 2023 Annual Report of the Group and the column “Corporate Social Responsibility” on the Group’s website.

Report Period

The reporting period of this report is from 1 January 2023 to 31 December 2023. To ensure the consistency of the report, some contents are out of this time period.

Report Scope

The disclosure scope of this report is consistent with that covered by the annual report, which has not changed compared with the scope of ESG reports in previous years, unless otherwise specified.

BOARD STATEMENT

Environmental, social and governance issues have always been central to the development of the Group. The Board of Directors (“the Board”) of the Group is responsible for the overall supervision of ESG matters, and the ESG Management Committee and Executive Team under the Board are responsible for the specific deployment and implementation of ESG-related work. The Board regularly listens to reports from the ESG Management Committee, reviews the overall ESG strategic planning of the Group, the evaluation results of key ESG issues and the identification and management of ESG risks, and regularly checks the progress of ESG objectives.

The Group actively promotes and deepens its work in ESG field, fully fits the business characteristics in practice, integrates sustainable development vision and strategy into the Group’s development operation and overall strategic planning, and its update and optimization are regularly reviewed by the Board. At the beginning of 2023, the Board of Directors of the Group reviewed and approved the sustainability vision and strategy update, the sustainability objectives update, the review of the Group’s environmental objectives, the results of the identification and assessment of climate change risks and opportunities, and the response strategies.

The Board pays close attention to the requirements of stakeholders, continuously participates in the identification, evaluation and management of key ESG issues, actively carries out ESG risk management, and reviews and guides the implementation of relevant risk management strategies.

In 2023, the Group adhered to the development goals in terms of employee, environment, community and innovation, and firmly promoted the achievement of relevant goals. The progress in achieving each goal is consistent with the overall planning, and breakthroughs and progress have been made in stages, which are reviewed and approved by the Board along with this report.

This report, which discloses the Group’s management practices in the above work and other ESG areas, was reviewed and approved by the Board on 19 March 2024.



Reporting Principles

Materiality: The Group has identified, evaluated and ranked key ESG issues, and disclosed ESG issues based on the materiality assessment results. Refer to the “Communication with Stakeholders and Key Issues Identification” section for details of the key ESG issues identification and assessment process and stakeholder participation.

Quantification: This report adopts a quantified manner to measure the applicable key performance indicators and sets quantified environmental goals. Information on the criteria, methods, assumptions and/or calculation tools used for the quantification of emissions and energy consumption, as well as the sources of the conversion factors used, is disclosed in the section where appropriate.

Consistency: The preparation methods, statistical methods, measurement criteria, methods, assumptions and/or calculation tools of quantitative data, and conversion factors used in this report remain the same as those used in previous years, and there are no changes that may affect meaningful comparison with previous reports.

I. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MANAGEMENT SYSTEM

The Group firmly pursues and strives to realize its corporate vision, and is committed to “to be the renowned fashionable world-leading professional sports brand originated from China”, with the mission of “Let Sports Light Your Passion”, and upholding the commitment to serve the society with sports spirit. Around its core values of “serving the public with sports spirit”, “surpassing yourself to win the competition”, “win-win for individuals and teams”, “fairness and transparency are competition principles and enterprise principles” and “harmonious development of employees, enterprises, society and nature”, the Group tries to create a cultural atmosphere and working environment that is equal and diversified, self-confident and self-improvement, accommodating and inclusive, as well as a win-win situation together. Following the business philosophy of “Anything is Possible”, the Group has deepened its exploration of practical innovations in the field of professional sports in China, focusing on product experience, sports experience and purchase experience, and creating the “Li Ning’s experience value”. The Group continues to improve its ESG management system, promote the construction of a sustainable value chain in all aspects, incorporate the concept of responsibility in the whole process, and promote the public welfare and social values of sports, so as to drive the sustainable and high-quality development of the enterprise through innovation and change.

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ESG Management Structure

The Group has continuously improved its ESG management structure, strengthened its ESG management capabilities, and clarified the responsibilities, functions and process mechanisms of ESG-related work. It strives to improve the quality and efficiency of ESG work and promote the scientific and orderly deployment of ESG work.

The Board is responsible for the overall supervision of ESG matters, and reviewing and supervising the optimization of ESG strategy, the importance assessment of ESG issues, the identification and response of ESG risks, the revision of ESG objectives and the regular review of ESG report. The Group has established an ESG Management Committee chaired by the Group's Executive Director and Joint Chief Executive Officer. The committee is responsible for analyzing the medium and long-term ESG strategies and objectives of the Group, sorting out and analyzing key ESG issues, submitting ESG suggestions to the Board for review and decision, and guiding and supervising the ESG Executive Team in work.

The ESG Executive Team is led by the Environment and Sustainability Development Department of the Group and is composed of the heads of ESG departments concerned. The team is responsible for coordinating all departments concerned to promote the implementation of ESG strategies and policies, and regularly reports the work progress to the ESG Management Committee. The Environment and Sustainable Development Department of the Group consists of four personnel, including one person in charge and three professionals in social responsibility, environment and carbon management. The Environment and Sustainable Development Department reports to the Executive Member of ESG Management Committee.



ESG Management Structure and Flow

ESG Strategy and Management Concept

The Group is deeply committed to the application and exploration of innovation in the field of ESG. Based on our corporate strategy, operation mode and business development, we have continued to improve our ESG strategy and management system in line with the sustainable development of the Group. We actively respond to the national “30 • 60” carbon peak and carbon neutral strategy, and put forward the sustainable development slogan and logo of “Look Further Run Further”. We continue to implement green and low-carbon operational measures, deepen the assessment and management of climate change risks and opportunities, and strengthen the sustainability of the entire value chain. The Company continues to promote the linkage between the assessment indicators of its executives and sustainable development, and gradually incorporates more ESG-related indicators into the assessment system of its executives in an effort to enhance the quality and effectiveness of sustainable development management; firmly protects the legitimate rights and interests of its employees, and strengthens its support for the career development of its employees, so as to promote the development of the Company together with its employees; rigorously monitors the quality and safety of its products, and establishes higher product and service standards; strengthens the building of a corruption-free environment and solidly promotes anti-corruption and corruption-free work; actively undertakes corporate social responsibility, and continues to carry out the concept of public welfare. In addition, we attach great importance to the concerns and aspirations of all stakeholders in the area of sustainable development of the Company, and continue to optimize the exchange, sharing and co-creative mechanism of sustainable development concepts, experiences and opinions, and devote ourselves to the exploration of sustainable development methods and modes in the industry with a firm sense of mission and responsibility.



Li Ning Group's Sustainability Slogan and Logo

The Group strives for its sustainable development vision of “constantly surpassing ourselves to achieve the sustainability of products and operations, and let employees, enterprises, society and nature develop harmoniously and build a healthier and better world together”, and has developed and followed its overall sustainable development strategy, which is: “on the basis of ensuring production and operation compliance, we integrate the concept of responsibility into the whole value chain of product design, material procurement, production and processing, marketing and waste disposal, improve the social and environmental management system, and move towards our sustainable development vision by innovation and reform”. We have fully optimized our management strategies and working mechanisms in ESG-related areas such as environmental protection, employee care, supply chain management, product responsibility, anti-corruption and community investment, and implement sustainable management initiatives, so as to move steadfastly toward a better future.

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Environmental protection:

- Strictly comply with national environmental protection laws and regulations, proactively fulfill our environmental protection responsibilities, pay attention to the trend of climate change, cope with challenges and take opportunities, and help the country's "goal of carbon peak and carbon neutrality" to advance steadily;
- Strengthen emissions management, implement energy saving and consumption reduction measures, enhance resource and energy efficiency, and promote low-carbon operations.

Employee care:

- Strictly comply with national laws and regulations, follow the principle of "people-oriented" employment, and resolutely eliminate all illegal employment practices;
- Continuously improve the management of employees' salary, benefits and attendance, enhance humanistic care, and improve the employment environment;
- Optimize the talent training mechanism and launch diversified training activities to empower employees to grow and energize the development of the enterprise;
- Actively launch employee health care programs to fully protect the occupational safety and physical and mental health of our employees.

Supply chain management:

- Conduct all-round supervision on the acceptance, management and disqualification of suppliers, standardize suppliers' social responsibility and environment-related supervision and auditing, strengthen suppliers' capacity building, and contribute to the sustainable development of the supply chain;
- Pay attention to the environmental performance of our suppliers and advocate the research and development of environmentally friendly products and carbon footprint measurement to create a green supply chain;
- Actively participate in industry exchanges and continue to explore sustainable development trends and industry best practices to promote the green transformation of the industrial chain;
- Encourage suppliers to carry out environmental certification, improve environmental management and reduce environmental risks in the supply chain.



Product liability:

- Standardize product quality review and management, strictly control product quality, and provide consumers with quality products;
- Pay attention to customer feedback and strengthen customer complaint management to enhance customer satisfaction;
- Upgrade the information security protection technology, improve the management mechanism, comprehensively prevent the risk of data leakage, and protect the legitimate rights and interests of consumers;
- Realize the concept of responsible marketing, strengthen intellectual property management and brand protection, and shape a good brand image.

Anti-corruption:

- Improve the anti-corruption monitoring mechanism, implement the requirements of the anti-corruption system, and establish a clean and honest brand image;
- Improve corruption whistle-blowing channels, standardize the whistle-blowing process, and strengthen corporate integrity building;
- Organize anti-corruption training activities to enhance the awareness of honesty and integrity and create a clean corporate culture.

Community investment:





- Proactively fulfill our corporate social responsibilities, contribute to charitable causes, and enhance social well-being;
- Integrate our own resources to efficiently promote the popularization and development of sports;
- Utilize the brand's advantages, promote the integration of sports culture into public life and create a healthy lifestyle of sport for all.

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Sustainable Development Action

China actively implements the development concept of innovation, coordination, green, openness, as well as sharing, and comprehensively promotes the implementation of the United Nations *2030 Agenda for Sustainable Development* and the 17 Sustainable Development Goals (SDGs). It has released *China's National Plan on Implementation of the 2030 Agenda for Sustainable Development* (the "National Plan"), which summarizes its development achievements and experiences for implementing relevant practices required by the Sustainable Development Goals.



In 2023, the Group focused on its development strategy and business operation strategy, studied and formulated action plans to respond to the sustainable development goals, and continued to expand its sustainable development practices to contribute to the sustainable development of society. The following table sets forth the Group's sustainable development action and our specific plans to contribute to the realization of our sustainable development goals.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2023
SDG1 No poverty 	<ul style="list-style-type: none"> Improve social security system and implement the plan for universal participation in social insurance 	<ul style="list-style-type: none"> Paid full contributions to social insurance and housing fund for our employees, and provided additional supplementary medical insurance.
SDG2 Zero hunger 	<ul style="list-style-type: none"> Ensure that everyone has safe, nutritious and sufficient food throughout the year 	<ul style="list-style-type: none"> Established Chinese and Western style restaurants and strictly managed the hygiene environment of the restaurants and controlled the quality of ingredients to provide safe, nutritious and diversified meal choices for our employees.
SDG3 Good health and well-being 	<ul style="list-style-type: none"> Promote equality of and accessibility to basic medical and healthcare services 	<ul style="list-style-type: none"> Provided all employees with entry-level and annual medical checkups, and offered targeted medical checkup programs to meet the needs of their positions, so as to comprehensively prevent the risk of occupational diseases. Set up a health consultation room to provide staff with preventive medicine against diseases. Provided employees with statutory medical insurance, supplementary medical insurance, personal accident insurance and critical illness insurance to realize comprehensive health protection for employees.
SDG4 Quality education 	<ul style="list-style-type: none"> Improve the operating conditions of weak schools and boarding schools 	<ul style="list-style-type: none"> Donated basketball, badminton, table tennis and other sports equipment to rural schools in Xihua County, Henan Province together with the China Rural Development Foundation, to promote the development of sports in impoverished areas.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2023
<p>SDG5 Gender equality</p> 	<ul style="list-style-type: none"> Adhere to the basic national policy of gender equality to eliminate all forms of discrimination and bias against women Enhance the working and entrepreneurial capability of women by developing public childcare services 	<ul style="list-style-type: none"> Implemented the principle of equal employment and eliminated all sex discrimination in recruitment, promotion, training, payment of salary and benefits. Suppliers were required to refrain from prejudice or discriminatory acts on the basis of sex in all aspects of their work, so as to protect the legitimate rights and interests of women.
<p>SDG6 Clean water and sanitation</p> 	<ul style="list-style-type: none"> Significantly increase the proportion of treated compliant wastewater by strengthening the supervision and monitoring over major water functional zones and river outlets Comprehensively promote the development of a water-saving society by strengthening the management over water demand and water utilization process 	<ul style="list-style-type: none"> Regularly checked the integrity of taps and pipes to prevent wastage of water resources caused by problems such as running, dripping and leaking. Vigorously launched water conservation publicity and education, posted water conservation publicity signs, and integrated water conservation awareness into daily work. Strengthened the requirements for wastewater treatment and reviewed the suppliers' wastewater monitoring reports, discharge permits and other relevant documents to achieve stringent control over wastewater discharges. In 2023, the order volume of the secondary main suppliers carrying out ZDHC wastewater detection was over 95%.
<p>SDG7 Affordable and clean energy</p> 	<ul style="list-style-type: none"> Optimize the energy structure by enhancing the utilization rate of fossil fuel energy and increasing the proportion of clean energy consumption Build a clean, low-carbon, safe and efficient modern energy system 	<ul style="list-style-type: none"> Made full use of the temperature-sensitive canopy to control the indoor temperature on hot days and reduce the electricity consumed by air-conditioning use. Actively used clean energy by building photovoltaic power stations and equipping them with solar panels to fully utilize solar energy. Installed charging piles for electric vehicles to facilitate staff charging and promote low-carbon travel. Beijing Park received a nationally recognized Green Power Certificate for the consumption of green power produced by the PV project.
<p>SDG8 Decent work and economic growth</p> 	<ul style="list-style-type: none"> Improve the employment and entrepreneurial service system and implement a life-long vocational skills training system 	<ul style="list-style-type: none"> Established a sound employee development system, provided employees with diversified learning opportunities, promoted the continuous improvement of their professional skills and comprehensive abilities, and provided more possibilities for employee development. Offered a wide range of training programs, including new employee induction training, business training, core values and leadership training.

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SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2023
<p>SDG9 Industry, innovation and infrastructure</p> 	<ul style="list-style-type: none"> Accelerate the upgrading and transformation of traditional industries and promote low-carbon industrial energy 	<ul style="list-style-type: none"> Participated in the Global Textile Green and High Quality Development Forum and Carbon Peak and Carbon Neutral Action Summit. Participated in the TUV Rheinland Green Energy Innovation and Sustainable Circular Economy Development Forum.
<p>SDG10 Reduced inequality</p> 	<ul style="list-style-type: none"> Attach great importance to providing equal opportunities and ensuring equal rights of participation and development for all employees Consistently promote growth of both resident income and the economy, as well as growth of both salary and work productivity at the same time 	<ul style="list-style-type: none"> Strengthened employment management and implemented the employment principles of equality, respect and democracy in the recruitment, promotion and termination of staff to ensure equal job opportunities. Continued to optimize our remuneration policy and structure to provide employees with fair and competitive remuneration packages to help attract, motivate and retain talent.
<p>SDG11 Sustainable cities and communities</p> 	<ul style="list-style-type: none"> Strengthen the construction of natural disaster monitoring and early warning system and engineering defense capacity, improve the social mobilization mechanism for disaster prevention and reduction, and establish smooth channels for social participation in disaster prevention and reduction 	<ul style="list-style-type: none"> Maintained a high sensitivity to sudden public health events such as natural disasters, and raised funds and materials based on the needs of disaster-stricken areas to assist in post-disaster reconstruction. During the year, we made donations to the earthquake-stricken areas in Gansu and the flood-stricken areas in Beijing, Tianjin, Hebei and Pakistan to promote the resumption of work and production in the aftermath of disasters.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2023
<p>SDG12 Responsible consumption and production</p> 	<ul style="list-style-type: none"> • Reduce the adverse impact of chemicals on human health and the environment • Significantly enhance the level of green chemical engineering technology • Strenuously develop circular economy with significant increase in the recycling of major types of wastes • Comprehensively promote the extended producer responsibility system to encourage enterprises to fully implement the concept of sustainable development in their production management 	<ul style="list-style-type: none"> • Integrated the environmental protection requirements on suppliers into the whole supplier management process, comprehensively supervised the use of chemicals, controlled the quality of raw materials, and ensured the health of customers from the source. • Formulated the <i>Technical Requirements for Product Safety of Li Ning Company Limited</i> and required suppliers to sign documents declaring compliance with the standards to realize strict control over the use of chemical products by suppliers. • Expanded the application of BOOM FIBER uppers in shoe manufacturing and promoted the diversification of eco-friendly products. • GCR (lightweight non-slip rubber technology) and GCU (ground control system outsole technology) were used for the soles to ensure the performance of the products and to fulfill the concept of sustainable development. • The use of recycled yarns in the production of apparel products effectively reduced carbon emissions.
<p>SDG13 Climate action</p> 	<ul style="list-style-type: none"> • Popularize the knowledge about climate change and low-carbon development concepts with guidance to the general public for active participation in actions against climate change 	<ul style="list-style-type: none"> • Integrated the concept of sustainable development into production and operation practices, raised employees' awareness of environmental protection, and promoted full participation in climate change action. • Actively launched carbon footprint measurement, strictly controlled the carbon footprint of products, and reduced the negative impact of greenhouse gas emissions on the climate. • Strengthened suppliers' awareness of energy saving and emission reduction, and conducted regular carbon audits to promote the green development of the supply chain.

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SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2023
SDG15 Life on land 	<ul style="list-style-type: none"> Launch large-scale actions to green the country's soil, strengthen the construction of key projects in the forestry industry, improve the protection system for natural forests, completely stop commercial logging of natural forests, and protect and cultivate forest ecosystems 	<ul style="list-style-type: none"> Launched a parent-child tree-planting activity named "Big Hands with Small Hands, I Plant a Tree for Low Carbon", to advocate environmental protection and low-carbon actions.
SDG16 Peace, Justice and strong institutions 	<ul style="list-style-type: none"> Implement the <i>Law on the Protection of Minors of the People's Republic of China</i>, and crack down, in accordance with the laws, on the unlawful and criminal acts such as use of child and forced labor 	<ul style="list-style-type: none"> Strictly enforced the section of identity card verification before the signing of labor contracts to verify the age of the applicants and to avoid the employment of child laborers. Reasonable work and vacation arrangements were made on the basis of employees' willingness to work, and forced labor practices were firmly resisted.
SDG17 Partnerships for the goals 	<ul style="list-style-type: none"> Actively participate in the establishment of global partnerships to promote more balanced global partnerships for development Actively participate in the works in relation to the establishment of mechanisms for enhancing the use of global technology 	<ul style="list-style-type: none"> Participated in the 28th Sino-European CSR Roundtable Forum. Joined the United Nations Global Compact (UNGC).

Stakeholder Communication and Identification of Key Issues

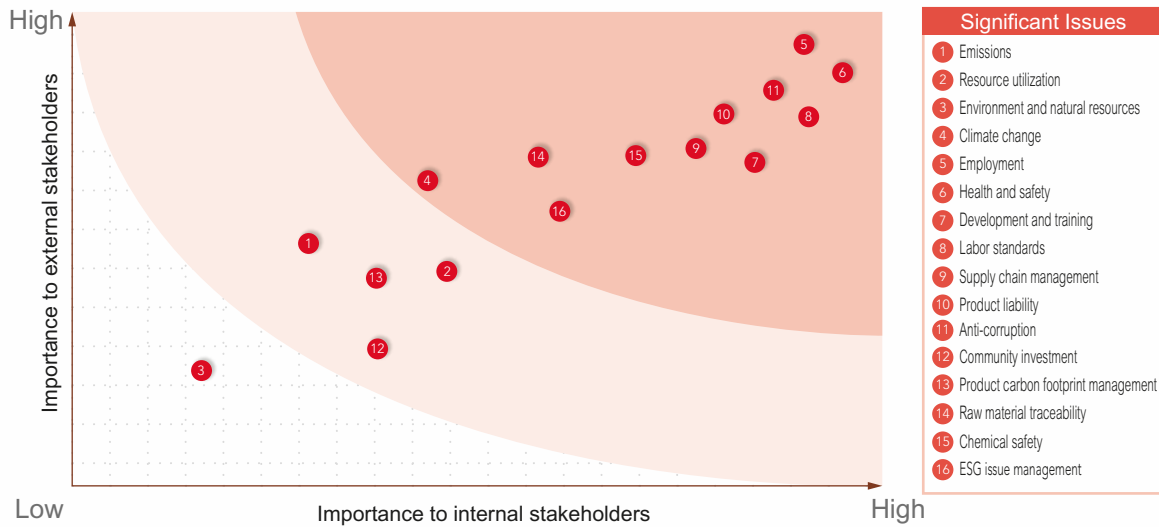
The Group's major stakeholders include government and regulatory authorities, shareholders and investors, consumers, distributors and suppliers, communities and the public, media and non-governmental organizations, senior management and employees. The Group, together with a wide range of stakeholders, has been actively developing innovative ESG management practices, continuously improving the mode of stakeholder communication, establishing diversified communication channels, and initiating close cooperation and exchanges with all parties, so as to fully respond to the concerns and demands of all parties on ESG issues of concern. We deeply share and exchange ESG concepts with all parties involved, jointly explore practical ways to enhance ESG management, fully evaluate communication results and feedback, and promote the implementation and integration of ESG management mechanisms in our business operations, so as to steadily strengthen our corporate sustainable development capability.

Communication with Key Stakeholders and Response

Key stakeholders	Communication channel	Issues concerned	Response
Government and regulatory authorities	Policy guidelines Regulatory document Industry meeting On-site inspection Off-site regulation	Energy saving and emission reduction Corporate governance Compliance operation Implementation of policy	Implement regulatory policy Persist in paying tax in accordance with law Accept supervision and assessment Carry out green operations Improve corporate governance system
Shareholders and investors	Information disclosure General meeting Road show Results announcement	Operation strategy Profitability Transparency of information disclosure Environment and social management	Strengthen ESG management Maintain brand value Regularly publish results announcement Promote risk and internal control management
Consumers	Customer service hotline Satisfaction survey Marketing activity Official website	Product quality After-sales service Privacy protection	Establish and improve the quality control and management system Improve service quality Protect consumers' rights and interests Safeguard customer data security
Distributors and suppliers	Regular communication meeting Daily communication and visits Cooperation agreement Strategic negotiation	Fair cooperation Integrity and compliance Mutual development	Formulate a transparent and fair procurement system Enhance environment and social risk awareness and improve environment and social management level Establish a good relationship in business cooperation
Community and general public	Charity activity Volunteer action Community activity	Charity activities Community development Community relations	Regularly conduct volunteer activities Increase external donations Promote professional sports knowledge
Media and non-governmental organizations	Press Release Media platform Site visit	Corporate influence Transparency of information disclosure Ability in public relation	Regularly organize the open day for media Real-time news release Timely and objective information disclosure
Senior management	Management meeting Democratic communication conference Intranet mailbox Corporate activity	Labor standards Health and safety Supply chain management Product quality management	Promote the implementation of the ESG system Improve ESG workflow Promote internal communication Strengthen operational supervision
Employees	Trade union Staff representatives meeting Intranet mailbox Corporate activity	Employee remuneration and benefits Community charity Development and training Safety and protection	Fulfill the role of trade union Enrich employees' life Care about health of employees Establish a learning platform Protect employees' rights and interests

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After communicating with various stakeholders, the Group has identified 16 ESG key issues, which cover the disclosure of 4 environmental and 8 social aspects under the *Environmental, Social and Governance Reporting Guidelines* of the Hong Kong Stock Exchange. Based on this, the Group has also identified 4 key issues, namely, carbon footprint management of products, raw material traceability, safety management of chemicals, and governance on ESG issues, taking into account the characteristics of its own business operations and the concerns of its stakeholders. Combining internal and external stakeholder research insights with issue materiality analysis, we present the level of materiality of ESG key issues for the Group through the following materiality matrix:



Matrix of Importance of ESG Issues

II. ENVIRONMENTAL MANAGEMENT

Environmental Management Policy

The Group strictly abides by the *Environmental Protection Law of the People’s Republic of China*, *Atmospheric Pollution Prevention Law of the People’s Republic of China*, *Water Pollution Prevention and Control Law of the People’s Republic of China*, *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, *Measures for the Administration of Municipal Solid Waste*, *Energy Conservation Law of the People’s Republic of China* and *Renewable Energy Law of the People’s Republic of China* and other relevant laws and regulations. The Group firmly fulfills its environmental protection responsibility as an enterprise. We continuously optimize the green operation management system, improve the environmental management system, and implement green measures effectively to promote green innovation, and respond to the impact of climate change proactively. In 2023, the Group did not identify any matters that caused serious pollution or material adverse impact on the environment during production and operation.

Environmental Management System and Measures

The Group has formulated its internal management systems such as *Li Ning Energy Conservation Management Standard*, *Li Ning Energy Conservation Work Guidelines* and *Li Ning Energy Conservation Implementation Rules*, to continuously strengthen the management of emissions and resource utilization, implement management measures related to energy saving and emission reduction, and fully realize the practice of sustainable development.

In 2023, to further strengthen ESG information management, we initiated the construction of an ESG smart management platform, which was launched and put into use in January 2024. Based on this platform, a data, process, supervision, and decision-making mechanism has been established to standardize data management processes, build product carbon footprint tracking capabilities, and promote ESG performance insights and carbon asset optimization. This platform is equipped with a three-layer application architecture, including a data collection layer, a model calculation layer, and an analysis and display layer. Data can be reported and automatically collected through system tools to achieve automation in calculating greenhouse gas related data indicators for Scope 1 and Scope 2. It also enables online collection and calculation of carbon emission data for important materials and key suppliers in Scope 3.

Emission Management

In 2023, the Group continued to strengthen the management of emissions such as waste, waste water and waste gas, and endeavored to minimize the negative impacts of our daily office and operational activities on the environment. We encourage our staff to adopt green travel methods and implement low-carbon logistics strategies to reduce greenhouse gas emissions. We will continue to promote waste separation and have professional third-party organizations to carry out separate collection, storage and transfer of waste, and adopt corresponding measures for treatment, recycling and reuse to ensure compliant treatment of waste.

Appropriate disposal of waste	<ul style="list-style-type: none">• Strictly enforce the separation of garbage for disposal, with professional companies responsible for recycling and disposal, and launching regular publicity and education campaigns on garbage separation.• Fully implement paperless office, set up waste paper recycling bins in office areas and recycle single-sided printing paper.• Centralized collection and recycling of carton packaging from warehouses and stores.• Unified collection and separate storage of hazardous waste such as waste toner cartridges and waste fluorescent tubes generated in the offices, which are handed over to a professional third party for recycling and disposal.• Guangxi Li Ning adopts independent packaging for chemical hazardous waste, which is stored in a special warehouse for hazardous chemicals and processed and recycled by a company with professional qualifications.
Adopt low-carbon logistics transportation	<ul style="list-style-type: none">• Cooperate with third parties to promote the application of new energy vehicles in logistics and reduce carbon emissions.• Utilize advanced logistics management systems and algorithms to optimize transportation routes and reduce fuel consumption and carbon emissions.• Optimize cargo loading, follow the principle of maximizing the volume of cargo transported, and improve transport efficiency.• Reasonable planning of transportation time and avoidance of peak hours to enhance transport efficiency and reduce carbon emissions.• Electronic signatures have been fully promoted in all directly-managed stores across the country, reducing the use of paper and carbon emissions.
Promote green commuting	<ul style="list-style-type: none">• Encourage employees to prioritize public transport for commuting and provide transport subsidies to support environmentally friendly travel. Set up a shuttle bus service at the headquarters to provide employees with convenient commuting options.• Set up electric vehicle charging piles in the headquarters office park to provide convenient charging services for employees who drive environmentally friendly electric vehicles.

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Case: Badminton factory waste gases emission management

Badminton factory is committed to creating a green production process by adopting advanced equipment and technology for waste gases emission management. Waste gases generated during the painting process in the painting workshop are adsorbed and settled by a water curtain and led to the top floor by an exhaust pipe, and then discharged after treatment by an activated carbon adsorption device, which effectively reduces atmospheric pollution. In addition, a water spray system for dust treatment has been installed in the factory processing workshop, to further reduce dust emissions effectively. Badminton factory attaches great importance to the management of emissions and regularly organizes and conducts emissions monitoring to ensure that the management of emissions is in compliance with the regulations.

Case: Wastewater disposal management of Guangxi Li Ning

We have actively strengthened our wastewater management to ensure wastewater discharge compliance. For domestic wastewater, Guangxi Li Ning requires all domestic wastewater networks to be treated in septic tanks before being connected to municipal sewage interceptors at sewage treatment stations. For production wastewater, Guangxi Li Ning has set up a special wastewater treatment station for pre-treatment, and recycles part of the wastewater that meets the standard during the treatment process, in order to realize the conservation and recycling of water resources. The remaining wastewater is connected to the municipal sewage interceptor to avoid pollution of the surrounding environment.

Resource Usage Management

The Group has always been committed to the effective management of resources and energy, the implementation of green operational concepts, the active promotion of the application of clean energy, the implementation of diversified energy-saving and consumption reduction initiatives, and the promotion of low-carbon and environmentally-friendly development.

Promote smart office

- Beijing Headquarters Park is equipped with a building automation system, which regularly activates intelligent control of electricity consumption to improve the energy-saving effect of buildings. The service time of air conditioners is strictly controlled by means of temperature inspections every day to adjust the temperature in real time and ensure that the room temperature is controlled at 18℃ in winter and 26℃ in summer. All air conditioners are shut down automatically half an hour before leaving work every day, reducing energy consumption. A temperature-controlled induction awning is installed on the roofs of buildings and venues, which will be automatically opened in case of high temperature, so as to reduce the indoor temperature in time and reduce the energy consumption of air conditioners.
- For Jingmen Park, we have established standards for indoor lighting and switching systems in different areas to minimize the use of electricity. Daily inspections are conducted to ensure that electrical equipment is turned off in a timely manner. In addition, time-controlled switches have been installed for street lights in the peripheral areas of the Park to adjust the control periods according to the seasons, thereby saving electricity consumption.

Promote the use of clean energy

- A 1.16MW photovoltaic power plant with more than 5,000 solar panels was constructed at Beijing Headquarters Park to support the use of clean energy. The solar panels are cleaned annually to ensure optimal efficiency. In 2023, the average monthly generation capacity of the PV power plant in the Beijing Park reached 125,000 kWh.
- In 2023, we entered into a "Green and Low Carbon Partnership" with Beijing Branch of China Merchants Bank Co., Ltd., and received a certificate for 5 million kWh of green electricity issued by the National Renewable Energy Information Management Center (NREMC).
- In 2023, Guangxi Innovative R&D Supply Base planned the first phase of a 3.29MW photovoltaic power generation project, which is scheduled to be completed in 2024.

Strengthen water management

- Publicity signs on water conservation are posted in Beijing Headquarters Park to raise awareness of water conservation. Faucets and valves in pantries, restrooms and other areas are checked on a daily basis. Workers regularly inspect the pipelines, joints, and faucets in the cafeteria and office area tea rooms to prevent water resource waste.
- Badminton factory has adopted water recycling for production equipment and has increased water treatment and purification equipment.

Enhance energy consumption management

- Beijing Headquarters Park carried out an energy-saving lighting retrofit in the office area in 2023, replacing a total of 3,210 energy-saving lamps to reduce electricity use and carbon emissions.
- Jingmen Park has implemented energy-saving modifications to some of its warehousing areas by adopting energy-saving lighting, which is expected to save 93,000 kWh of electricity per year and effectively reduce energy consumption.
- Badminton factory makes analysis of the electricity consumption in the workshop every month and implements energy-saving modifications by replacing the electric heating system with natural gas heating to improve the heating efficiency and reduce energy consumption.
- Guangxi Ningzhan Company innovatively modified the steam system to recover the residual heat of steam produced by the small foaming process, using the residual heat to significantly reduce the energy consumption of the bottom of the footwear product paste.
- The stores actively promote the use of energy-saving light bulbs and high-efficiency air-conditioning to reduce electricity consumption.

Promote paper saving

- Promote paperless office and digital transformation, set up an e-statements platform in 2023 to realize e-statements for customers and suppliers, and sent a total of 3,500 e-statements for customers and 2,000 e-statements for suppliers, thereby reducing the use of paper by about 45,000 sheets.
- Upgraded the iterative invoicing system to realize fully electronic invoicing functions for some wholesale, retail and e-commerce businesses online, reducing the use of paper. 982,000 electronic invoices were issued in 2023, which correspondingly saved the same number of paper invoices.
- Implement double-sided printing and set up waste paper recycling bins to recycle discarded paper.

Packaging management

- Actively recycle and reuse cardboard boxes and hand them over to professional companies for 100% recycling.
 - Some of the original cartons arrived from the factory are used for shipment of customer orders, and an average of 300 cartons per day could be reused.
 - Continuously use environmentally friendly packaging materials, with the proportion of FSC-certified shoeboxes reaching 30% in 2023, and actively promote the use of environmentally friendly packaging bags made of 100% recycled polyethylene material, with the proportion reaching 90%, which reduce carbon emissions by approximately 1,500 tons compared to native plastic packaging.
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Shanghai Jiading Logistics Park enhances energy saving and emission reduction management

Shanghai Jiading Logistics Park actively strengthens its energy saving and consumption reduction management and promotes photovoltaic energy renovation projects. It plans to complete the laying of photovoltaic panels covering a volume of 2.5MW by 2024, which will efficiently utilize the idle space on the roof and promote the use of clean energy. Meanwhile, relying on the smart park platform, we have invested in the construction of 9,000 m² of automated areas, using robotic arms and robotic automated equipment to enhance the operational efficiency and accuracy of unloading, warehousing, picking, packing, and sorting in and out of warehouses, and we have also proactively constructed a black-light factory, which enables operations to be carried out without lighting conditions, effectively reducing the energy consumption of the warehouses.



Appearance of Shanghai Jiading Logistics Park



Robot arm in the Logistics Park

Case: Shenzhen Headquarters fully practices green and low-carbon development

Shenzhen Headquarters is actively involved in sustainable development and has launched a variety of initiatives to promote low-carbon and environmental protection:

- Water conservation: adopt municipal direct water supply systems to reduce water transportation and treatment costs while safeguarding water quality; promote highly efficient water-saving facilities such as induction faucets and water-saving toilets; conduct regular inspections and management to strictly monitor and control the problem of water pipes running, dripping and leaking; and actively launch publicity and education campaigns on water conservation to raise public awareness.
- Garbage collection: a comprehensive garbage classification and reduction management system has been implemented. Dedicated garbage cans have been set up for the collection of food waste, hazardous waste and recyclables respectively, and publicity and education campaigns on garbage classification are conducted.
- Energy management: a comprehensive energy management system has been established, including the adoption of a building automation time-control model and the implementation of a nighttime energy usage inventory; LED lighting retrofit for lighting fixtures to improve energy efficiency; intelligent monitoring and control retrofit to ensure precise energy supply while meeting actual demand through optimized energy algorithms; and replacement of efficient VRV air-conditioning units, which is estimated to result in an annual energy savings of approximately 230,000 kWh.
- Air quality: a high efficiency ventilation system and energy saving stoves have been installed, with regular maintenance to ensure efficient operation; air quality testing instruments are used to monitor the concentration of indoor air pollutants at regular intervals and upgrade the equipment of the fresh air system on the floors; regular exhaust treatment is made in the garage area, with control of vehicular emissions and use of greening disinfecting agents in compliance with environmental protection regulations.
- Yanziling Apartment environmental renovation: In terms of electricity, the shared areas have been converted to a reservation system to reduce energy consumption during the vacancy period, air-conditioning time control switches have been installed, and sensor-activated light tubes are applied to reduce electricity consumption. In terms of water consumption, the water taps have been changed to pressure type to reduce the speed and flow of water, and the frequency of cleaning in the garden area is strictly controlled for water consumption. In terms of garbage classification, we cooperate with the community to carry out garbage classification and educate the customers in the park on garbage classification.



Li Ning Shenzhen Headquarters



Waste classification in Shenzhen Headquarters



LED lightings in Shenzhen Headquarters

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Shanghai Li Ning Center – implementing smart office

On 9 June 2023, Shanghai Li Ning Center was officially put into operation. The center, with a building area of approximately 22,000 m² and an exterior design of “clouds, sea, mountains and stones”, will continue to empower the brand as the Group’s business headquarter in the Yangtze River Delta region, and will contribute to its sustainable development. The park is equipped with an intelligent office system, which monitors the internal and external environmental data in real time, and adjusts the duration of outdoor lighting and air-conditioning according to the seasons, thus effectively reducing the consumption of electricity.



Shanghai Li Ning Center Office Park

Case: Shanghai Li Ning Center Flagship Store – creating a low-carbon smart store

On 1 December 2023, Shanghai Li Ning Center Flagship Store was officially opened. The store has more than 800 m² of usable floor area, with a display area for many types of products such as basketball series, running, fitness and sports life, as well as a café area, making it a brand new sports experience center that integrates shopping, sports and leisure.

Shanghai Li Ning Center Flagship Store has deeply integrated the concept of environmental protection in store design and operation. On the one hand, a series of environmentally friendly building materials and technologies are adopted, such as the use of straw boards based on straw, which, while realizing zero formaldehyde and biodegradability, reduces the reliance on increasingly scarce wood resources; and the use of acrylic materials with a high recycling ratio, which further realizes the saving of resources. On the other hand, a series of energy-saving and emission reduction measures have been actively launched for the stores. Firstly, the lighting scheme has been adjusted, with the new scheme reducing the number of lights by 18% compared with the traditional scheme. A real-time energy consumption monitoring and intelligent control system has been set up, covering major equipment such as air-conditioning, lighting, air curtains and advertising screens, with shopkeeper mode (50% air-conditioning on, 60% lights on), business mode (all lights and air-conditioning on) and closing mode (all lights and air-conditioning off), thus realizing intelligent switching and enhancing energy management efficiency.



Carbon data billboard in Shanghai Li Ning Center Flagship Store



Shanghai Li Ning Center Flagship Store

Case: Hong Kong Headquarters won Hong Kong Green Shop Alliance Award

The Group's Hong Kong Headquarters "Harbour East", focuses on green operations and has launched various energy-saving and consumption-reduction initiatives, including a rainwater irrigation system that reduces the use of water resources; daylight sensors that automatically adjust indoor lighting according to the intensity of natural light, which ensures comfort and at the same time achieves an energy-saving effect; and charging facilities for electric vehicles to encourage green mobility. The Hong Kong Headquarters building has been awarded the LEED Platinum Certification (Core & Shell), WELL Building Standard Gold Level Pre-certification (Core & Shell) and BEAM Plus (New Buildings) Platinum Rating, as well as the Hong Kong Green Building Council Green Building Award 2016 Merit Award (New Buildings Category), the 2nd APIGBA Awards Competition Gold Award (Design Category) and other awards. In addition, the Hong Kong headquarters was awarded the the "Hong Kong Green Shop Alliance Award 2023 - Collaborative Project of the Year (Circular Economy)", which is an award that actively seeks to establish best practices for the industry by reviewing and evaluating annual practices in protecting the environment in shopping malls and retail outlets.



LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN (LEED)
PLATINUM CERTIFICATION (CORE & SHELL)



WELL BUILDING STANDARD (WELL)
GOLD LEVEL PRE-CERTIFICATION (CORE & SHELL)



BEAM PLUS (NEW BUILDINGS)
PLATINUM RATING



MERIT AWARD 優異獎

HONG KONG GREEN BUILDING COUNCIL GREEN BUILDING AWARD 2016
MERIT AWARD (NEW BUILDINGS CATEGORY)



ASIA PACIFIC INTELLIGENT GREEN BUILDING ALLIANCE (APIGBA)
THE 2ND APIGBA AWARDS COMPETITION
GOLD AWARD (DESIGN CATEGORY)



HONG KONG GREEN SHOP ALLIANCE AWARD 2023
COLLABORATIVE PROJECT OF THE YEAR (CIRCULAR ECONOMY)

Certifications and awards received by the Hong Kong Headquarters "Harbour East"

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Goals

The Group has set comprehensive environmental goals in reducing greenhouse gas emissions, waste generation and energy consumption and saving water resources, effectively guiding the development of green and low-carbon operations and promoting the implementation of ESG management measures. We reviewed the results and progress of environmental goals management for the year as follows:

Type of target	Content	Progress
Carbon emission	By the end of 2040, Li Ning Center Park will achieve the carbon neutrality.	We have further investigated the potential of carbon emission reduction, and gradually formed specific plans for future carbon emission reduction, which will be implemented in conjunction with the purchase of carbon offset to finally achieve carbon neutrality.
Waste	By the end of 2022, garbage classification was fully promoted throughout the Company. 100% of the waste generated in Li Ning Center Park was treated by other enterprises with professional qualifications.	Garbage classification has been strictly implemented in daily operations, and office waste and kitchen waste have been classified and treated by a third party with professional qualifications.
Energy use	By the end of 2024, 100% of the lamps in Li Ning Center Park will be LED energy-saving. Since 2022, the average annual consumption of purchased power per square meter of floor area in Li Ning Center Park is no more than 66.5 kWh/m ² . In 2022, at least one energy-saving reform project was carried out in Li Ning Center Park.	The energy-saving renovation of the lighting of the venues was completed in 2022, and the energy-saving renovation of the lighting of the workstations and public areas were completed in 2023. The annual average electricity consumption per square meter of building area in the Li Ning Center Park in 2023 was 61.7 kWh/m ² .
Water resources use	Since 2022, the annual average daily water consumption per square meter of gross floor area in the Li Ning Center Park is not higher than 0.62 ton/m ² .	In 2023, the average annual daily water consumption per square meter of floor area in Li Ning Center Park was 0.33 ton/m ² .

2023 Environmental Performance

Unless otherwise stated, the statistical basis of environmental performance herein covered the Group's headquarters and major operating premises of retail subsidiaries in the PRC, including Li Ning Center situated in Beijing, Shanghai Li Ning Center office area, Shenzhen Headquarters office area, Foshan office area and Jingmen Logistics Park as well as each of the retail subsidiaries. We are gradually starting the work of carbon emission sorting and analysis, and will extend the scope of statistic as and when appropriate in the future.

1. EMISSION¹

Indicator	Performance
Total emission of greenhouse gases (Scope 1, Scope 2 and Scope 3) (ton) ²	7,385.08
Emission of greenhouse gases per square meter of floor area (Scope 1, Scope 2 and Scope 3) (ton/m ²)	0.03
Direct emission (Scope 1) (ton)	1,313.14
Company car oil consumption	4.31
Natural gas	854.77
Refrigerant	454.06
Indirect emission (Scope 2) (ton)	5,973.72
Purchased electricity	5,973.72
Indirect emission (Scope 3) (ton)	98.22
Company bus oil consumption	98.22
Total amount of hazardous waste (ton) ³	4.99
Weight of hazardous waste per square meter of floor area (ton/m ²)	0.000021
Total amount of non-hazardous waste (ton) ⁴	826.76
Weight of non-hazardous waste per square meter of floor area (ton/m ²)	0.0035

Notes:

1. Due to the nature of the Group's operation, the number of company cars is small, so the emission of nitrogen oxides, sulfur oxides and other exhaust gases is small. The major types of gas emissions are greenhouse gases as well as electricity and fuels converted from fossil fuels.
2. Greenhouse gases included carbon dioxide, methane and nitrous oxide, which were mainly from purchased electricity, fuel and refrigerants. Greenhouse gas emission data is presented in carbon dioxide equivalents and is computed with reference to the *2021 Baseline Emission Factors for Regional Power Grids in China for Emission Reduction Projects* issued by the Ministry of Ecology and Environment of the People's Republic of China and the *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventory* issued by the Intergovernmental Panel on Climate Change ("IPCC").
3. Types of hazardous waste generated from the Group's operation mainly included waste fluorescent tubes, waste lead-acid batteries and waste ink cartridges, waste toner cartridges and waste toner incurred by the printing equipment in offices, etc. The waste fluorescent tubes and waste lead-acid batteries were disposed of by qualified professional companies, while the waste toner cartridges, waste ink cartridges and waste toner incurred by the printing equipment in offices were replaced and recycled by the respective print service providers.
4. Non-hazardous wastes generated from the Group's operation mainly included office and household waste, kitchen waste, office equipment waste, and electronic consumables waste. Office and household waste, as well as kitchen waste, were centrally processed by the property management firms. Office equipment waste and electronic consumables waste were collected and processed by recyclers. In particular, the office and household waste of the Group's retail subsidiaries in Xinjiang, Shenyang and Foshan office areas were centrally processed by the respective property management firms at the premises where they are located, which cannot be measured separately. However, we have estimated according to the *Coefficient Manual of the First National Census on Pollution Sources for the Pollutant Generation and Discharge from Urban Living* issued by the State Council.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. ENERGY AND RESOURCES CONSUMPTION

Indicator	Performance
Total energy consumption (MHz) ¹	16,201.35
Energy consumption per square meter of floor area (MHz/m ²)	0.07
Direct energy consumption (MHz)	6,111.13
Gasoline	17.59
Natural gas	4,371.40
Solar energy	1,722.14
Indirect energy consumption (MHz)	10,090.22
Purchased electricity	10,090.22
Daily water consumption (ton) ²	63,141.50
Daily water consumption per square meter of floor area (ton/m ²)	0.27
Total amount of paper used (ton) ³	19.60
Total amount of packaging material used for finished products (ton) ⁴	25,785.93
Amount of packaging material for finished products consumed per million revenue (ton/million revenue) ⁵	0.93

Notes:

1. Energy consumption data, including purchased electricity, solar energy, natural gas and company car oil consumption, is computed according to the relevant conversion factors provided under the *General Rules for Calculation of the Comprehensive Energy Consumption (GB/T2589-2020)*, the national standard of the People's Republic of China.
2. Daily water consumption of the Group includes tap water and reclaimed water, mainly from municipal water supply, and there were no problems found in obtaining applicable water sources. In particular, daily water consumption of the Group's retail subsidiaries in Lanzhou, Xiamen, Hefei, Tianjin, Guangzhou, Chengdu, Hangzhou, Wuhan, Shenyang, Xi'an, Chongqing, Changsha and Jinan were controlled by the premises where they are located and the water charges are included in property management fees. Since water consumption cannot be measured separately, we have estimated the water consumption with reference to the national standard *Standard for Design of Water Supply and Drainage of Buildings (GB50015-2019)* issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China.
3. Copying paper includes both A4 and A3 copying paper.
4. Packaging material mainly includes plastic packaging bags, paper boxes, cartons and paper bags.
5. Amount of packaging material consumed per million revenue represents the weight of packaging material consumed per million income of the Group.

Climate Change Risk Management

The Group continuously keeps an eye on the impact of climate change on its operations and business development. We always comply with relevant policies and regulations, actively respond to the challenges posed by climate change, and capitalize on the opportunities related to climate change, so as to meet the expectations of the capital market and investors on the issue of climate change.

The Board of Directors is ultimately responsible for reviewing and making decisions on climate change risks and strategies, while the ESG Committee under the Board of Directors follows up on the results of the actions taken by the corresponding departments in accordance with the strategies and indicators set to ensure the management and implementation of the climate change risk strategy of the Group, and the ESG executive team is responsible for the implementation of the strategy on the ground. In 2023, we further identified and analyzed the risks related to climate change and formulated a response strategy, and have gradually started carbon emission reduction and carbon neutral planning at the Group level, covering Scope 1, Scope 2 and part of Scope 3 carbon emissions.

Risk/opportunity type	Potential impact/opportunity scenarios	Possibility	Risk rating		Coping strategies	
			Influence degree	Grade		
Transition risk						
Changes in national policies, laws and regulations	Short-term (1-3 years)	The Chinese government's increased requirements for listed companies to disclose information on climate risk have resulted in more complete disclosure by listed companies, and the completeness and marketability of operational emissions data have been tested, while upstream and downstream suppliers may not be fully prepared. The Carbon Peak Action Plan requires an annual reduction of 3.6% in unit carbon emissions over the period 2020-2025.	High	Medium	Medium-high	<ol style="list-style-type: none"> 1. Establish an electronic data collection platform for energy and environmental information from suppliers, self-operated factories, logistics centers, and sale stores, continuously analyze emission hotspots in operational processes, establish and promote low-carbon operational standards for each segment, and assist suppliers and sellers in each segment. 2. Establish product lifecycle indicators and product examples from design to disposal. 3. Owned factories and facilities take the lead in promoting renewable energy.
	Medium-term (4-10 years)	The year 2030 is the target year set by the Chinese government for carbon peaking, and companies that do not meet the target may be required to purchase nationally certified credits or carbon taxes to compensate for their failure to meet the target. Although footwear and clothing are not national key emitting industries, they may still be subject to local government administrative restrictions on development. The Carbon Peak Action Plan calls for a 6% reduction in unit carbon emissions per year over the period 2025-2030. Listed companies would need to conduct more detailed verification of information disclosure.	High	Medium	Medium-high	<ol style="list-style-type: none"> 1. Regularly track changes in environmental protection, energy conservation and low-carbon policies and regulatory requirements, including those that have been implemented, those that will be implemented soon and those that are in the discussion stage, identify and analyze regulatory requirements that may have an impact on the production of supply chain factories, and take opportunities for policy subsidies. 2. Promote the implementation of low carbon standards by suppliers and self-operated factories to form a preferential mechanism. 3. Include the proportion of Li Ning's products that are low-carbon compliant in the indicator. 4. The proportion of renewable energy use is included in the indicator of supplier requirements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk/opportunity type	Potential impact/opportunity scenarios		Possibility	Risk rating		Coping strategies
				Influence degree	Grade	
Foreign policies and laws and regulations	Long-term (more than 10 years)	The 2060 target year for carbon neutrality set by the Chinese government means that from 2030 onwards, companies will need to progressively find ways to offset emissions from their own operations, which will be extremely difficult for both companies and suppliers as there is not much energy savings and renewable energy left in the early stages.	High	High	High	<ol style="list-style-type: none"> 1. Actively seek cooperation or investment with developers of large-scale carbon reduction projects (e.g. planting trees and making forests, carbon capture, etc.) to ensure a stable supply of carbon credits in the long term. 2. Actively seek cooperation with academic institutions and suppliers to promote the widespread use of innovative raw materials and production and energy technologies.
	Short-term (1-3 years)	Currently, there is no international mandatory requirement for footwear and textiles to report product carbon emission information and collect carbon tax, but listed companies are required to disclose their carbon emissions, and the carbon footprint of their products has already affected their ratings.	Low	Low	Low	<ol style="list-style-type: none"> 1. Keep an eye on the update of the relevant national and industry systems and standards, and explore the problems encountered to find solutions. 2. Keep track of the compliance status of self-operated and supplier factories, adjust the targets according to their own standards, and disclose them legally.
	Medium-term (4-10 years)	It is expected that some countries or regions will require enterprises to declare their carbon emission data when importing products.	Medium	Low	Medium-low	Keep track of the information of carbon emissions of the products in order to comply with possible carbon disclosure requirements in the future.
Changes in operating costs	Long-term (more than 10 years)	It is expected that some countries or regions will require enterprises to declare carbon emission data and pay relevant taxes when importing products.	High	High	High	We will continue to pay attention to the update of relevant national and industry standards, explore the problems encountered, and seek solutions in accordance with the market and our own conditions.
	Short-term (1-3 years)	In response to climate change, the international community is advocating a reduction in the use of coal and petroleum fuels. While new energy technologies are not yet fully matured and popularized, the cost of natural gas will continue to rise due to demand, coupled with the national policy of discouraging the distributed use of biomass, it is estimated that factories requiring large amounts of heat energy will be hit.	High	Medium	Medium-high	<ol style="list-style-type: none"> 1. Promote electrification and waste heat recovery to enhance production heat efficiency and reduce direct use of Scope 1 fuels. 2. Promote renewable energy, including solar photovoltaic and hot water, to effectively reduce reliance on fossil fuels. 3. By introducing product production emission estimation and raw material carbon emission life cycle analysis at the product design time, the production process and product design are optimized, and the use of low-carbon innovative materials is introduced.

Risk/opportunity type	Potential impact/opportunity scenarios	Possibility	Risk rating		Coping strategies
			Influence degree	Grade	
Supply of raw materials	<p>Medium-term (4-10 years)</p> <p>Energy storage technologies, battery recycling, and charging facility standards are expected to grow even further over the next decade as EVs further expand their use and costs are further reduced.</p> <p>In addition, the application and promotion of green technologies related to textile and footwear manufacturing, such as automation, 3D printing and low-temperature materials further popularized in the footwear industry, and technological innovations in raw materials and auxiliaries, will pose new challenges and opportunities for reform in future supply chain production.</p>	Medium	Medium	Medium	<ol style="list-style-type: none"> Promote the use of energy storage facilities by owned facilities and suppliers to solve the problem of emergency power outages and to take advantage of staggered price differentials. In conjunction with the changes in carbon emission data in the supply chain and the implementation of the Group's carbon reduction targets, the Group will pay attention to the dynamics of the application of green technologies in the textile industry, and in conjunction with the needs of the Group's operational development and the achievement of its targets, the Group will gradually advocate and implement mature and feasible green technologies in the supply chain. Promote and establish internal management and product-related carbon emission indicators and targets, and promote performance management.
	<p>Long-term (more than 10 years)</p> <p>The cost of renewable energy will be further reduced due to technological advancement and popularization, with green hydrogen and green electricity becoming the mainstream.</p>	Medium	Medium	Medium	<p>Taking into account the changes in carbon emission data in the supply chain and the implementation of the Group's carbon reduction targets, the Group will pay attention to the dynamics of the application of green technologies in the textile industry, and gradually advocate and implement mature and feasible green technologies in the supply chain in light of the needs of the Group's operational development and the achievement of its targets.</p>
	<p>Short-term (1-3 years)</p> <p>Due to the occurrence of extreme weather and changes in climate in some areas, the quality and cost of raw materials used in products may occasionally be affected in localized areas, resulting in short-term shortages and cost increases.</p>	Medium	Medium	Medium	<p>Pay attention to the climatic conditions in the places of origin of raw materials and price fluctuations in the raw materials market. If the quality of raw materials is affected or the price increase is relatively large, we will replace the suppliers of raw materials in a timely manner or develop and use other types of substitutes.</p>
	<p>Medium-term (4-10 years)</p> <p>The quality and cost of raw materials may be affected more frequently over a wider geographical area, resulting in more persistent shortages and cost increases.</p>	High	Medium	Medium-high	<ol style="list-style-type: none"> Reduce the use of materials by design, promote material recycling and safeguard the supply of raw materials. Apply statistics and big data to enhance the material and order system's estimation of market demand, optimize the efficiency of material supply logistics, and enhance its resilience.
<p>Long-term (more than 10 years)</p> <p>Some raw material areas may become permanently unavailable due to climate change.</p>	Medium	High	Medium-high	<p>Pay attention to the climate conditions of the origin of raw materials, and develop and use other types of substitutes. Seek to establish longer-term partnerships with other suppliers for materials with strategic needs.</p>	

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Risk/opportunity type	Potential impact/opportunity scenarios	Possibility	Risk rating		Coping strategies	
			Influence degree	Grade		
Changes in consumption concept and demand in the end consumer market	Short-term (1-3 years)	As consumers become more concerned about climate change and their awareness of environmental protection and low-carbon issues increases, it will have an impact on their consumer demand, behavior and habits, and competing brands are eager to launch low-carbon and environmentally friendly products.	Low	Medium	Medium-low	Pay attention to the changes in consumer demand and the potential business opportunities of new products, start from the changing trends of consumption habits and consumer behaviors, integrate the green concept into the design, manufacturing, packaging and transportation process of products, and promote and publicize them on the product side, so as to meet the consumer demand of the terminal consumer market for the green concept of products and explore market opportunities for green products.
	Medium-term (4-10 years)	Demand for sporting goods that can provide high degree of comfort in hot weather will increase due to rising temperatures. The volume and seasonal sales of fall and winter clothing products will be impacted.	Medium	Medium	Medium	Pay attention to the changes in consumer demand and the potential business opportunities of new products, start from the changing trends of consumption habits and consumer behaviors, introduce new materials or textile technology, integrate them into the design, manufacturing, packaging and transportation process of products, and promote and publicize them on the product side to meet the consumer demand of the end consumer market for the green concept of products, and adjust seasonal product pairing, optimize seasonal product input and income and create brand advantages through differentiation.
	Long-term (more than 10 years)	Rising temperatures will have a serious impact on outdoor activities, which may shift to indoor and home-based activities, and the market for sporting goods designed for outdoor environments may be impacted.	High	High	High	Pay attention to the changing trends of consumers' consumption needs, consumption habits and consumption behaviors, and the development of indoor and home sports activities (such as video games), and actively develop products that can meet the consumption needs of the end consumer market for indoor and home sports activities, and make good arrangements to win the market.
Competitive changes in brands	Short-term (1-3 years)	As product carbon footprints are part of the ESG scoring items in some foreign countries, it is expected that many domestic and foreign counterparts will gradually develop products with product carbon footprint certification, and at the same time, there will be an increasing demand for information from the supply chain, as well as joining the SBTi with the goal of reducing carbon emissions by 4.5% per annum by 2030.	High	Medium	Medium-high	We are actively considering joining the SBTi to promote the establishment and optimization of the Company's supplier, material, design and order systems, and the establishment of a product carbon emission index for management.
	Medium-term (4-10 years)	To achieve the SBTi, with a target of reducing carbon emissions by 4.5% per annum by 2030, peers are expected to invest more in renewable energy or purchase carbon-related assets such as green power certificates.	High	Medium	Medium-high	Key suppliers are required to increase the proportion of renewable energy inputs, and at the same time formulate and improve procurement policies and strategies to achieve low-carbon design, low-carbon raw materials and low-carbon production.
	Long-term (more than 10 years)	Rising temperatures will have a serious impact on outdoor activities, and the market for sports equipment designed for outdoor environments may be impacted by a possible shift in sports activities to indoor and home-based activities.	High	Medium	Medium-high	Focusing on trends in consumer demand, consumption habits and behavior, and the development of indoor and home sports activities (e.g., video games), we will actively meet the consumer demands for indoor and home sports activities in the end consumer market.

Risk/opportunity type	Potential impact/opportunity scenarios	Possibility	Risk rating		Coping strategies	
			Influence degree	Grade		
Physical risk						
Increase in extreme weather events/Harsh working environment	Short-term (1-3 years)	Rising water prices, hot days and power outages due to increased peak usage will continue to increase production costs; rising temperatures have caused distribution room cable temperatures to exceed 68 degrees for three hours.	Medium	Medium	Medium	We will continue to encourage our own facilities and suppliers to optimize the management of electricity consumption in their plants, and to promote water conservation and water recycling projects as an adaptation measure.
	Medium-term (4-10 years)	According to the current situation, the rise in temperature has already led to an increase in the subsidy for high-temperature work in some regions. Combined with the trend that young people in the labor market are reluctant to enter traditional industries because of the working environment, the recruitment difficulties and the turnover rate will increase as a result.	High	Medium	Medium-high	Continuously promote the optimization of factory ventilation and cooling by our own facilities and suppliers to improve the working environment.
	Long-term (more than 10 years)	Rising temperatures will have a serious impact on production activities, resulting in a severe loss of labor.	Medium	High	Medium-high	Pay attention to the application dynamics of automation technology, and to promote and implement mature and feasible automation technology.
Increased damage to self-owned facilities due to extreme weather events – typhoons and floods	Short-term (1-3 years)	Self-owned facilities are stricken by red level rainfall of 100mm above within 3 hours every year, with water accumulation of 1 meter above, causing damage to goods and equipments; and storm level with wind speed of 28.5m/s above, destroying houses and blowing away temporary buildings.	Medium	Medium	Medium	In view of all the potential flooding and for the coastal area's own facilities (drains less than 30 years old), establish an advance warning mechanism to arrange for water barriers, sandbags, and temporary off-ground stacking space for goods; replace or strengthen temporary building wind protection levels as soon as possible, including solar equipment that must be insured and approved by a professional structural engineer, and roofs that need to be inspected and maintained on an annual basis.
	Medium-term (4-10 years)	Self-owned facilities are stricken by red level rainfall of 100mm above within 3 hours every year, with water accumulation of 1 meter above, causing damage to goods and equipments; and storm level with wind speed of 28.5m/s above, destroying houses and blowing away temporary buildings.	High	Medium	Medium-high	
	Long-term (more than 10 years)	Self-owned facilities are stricken by red level rainfall of 100mm above within 3 hours every year, with water accumulation of 1 meter above, causing damage to goods and equipments; and storm level with wind speed of 28.5m/s above, destroying houses and blowing away temporary buildings.	Medium	High	Medium-high	Enhance the drainage capacity of upgraded buildings while ensuring that warehouse machinery and racking are designed to avoid flooding, that new facilities need to be raised if they are in risk areas, and that climate insurance is properly considered for the annual rainy season.

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Note: "Possibility" refers to the possible frequency of predicted events during the evaluation period. "High" means that the predicted event will last and be irreversible during the period; "Medium" means that the predicted event will repeat during the period; "Low" means that the predicted event will repeat or may not occur during the period.

"Influence degree" refers to the economic impact brought by predicted events when they occur during the evaluation period. "High" means that the predicted event will directly affect the enterprise's operational stability and significantly affect its market share in the industry; "Medium" means that the predicted event will affect the enterprise's profitability and investors' decisions; "Low" means that the predicted event will have less impact on the enterprise's profitability and return on investment.

"Grade" refers to the product of possibility and influence degree, which is divided into five grades: high, medium-high, medium, medium-low, and low. Risk priority and resource allocation are subject to risk grade.

III. EMPLOYMENT MANAGEMENT

The Group strictly complies with relevant laws and regulations such as the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on Labor Contracts*, the *Law of the People's Republic of China on Employment Promotion* and the *Law of the People's Republic of China on Social Insurance*, and has formulated the *Staff Handbook* and other relevant systems to safeguard the lawful rights and interests of the employees in various aspects such as recruitment, promotion, termination, remuneration, benefits and welfare, equality, diversity and anti-discrimination. The Company has further revised and improved the *Staff Handbook* and other internal policies, and completed the updating and optimization of the protection of personal information in 2023, so as to ensure the legality and compliance of employee management. We have actively built a fair and inclusive working environment to ensure fairness and diversity in employment management; optimized the remuneration and benefit system to safeguard the legitimate rights and interests of our employees; enhanced our efforts in the cultivation and development of talents to provide strong talent support for the high-quality development of our business; and organized diversified employee care activities to create a harmonious and united working atmosphere and to promote the mutual growth and win-win development of the Company and its employees. At the end of the reporting period, the Group had a total of 4,845 employees, of which 4,662 were employed by the Group's head office and retail subsidiaries (including the innovative R&D supply base in Guangxi), and 183 by other subsidiaries. In 2023, the Group continued to improve the construction of its human resources management system, and endeavored to create a good employer image, and was awarded a series of employer branding-related honors.

Honor	Awarding Body
King's Boat – Favorite Talent Employer	BOSS Zhipin (zhipin.com)
Top 50 Employers of the Year in Beijing	Zhilianzhaopin (zhaopin.com)
The Favorite Employer of the Year	Shixiseng (shixiseng.com)
Outstanding Award in Human Resource Management	Qianchengwuyou (51job.com)
Top 50 Employers for University Students	58Tongcheng (58.com)
Outstanding Practice Award for Campus Recruitment	Yonyou Dayee
AICPA & CIMA Certified Partner Employer	AICPA & CIMA



Lawful Employment to Safeguard Rights and Interests

In order to build an equal, diversified and harmonious talent team, the Group adheres to the principles of “openness, equality, competition and merit-based” in carrying out employment management. We have formulated comprehensive and reasonable management regulations, make decisions on appointment, promotion or termination of employment, and protect the rights and interests of employees, with an orderly employment management mechanism established.

The Group’s recruitment channels cover online channels, internal referrals, headhunter/RPO recruitment and other types of channels. We adhere to the principle of “openness, transparency, fairness and equity” and have formulated the *Recruitment Practice Manual* to guide the actual recruitment work. We are committed to the provision of equal employment opportunities and firmly prohibit discrimination on the basis of gender, ethnicity, race, age and nationality. For employees who have seriously violated laws and regulations or the Company’s rules and systems, or whose personal abilities do not meet the requirements of their positions, we will uphold the principles of fairness, impartiality, and reasonableness, and will communicate with and confirm with the employees based on a full investigation of the implementation of the situation, and will carry out the relevant termination work in accordance with the law.

The Group is committed to promoting anti-discrimination and equal opportunities in all human resources and employment decisions, fostering a fair, mutually respectful and diverse work environment, encouraging employees to report any incidents involving discrimination to the Company, conducting thorough investigations into such incidents and taking necessary management actions.

We strictly comply with national and local laws and regulations regarding the age of employment, and clearly emphasize in the *Staff Handbook* that recruits must be of the age required by law. At the same time, in order to ensure that our recruiters fully understand and comply with the requirements of the relevant rules and regulations, we have arranged for all human resources related personnel to participate in specialized anti-forced labor training, and to seriously learn and master the relevant contents. We strictly enforce identity verification in the recruitment process and require applicants to provide valid identity documents before confirming employment to eliminate child labor. We clearly describe job duties to employees during recruitment, sign labor contracts with employees in accordance with legal requirements, protect employees’ legal rights and interests regarding working hours and leave, and strictly eliminate forced labor. In the event of child labor or forced labor, we will conduct timely investigations and take measures such as communicating with the guardians of child laborers and understanding the work wishes of the employees who are subjected to forced labor, etc. Based on the investigation results, we will take measures such as adjusting the work, terminating the employment, and pursuing responsibilities, etc. In 2023, the Group did not find any cases of child labor or forced labor.

Adhering to the concept of open communication and the principles of open channels, transparent methods and smooth processes, the Group has continued to improve the employee feedback communication mechanism by providing employees with designated, formal and open channels of communication, and actively listening to their views and suggestions through various means of communication such as labor unions, suggestion boxes and face-to-face exchanges, and by opening up the employee feedback mechanism. At the same time, the Company has set up a specialized commercial insurance survey to collect employees’ views and suggestions on the Company’s policies, processes and environment through regular questionnaire surveys. Regular employee meetings, team building activities and training courses are also held to provide an open communication platform to promote effective exchanges among employees and between employees and the management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has rationalized its promotion rules and channels, giving priority to suitable employees who meet the job requirements and have outstanding performance in selection and promotion. At the same time, we have opened up internal recruitment competitions to provide equal opportunities and fair treatment to all employees. In order to promote the continuous growth of employees with different qualities and to give full play to each individual's strengths, we have set up a dual channel of management and professional sequence, so that employees can choose the direction of development and promotion channel that suits them according to their personal development wishes. In addition, in order to more effectively promote the development of store staff, mobilize the initiative of store staff, we set up a sales consultant, foreman, store manager, treasurer and other positions, to provide staff with multiple positions in the store development.

Employee Employment¹

Indicator		As of 31 December 2023
By gender	Male employees (person)	1,447
	Female employees (person)	1,658
By employee type	Full-time employees (person)	3,105
	Part-time employees (person)	0
By age	Employees under 30 years old (person)	770
	Employees aged 30 (inclusive) to 50 (exclusive) (person)	2,271
	Employees aged 50 (inclusive) or above (person)	64
By region	Employees in China (person)	2,979
	Employees in Hong Kong, Macau and Taiwan (person)	120
	Overseas employees (person)	6

Employee Turnover Rate²

Indicator		As of 31 December 2023
Employee turnover rate (%)		15.80
By gender	Male employees turnover rate (%)	15.18
	Female employees turnover rate (%)	16.35
By age	Turnover rate of employees under 30 years old (%)	34.04
	Turnover rate of employees aged 30 (inclusive) to 50 (exclusive) (%)	10.02
	Turnover rate of employees over 50 years old (inclusive) (%)	1.61
By region	Employee turnover rate in China (%)	14.76
	Employee turnover rate in Hong Kong, Macau and Taiwan (%)	53.01
	Overseas employee turnover rate (%)	0

¹ The statistical coverage includes the headquarters and retail subsidiaries, and excludes the innovative R&D supply base in Guangxi.

² The statistical coverage includes the headquarters and retail subsidiaries, and excludes the innovative R&D supply base in Guangxi.



Creating Harmony through Humanistic Spirit

The Group has continued to strengthen the protection of staff remuneration and benefits. The Company has set up a remuneration and welfare management department to monitor changes in relevant regulations in real-time, continuously optimize the staff remuneration management system, formulate remuneration strategies that match market competitiveness, and regularly adjust remuneration policies and structures to attract, motivate and retain outstanding talents. The Group conducts performance appraisals on a regular basis to scientifically assess the performance of its employees. The Group continues to improve its incentive mechanism to stimulate the motivation and initiative of its employees by means of sales bonuses, sales commissions, annual bonuses, share options and share incentives, etc.

As a responsible enterprise, we are always committed to building a healthy and sustainable welfare system and realizing the continuous innovation of the care system. The Company has adopted a flexible welfare system to create a diversified flexible welfare platform, and follows a differentiated welfare strategy to meet the individualized needs of employees and enhance their happiness and satisfaction. We pay social insurance and housing provident fund for our employees according to the laws, and on the basis of the relevant regulations of the national and local governments, we provide additional benefits such as supplemental medical insurance, as well as catering and transportation allowance, communication allowance, cloth purchase fees, expatriate allowance, the Spring Festival and holiday benefits, wedding and childbirth gratuities, and funeral allowance, etc. For our senior employees, we provide them with age commemorative items and organize farewell ceremonies for our retired employees.

The Group is committed to assisting its employees in balancing their work and life by formulating the *Employee Attendance and Leave Management System*, adopting scientific and appropriate attendance management measures, making reasonable arrangements for the working hours of its employees, and adequately safeguarding the rest and leave rights of its employees. In case of any work demand exceeding the statutory working hours, we will compensate the employees by arranging for a transfer of time off or payment of overtime wages. Employees are entitled to various types of leave in accordance with the law, such as statutory holidays, annual leave, marriage leave, prenatal examination leave, maternity leave, breastfeeding leave, paternity leave, sick leave, bereavement leave, overseas family visit leave, parental leave, nursing leave, and personal leave.

The Group continues to optimize and innovate in caring for the children of its employees. Take the family child protection program as an example, we have set up Li Ning Oriental Cambridge Kindergarten in our working parks, which provides top-notch teachers to help “Li Ning Second Generation” achieve all-round development in terms of ethics, intellect, physicality, aesthetics and labor, while facilitating the pick-up and drop-off of children by the employees. In addition, the Company has set up an “Employee Home Care Center” to provide free care for employees’ children during summer and winter vacations or in extreme weather conditions to ensure that employees can work with peace of mind. We are eager to help employees in difficulty, and actively create a warm, harmonious, united and upward corporate atmosphere, and constantly strengthen the team’s centripetal force.

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➤ Celebration Activity

The Group organizes an annual celebration activity to which all employees and their families are cordially invited. The celebration activities include garden parties, creative games, evening parties, etc., and a special area for children's activities, which create a relaxing and enjoyable atmosphere, convey positive energy and corporate culture to employees and their families, and enhance the sense of belonging and cohesion of the employees. In 2023, a total of 1,805 people from the headquarters and bases across the country participated in this year's "Ningju – Family Carnival (寧聚·家年華)".



Scenes of "Ningju – Family Carnival " celebration activities

➤ Festive activities

The Group actively organizes and carries out diversified festive activities to convey festive blessings to its employees and fully demonstrate its humanistic care:

- During the Lantern Festival, we organized festive activities such as riddle-guessing, DIY lanterns, ring-pulling, wrapping lanterns, and sending blessings to strengthen the team's centripetal force.
- During the Arbor Day, a parent-child tree-planting activity, "Big Hands with Small Hands, I Plant a Tree for Low Carbon", was organized to advocate environmental protection and low-carbon awareness of caring for the earth.
- On National Day and Mid-Autumn Festival, we provided staff with special meals for the festivals and organized DIY activities for iced mooncakes and ancient lanterns to share the sweetness and warmth of the festivals.
- During Christmas and New Year's Day, we organized activities such as reunions, dinners and tea breaks to help our employees look back on their harvests and look forward to the New Year.



New Year and Christmas celebration activities

➤ Help employees in need

The Group has continued to promote the implementation of the work of helping employees in need by setting up a trade union committee and establishing a mutual assistance fund to help employees who have difficulties in their living due to accidents or major illnesses, thus alleviating the burden of the employees to a certain extent. In the 2023 Spring Festival, we organized a sympathy activity to send warm consolation subsidies to employees in need in the New Year, demonstrating the humanity of our enterprise.

➤ Female employee wellness program

In order to enhance the self-care ability of female employees and popularize health knowledge, the Group organizes a seminar on women's health knowledge every year on the 8th of March and invites renowned health experts to give on-site lectures in order to escort the health of the Company's female employees. This year, we also invited skin beauty experts to conduct scientific skin examination and management for female employees and provide skin care products to help solve female employees' skin health problems.

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Safety Security and Health

The Group strictly complies with the *Labor Contract Law of the People's Republic of China*, the *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and the *Fire Protection Law of the People's Republic of China*, and continues to optimize its employee health management system, strengthen the safety management of its offices, and endeavor to create a safe and comfortable workplace, in order to provide a comprehensive safeguard for the health and safety of its employees.

Care for Staff Health

We attach great importance to the physical and mental health of our employees, and we have launched a variety of management initiatives to create a comfortable and safe working environment and to safeguard the occupational health and safety of our employees.

➤ Health protection

The Group provides each employee with different types of induction and annual medical check-ups according to the needs of the position in order to reduce the risk of occupational diseases. The Group also organizes health knowledge seminars from time to time and informs the employees by email to encourage their active participation, which serves as a reminder and warning to the employees on the prevention of occupational diseases. We have in place a health consultation room in Beijing Headquarter Park, which provides basic medication for disease prevention on a daily basis, providing basic protection for the health of employees.

➤ Physical exercise

In order to enrich the spare time life of our employees and enhance their physical fitness, the Group has set up sports clubs for table tennis, badminton, tennis, soccer, swimming and running, etc. In conjunction with the club activities and program arrangements, the Group provides professional sports courses for our employees to enroll and learn. The park is equipped with a full range of exercise facilities such as badminton courts, basketball courts, tennis courts, swimming pools, soccer fields, yoga studios, gyms, etc., to meet the needs of employees for various types of sports, providing perfect conditions for employees to strengthen their physical fitness and help them relax physically and mentally and maintain a positive state of mind. The clubs carry out regular activities and actively participate in and organize various friendly competitions such as badminton, tennis, swimming, etc. In 2023, the Company's tennis club participated in the "Boda Cup" Beijing Economic Development Zone 2nd Staff Tennis Tournament and achieved excellent results such as winning the youth group championship.



The 2nd Staff Tennis Tournament in Beijing Economic Development Zone



Badminton Club activities



➤ **Healthy diet**

The Group has set up Chinese and Western restaurants to strictly safeguard the hygiene of the restaurants and the quality of food ingredients for its employees, to fully ensure food safety, and has established a scientific dietary system for its employees to provide them with healthy and nutritious dietary choices.

➤ **Supplementary medical insurance**

We provide comprehensive commercial insurance for our employees, including supplemental medical insurance, personal accident insurance and critical illness insurance, etc. to realize comprehensive protection for their health. Commercial insurance reduces employees' medical expenses and provides financial support in the event of unexpected accidents and major illnesses, effectively alleviating their personal burden. At the same time, in order to address the concerns of employees, we cooperate with insurance companies to provide supplementary medical insurance services for employees' families to supplement the inadequacy of social security reimbursement and provide effective protection for employees and their families.

➤ **Popularization of health knowledge**

In order to raise employees' awareness of self-care, we organize regular health seminars to raise awareness of occupational diseases and the prevention and treatment of common diseases. Every year, we invite famous health experts to give lectures on women's health on Women's Day to protect the health of female workers. At Guangxi Li Ning and Guangxi Ningtai, we conduct occupational health and safety training and position training for new employees to learn about the hazards of occupational diseases and preventive measures.

Strict Observance of Fire Safety

The Group attaches great importance to fire safety and continues to strengthen its fire safety management and practices. We have formulated and implemented a series of regulations and emergency plans, such as the *Emergency Evacuation Plan of Li Ning Center*, *Fire and Electricity Safety Management System*, *Fire Patrol and Inspection System* and *Safety Evacuation Management System*, in order to strengthen fire safety standards and establish a comprehensive fire safety emergency response mechanism. Meanwhile, we have been actively raising the fire safety awareness of our staff, and have continued to carry out training on fire fighting facilities, fire fighting emergency drills and publicity activities on fire safety knowledge in our office premises.

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At our Beijing Headquarter Park, we have set up a micro fire station, which conducts monthly drills on the use of firefighting equipment, demonstrates the donning of firefighting suits and the operation of fire hydrants, and conducts regular firefighting knowledge training for new employees, property management staff and kitchen staff, so as to practically enhance the firefighting safety awareness and emergency response capability of our staff. Jingmen Logistics Park regularly maintains and inspects fire-fighting equipment, conducts quarterly emergency fire evacuation drills, and annually tests the condition of building fire fighting facilities and conducts a large-scale all-staff fire fighting drill to strengthen fire safety awareness and help employees improve their self-rescue, escape, and mutual-rescue abilities. Li Ning Group Guangxi Ningzhan Company organizes fire safety training for its staff and holds fire safety drills and knowledge competitions from time to time to popularize fire safety knowledge and enhance risk prevention awareness.



Guangxi Ningzhan Company held fire safety drill and knowledge competition

Occupational Health and Safety³

Indicator	Data
Number of work-related deaths	0
– Number of work-related deaths in 2021 (person)	0
– Number of work-related deaths in 2022 (person)	0
– Number of work-related deaths in 2023 (person)	0
Proportion of work-related deaths	0
– Proportion of work-related deaths in 2021 (%)	0
– Proportion of work-related deaths in 2022 (%)	0
– Proportion of work-related deaths in 2023 (%)	0
Loss of working time (day) due to work-related injuries	12

³ The statistical coverage includes the headquarters and retail subsidiaries, and excludes the innovative R&D supply base in Guangxi.

Talent Training and Value Creation

The Group adheres to the concept of talent-oriented development and continues to strengthen its efforts in the cultivation and development of talents. In order to build a high-level professional talent team, we have continuously optimized our staff development mechanism and strengthened staff training to provide our staff with rich and diversified learning opportunities to enhance their professional qualities and comprehensive abilities. The Group adheres to the following basic principles in the implementation of staff training:



Basic Principles of Li Ning in Employee Training

In conjunction with the basic principles of training, the Group has formulated the "721 rule" (i.e. 70% learn from experience, 20% learn from others and 10% learn from formal training) for talent cultivation, and has continued to intensify its efforts in talent cultivation. In order to help our employees continuously enhance their professional competence and cope with the increasingly complex market competition, we have perfected various training systems and provided diversified training support and learning opportunities for our employees according to their different functions and job requirements:

- New employee training:** New Employee Induction Training adopts online and offline hybrid teaching mode to build an all-round and three-dimensional newcomer cultivation to provide comprehensive training for new employees, helping them quickly learn the Company system, management and *Staff Handbook* behavioral regulations and other related contents. In addition, we have formulated store and non-store training programs for new employees, relying on actual workplace scenarios and linking business knowledge to help newcomers quickly grasp the logic of the business, to meet the growth needs of new employees in different workplace scenarios. In 2023, the training achieved 100% coverage of new employees across the Company.
- Business training:** We have launched business thematic training such as thematic workshops, WGSN sharing, and Boundless in All Aspects (萬相無界), as well as professional position competency training to enhance the competency of employees in relevant professional positions through the cultivation of internal lecturers and the introduction of external resources.
- Training for management trainees:** We have set up a stage-by-stage training covering the whole development cycle of management trainees, and configuring a dual-mentor system and an independent operation mechanism to escort the growth of management trainees.

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- **Core value training:** Through the combination of online and offline forms, we have launched core value training for all staff, exploring the close integration of cultural values with our own business, and vigorously promoting the application and practice of values.
- **Leadership training:** We have established a sound management training system covering multiple levels, including new management, various on-the-job management and senior management training. Among them, new management training focuses on “management transformation” and customizes training programs based on management scenarios; various types of on-the-job management training focuses on practical experience in specific management issues; and senior management training focuses on innovation, strategy, and business, and promotes competency upgrading through external inputs and internal co-innovation.

Case: 2023 Skills Competition of Li Ning Center Laboratory

Under the guidance of the Group’s core values, in order to fully develop the spirit of dedication and teamwork among the laboratory technicians, the Company organized the 2023 Skills Competition of Li Ning Quality Center Laboratory to help the employees better perform their positions and promote the enhancement of work skills and efficiency.



Staff Training in 2023⁴

Indicator		Percentage of training (%)	Average training time (hour)
By gender	Male employees	100	13.9
	Female employees	100	17.7
By type	Management employees	100	21.1
	Non-management employees	100	14.6

⁴ The statistical coverage includes the headquarters and retail subsidiaries, and excludes the innovative R&D supply base in Guangxi.

IV. WIN-WIN MANAGEMENT

The Group has always focused on improving supply chain management and strengthening the construction of a socially responsible supply chain management system by formulating the *Supplier Management Policy*, *Guidelines on Socially Responsible Behavior of Suppliers*, *Specifications on the List of Restricted Substances in the Production Process*, *Supplier Social Responsibility Management Manual*, *Guidelines on the Execution of Social Responsibility by Suppliers*, *Management Commitment on Anti-forced Labor*, *Internal Risk Management Procedure for Anti-forced Labor in Supply Chain of Li Ning Company Limited*, *Productive Supplier Management System of Li Ning Company Limited* and other internal systems and procedures to continuously improve supplier management standards.

In 2023, based on the concept of sustainable development, the Group upgraded and optimized its supplier management system, promoted the digitization of the supplier management process, and strengthened the key aspects of the introduction, evaluation, optimization and elimination of suppliers. In addition, the Group improved the management mechanism of suppliers' social responsibility, continuously enhanced the management of environmental and social risks of suppliers, constructed green supply chains and products, and promoted communication and exchanges among industry partners, so as to promote the long-term development of a sustainable supply chain together. As at the end of the reporting period, the Group had 193 suppliers.

Number and Distribution of Suppliers

Indicator	As of 31 December 2023
Number of suppliers in Mainland China	193
Number of suppliers in overseas, Hong Kong, Macao and Taiwan Region	0
Number of primary suppliers ⁵	151
Number of secondary suppliers ⁶	42

Introduction of Suppliers

In terms of standards for supplier introduction, relevant requirements have been refined and updated during the year, and the process of reviewing the introduction of new suppliers has been strengthened, with requirements for explaining the reasons for and advantages of the introduction to ensure product delivery deadlines and quality, etc., so as to fully ensure that the introduction process is reasonable and in compliance with the regulations.

In terms of supplier introduction review, the department of demand initiates the supplier cooperation application through the supply chain system, and all relevant departments cooperate to carry out the document audit and on-the-spot audit of the target supplier, and upload the audit opinions to the supplier management system. After that the Supplier Management Department will judge whether the target supplier meets the introduction requirements according to the opinions. For those qualified target suppliers, the introduction evaluation results must be approved by the senior management leaders, and finally approved by the CEO so as to complete the introduction process.

⁵ Primary suppliers include finished goods factories, semi-finished goods factories and process factories. The finished goods factory is the finished goods production factory, the semi-finished goods factory is the production factory of the more independent components that make up the finished goods that can be sold, and the process factory is the processing and handling factory of the materials.

⁶ Secondary suppliers are material factories. The material factory is the factory that processes the materials needed to form finished or semi-finished products.

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In terms of supplier introduction assessment, the Group conducts assessment through document evaluation, on-site visits, staff interviews and management interviews, etc. On the basis of reference to the Group's own standards, the Group fully combines GB/T 36000-2015⁷, ISO 26000, OECD standards⁸, ILO⁹ guidelines, SA8000¹⁰, ETI¹¹ standards, Disney ILS¹², Intertek WCA¹³, Sedex¹⁴, SMETA¹⁵, BSCI¹⁶, SLCP¹⁷, RBA¹⁸, IETP¹⁹ and other national laws and regulations as well as international standards to ensure the objectivity and fairness of the assessment criteria. In addition to production factory suppliers' basic information such as qualifications, scale requirements, quality system and production technology and other basic information, we will also conduct social compliance audits from the aspects of labor, occupational health, fire protection, chemical management, environmental protection and other aspects. If zero tolerance items such as commercial bribery, child labor or forced labor, and illegal discharge of sewage are found, the introduction will be terminated. In case of other major environmental and social risks, the introduction will be suspended, and restarted after the supplier completes systematic rectification. In 2023, a total of 15 formal suppliers entered the social compliance audit in the introduction stage, and 100% passed the introduction evaluation after first review and second review.

Supplier management

The Group continues to improve its supplier audit and assessment management. Through quarterly and annual audits, as well as ad hoc assessments and random inspections from time to time, the Group comprehensively and systematically identifies environmental and social risk management in the supply chain and urges suppliers to carry out rectification and improvement.

The Supplier Management Department, in conjunction with the Production, R&D, Development, Supply Chain, and Quality & Sustainability teams, also conducts quarterly comprehensive assessments of supplier cooperation, which rigorously evaluates various dimensions such as business ethics, labor and employment, working hours, wages and benefits, occupational health, energy and environmental performance, chemical management, and safety and business continuity. The specific evaluation process includes:

- In the first month of each quarter, a self-inspection notice is issued to suppliers requiring them to complete the self-inspection by the end of the quarter and submit relevant documentary information with transparency, clarity, relevance, timeliness and traceability.
- Review supplier submissions, communicate continuous improvement requirements for the new quarter to suppliers, and push them to continuously optimize their various management levels.
- The Supplier Management Department summarizes the quarterly assessment results of all relevant functional departments and organizes quarterly assessment meetings. Each department summarizes and reports to the CEO on the quarterly performance of suppliers, problems, improvement targets and plans.

7 GB/T 36000-2015: *The Social Responsibility Guidelines*, promulgated by the State Standardization Administration Committee and the General Administration of Quality Supervision, Inspection and Quarantine.

8 OECD Guidelines: OECD Guidelines for the Testing of Chemicals.

9 ILO: International Labor organization.

10 SA8000: Social Accountability 8000.

11 ETI: Ethical Trading Initiative.

12 Disney ILS: Disney International Labor Standards.

13 WCA: Workplace Conditions Assessment.

14 Sedex: Supplier Ethical Data Exchange.


15 SMETA: Sedex Members Ethical Trade Audit.

16 BSCI: Business Social Compliance Initiative.

17 SLCP: Social & Labor Convergence Program.

18 RBA: Responsible Business Alliance.

19 IETP: ICTI Ethical Toy Program.



Every year, the Group implements an audit for the new year based on the cooperation situation and the assessment result of the previous year, which includes the management of social responsibility, environmental management, chemical management and carbon emission management, and formulates a rectification plan for the problems identified, with dedicated staff tracking the progress of rectification and the result of rectification.

➤ **Social compliance audit**

In 2023, the Group's major factories of finished and semi-finished products underwent social responsibility audits, totaling 126 factories, all of which were third-party on-site audits, covering approximately 83% of the suppliers of finished and semi-finished products. The audit standards of the Group's supplier social responsibility report include but are not limited to BSCI, SMETA, WCA, WRAP²⁰, RBA and other international standards. The score results of Li Ning Group were given in a uniform manner. The audit results were shown in the form of green cards, blue cards, yellow cards and red cards, among which red cards represent unqualified²¹. We developed personalized treatment measures for suppliers with different audit results. For green suppliers, we appropriately started the non-notice audit to monitor their real-time situation; for red suppliers, they are required to make rectification, and if they are rated as red suppliers twice, the disqualification process will start; for other types of suppliers, they also need to solve related problems in time according to the audit results. We require all suppliers to complete rectification for the problems found in the audit within 3 months, continuously follow up the rectification, and carry out the second on-the-spot audit or file audit. In 2023, in conjunction with the assessment results, low-score suppliers were audited and given deadlines for rectification mainly in the areas of business ethics, labor and employment, working hours, wages and benefits, occupational health, energy and environmental performance, chemical management, as well as safety and business continuity, and there were no zero-tolerance items for any of the issues, which were all minor ones. Based on the rectification results, there were 126 green and blue cards suppliers, and no yellow and red cards suppliers. In addition, 3 on-site audits were conducted without notification.

During the audit process, we have set up zero tolerance items including false records and documents, commercial bribery, employment and use of child labor, forced labor and inhumane treatment, remuneration below the legal minimum wage, and occupational health and safety. For suppliers that violate any of the zero-tolerance items, we will terminate the relationship or stop the supplier introduction process in order to encourage suppliers to strengthen their own social responsibility management.

➤ **Environmental audit**

In 2023, a third-party auditing body entrusted by the Group conducted quarterly desktop audit and evaluation of environmental compliance for 60 semi-finished products factories, process factories and material factories whose orders accounted for more than 1%, and conducted on-the-spot environmental audits for 21 of them. For the problems of wastewater pollution control, waste gas pollution control, solid waste management, energy management, environmental emergency and management found in the audit, suppliers concerned were urged to follow up and rectify. Suppliers' environmental management ability was improved through on-the-spot audit and active communication in the later rectification process. All suppliers participating in on-the-spot environmental audit obtained green or blue cards after rectification.

20 WRAP: Worldwide Responsible Apparel Production.

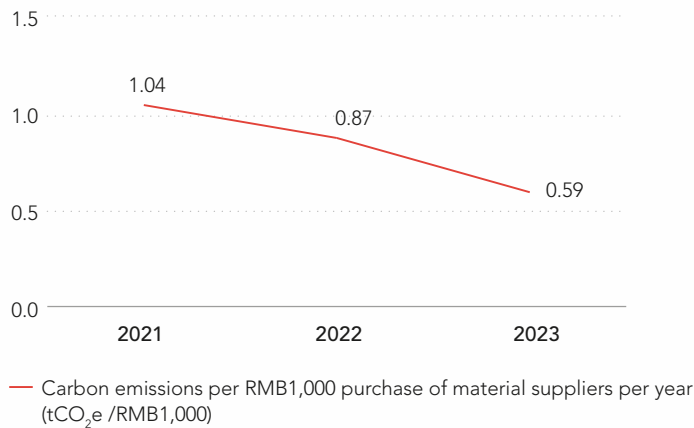
21 Site audit rating requirements: Green: score \geq 85, Blue: 85 > score \geq 70, Yellow: 70 > score \geq 60, Red: score < 60.

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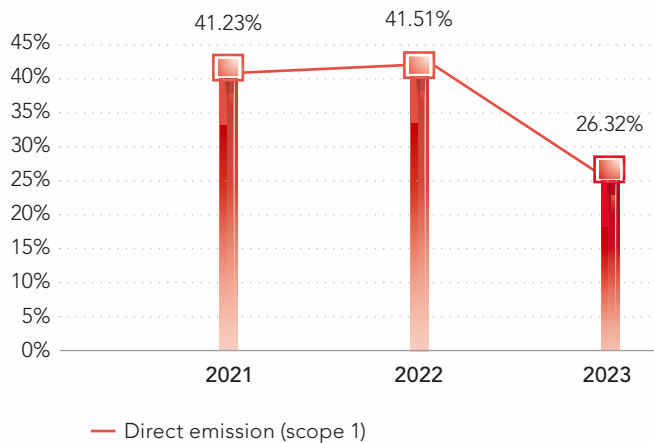
➤ Supply chain carbon emission management

To further understand suppliers' carbon emission management capabilities and strengthen ESG management of supply chain, the Group has cooperated with third parties in carbon inventory inspection of major suppliers since 2020. By 2023, a total of approximately 40 suppliers have completed carbon inventory inspection. We conducted on-site energy and carbon emission management training for factories participating in carbon inventory inspection, combed and audited the energy consumption and carbon emission data of each factory in the past three years, and discussed and exchanged future energy conservation and carbon reduction plans together. In carbon inventory inspection, the Group investigated the current situation of supply chain energy consumption and carbon emission management capacity, gradually expanded the coverage and scale of supply chain carbon inventory inspection, and further understood the overall emission level of supply chain, which laid a solid foundation for the Group's follow-up disclosure of carbon emissions in scope 3 and the formulation of carbon emission reduction plans for suppliers and products. On the basis of third-party carbon inventory inspection, we also collect energy consumption and carbon emission data from suppliers in 2023 by training, on-site counseling and use of professional tools. The greenhouse gas emissions of major clothing material suppliers in recent three years are shown in figures below:

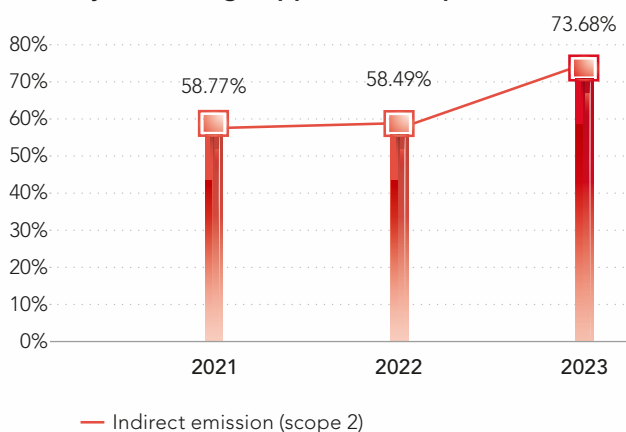
Trend of Changes in Carbon Emission Intensity of Major Clothing Material Suppliers from 2021-2023



Statistics of Carbon Emissions of Major Clothing Suppliers in Scope 1 for 2021-2023



**Statistics of Carbon Emissions
of Major Clothing Suppliers in Scope 2 for 2021-2023**



➤ **Chemical management of suppliers**

The Group continues to improve the chemical use management in the supply chain by developing its own restricted substances list and engaging in international cooperation. Combined with the domestic and international attention to high-risk chemicals and relevant laws and regulations, we prepared the *Technical Requirements for Health and Safety of Clothing, Shoes and Accessories* in 2012, covering the requirements for restricted chemical substances. After continuous updating and improvement, *Q/LNB 71001-2021 Li Ning Product Safety Technical Requirements*, an internal restricted substances (RSL) standard, was developed in 2021, including 25 categories of restricted substances and their testing specifications. All suppliers are required to sign declarations of compliance with this standard. In the production process, suppliers are required to monitor the compliance of the use of chemicals in the whole process, and we also randomly test the compliance of restricted substances on a regular basis.

As one of the founding brands of Zero Discharge of Hazardous Chemicals (ZDHC) Foundation, we actively promote the adoption of ZDHC Manufacturing Restricted Substances List (MRSL) and compliance guidelines, and strive to achieve zero emission of restricted chemicals. The Group cooperates with professional third-party test companies every year in on-site chemical assessment for major suppliers, so as to enhance the chemical management capability of the supply chain and ensure the effective implementation of the Group’s concepts and requirements related to chemicals management. In 2023, we continued to cooperate with professional third parties in chemical assessment for 9 suppliers. The evaluation tools and contents comprehensively refer to the regulatory requirements for the use of chemicals at home and abroad, and the requirements of *ZDHC Chemical Management System Framework* and *ZDHC Chemical Management System Technical Industry Guide*. Through one-to-one field training and communication with experienced chemical audit experts, the existing problems are found and targeted rectification solutions are put forward to help suppliers to improve the ability of chemicals management and continuously improve and build a perfect chemicals management system.

In 2023, the order volume covered by the secondary main suppliers subject to ZDHC wastewater detection was over 95%, and the compliance rate of MRSL parameters reached 82%, a significant increase over the compliance rate in 2022.

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In addition, the Group also encourages suppliers to carry out other certifications under appropriate circumstances. In 2023, Li Ning Group's major leather suppliers participated in the ZDHC's "Supplier to Zero" and obtained the Fundamental Level certificate. The proportion of artificial leather supplied by these suppliers is more than 50%. At the same time, our major leather suppliers won the gold medal certification of the Leather Working Group (LWG).

In 2023, more than 65% of glues used in shoe production obtained the highest level (Level 3) certification of the ZDHC Manufacturing Restricted Substances List (MRSL).

➤ **Supplier capacity building**

In order to enhance the level of suppliers' social responsibility management, the Group actively promotes suppliers' capacity building. In 2023, we organized and participated in a number of relevant training activities to strengthen suppliers' understanding and knowledge of sustainable development.

- We invited Bureau Veritas (BV) to organize a special training on "Forced Labor". The training provided an introduction to social responsibility, the definition of forced labor, and the requirements and elusion measures involved in forced labor. This training further improved the deep understanding of forced labor, which helps to avoid the occurrence of forced labor in the management process and fully protect the rights and interests of employees.
- In November 2023, we hosted an environmental and energy management capacity building training activity for apparel and footwear suppliers, which was attended by about 100 representatives from 60 key suppliers. The training provided detailed presentations on various aspects such as equipment energy consumption monitoring, use of renewable energy, heat recovery, etc. The aim was to help suppliers explore the potential for energy saving and emission reduction and to jointly promote the construction of a green and low-carbon industrial chain.
- In March 2023, a supplier conference entitled "Starting a New Journey Together, Going Beyond the Past to Win the Future" was held, during which a key topic was an introduction to the Company's sustainability content, future plans and expectations for suppliers, with the aim of promoting greater awareness of social responsibility among suppliers and motivating them to make progress in environmental protection measures, such as carbon emission management.

Supplier Disqualification

The Group evaluates all accepted suppliers every quarter. Those suppliers who fail to meet business needs, fall below the minimum standard and touch the red line in two of the four consecutive quarters of comprehensive evaluation, such as major quality incidents, social responsibility incidents, breach of integrity and anti-corruption clauses, are disqualified, so as to ensure the quality of suppliers.

Building a Green Supply Chain

The Group continues to strengthen the environmental management requirements of suppliers in the introduction and auditing process.

- In the introduction process, we require suppliers to provide relevant documents such as environmental impact assessment (EIA) files, EIA approval, environmental completion and acceptance report of construction projects, waste water/waste gas monitoring report, and pollutant discharge permit, etc., and make illegal discharge of sewage and hazardous wastes as zero tolerance items in the audit.
- In the quarterly audit, suppliers are required to provide their main energy consumption data and greenhouse gas emission data, energy consumption assessment system or energy-saving action plan and measures.
- In the annual audit, we also evaluate suppliers' waste management, energy-saving measures, application of new energy-saving technologies and the implementation of carbon emission reduction as key points of audit, besides the relevant environmental qualifications and compliance.

In 2023, we were further expanding the application of environmental friendly materials, creating diversified environmental friendly products, exploring the development of carbon footprint measurement for raw materials and products, and striving to promote the steady development of the green supply chain.

➤ Product Carbon Footprint Measurement

The Group has been committed to reducing the carbon footprint of products and creating full life cycle green and low carbon products. In 2023, we carried out carbon emission accounting of the raw material manufacturing and production of GCR (lightweight non-slip rubber technology), GCU (ground control system outsole technology) and Boom sole materials (襪底材). According to the accounting results, compared with the traditional rubber outsole and EVA (ethylene vinyl acetate copolymer) foam midsole materials, the GCR used in 2023 realized a carbon reduction of approximately 1,500 tons, the GCU used realized a carbon reduction of approximately 438.58 tons, and the Boom sole material used realized a carbon reduction of approximately 1,176.77 tons. These new materials not only provide excellent performance in terms of comfort and functionality, but are also environmental-friendly through the use of lightweight materials combined with advanced production processes.

In addition, we have commenced carbon footprint measurements with the specialist third party on the "Speed 10th" (閃擊 10) basketball shoes and the "Super Light 21st" (超輕21) running shoes, and have obtained ISO14067 certification. The certification is based on the representative category rules (PCR) for footwear products in Asia, which cover carbon emissions in ranges 1, 2 and 3 of the full product lifecycle (cradle to gate), of which the "Super Light 21st" have a carbon footprint of 6.39 kg CO₂-e/pair and "Speed 10th" have a carbon footprint of 8.74 kg CO₂-e/pair. The certification not only enhances the transparency of the Group's product carbon emissions, but also promotes progress in product research and development, supplier carbon emission accounting systems, and the establishment and integration of material carbon databases for production systems.

➤ Diversified Environmental-Friendly Products

The Group actively researches and produces environmental-friendly products, explores and innovates advanced environmental-friendly technologies and production materials, and strives to fulfill its "carbon peak and carbon neutrality" commitment to implement green and low-carbon development. In 2023, the Group's order volume of environmental-friendly products accounted for 13.61%, of which 9.97% was footwear and 15.56% was apparel and accessories.

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➤ Footwear Products

The Group has been committed to the use of environmental-friendly materials in footwear products in recent years. In 2023, we further expanded the application of four types of environmental-friendly material technologies, namely GCR, GCU, Boom outsole materials and Boom Fiber (䨀絲), to enrich the product range and realize low-carbon and green development.

Boom Fiber

- Boom Fiber is a new type of thermoplastic elastomer, and through advanced spinning technology, it can be made into lightweight "Boom Fiber", which has better flexibility, elasticity and durability than ordinary fibers, and is very comfortable to the touch. By combining "Boom Fiber" with advanced knitting technology, we can obtain a lightweight, breathable and comfortable shoes upper, which is not easy to deform and has a longer service life.
- In the current year, the application of "Boom Fiber" has expanded from running shoes to badminton and basketball shoes, contributing to the expansion of eco-friendly products. 46 models of running shoes had Boom Fiber uppers in 2023, representing an application rate of approximately 61% in running shoes.

Boom Sole Material

- The Group's self-developed midsole material adopts a supercritical foaming process, using carbon dioxide and nitrogen as foaming agents to ensure that all raw materials are recyclable thermoplastic elastomers. Compared with traditional materials, it significantly improves the resilience and durability of the shoe material while reducing its weight. In addition, the material technology avoids the use of chemical foaming agents, effectively reduces VOC emissions, and realizes zero discharge of industrial wastewater.

GCR Sole Material

- It is a transparent outsole rubber material for injection molding with high abrasion resistance and low density. Vulcanized by peroxide vulcanization system and combined with injection molding process, the material has high productivity and excellent appearance quality. Its low density makes the sole lighter than traditional materials, providing consumers with a better comfort experience while realizing green environment.

GCU Sole material

- The innovative cast polyurethane sole material has excellent performance in abrasion resistance, anti-slip and low temperature resistance, which is especially suitable for high-intensity sports shoes. The material does not contain harmful elements, and has no organic VOC emission, which not only improves the product performance, but also responds to the concept of sustainable development.

Case: The “Yushuai 17” (馭帥 17) Basketball Shoes – A Good Mix of Innovation and Sustainability

The midsole of the “Yushuai 17” (馭帥 17) basketball shoes adopts Li Ning’s self-developed lightweight elasticity technology. More than 86% of the sole material is eco-friendly supercritical foam midsole material, which not only reduces the weight of the midsole, but also dramatically improves the rebound performance and durability, providing excellent cushioning and stabilization for the basketball players. The upper utilizes recycled TPU material, which accounts for more than 6% of the total weight of the upper material, and adopts the NO-SEW seamless process to reduce the environmental impact during the manufacturing process. In addition, over 80% of the soles and outsoles are made of water-based glue, further minimizing the environmental impact. The innovative design and eco-friendly concept of the “Yushuai 17” not only enhances the athletes’ performance on the field, but also demonstrates the efforts to promote the sustainable development of sports equipment.



LI NING “Yushuai 17” basketball professional shoes

Case: “Shadow 2” (絕影2) Running Shoes – Cross-border integration, leading the new trend of environmental protection and innovation

The upper of the “Shadow 2” adopts the original Boom Fiber upper technology, using stranded Boom Fiber bio-based materials, of which Boom Fiber accounts for 22%, which not only improves the breathability and wrapping of the upper, but also realizes the environmental protection. The sole partly utilizes the GCU ground control system and new cast polyurethane material, which provides excellent ground control with its high strength, good abrasion resistance and flexural resistance. In addition, the sole is made of Li Ning supercritical foam midsole material, which accounts for more than 55% of the total weight of the sole, and its lightweight and energy recovery performance are superior to that of traditional EVA materials. In the assembly process of the sole, Li Ning “Shadow 2” uses more than 80% water-based glue, ensuring environmental friendly and operators’ health and safety. This innovation not only reduces pollution to the environment, but also realizes the environmental goal of being non-toxic and easy to clean.



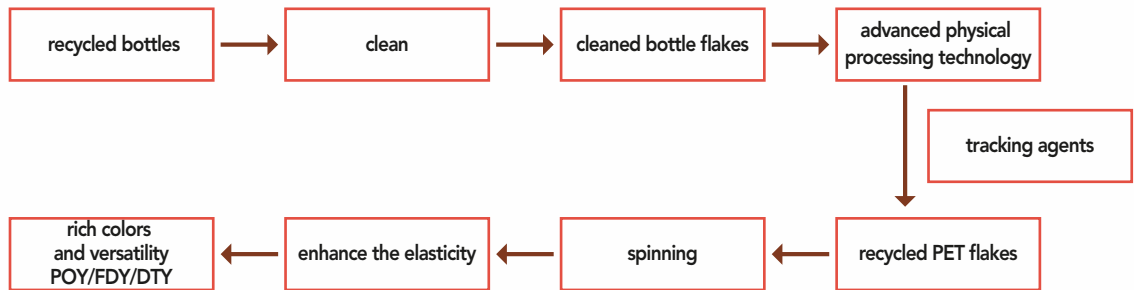
Li Ning “Shadow 2” shock-absorbing elastic running shoes

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➤ Apparel

In terms of eco-friendly apparel, we use a large amount of recycled yarn. 2,839 tons of recycled yarns were used in 2023, accounting for 18.96% of the total polyester yarns used, with a carbon reduction of 2,731 tons, which is a good implementation of the concept of sustainable development. The recycled yarns have been certified by the Global Recycling Standard (GRS).

In the production process of eco-friendly yarns, recycled plastic bottles are first thoroughly cleaned and polished into clean bottle flakes. Using advanced physical processing technology, combined with specific tracking agents, the net bottle flakes are converted into recycled PET flakes. Through precise spinning technology, the flakes are converted into fibers, which are then subjected to fine elasticity treatment to enhance the elasticity and durability of the yarns. Finally, the fibers are treated with environmental-friendly dyes in the coloring stage to transform them into high quality recycled yarns with rich colors and versatility.



Recycled yarns production process

Case: CBA league environmental protection uniform production

Li Ning and the China Men’s Basketball Association (CBA) are committed to integrating the concept of environmental protection into professional sports by cooperating in the 2023-2024 season. Through the use of recycled plastic bottles to produce uniforms with recycled yarn, a total of 6,400 uniforms will be produced for the entire season, with about 26 plastic bottles recycled for each set of uniforms. A total of more than 166,400 bottles of mineral water will be recycled, weighing 3,808 kgs, which is a strong fulfillment of our commitment to environmental protection.



China Men’s Basketball Association (CBA) 2023-2024 season uniforms



Initiate Supplier Sustainability Assessment

In 2023, the Group introduced the supplier sustainability project plus (SPP) mechanism for the first time, which assesses and provides training on suppliers' energy and carbon management, water resources, waste, hazardous substances and chemicals management as well as sustainable operation management, with the aim of guiding suppliers to continuously improve the quality of their environmental management. During the year, a total of 26 suppliers participated in the sustainability project plus assessment. Among them, 10 suppliers obtained ISO 14000 certification, 14 suppliers reduced their total carbon emissions by more than 20% compared with 2020, and 12 suppliers reduced their water consumption by more than 20% compared with 2020.

Case: The cooperative down factories have all obtained the RDS (Responsible Down Standard) certification

Li Ning Group encourages its suppliers to obtain certificates of responsible production by making reference to domestic and international sustainability standards where appropriate. We emphasize not only the social and environmental management of our suppliers, but also the protection of animal welfare. Since 2014, the down factories cooperated with Li Ning Group have gradually obtained RDS certification, and the coverage rate has now reached 100%. Through the RDS certification, we hope to maximize the use of down and feathers from animals that have not been unnecessarily harmed in any way in our sourcing and production.

Enhance external exchanges and cooperation

The Group actively participates in industry sustainability exchange activities to gain an in-depth understanding of sustainability trends and hotspots, and explores ways to improve its own sustainability management practices. While enhancing its sustainability management capabilities, the Group also fulfills its corporate social responsibilities and contributes to the building of a greener and sustainable future.

Case: Participation in the Global Textile Green and High Quality Development Forum and Carbon Peak and Carbon Neutral Action Summit

On 6 November 2023, the Global Textile Green and High Quality Development Forum and Carbon Peak and Carbon Neutral Action Summit was held, gathering industry experts, business leaders and government representatives to explore the global textile and apparel industry's dual-carbon efforts. Li Ning shared his practices and progress in carbon footprint reduction, sustainable production and green manufacturing, emphasizing the importance of industry collaboration in achieving carbon neutrality.

Case: Participation in the TUV Rheinland Forum on Green Energy Innovation and Sustainable Circular Economic Development

On 19 June 2023, TUV Rheinland hosted the Green Energy Innovation and Sustainable Circular Economy Development Forum to discuss the important issues of green energy, circular economy and sustainable development. We shared the importance of circular economy in realizing the goal of sustainable development, as well as our own practices and achievements in the field of circular economy, fully demonstrating our efforts in promoting the green and low-carbon transformation and high-quality development of the industrial chain.

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Case: Participation in the 28th Sino-European CSR Roundtable Forum

On 8 June 2023, the 28th Sino-European CSR Roundtable Forum was held, which aimed to provide decarbonization solutions for enterprises and their suppliers. Focusing on the theme of “Supply Chain Carbon Reduction Partnership”, Li Ning shared experience and strategies in supply chain carbon reduction and CSR, and demonstrated practical achievements in building green supply chain and promoting sustainable development of the industry, and jointly explored carbon reduction solutions in the industrial supply chain, contributing valuable power to promote green development.

Case: Membership of the United Nations Global Compact (UNGC)

In May 2023, the Group became a member of the United Nations Global Compact. The UN Global Compact is currently the world’s largest international organization promoting corporate sustainability, with more than 20,000 corporations and other stakeholder members from nearly 170 countries. We are committed to the UN Global Compact’s ten principles in the four areas of human rights, labor standards, environment and anti-corruption. We will incorporate sustainable development into our corporate strategy and operations, and continue to fulfill our corporate social responsibilities to a high standard, and move forward with our vision of sustainable development.

V. PRODUCT LIABILITY MANAGEMENT

The Group attaches great importance to product quality and responsibility management, strictly abides by relevant laws and regulations such as the *Product Quality Law of the People’s Republic of China* and the *Law of the People’s Republic of China on Protection of Consumer Rights and Interests*. To ensure the legitimate rights and interests of consumers are fully protected, we constantly enhance product quality control, keep improving customer service quality and optimize customer communication mechanism; protect the security of customers’ information; regulate the management of advertising and trademark; strengthen the protection of intellectual property rights, brand protection and responsible publicity.

Product Quality Control

According to the national GB/T 19001-2016 Quality Management System, ISO9001 Quality Management System and technical specifications for shoes, clothing and accessories, and referring to relevant industry standards, the Group revised the *Li Ning Shoes Product Physical Properties Standard Manual*, the *Functional Clothing General Technical Requirements*, the *Washed Down Feathers*, the *Executive Standard Number, Size, Grade, Safety Category and Shelf Life of Adult Clothing*, the *Executive Standard Number, Size, Grade, Safety Category and Shelf Life of Infant and Child Clothing*, the *Clothing Size Changes and Appearance Assessment after Washing and Drying* and other internal standards, constantly regulating the Company’s products quality management standards and improving product quality system.

The Group strictly implements the quality supervision throughout the whole process of production, and carries out relevant quality control at the stages of product research and development, production and launch to ensure product quality.

Stage	Management Content
Product Research and Development	<ul style="list-style-type: none"> • Set up risk assessment team. A risk assessment team composed of personnel from product development project team, production department and quality management department is set up to evaluate and analyze the quality risks existing in product development every quarter. • Launch market research on specialized quality level of diversified products. In 2023, the Group launched market research on specialized quality level of yoga products, functional products, featured washable finishing products, bio-based and recycled material products, outdoor jackets and down products to produce special analysis reports. • Proactively understand consumer needs. According to the <i>Quality Control Manual Based on Consumer Experience</i>, we optimize the product quality that meets quality standards but falls short of consumer expectations, and focus on consumer needs from the front-end of product research and development to improve products quality.
Production	<ul style="list-style-type: none"> • Establish joint inspection team. A joint inspection team composed of personnel from the production department and the quality management department is set up to have joint quality inspection of the warehouse every quarter in aspects of process management, material quality and craftsmanship level. • Restricted substance requirements. All suppliers are required to sign <i>Q/LNB 71001 -2021 Safety Technical Requirements for Li Ning Products</i>. During the production, suppliers are required to monitor the compliance of chemicals used throughout the whole process, and we will also conduct regular random sampling to test the compliance of restricted substances.
Product Launch	<ul style="list-style-type: none"> • Carry out launch inspection. According to the national standards for launch inspection, security code and other external inspection, quality inspection seal and other procedures, any unqualified product will be returned to the warehouse for repair, or returned as obsolete if cannot be repaired.
Raw Material Quality	<ul style="list-style-type: none"> • Quality inspection of supply materials. We audit the quality management systems of finished shoe suppliers, major sole material suppliers and clothing material suppliers every year. According to the evaluation results, we take measures such as rectification within a prescribed time limit, interview, and circulated notice of criticism or starting disqualification procedure for unqualified suppliers.

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The Group is committed to strengthening the management of product testing, actively participating in the construction of industry standards and promoting the standardized development of the industry. In 2023, the Group participated in the solicitation of opinions for 12 national standards and 44 industry standards. We have introduced the testing intelligent sampling system and intelligent sample delivery robot, which can quickly and accurately complete the sampling and preparation of testing items, and carry out intelligent transmission to enhance the testing efficiency; we have introduced advanced SATRA equipment and instruments to study the moisture permeability of the shoes, which can provide data support to improve the research on the fitness and comfort of the shoes, enhance the quality of product testing, and safeguard the products quality.



Thermal and moisture permeability test of shoes




Intelligent sampling system

Product Identification and Recall

The Group attaches great importance to the product quality. We strictly control the product quality and have established a comprehensive recall management process for defective products. In 2023, the Group did not have any incidents of product recalls for safety and health reasons.

We will recall products with quality problems, health and safety hazards and infringement based on regulations such as the *Management of Defective Product Recall of Li Ning Company Limited*, the *Procedures and Standards for the Recovery of Defective Products of Li Ning Company Limited*, the *Service Commitment of Three Guarantees of Product Quality*, and the *After-sales Service Manual of Li Ning Company Limited*. The specific scenarios include:

- Products that are not qualified for sampling inspection by the State or local market supervision department;
- Products that are found not meeting national or enterprise standards with hidden quality problems in batches;
- Products that have caused personal or property damage to consumers due to defects in design or manufacturing and may occur again after evaluation;
- Products that do not cause personal or property damage to consumers, but may still cause personal or property damage under certain conditions after testing, experiment and demonstration;
- Products involved in infringement, plagiarism or violation of relevant laws and regulations, and has a negative impact on the company;
- The defective rate of a single type of product reaches a certain percentage, which leads or may lead to the failure of sales or the rapid decline of customer satisfaction.



In response to the above recall scenarios, the Group has formulated comprehensive treatment measures to protect the legitimate rights and interests of consumers:

- QA Department has the right to request the suspension of sales of product concerned, so as to prevent the potential risks from further expanding, and immediately carry out investigation in conjunction with other relevant departments to track the causes of problems;
- QA Department informs the manufacturer of product quality information in time, so that the manufacturer can take actions to deal with possible losses, establish effective communication channels with suppliers and third parties, and actively seek solutions to reduce losses caused by product defects;
- QA Department decides to implement the recall plan according to the quality inspection report, infringement appraisal report or market feedback, and formulates the treatment plan for products recalled to minimize the impact on consumers.

For online products, the Group stipulates that all goods sold in the network stores enjoy the seven days no reason to return or exchange policy and the three guarantees policy in accordance with national regulations. If a consumer submits an application for a return or exchange, the application will be examined by the customer service specialist; upon receipt of the returned or exchanged goods, we will carry out a quality inspection and provide timely feedback to the consumer, at the same time, the results will be sent to the relevant business department for processing. In the subsequent product development stage, the product research and development department will refer to the effective market feedback to further improve the product quality.

Customer Complaints and Protection

The Group always adheres to the principle of “customer first and professional service”. In compliance with the requirements of relevant laws and regulations, we have formulated the *Management Requirements for Customer Service Telephone and Online Support*, *Guidelines for the Management of Knowledge in Customer Service* and *Daily Management Standards of Customer Service Hotline*, which clearly stipulate the procedures for complaints handling and relevant requirements. Meanwhile, we constantly review and check the risk points, update the relevant systems of the Company in a timely manner and fully implement them in conjunction with the updating or adjustment of the relevant laws and regulations. We keep listening to customers opinions and improve the quality of customer service. During the year, we strengthened the customer communication mechanism and enhanced our customer service level:

- **Multiple communication channels:** We established “400 Customer Care Hotline” (400-610-0011), joined we-media such as Web (@Li Ning Official Web), Li Ning CLUB WeChat official account, WeChat Mini Program, and set up customer communication channels such as contact email address (ccc.support@li-ning.com.cn) and voice message, realizing 7*24 hours full support.
- **Efficient response to customer complaint:** In response to consumer complaints, our customer complaints specialists will follow up and timely call back to consumers about their complaints and requirements. With the principle of “first-ask-responsibility”, the specialist will promptly contact the relevant stores or departments, and negotiate with customers to return goods, exchange goods, or make compensation, etc., timely follow up and call back. In addition, we will summarize and review the complaints in a timely manner to improve our management.

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- **Comprehensive customer service platform:** Relying on the integrated and upgraded all-media customer service platform, the Group opened up many access points for customer service, realizing comprehensive and efficient channels for customer feedbacks in order to cope with the growing number of consumer inquiries and feedbacks.
- **Consumer Satisfaction Survey:** We proactively strengthen communication with consumers through consumer insight tools to continuously understand their experience on services and activities, their purchasing decision for important products and willingness to make repeat purchases. At the same time, consumer feedback will be delivered to relevant departments in time.

In 2023, the Group's head office received 1,957 complaints from key consumers and through the Market Supervisory Authority. Our e-commerce platform received 246 consumer complaints through the Market Supervisory Authority. Upon receipt of complaints, we analyzed the product problems together with the consumer complaints and the feedback from the Market Supervisory Authority. Based on the analysis results, we appropriately deal with consumers' requirements and actively follow up with the relevant feedback from the Market Supervisory Authority. During the year, our customer complaint settlement rate reached 100%.

Customer Information Protection

The Group strictly complies with the requirements of relevant laws and regulations such as *Personal Information Protection Law of the People's Republic of China*, *Cyber Security Law of the People's Republic of China*, *Data Security Law of the People's Republic of China*, *Measures for the Administration of Information Security Level Protection*, *Measures for Security Assessment for Data Outbound Transfer*, *Civil Code of the People's Republic of China*, etc. We continue to rely on the whole life cycle management system of data collection, handling, processing, storage and destruction to clearly define the data classification standards and corresponding protection measures, establish a data compliance management system and workflow based on the needs of data security management, and actively carry out data security related training to fully protect the data security of customer information.

During the year, to enhance the quality of data and information security management, we carried out a data compliance project and developed comprehensive information security management initiatives:

- **System optimization and improvement:** We updated and published the *Information Security Management Regulations of Li Ning Group*, *Data Security Management Measures of Li Ning Company* and *Personal Information Protection System of Li Ning Company*; improved the daily information security requirements and norm of conduct for staff as well as the data security protection measures in the process of information technology system construction and maintenance.
- **Establishment of management structure:** The Data Compliance Management Committee was set up to be responsible for the formulation of policies related to data security and privacy protection and the assessment and review of sensitive data across business units; a management system of "4-layer structure, 3 systems and 2 processes" was set up to promote the development of data security and compliance work from the top down in terms of strategy, organization, structure and implementation; a data compliance working group was established to assess compliance at the legal and regulatory level and technical assessment at the data security protection level, and to assess all sensitive personal data and important business data at the business level to safeguard information and data security.
- **Update of agreement terms:** Data protection-related terms are added to the contract template, which stipulate that: the data receiver shall not publicly disclose or re-transfer the data without the authorization of the data sender; the lawful period for the data receiver to use and retain the data, and the handling measures to be taken by the data receiver after exceeding the lawful period; the security responsibilities and obligations of the data receiver to cooperate with the data sender, etc. and simultaneously update the privacy clauses of APP and applets involving consumers' personal information.

- **Cross-border Risks:** Fully consider the cross-border risks of personal information during information interaction between Hong Kong and mainland systems, and formulate privacy policies and user agreements for Hong Kong member systems. For registered members in Hong Kong, we provide a localized membership management system and marketing activities in Hong Kong and Macau.

In addition, we continue to strictly implement information security in the management through “technical means + encrypted transmission + log storage” to prevent data risks in all aspects. For example, through the adoption of high-level firewall technology, the data transfer is under full-time monitoring, customer service staff are unable to obtain consumer’s personal information in bulk; all customer service personnel operating records will be stored in the system log; a single piece of information is encrypted in the system for transmission, such as coding key words of the contact information for member information query in the retail store terminal, etc.

The Group attaches high importance to data security capacity building and has launched online and offline education and training on data and information for employees to strengthen their awareness of data and information security.

- **Knowledge sharing:** We share knowledge to departmental managers and above about laws and regulations related to data security and compliance with the protection of personal privacy information.
- **Regular push:** We promote security awareness each quarter through enterprise WeChat and company mailbox, including personal account and password protection measures, spam identification and prevention methods, anti-phishing and anti-fraud case sharing.
- **Daily promotion:** Provide training to customer service staff on consumer information and privacy protection in the weekly and monthly meetings to strengthen promotion and warnings on information security education.
- **Specialized training:** For new employees, we organize specialized information security training including classified confidential data, standard software lists, and standardized usage. For e-commerce employees, we provide specialized training every quarter on consumers’ personal information security protection measures and infringement types and analysis of personal information in e-commerce. We are determined to safeguard the personal information security in online consumption.

The Group has established a comprehensive emergency response mechanism for network information security incidents. When an information security event occurs that affects the company’s business development, such as virus infection, illegal invasion, sensitive data leakage, etc., the emergency response plan will be activated according to the level of the event.

- **Emergency response process:** Firstly, the information security working team will quickly adjust the security policy of network security equipment, find the source and isolate the incident area, and coordinate the company’s resources to carry out emergency response. Secondly, we set up a real-time reporting and communication channel with the higher-level supervisory departments and external security service providers to ensure normal operation while controlling the incident. In addition, we activate the incident preparedness program for system and data recovery when necessary. When the incident is resolved, we will actively summarize the experience, analyze the problems and deficiencies, and continue to optimize the response strategies and processes.
- **Emergency response exercise:** In order to further improve the overall security risk awareness and emergency response capability of the information technology team, we actively participate in network security attack and defense exercises to timely identify security risks and loopholes exposed by the Internet and carry out corrective actions targeting at the weak points.

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With respect to third-party data and information security, the Group issued the *Regulations on the Management of Third-Party Personnel*, which clearly stipulates that the on-site staff or remote support staff of the partner enterprises and external service providers are responsible for information security and data protection, so as to ensure that the partner enterprises comply with the Company's information security and data protection requirements. In addition, we have added a special chapter on "personal information protection" to all service contracts, distribution contracts and technology development contracts, requiring suppliers and service providers to assume the responsibility of protecting customers' privacy and jointly safeguarding data information security. In our daily work, we strictly prohibit the provision of any customer information to a third party without the authorization of the customer, and all customer information and data are strictly protected and properly stored to ensure that authorized personnel read and use the information within the scope of authorization.


Intellectual Property Rights and Brand Protection

In compliance with the relevant requirements of laws and regulations such as *Trademark Law of the People's Republic of China*, *Patent Law of the People's Republic of China*, *Copyright Law of the People's Republic of China*, *Advertising Law of the People's Republic of China*, *Anti-Unfair Competition Law of the People's Republic of China* and *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, *Measures for the Administration of Internet Advertisements*, and *Guidelines on the Enforcement of Absolute Language in Advertisements*, the Group constantly strengthens intellectual property protection, brand protection, advertising and trademark management.

In respect of intellectual property protection, the Group has formulated internal systems and regulations such as *Intellectual Property Rights Management System*, *Trademark Management Measures*, *Patent Management Measures*, requiring each business department to strictly implement the intellectual property audit process, prevent and investigate potential infringement risks, and formulate an intellectual property early warning mechanism in order to improve the quality and efficiency of intellectual property rights management.

- **Product design risk control:** A new check section of the legal department is added in the company's PLM system this year to timely check potential infringing products during the product sampling and ordering process, and to communicate and adjust the program in order to avoid intellectual property risks in advance.
- **Intellectual property training:** We conduct regular training on relevant laws and regulations, deliver routine laws and regulations, and share intellectual property cases to gradually strengthen employees' awareness of intellectual property protection and their ability to self-restrain from infringing behaviors.
- **Intellectual property default liability:** We set up declaration clauses in the *Materials Cooperation Agreement*, *Product Processing Agreement* and other agreements, to clarify the intellectual property default liability, and require suppliers to undertake and guarantee that the products and materials they supply will not infringe on the intellectual property rights and legitimate rights and interests of any third party. In case of infringement, we will immediately start legal proceedings to protect our rights.
- **Protection of intellectual property rights:** With regard to our own intellectual property, we promptly identify the ownership and scope of authority over the intellectual property results in order to protect the Group's intellectual property assets.

In respect of advertising compliance, the Group has stipulated that external publicity should strictly comply with the rules and regulations of the Company; fulfill the corresponding brand material review and approval procedures; the contents and data reflected in the publicity and promotion should be in line with the facts; and no false advertisements should be published. In addition, the Group will continue to explore the development of advertising audit system to provide solid system protection for advertising compliance. The system is expected to be launched in 2024.



In order to enhance the awareness of marketing compliance and risk prevention, the Group promotes and popularizes the relevant laws and regulations from time to time, such as explaining the contents and notes of the *Beijing Guidelines on Compliance of Advertisements of Pharmaceuticals, Medical Devices, Health Food and Food Formulas for Special Medical Purposes*, *Beijing Guidelines on Compliance of Advertisements, Requirements on Price Tag and Prohibition of Price Frauds*, and the *Guidelines on the Enforcement of Absolute Language in Advertisements*.

In terms of brand protection, we updated the *Li Ning Brand Corporate Identity Use Specification* this year to improve the regulations on use form, appearance area, use scope and proportion for different types of products. If the Company needs to use the trademark in its related business or products, it is required to submit relevant applications and pass the examination process to ensure that the trademark is used in a standardized manner. In order to further enhance brand protection, the Group has adopted a number of management measures:

- Regularly monitor the trademark squatting on a monthly basis, and carry out the management on defending rights and combating counterfeits;
- Strengthen the crackdown on counterfeits of e-commerce brands and cooperate with e-commerce platforms to manage the situation. For counterfeits detected by the e-commerce platforms or complained by consumers, we will make a complaint to the platform and remove them from the shelves.
- We will proactively collect evidence on relevant clues of counterfeit sales, and safeguard the legitimate rights and interests of the brand through civil lawsuits, industrial and commercial complaints, criminal and other means of defense.

VI. ANTI-CORRUPTION MANAGEMENT

The Group complies with laws and regulations including *Criminal Law of the People's Republic of China*, *Company Law of the People's Republic of China*, *Anti-Unfair Competition Law of the People's Republic of China*, *Interim Provisions of the State Administration for Industry and Commerce on Prohibiting Commercial Bribery*, the *Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Laws in Handling Criminal Cases of Corruption and Bribery* and the *Opinions of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Laws in Handling Criminal Cases of Commercial Bribery*, etc., to carry out anti-corruption and integrity promotion work in an orderly manner in accordance with the law, and to build a clean and efficient operation ecology.

The Group constantly strengthens the construction of anti-corruption management standards and has formulated *Anti-Corruption and Anti-Bribery System of Li Ning Group*, *Complaint Reporting Procedure*, *Retail Store Operation Management Manual*, *Financial Management and Punishment Standards*, *Cash Expenditure System*, *Employee Handbook*, *Non-productive Procurement Management System*, and *Tendering and Bidding Management Measures*, which clearly stipulate the anti-corruption management processes and punishment standards to provide systematic protection of the anti-corruption management. In 2023, the Group did not have any corruption lawsuits filed and concluded against the Group or its employees.

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The Group is determined to crackdown corruption, and combat playing favouritism and committing irregularities with zero-tolerance to corruption. We continue to establish a sound preventive and supervisory mechanism, carry out internal control, audit and supervision on business. We conduct monthly audit of our self-operated stores in order to maintain a fair and clean working environment. During the year, we strictly carried out anti-corruption management work in accordance with the *Complaint Reporting Procedure*, focusing on the reporting channels, the report handling process, and the protection measures for whistleblowers:

- In terms of reporting channels, we set up reporting mailboxes, senior management complaint mailboxes, HR complaints system and employees' independent reporting. Whistleblowers can report and supervise corruption by e-mails, letters, and anonymous submissions.
- In terms of report handling process, we summarize the information on complaints and reports from different channels, verify the information authenticity and initiate investigation and report handling according to the relevant information and evidence.
- In terms of whistleblower protection, we strictly keep whistleblower's information confidential and promise that any retaliation or discrimination arising from the reporting of violations of laws and regulations will be investigated and dealt with seriously.

The Group continuously implements the anti-corruption management mechanism of suppliers and partners. We conduct investigations on suppliers in the form of completing anti-corruption and anti-bribery periodic surveys every six months. All suppliers are required to sign the *Commitment Letter of Anti-corruption and Anti-bribery*, clearly stating the "zero tolerance" attitude towards corruption and "resolutely banning of corruption". Suppliers are encouraged to report any corruption and provide verifiable information and clues, enhancing their initiative and engagement in anti-corruption.

In order to promote a clean culture and enhance employees' awareness of anti-corruption, the Group has actively launched anti-corruption training and strengthened anti-corruption capacity building. In 2023, the Group's anti-corruption training covered 16,800 employees and the duration of training amounted to 4,200 hours. The details of the training are as follows:

- The Board of Directors watched and learned from the series of anti-corruption educational videos entitled "Forever Blowing the Horn" to deepen the understanding of anti-corruption and establish a clean and upright atmosphere by focusing on the implementation of strict governance of the Party, strengthening political supervision, improving work style construction and addressing both symptoms and root causes of the problem.
- The Company actively strengthens the management of employees' integrity in operation and provides employees induction training and personal declaration, the promotion of anti-corruption and anti-bribery system of the Company, internal integrity tips, internal warning education and notification, etc.

VII. COMMUNITY INVESTMENT MANAGEMENT

The Group adheres to the principle of coordinated development with the community, closely links its own resource advantages with the needs of the society, and actively undertakes its social responsibilities. In 2023, we were staying true to our mission and launched diversified public welfare activities. We actively participated in earthquake relief, assisted in rural revitalization, cared for the growth of young people in poverty-stricken areas, and organized public welfare activities to promote sports culture. We give full play to our leading role in the industry and demonstrate our corporate commitment through actions to promote the development and progress of society. Based on our outstanding contribution to social welfare, the Group was awarded the 2023 “Perseverance to Goodness” Responsible Brand Award, which is an affirmation of our corporate social values.



2023 “Perseverance to Goodness” Responsible Branding Award

Gather warmth, address the hardships together

The Group keeps close attention to public emergencies such as natural disasters, actively donates materials to assist disaster-affected areas, supports rescue and relief efforts as well as post-disaster reconstruction, and constantly pays attention to the disaster situation, showing love and deliver warmth to the people in the disaster-affected areas.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Be in the same boat – help Beijing-Tianjin-Hebei flood relief and rescue

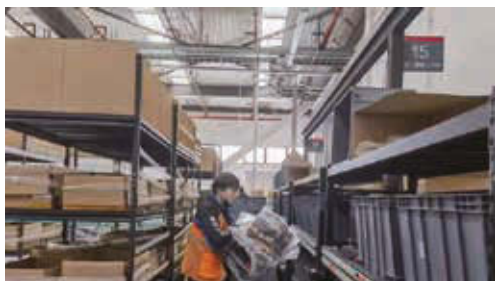
In August 2023, under the influence of Typhoon Doksuri, extreme rainfall occurred in some areas of Beijing, Tianjin and Hebei, causing floods and geological disasters. The Group immediately investigated the disaster situation and donated RMB25 million through the China Women’s Development Foundation to support the flood relief and post-disaster reconstruction work in Beijing-Tianjin-Hebei.



Donation to disaster-affected areas in Beijing-Tianjin-Hebei

Help each other-provide relief to earthquake-stricken areas in Gansu

On 18 December 2023, a 6.2-magnitude earthquake occurred in Jishishan County, Linxia Prefecture, Gansu Province, and many other places in Qinghai and Xinjiang were also affected. The disaster areas were located at high altitude with cold and severe weather. The Group activated emergency response measures immediately and donated cold-proof materials through the China Women’s Development Foundation. All departments cooperated with each other and worked against the clock to deliver the supplies in batches to the three earthquake-stricken areas and cooperated with the local governments to distribute the supplies to victims, addressing the hardships together with the disaster areas.



Provide relief to the earthquake-stricken areas in Gansu

Foreign aid – Donations to support Pakistan’s flood relief efforts

In June 2022, many provinces in Pakistan suffered rounds of heavy rainfall, causing overwhelming floods and making tens of millions of people homeless. In December 2022, the commercial office of Pakistan embassy in China wrote to China Leather Association, hoping that the Chinese footwear enterprises can support the Pakistani people to fight against the natural disasters, and help the reconstruction after the disaster. In January 2023, China Leather Association in the footwear industry launched the donation initiative entitled “wear Chinese shoes, rebuild new homes”. We responded positively to this initiative, quickly implemented it, and took action immediately to express our caring for the Pakistani people affected by the disaster through actions. We donated sports and leisure shoes to help them tide over the difficulties and rebuild their homes.



Love and care, help in growth

The Group has long been committed to promoting the popularization and development of sports in underdeveloped areas, providing sports resources and supporting to local youths and helping them grow up healthy.

Deliver Care – Donate sports goods to youths in Xihua County, Henan Province

To address the problem of old and insufficient sports facilities in schools in Xihua County, Henan Province, the Group selected a batch of basketball, badminton and table tennis products and sports facilities suitable for students’ sports needs, and donated the materials to the local schools through China Rural Development Foundation. The donation aims to support young people to enjoy sports and develop their moral, intellectual, physical, social and aesthetic development, as well as promote the popularization of sports education and the development of sports education in local area.



Donation to rural schools in Xihua County, Henan Province, China

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Cultivate young people with sports, build the future together

With the mission of “Let Sports Light Your Passion”, the Group continues to fulfill its brand advantages, support the development of youth sports, spread sports culture, and bring new vitality to the sportsmanship.

Deliver warmth – joining hands with Yao foundation charity competition to organize charity events

On 17 September 2023, the Group joined hands with the Yao foundation charity match to organize the “11th Yao Foundation Charity Competition 2023” in Macau, China. The Group provided professional sports equipment to domestic and overseas professional and young players participating in this year’s Yao Foundation Charity Competition, including customized jersey with the logo of Yao Foundation Charity Competition. The jersey symbolized the spirit of the charity match, which is “connecting the world with basketball, communicating with you and me with love”. The Group practiced the concept of “cultivating young people with sports” and supported the Yao Foundation Charity Competition with professional basketball sports outfits, igniting the flame of sports inheritance for young people and making the sportsmanship inspire everyone to grow up.



The 11th Yao foundation charity competition

ESG INDICATORS INDEX

Aspect	Content	Section
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	Particulars of the Report
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used (if any), or any other relevant factors affecting a meaningful comparison.</p>	Particulars of the Report
Reporting Scope	<p>A narrative explaining the reporting scope of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	Particulars of the Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Content	Section
A. Environmental		
A1: Emissions	<p>General disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note: Exhaust air emissions include NOx, Sox, and other pollutants regulated under national laws and regulations.</i></p> <p><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydro fluorocarbons, perfluorocarbons and sculpture hexafluoride.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p>	Environmental Management
A1.1	The types of emissions and respective emissions data.	2023 Environmental Performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2023 Environmental Performance
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2023 Environmental Performance
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2023 Environmental Performance
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Goals, Environmental Management System and Measures
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Goals, Environmental Management System and Measures

Aspect	Content	Section
A2: Use of Resources	<p>General disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p>	Environmental Management
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2023 Environmental Performance
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2023 Environmental Performance
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Goals, Environmental Management System and Measures
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Goals, Environmental Management System and Measures, 2023 Environmental Performance
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	2023 Environmental Performance
A3: Environment and Natural Resources	<p>General disclosure</p> <p>Policies on minimising the issuer's significant impacts on the environment and natural resources</p>	Environmental Management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management
A4: Climate Change	<p>General disclosure</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p>	Climate Change Risk Management
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Risk Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Content	Section
B. Social		
Employment and Labor Practices		
B1: Employment	<p>General disclosure:</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	Employment Management
B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region.	Lawful Employment to Safeguard Rights and Interests
B1.2	Employee turnover rate by gender, age group and geographical region.	Lawful Employment to Safeguard Rights and Interests
B2: Health and Safety	<p>General disclosure:</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Safety Security and Health
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safety Security and Health
B2.2	Lost days due to work injury.	Safety Security and Health
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safety Security and Health

Aspect	Content	Section
B3: Development and Training	<p>General disclosure:</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	Talent Training and Value Creation
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Training and Value Creation
	B3.2 The average training hours completed per employee by gender and employee category.	Talent Training and Value Creation
B4: Labor Standards	<p>General disclosure:</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labor.</p>	Employment Management
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	Lawful Employment to Safeguard Rights and Interests
	B4.2 Description of steps taken to eliminate such practices when discovered.	Lawful Employment to Safeguard Rights and Interests

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Aspect	Content	Section
Operating Practices		
B5: Supply Chain Management	<p>General disclosure</p> <p>Policies on managing environmental and social risks of the supply chain.</p>	Win-Win Management
	B5.1 Number of suppliers by geographical region.	Win-Win Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Introduction of Suppliers
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Introduction of Suppliers, Supplier Management and Supplier Disqualification
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Building a Green Supply Chain
B6: Product Liability	<p>General disclosure:</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Product Liability Management
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	None
	B6.2 Number of products and service related complaints received and how they are dealt with.	Customer Complaints and Protection
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights and Brand Protection
	B6.4 Description of quality assurance process and recall procedures.	Product Identification and Recall
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Information Protection

Aspect	Content	Section
B7: Anti-corruption	<p>General disclosure:</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>	Anti-corruption Management
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	None
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption Management
	B7.3 Description of anti-corruption training provided to directors and staff.	Anti-corruption Management
Community		
B8: Community Investment	<p>General disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	Community Investment Management
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment Management
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Investment Management