



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 2024. This report was prepared in accordance with the *Environmental, Social and Governance Reporting Code* (the "ESG Reporting Code") 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 2024 Annual Report of the Group and the column "CSR" on the Group's website.

Report Period

The reporting period of this report is from 1 January 2024 to 31 December 2024. To ensure the consistency of the report, some contents are out of this 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

ESG 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 our work in the 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. The Board regularly reviews and updates these strategies to ensure continuous improvement. During the year, the Board of the Group reviewed and approved the review of 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 2024, 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, disclosing the Group's management practices in the above work and other ESG areas, was reviewed and approved by the Board on 27 March 2025.

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 section headed “Stakeholder Communication and Identification of Key Issues” 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 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 the corporate vision and is committed to becoming “the renowned fashionable world-leading professional sports brand originated from China”, with the mission of “Let Sports Light Your Passion”. Based on corporate 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 actively creates 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. With the belief that “Anything is Possible”, the Group has continuously deepened the exploration and innovative practices in China’s professional sports sector and meticulously created a unique “Li Ning’s experience value” centered around product experience, sports experience and purchasing experience. The Group continues to improve the ESG management system and promote the comprehensive development of the sustainable value chain, ensuring that responsible practices are integrated into every aspect of our business while promoting 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.

ESG Management Structure

The Group has continuously improved our ESG management structure by focusing on strengthening ESG management capabilities. It clearly defines the responsibilities, functions and process mechanisms of ESG-related work, striving to improve the quality and efficiency of ESG work to achieve a scientific and orderly implementation of ESG work.

The Board is responsible for the comprehensive 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 evaluating the medium and long-term ESG strategies and objectives of the Group, systematically sorting out and analyzing key ESG issues, submitting ESG work suggestions to the Board for review and decision, and guiding and supervising the ESG Executive Team in effectively advancing related work.

The ESG Executive Team is led by the Environment and Sustainability Development Department of the Group and is composed of the heads of the ESG-related departments. The ESG Executive Team is responsible for organizing and coordinating related departments 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 4 members, including 1 person in charge and 3 professionals in social responsibility, environment and carbon management. The Environment and Sustainable Development Department regularly reports to the Executive Member of the ESG Management Committee.



ESG Management Structure and Flow

ESG Strategy and Management Concept

The Group is guided by the corporate strategy. In combination with the characteristics of our business model and development needs, the Group continuously strengthens management practices in the ESG field, explores innovative paths and optimizes ESG strategies and management systems to ensure alignment with sustainable development goals. In line with the strategic layout of the national “30-60 Targets” of carbon peak and carbon neutrality, we adhere to our sustainability slogan “Look Further Run Further”. We actively implement green and low-carbon operational measures, deepen the assessment and management of climate change risks and opportunities, conduct climate scenario analyses and enhance sustainable management across the entire value chain. We are continuously promoting the linkage of executive assessment indicators with sustainability, steadily incorporating more ESG-related indicators into the executive assessment system by increasing the weight of ESG indicators in executive assessments to ensure high-quality and efficient sustainable development management. We firmly uphold the legal rights of employees and strongly support their career growth and development; we strengthen product quality and safety controls and establish high standards for products and services; we implement anti-corruption initiatives and practice anti-corruption work to safeguard a clean and honest corporate environment; we actively assume corporate social responsibility, adhering to the Li Ning philosophy of philanthropy and widely engaging in diverse charitable activities. In addition, we closely monitor the expectations and demands of stakeholders regarding our sustainable development efforts, striving to improve mechanisms for exchanging, sharing and co-creating sustainable development concepts, experiences and opinions. We uphold a strong sense of mission and responsibility as a corporate citizen, actively exploring and shaping paths and models for industry sustainability. Through continuous efforts and in-depth exploration in the ESG field, our MSCI ESG rating has been upgraded to BBB in 2024, reflecting our steady progress in ESG.



Li Ning Group's Sustainability Slogan and Logo

The Group strives for the sustainable development vision of “constantly surpassing ourselves to achieve the sustainability of products and operations, fostering harmonious growth among employees, businesses, society and nature and building a healthier and better world together”. Guided by the Group's overall sustainable development strategy - “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, work mechanisms and action measures in ESG-related areas such as environmental protection, employee care, supply chain management, product responsibility, anti-corruption and community investment, steadfastly moving toward a better future.

Environmental protection:

- Strictly comply with national environmental protection laws and regulations, proactively assume environmental protection responsibilities, closely monitor climate change trends, actively respond to challenges, seize transformation opportunities, and support the steady advancement of the national “dual carbon goals”;
- Continuously strengthen emissions management and control, implement energy-saving and emission-reduction measures, focus on improving resource and energy efficiency, and promote low-carbon operations within the company.

Employee care:

- Strictly comply with national laws and regulations, follow the principle of “people-oriented” employment, and firmly oppose any form of illegal employment practices;
- Continuously optimize the compensation structure, benefits policies and attendance management systems, enhance humanistic care, and create an equal, harmonious and healthy work environment;
- Focus on the innovation and upgrading of the talent training system to empower employee growth through diverse and customized training programs, injecting vitality into enterprise development;
- Actively launch employee health care programs to fully protect the occupational safety and physical and mental health of our employees, and ensure that every employee can grow and thrive in a safe and healthy environment.

Supply chain management:

- Conduct comprehensive supervision of supplier access, daily management and disqualification processes, strictly standardize suppliers’ social responsibility and environment-related supervision and auditing, strengthen supplier capacity building, supporting the sustainable development of the supply chain;
- Pay attention to suppliers’ environmental performance, promote the research and development (R&D) of environmentally friendly products, and carry out 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 pursue environmental certifications, continuously improve environmental management levels and reduce potential environmental risks in the supply chain to lay a solid foundation for the green and robust development of the supply chain.

Product liability:

- Establish and standardize product quality review and management mechanisms to strictly control product quality and provide consumers with quality products;
- Value customer feedback, strengthen customer complaint management and continuously optimize service processes to enhance customer satisfaction;
- Upgrade the information security protection technology, improve related management mechanisms and comprehensively prevent data leakage risks to effectively protect the legitimate rights and interests of consumers;
- Put responsible marketing concepts into practice, strengthen intellectual property management and brand protection, and shape and maintain a good brand image.

Anti-corruption:

- Improve the anti-corruption monitoring mechanism, strictly implement the requirements of the anti-corruption system, and establish a integrity and honesty brand image;
- Improve whistle-blowing channels for corruption, standardize the whistle-blowing handling process, address reports in a timely and fair manner, and strengthen corporate integrity building;
- Regularly organize anti-corruption training activities to enhance the employees' awareness of integrity and honesty, and create a clean and positive corporate culture.

Community investment:

- Proactively fulfill our corporate social responsibilities and participate in charitable activities, aiming to enhance the overall welfare of society;
- Integrate internal resources to provide robust support for the popularization and development of sports;
- Fully leverage the brand's advantages to actively promote sports culture and advocate for a healthy lifestyle through mass participation in sports.

Sustainable Development Action




China is actively committed to the development principles 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 outlines China's development achievements and experiences for implementing relevant practices required by the Sustainable Development Goals.

In 2024, the Group focused on the development strategy and business operation strategy, studied and formulated action plans to respond to the sustainable development goals, and continued to expand 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 achieving the Sustainable Development Goals.

| SDGs | China's National Plan Regarding SDGs | Actions for Sustainable Development taken by the Group in 2024 |
|--|---|---|
| SDG1 No poverty  | <ul style="list-style-type: none"> Improve the 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 funds for our employees and provided supplementary medical insurance benefits accordingly. |
| SDG2 Zero hunger  | <ul style="list-style-type: none"> Ensure that everyone has access to safe, nutritious and sufficient food throughout the year | <ul style="list-style-type: none"> Established Chinese and Western style restaurants and strictly maintained food hygiene to ensure food safety. Provided scientifically designed meal plans for employees, offering healthy and nutritious dining options. |
| SDG3 Good health and well-being  | <ul style="list-style-type: none"> Promote equity and accessibility in basic medical and healthcare services | <ul style="list-style-type: none"> Provided all employees with pre-employment health checks and annual physical examinations and offered targeted health checks based on job requirements to comprehensively prevent occupational disease risks. Set up a health consultation room to provide employees with disease-prevention medications so as to provide basic health protection for employees. 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 underperforming schools and boarding schools | <ul style="list-style-type: none"> Donated RMB100,000 worth of clothing supplies to the National Sports School in Baise, Guangxi in response to the Guangdong-Guangxi Assistance Project of the Qianhai Administrative Bureau of Shenzhen. |




| SDGs | China's National Plan Regarding SDGs | Actions for Sustainable Development taken by the Group in 2024 |
|---|--|---|
| <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 gender discrimination in recruitment, promotion, training, payment of salary and benefits. Suppliers were required to refrain from gender bias or discriminatory acts 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 compliant proportion of treated wastewater by strengthening the supervision and monitoring of major water functional zones and river outlets Comprehensively promote the development of a water-saving society by strengthening the management of water demand and water utilization process | <ul style="list-style-type: none"> Used water-saving sanitary fixtures and regularly checked the conditions of faucets and pipes to prevent water wastage from leaks. Vigorously launched water conservation publicity and education and posted promotional signs for water conservation. Strengthened wastewater treatment requirements by reviewing suppliers' wastewater monitoring reports and discharge permits to ensure strict control over wastewater discharges. In 2024, the order volume from major fabric suppliers who conducted ZDHC wastewater testing accounted for over 95%, while leather suppliers accounted for over 97%. |
| <p>SDG7 Affordable and clean energy</p>  | <ul style="list-style-type: none"> Optimize the energy structure by enhancing the efficiency of fossil fuel use 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 canopies to control the indoor temperature on hot days to ensure efficient electricity use. Actively used clean energy by building photovoltaic power stations equipped with solar panels to fully harness solar energy. Installed charging piles for electric vehicles for employee charging convenience, promoting low-carbon travel. Optimized and upgraded equipment by introducing efficient and smart electrical devices to improve energy efficiency. |
| <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 that provides employees with diversified learning opportunities, promoted the continuous improvement of their professional skills and comprehensive abilities, and provided more possibilities for employees' career development. Designed and conducted a wide range of training programs, including new employee induction training, business training, core values and leadership training, among others. |

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| SDGs | China's National Plan Regarding SDGs | Actions for Sustainable Development taken by the Group in 2024 |
|---|---|---|
| SDG9 Industry, innovation and infrastructure  | <ul style="list-style-type: none"> Accelerate the upgrading and transformation of traditional industries and promote low-carbon industrial energy use | <ul style="list-style-type: none"> Participated in the 2024 Global Apparel Conference – High Quality and Green Development Release. |
| SDG10 Reduced inequality  | <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 the growth of both resident income and the economy, as well as the growth of both salary and work productivity at the same time | <ul style="list-style-type: none"> Implemented fair employment management and by applying the employment principles of equality, respect and democracy to employee recruitment, promotion and dismissal processes to ensure all employees have 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. |
| SDG11 Sustainable cities and communities  | <ul style="list-style-type: none"> Strengthen the construction of natural disaster monitoring and early warning systems 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"> Placed a high priority on responding to natural disasters and other public health emergencies, and actively sourced necessary supplies 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 Qinghai to help them through this difficult time. |

| SDGs | China's National Plan Regarding SDGs | Actions for Sustainable Development taken by the Group in 2024 |
|---|--|---|
| <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 a circular economy with a significant increase in the recycling rate of major waste materials • Comprehensively promote the extended producer responsibility system to encourage enterprises to fully integrate the concept of sustainable development into 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 and controlled raw material quality to safeguard customer health from the outset. • 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 chemicals by suppliers. • Continuously explored and expanded the application of BOOM FIBER uppers in shoe manufacturing to enrich the variety of eco-friendly products. • Eco-friendly materials GCR (lightweight non-slip rubber technology) and GCU (ground control system outsole technology) were used for the soles to ensure product performance while responding to the concept of sustainable development. • Continued to promote the use of recycled eco-friendly yarns for clothing products. |
| <p>SDG13 Climate action</p>  | <ul style="list-style-type: none"> • Disseminate 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"> • Deeply integrated the concept of sustainable development into production and operation practices, raised employees' awareness of environmental protection and encouraged their active 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 (GHG) emissions on the climate. • Focused on strengthening suppliers' awareness of energy saving and emission reduction and conducted carbon reduction projects to promote green transformation and development in the supply chain. |

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| SDGs | China's National Plan Regarding SDGs | Actions for Sustainable Development taken by the Group in 2024 |
|---|---|--|
| 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"> Organized a public welfare activity themed "Integrating the City with Mountains and Seas: Green Movement in Shenzhen and Hong Kong", featuring a low-carbon mountain-cleaning activity while hiking, to enhance participation in ecological protection activities. Launched a family tree planting event titled "Love the Forest, Protect the Great Wall and Embrace Low-Carbon Environmental Principles" to encourage low-carbon and environmentally friendly 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 unlawful and criminal acts such as the employment of child and forced labor | <ul style="list-style-type: none"> Strictly enforced the verification of identity cards before the signing of labor contracts to verify the applicant's age and avoid the employment of child labor. Arranged reasonable work and rest times based on employees' willingness to work, and any form of forced labor were firmly opposed and 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"> Joined the United Nations Global Compact (UNGC). |

Stakeholder Communication and Identification of Key Issues

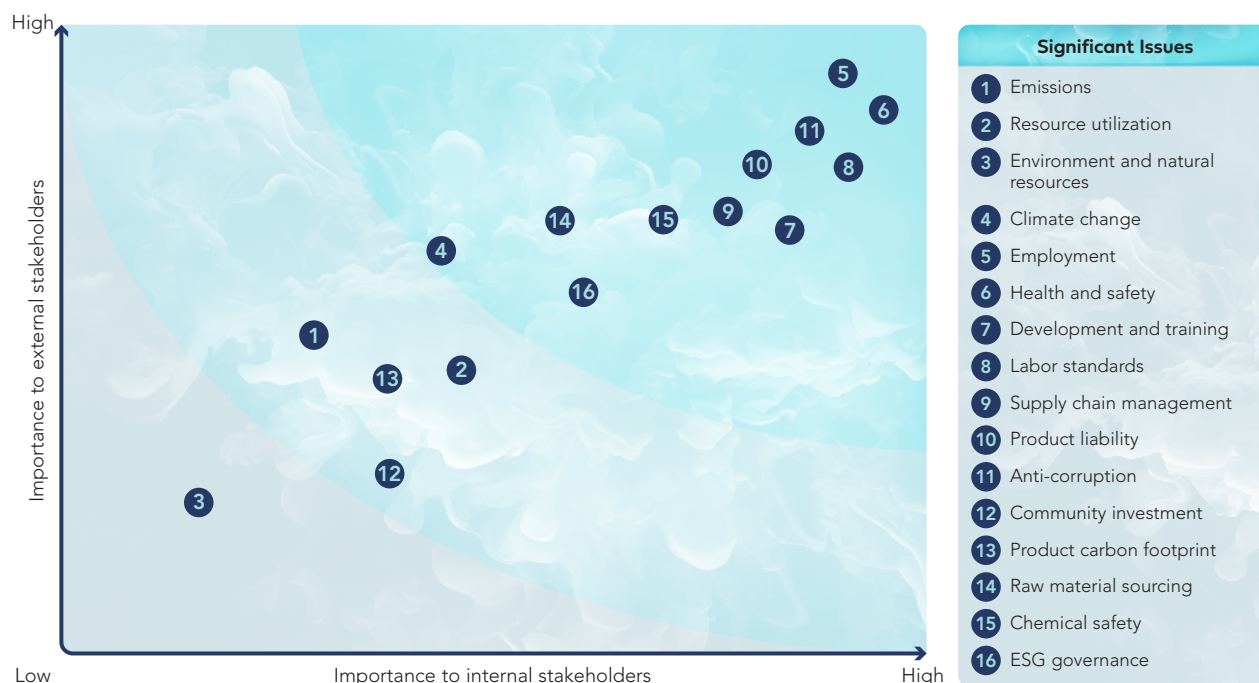
The Group's major stakeholders include government and regulatory authorities, shareholders and investors, consumers, distributors and suppliers, communities and the public, media and non-governmental organizations, senior management and employees. The Group, together with a wide range of stakeholders, has been actively practices and innovations in ESG management, continuously improving the mode of stakeholder communication and establishing diversified communication channels. We engage in close cooperation and exchanges with all parties to explore ESG concepts in depth and jointly seek practical pathways to enhance ESG management levels, while fully addressing the concerns and demands of various stakeholders in the ESG field. Through comprehensive communication and feedback assessment, we facilitate the implementation and integration of ESG management in our business operations, gradually enhancing our capacity for sustainable development.

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 the law Accept supervision and assessment Carry out green operations Improve the corporate governance system |
| Shareholders and investors | Information disclosure General meeting Roadshow 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 the environment and social risk awareness and improve the 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 On-site communication | Corporate influence Transparency of information disclosure Ability in public relation | 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 | 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, including 4 environmental and 8 social aspects specified in the ESG Reporting Code of the Hong Kong Stock Exchange. Building upon this basis and taking into account the characteristics of our own business operations and stakeholder concerns, the Group has identified additional 4 key issues, namely, product carbon footprint, raw material sourcing, chemical safety and ESG governance. By integrating feedback from internal and external stakeholders with an analysis of the importance of these issues, we present the level of materiality of ESG key issues to 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*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the *Administrative Measures for Urban Living Garbage*, the *Energy Conservation Law of the People's Republic of China* and the *Renewable Energy Law of the People's Republic of China*, among other environmental laws and regulations, thereby fulfilling the Group's corporate environmental responsibilities. We are committed to building a green operational management system, continuously improving our environmental management policies, and strictly implementing various environmental protection measures to promote innovation and expansion in green practices while actively addressing the challenges posed by climate change. In 2024, 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 established internal management policies, such as the *Li Ning Energy Conservation Management Standard*, the *Li Ning Energy Conservation Work Guidelines* and the *Li Ning Energy Conservation Implementation Rules*, to strengthen the management of emissions control and efficient resource utilization. We also deploy and ensure the effective implementation of management measures related to energy saving and emission reduction to fully embrace the principles of sustainable development.

In 2024, we upgraded our ESG intelligent management platform and continuously optimized processes and supervisory decision-making mechanisms in line with business scenarios, which led to more standardized data management processes while progressively enhancing our information monitoring capabilities. At the operational level, we further optimized the data collection system for self-operated stores to improve data accuracy. Moreover, on the system function level, we integrated more scope 3 GHG data. For instance, by connecting with the logistics system, we automatically obtain logistics documentation from upstream and downstream and automatically calculate fuel consumption and carbon emission data based on vehicle type and travel distance. We also actively collaborated with third-party platforms, such as developing an employee travel tracking platform, to collaboratively advance carbon emission data accounting.

Green Operations

The Group adheres to the concept of green operations, continuously strengthening the management of waste disposal and resource and energy consumption. We actively expand the application of clean energy and implement diverse environmental protection measures, such as waste reduction, emission reduction, energy saving and water conservation, to minimize the negative impact of daily office and operational activities on the environment and promote low-carbon and environmentally friendly development.

Appropriate waste disposal

- **Hazardous Waste Disposal:** We collect in a centralized manner and separately store hazardous waste generated from offices, such as discarded fluorescent tubes, and hand it over to the qualified third party for recycling and disposal. The Guangxi Li Ning Factory classifies and stores hazardous waste in a hazardous waste warehouse, labels it with safety and category information, provides protective equipment and assigns dedicated personnel for supervision and management. This factory signs agreements with qualified third parties for quarterly removal. The Guangxi Ning Tai Factory treats hazardous waste containing chemicals through neutralization, microbial decomposition and sedimentation. Retail stores hand over waste electronic equipment to professional recycling agencies for disposal or participate in recycling programs provided by manufacturers, cooperating in the recovery of valuable components and materials while ensuring proper handling of hazardous substances. Regarding used toner cartridges, on one hand, for those without physical damage, they are recycled and reused after chip replacement and toner refilling, on the other hand, a safe disassembly method is used to recover materials like metals and plastics from the cartridges for reuse.
- **Non-Hazardous Waste Disposal:** We strictly enforce waste sorting, with the specialized company handling recycling and disposal, while also conducting regular awareness and educational activities about waste sorting. The Guangxi Ning Tai Factory and Guangxi Li Ning Factory sort scraps and send the recyclable materials to the professional recycling agency, including repurposing them into products like rubber track granules, construction materials and fillers. Non-recyclable waste is collected regularly by the third-party company and compressed into blocks for use as fuel in production.
- **Air emission treatment:** The Guangxi Li Ning Factory adopts UV photolysis and activated carbon adsorption devices to treat non-methane total hydrocarbon emissions, ensuring safe air emission disposal.

- **Wastewater Treatment:** The Guangxi Li Ning Factory has established an integrated wastewater treatment station to ensure compliance with treatment standards before discharging into the sewage treatment plant. The Guangxi Ning Zhan Factory has established clear processes for handling industrial and domestic wastewater. Primary treatment involves the removal of large suspended solids and sand particles through screening, sedimentation tanks and primary settling tanks. Secondary treatment removes organic matter and conducts disinfection before discharge. Finally, all wastewater is uniformly treated by the sewage treatment plant.

Adopt low-carbon logistics transportation

- Collaborate with third parties to promote the use of new energy vehicles in logistics, reducing fossil fuel usage and lowering carbon emissions.
- Enhance the logistics management system by optimizing vehicle algorithms, logistics nodes, transportation routes and other aspects, while developing and promoting a consolidated model system to improve logistics loading capacity and decrease fuel consumption.
- Create a detailed vehicle pickup schedule and reasonable planning of transportation time to avoid wasting vehicle resources and enhance transportation efficiency.
- Broaden the application scenarios for electronic signatures across shipping, receiving and transfer processes, with a plan to replace at least 75% of paper documents by 2025, which is expected to save 3.69 million sheets of paper.

Promote green commuting

- Employees are encouraged to prioritize public transportation for their commutes and offer transportation subsidies. The Beijing Li Ning Center has established shuttle services to offer convenient and green commuting options for employees.
- Employees are encouraged to adopt low-carbon business travel by promoting low-carbon travel through the Li Ning travel platform, where employees can view carbon emission data when booking their trips, and rewards will be given to the top 10 employees who engage in low-carbon travel.
- The Beijing Li Ning Center has installed electric vehicle charging stations to make it easier for employees with eco-friendly electric cars to charge their vehicles.
- The Guangxi Li Ning Factory has established a vehicle management system, strictly following vehicle dispatch and entry standards, which reduced gasoline consumption by 23% in 2024.

Promote Intelligent Office and Operations

- The Beijing Li Ning Center has set up a building automation system that activates smart electricity controls at scheduled times. It implements energy-saving operations for the central air conditioning by strictly managing operating hours, adjusting the temperature in real-time and automatically shutting down the air conditioning half an hour before the end of the workday to reduce energy consumption. Temperature-sensitive skylights have been installed on the roofs of buildings and venues, which automatically open during hot weather to help cool indoor temperatures instantly, thus reducing air conditioning energy consumption.
- The Nanning Li Ning Center has installed intelligent electricity and water meters and established a data monitoring platform to monitor and alert for abnormal water and electricity consumption in real time, allowing for the timely identification of energy resource waste.
- Some retail stores have adopted an intelligent lighting control system that automatically adjusts light brightness and switch status based on the store's actual needs to reduce unnecessary energy consumption. An intelligent temperature control system is introduced to automatically adjust air conditioning temperatures based on customer flow and the outdoor temperature.
- The automation system is widely promoted and applied in warehouses, where a dark factory model is adopted in the automated operation area to reduce energy consumption.
- A comprehensive budgeting system has been introduced, reducing manual work and improving efficiency through cross-system collaboration and automatic data integration.

Promote the Use of Clean Energy

- The Beijing Li Ning Center has built a 1.16MW photovoltaic power station equipped with over 5,000 solar panels and it conducts annual cleaning of the panels to maintain optimal energy production efficiency. In 2024, the photovoltaic power station generated an average of 121,000 kWh of electricity per month, with self-generated electricity accounting for approximately 25% of total electricity consumption.
- The Jingmen Li Ning Center plans to build a 13MW photovoltaic power station, with construction scheduled to begin in 2025.
- The Nanning Li Ning Center plans the second phase of the distributed photovoltaic power station project, with an expected installed capacity of 2.92MW and a minimum estimated power generation of 2,117,400 kWh in the first year.
- The Group actively supports green industry initiatives. In 2024, we made an investment in the Green Deposit initiative by China Merchants Bank to support the construction and operation of wind power facilities, resulting in an annual carbon reduction of 6,797 tons of CO₂, thereby enhancing environmental benefits.

Strengthen Water Management

- The Beijing Li Ning Center has posted water-saving promotional signs to raise awareness about water conservation. Daily inspections are conducted on faucets and valves in areas such as the pantry and restrooms to ensure they are shut off. The internal water supply system is inspected regularly, and any necessary repairs to water tanks, faucets, and other supply facilities are made promptly to prevent waste of water resources.
- The Shanghai Li Ning Center organizes environmental protection presentations for employees, promoting safe water use in the office and reminding employees to use water wisely to enhance water conservation awareness.
- The Jingmen Li Ning Center implements water resource management based on a responsibility area system. Any identified waste will be reported, and those responsible will be held accountable.
- The Guangxi Ning Zhan Factory has established the *Water Conservation System* to raise employees' awareness of water conservation. Daily inspections are conducted by the personnel responsible, and any issues found are timely addressed, with water-saving conditions documented in the shift handover records.

Strengthen Energy Consumption Management

- The Beijing Li Ning Center has completed a full replacement of lighting fixtures, achieving 100% use of LED energy-efficient lighting fixtures.
- The Jingmen Li Ning Center has carried out energy-saving renovations in certain storage areas by using energy-efficient lighting that is expected to save 127,000 kWh of electricity annually. Energy management is conducted based on a responsibility area system. Any identified waste will be reported, and those responsible will be held accountable.



- The Guangxi Ning Zhan Factory has innovatively revamped the steam system to capture waste heat from the small foaming process, which is then used to heat the soles of footwear products. This innovation saves approximately 20 tons of steam energy each day and reduces coal consumption.
- Retail stores regularly evaluate and analyze energy consumption to identify key areas and causes of energy loss. They implement targeted energy-saving strategies, such as adjusting lighting brightness and equipment numbers based on business hours and customer flow, turning off unnecessary lights during non-business hours and setting reasonable air conditioning temperatures to optimize electricity use. Energy-saving training is provided for new employees, covering the basic operating procedures and daily energy-saving practices for energy facilities such as lighting systems, air conditioning and refrigeration equipment.

Advocate for Paper Conservation

- Fully embrace paperless office practices by implementing double-sided printing and setting up recycling bins for waste paper in the office to recycle single-sided printed sheets.
- Implement electronic scanning payments at the store checkout, allowing consumers to choose electronic receipts, which reduces the need for paper receipts and conserves paper resources.
- The Li Ning business travel platform provides employees with a one-stop booking service, allowing for centralized settlement through the Group, effectively reducing the use of paper documents and achieving a paperless travel process.

Packaging Material Management

- Strictly approve the monthly procurement plan for packaging materials, with the purchase and usage of cartons integrated into the logistics information management system.
- Advocate for the use of reusable packaging. If customers choose not to take a shoe box when purchasing products, the retail store will keep it for future recycling and reuse.
- Centrally collect and recycle cardboard packaging generated by warehouses and stores and hand it over to a professional agency for 100% recycling and reuse.
- Continue to use environmentally friendly packaging materials, with FSC-certified shoeboxes accounting for approximately 80% in 2024, saving a total of 6,672 kg of ink, 1,127 tons of water and 220,085 kWh of electricity, thereby reducing carbon emissions by approximately 118 tons; actively promote the use of environmentally friendly packaging bags made from 100% recycled polyethylene, accounting for 99.8% of the total, which can reduce carbon emissions by approximately 1,973 tons compared to using virgin plastic packaging.



Case Study: Green Production Management in the Badminton Factory

The badminton factory is committed to green production management, strictly adhering to laws and regulations related to emissions. It has adopted various eco-friendly initiatives to foster an environmentally friendly production environment:

- Environmental Data Monitoring: Organized emissions data is monitored annually, while unorganized emissions data is monitored every six months. Water and noise levels are monitored quarterly to strengthen environmental data oversight.
 - Hazardous Waste Management: A hazardous chemicals warehouse is established and managed by dedicated personnel, ensuring the separate storage and management of hazardous chemicals. Hazardous solid waste is entrusted to a qualified professional agency for disposal.
 - Non-Hazardous Waste Management: Domestic waste is collected and disposed of in a unified manner. Various scraps are sold to relevant manufacturers for resource utilization, and metal sludge is collected and re-refined by raw material suppliers.
 - Air Emission Management: The processing workshop uses a water spray system to reduce dust emissions. Air emission generated during painting in the painting workshop is captured and settled through a water curtain, then directed to the rooftop and treated through an activated carbon filtration system before being released into the atmosphere.
 - Energy Conservation Management: Each workshop conducts a monthly analysis of electricity consumption. The employee dormitory implements a quota system for electricity usage management, and any excess will be charged according to established rates.
 - Water Conservation Management: Water used in production equipment is recycled, and water treatment facilities are installed to enhance the efficiency of water resource usage. The employee dormitory implements a quota system for water usage management, and any excess will be charged according to established rates.
 - Automation Equipment Management: In 2024, 19 automated devices were introduced, including fully automated six-axis robotic polishing equipment, visual detection equipment for through-holes and six-axis robotic automatic painting equipment, which were used in various production processes to enhance production efficiency and ensure product quality.
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Environmental, Social and Governance Report

Case Study: Nanning Li Ning Center Develops a Smart Park

Since 2019, we have been planning the construction of the Nanning Li Ning Center, which integrates R&D innovation, smart manufacturing, modern logistics, industrial tourism, sports experiences and leisure activities. In 2024, the first phase of the Nanning Li Ning Center project was fully completed and put into production, covering multiple units such as a shoe factory, clothing factory, canteen, employee dormitory and raw materials warehouse, laying a solid foundation for the center's diverse functional system.

- **Production Efficiency Improvement:** In 2024, the Guangxi Li Ning Factory upgraded the existing equipment by introducing smart production machinery and intelligent logistics systems. For instance, insulation measures were added to certain assembly line equipment to reduce heat loss. The traditional hydraulic system in equipment such as the back heel machine was replaced with the pneumatic system, thus improving production efficiency while lowering energy consumption. It is expected to save 67,176 kWh of electricity each year.
- **Energy Efficiency Enhancement Initiative:** Efforts were made to the ongoing promotion of intelligent operation and maintenance for HVAC systems. Through status quo analysis and identification, upgrades and renovations were planned for equipment such as chillers, pumps and cooling towers, incorporating intelligent temperature control, variable frequency drives and optimal start-up quantity, with a target for full completion by 2025.
- **Automation Level Enhancement:** The Guangxi Ning Tai Factory has installed 12 overhead conveyor lines to achieve comprehensive control through the production and manufacturing system. By using a matrix model, it interconnected all workstations, allowing for flexible adjustments to the production mode based on order demands, thereby maximizing production efficiency. In addition, the overhead conveyor workstations were equipped with standardized areas for storing semi-finished products, with 30% of tasks performed directly on the hangers. Defect information can be relayed to employees instantly, effectively improving work efficiency.



Nanning Li Ning Center

Case Study: Shenzhen Li Ning Center Continues to Promote Green and Low-Carbon Practices

The Shenzhen Li Ning Center actively responded to the call for sustainable development by implementing a range of environmental activities and dedicating to low-carbon and eco-friendly practices:

- **Energy Management:** The Shenzhen Li Ning Center has replaced old air conditioning units and has improved their efficiency by regularly cleaning and maintaining the filters to ensure optimal cooling performance. In 2024, it saved 409,000 kWh of electricity. A virtual power plant has been launched, effective May 2024, using targeted analysis for precise energy supply. In total, there were 31 response actions in 2024, resulting in an effective savings of 10,199.19 kWh of electricity. Moreover, 344 sets of LED energy-saving lights have been replaced, which can save approximately 11,520 kWh of electricity annually. The Yanziling Apartment continued to use a reservation system for common areas, conducting regular power checks on common area outlets to avoid unnecessary energy consumption and enhance energy efficiency. Furthermore, the lighting in the underground parking lot has been upgraded to sensor lights for on-demand illumination.
- **Resource Use:** The Yanziling Apartment has installed locking faucets in common areas to ensure the rational use of water resources. In addition, the frequency of courtyard cleaning has been reasonably reduced to minimize water consumption. An “Item Exchange Market” was held to promote resource recycling and reduce waste, along with the establishment of the “Yanziling Store – Idle Items Group” to facilitate the exchange of items.
- **Environmental Promotion:** The Shenzhen Li Ning Center actively responded to the Earth Hour initiative by turning off all lights and electrical equipment, except for safety lighting, including computers and monitors. During regular office hours, environmental protection and energy-saving promotional videos are displayed on public screens in the office area to allow employees to learn about energy conservation and emission reduction. The Yanziling Apartment actively conducted waste sorting activities to enhance public awareness of environmental protection.



Shenzhen Li Ning Center



Certificate of “Excellent Enterprise of Shenzhen Virtual Power Plant for Precise Response”



Waste Sorting Promotion Activity



Earth Hour Initiative

Case Study: Green Operations Practices at Li Ning Retail Stores

Li Ning deeply integrates the concept of green operations and environmental protection into the daily operations of our retail stores to promote energy conservation and reduction in operations. In 2024, through smart store management, air conditioning optimization and lighting upgrades, it was expected to save 168,000 kWh of electricity annually.

The Shanghai Li Ning Center flagship store, as one of the Group's low-carbon stores, features smart technology terminals and integrated power management cabinets, resulting in more efficient and energy-saving operations compared to traditional retail stores, with a daily carbon reduction effect of over 9.1%. Notably, the smart store management platform is one of the highlights of the smart terminals, which supports various operating modes such as business and closing modes, allowing for refined management of the energy consumption, environmental parameters and carbon emissions of the retail store, with an annual carbon reduction of 13.5 tons.

In 2024, we upgraded the central air conditioning systems for our newly opened retail stores by adopting high-capacity, high-pressure chamber DC inverter jet technology to improve heat exchange efficiency. We carried out energy-saving renovations on the air conditioning systems of 20 retail stores using multi-split systems, installing point controls for setting indoor temperatures and operating hours for precise management of air conditioning systems. Following the upgrades, the energy-saving efficiency was measured at 21.1% in summer and 27.6% in winter.

In addition, we installed smart control systems for lighting and other electrical equipment in our pilot stores, equipping them with control devices like motion sensors and light-sensitive testers. Based on the testing data from the control panel, we developed smart control logic to achieve energy-saving adjustments and controls for electrical equipment in small stores, with expected energy savings of 10%~15% per store.



Illustrations of Lighting and Air Conditioning of Retail Stores

Case Study: Hong Kong Li-Ning Building – Committed to Becoming a Model of Green Operations

The Hong Kong Li-Ning Building emphasizes green and environmentally friendly operations and has implemented a variety of energy-saving measures. In 2024, it upgraded the lighting in common areas by replacing approximately 100 fluorescent tubes with LED tubes, reducing energy consumption while improving lighting quality. During non-office hours, it turned off some lighting in common areas, effect lights and exterior advertising boards to reduce energy waste. It switched to more eco-friendly materials for paper towels in restrooms to reduce wood usage.

The Hong Kong Li-Ning Building actively promotes environmental awareness and organizes or participates in various environmental activities. It has set up three-color recycling bins and battery recycling boxes for the collection of paper, plastic, metal and used batteries, making it easier for tenants to sort and recycle waste. During the Mid-Autumn Festival, a mooncake box recycling event was held to encourage tenants to recycle and reuse. It also participated in a natural Christmas tree recycling program, sending wilted Christmas trees to a landscaping waste recycling center to be repurposed into useful materials, thereby reducing landfill disposal and related carbon emissions.

The Hong Kong Li-Ning Building was 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.



Hong Kong Li-Ning Building



Mooncake box recycling bin

Environmental Goals

The Group has set comprehensive environmental goals in reducing GHG 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 towards targets |
|---------------------|--|--|
| Carbon emission | By the end of 2040, the Beijing Li Ning Center ¹ will achieve carbon neutrality. By the end of 2040, the Shanghai Li Ning Center will achieve carbon neutrality. | Through emission reduction measures, the purchase and cancellation of certified emission reduction units (CERs) and renewable energy certificates, the Beijing Li Ning Center achieved carbon neutrality for 2021, 2022 and 2023 and obtained a third-party carbon neutrality certificate. Efforts towards carbon neutrality certification for 2024 are currently in progress. |
| Waste | By the end of 2022, waste sorting is fully implemented across the Group. The waste generated from Li Ning centers across various regions is processed exclusively (100%) by a qualified professional agency. | Waste sorting is strictly enforced in daily operations, with office waste and food waste being sorted for disposal, all of which are processed by qualified third-party agencies. |
| Energy use | By the end of 2024, all lighting in the Beijing Li Ning Center is 100% LED energy-efficient. Since 2022, the annual average electricity consumption of purchased power per square meter of gross floor area in the Beijing Li Ning Center is no more than 66.5 kWh/m ² . Since 2025, the annual average electricity consumption per square meter of gross floor area in the Shanghai Li Ning Center is no more than 90 kWh/m ² . In 2025, Li Ning's self-operated facilities will implement at least one energy efficiency upgrade project. | In 2024, the Beijing Li Ning Center completed the full replacement of lighting fixtures, achieving 100% use of LED energy-saving lights. In 2024, the annual average electricity consumption per square meter of gross floor area in the Beijing Li Ning Center was 63.07 kWh/m ² . |
| Water resources use | Since 2022, the annual average daily water consumption per square meter of gross floor area in the Beijing Li Ning Center is not higher than 0.62 tons/m ² . Since 2025, the annual average daily water consumption per square meter of gross floor area in the Shanghai Li Ning Center is not higher than 0.30 tons/m ² . | In 2024, the annual average daily water consumption per square meter of gross floor area in the Beijing Li Ning Center was 0.38 tons/m ² . |

2024 Environmental Performance

Unless otherwise stated, the statistical basis of environmental performance herein covers the Group's headquarters² and major operating premises of principal subsidiaries in the PRC. We are in the process of conducting carbon emission sorting and analysis and will expand the statistical scope as and when appropriate in the future.

¹ In 2024, Li Ning standardized the names of various office locations, renaming the Li Ning Center Park as the Beijing Li Ning Center.

² Include the Beijing Li Ning Center, the Shanghai Li Ning Center, Shenzhen Li Ning Center and the Hong Kong Li-Ning Building.

1. EMISSIONS¹

| Indicator | Performance |
|---|-------------|
| Total GHG emissions (Scope 1, Scope 2 and Scope 3) (ton) ² | 17,099.47 |
| GHG emissions per square meter of gross floor area (Scope 1, Scope 2 and Scope 3) (ton/m ²) | 0.05 |
| Direct emission (Scope 1) (ton) | 1,913.21 |
| Company vehicle fuel consumption | 21.20 |
| Natural gas | 995.42 |
| Refrigerant | 896.58 |
| Indirect emission (Scope 2) (ton) | 15,098.56 |
| Purchased electricity | 15,098.56 |
| Indirect emission (Scope 3) (ton) | 87.70 |
| Company bus fuel consumption | 87.70 |
| Total amount of hazardous waste (ton) ³ | 0.72 |
| Weight of hazardous waste per square meter of gross floor area (ton/m ²) | 0.000003 |
| Total amount of non-hazardous waste (ton) ⁴ | 805.52 |
| Weight of non-hazardous waste per square meter of gross floor area (ton/m ²) | 0.0031 |

Notes:

- Given the nature of the Group's operation, there are relatively few company vehicles, resulting in low emissions of air emission like nitrogen oxides and sulfur oxides. The primary gas emissions involved are GHG emissions, which originate from the use of electricity and fuels derived from fossil fuels.
- GHG includes carbon dioxide, methane and nitrous oxide, mainly originating from purchased electricity, fuels, and refrigerants. GHG emissions data is presented in carbon dioxide equivalents and is computed with reference to the National Average Carbon Emission Factor for Electricity published in the *2022 Announcement on the Release of Carbon Dioxide Emission Factors for Electricity* 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 Inventories* issued by the Intergovernmental Panel on Climate Change (IPCC). GHG emissions from purchased electricity in retail stores situated in the core business districts of major cities have been added for the year.
- The main types of hazardous waste involved in the Group's operations are waste fluorescent light tubes, waste lead-acid batteries and discarded ink cartridges, waste toner cartridges, and waste toner from office printing equipment. Waste fluorescent light tubes and waste lead-acid batteries were disposed of by qualified professional agencies, while the replacement and recycling of waste toner cartridges, waste ink cartridges and waste toner from office printing equipment were handled by the respective print service providers.
- The main types of non-hazardous waste involved in the Group's operations are office and household waste, food waste, office equipment waste and electronic consumables waste. Office and household waste, as well as food waste, are centrally processed by the property management agency. Office equipment waste and electronic consumables waste are collected and processed by recyclers. In particular, the office and household waste of the Shenyang Retail Subsidiary and the Hong Kong Li-Ning Building are centrally processed by the respective property management agencies at the premises where they are located, which cannot be measured separately. However, we have made an estimation 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.

2. ENERGY AND RESOURCE CONSUMPTION

| Indicator | Performance |
|--|-------------|
| Total energy consumption (MWh) ¹ | 34,616.16 |
| Energy consumption per square meter of gross floor area (MWh/m ²) | 0.10 |
| Direct energy consumption (MWh) | 6,478.70 |
| Gasoline | 86.60 |
| Natural gas | 5,090.74 |
| Solar energy | 1,301.36 |
| Indirect energy consumption (MWh) | 28,137.46 |
| Purchased electricity | 28,137.46 |
| Daily water consumption (ton) ² | 71,789.28 |
| Daily water consumption per square meter of gross floor area (ton/m ²) | 0.28 |
| Total amount of paper used (ton) ³ | 17.18 |
| Total amount of packaging material used for finished products (ton) ⁴ | 46,590.02 |
| Amount of packaging material for finished products consumed per million RMB revenue (ton/ million RMB) ⁵ | 1.62 |

Notes:

1. Energy consumption data, including purchased electricity, solar energy, natural gas and company vehicle fuel consumption, is computed according to the relevant conversion factors provided under the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020), the national standard of the People's Republic of China. Statistics on the purchased electricity data for self-operated stores in the core business districts of major cities have been added for the year.
2. Daily water consumption of the Group includes tap water and reclaimed water, primarily sourced from municipal water supply, and there were no issues found in obtaining applicable water sources. In particular, the daily water consumption of the Xiamen Retail Subsidiary, Hefei Retail Subsidiary, Tianjin Retail Subsidiary, Guangzhou Retail Subsidiary, Chengdu Retail Subsidiary, Wuhan Retail Subsidiary, Shenyang Retail Subsidiary, Xi'an Retail Subsidiary, Changsha Retail Subsidiary and Jinan Retail Subsidiary are 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 *Standard for Design of Water Supply and Drainage of Buildings* (GB 50015-2019), the national standard issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China.
3. Copy paper includes both A4 and A3 sizes.
4. Packaging material mainly includes plastic packaging bags, paper boxes, cartons and paper bags.
5. The amount of packaging material consumed per million RMB revenue represents the weight of packaging material consumed per million RMB income of the Group.

Climate Change Risk Management

The Group continuously improves management practices related to climate change, focusing on corporate operations and business development. We enhance climate change risk management and capitalize on opportunities to actively address the concerns of the capital market and investors regarding climate change issues.

The Board is ultimately responsible for reviewing and making decisions on climate change risks and strategies. The ESG Committee 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. The ESG executive team is responsible for the implementation of the strategy on the ground.

In 2024, we established a professional climate scenario analysis model by referencing the first two ISSB standards issued by the International Sustainability Standards Board (ISSB), the *Basic Guidelines for Corporate Sustainability Disclosure Code (Trial)* issued by the Ministry of Finance and other nine ministries commissions and the relevant requirements of the *Listing Rules and Guidance* of the Hong Kong Stock Exchange. We updated and assessed potential effects and response strategies for short-, medium- and long-term climate change risks. The Group also conducted the preliminary analysis and assessment of the current and anticipated financial effects of applicable climate-related risks and opportunities, and did not identify climate-related risk issues with significant effects. In the future, we will further optimize the ability to quantify climate-related financial effects. In addition, we further improved the accounting of GHG emissions for Scope 1, Scope 2 and Scope 3 within the Group, thoroughly reviewing the twelve applicable categories of Scope 3 GHG emissions, gradually disclosing to the public. Furthermore, we referred to carbon reduction methodologies, including those from the Science Based Targets initiative (SBTi), to gradually develop our own carbon reduction targets both within our operations and among our suppliers.

| Selected Climate Scenario | Risk/ Opportunity Overview | Specific Description | Basis for Assessment Analysis | Response Strategy | Period ³ | | |
|--|-------------------------------|---|--|---|---------------------|-------------|-----------|
| | | | | | Short-term | Medium-term | Long-term |
| Take into full account the IPCC SSP1-1.9 ⁴ scenario and key national policies and regulatory requirements (e.g. the <i>Action Plan for Carbon Dioxide Peaking Before 2030</i> issued by the National Development and Reform Commission and the <i>Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy</i> issued by the State Council, etc.). | Transition risk | In light of the global trend towards low-carbon emissions reduction, China has established mandatory requirements and regulations for reducing GHG emissions. | <p>1. The national carbon peak action plan mandates a 6% annual reduction in carbon emissions per unit during the period from 2025 to 2030; carbon neutrality is to be achieved by 2060. During these periods, companies are expected to promote low-carbon practices and emissions reduction practices both within their own operations and in collaboration with supply chain partners, which will lead to increased operating costs associated with low-carbon and emissions reduction efforts.</p> <p>2. Domestic and international industry consensus, peer practice, such as commitments and practices of emission reduction requirements of SBTi.</p> | <p>The Group's carbon emissions primarily come from Scope 3, particularly from suppliers heavily reliant on electricity consumption. It is necessary to manage carbon emission data in detail and establish Scope 3 data based on product dimensions, taking into account the low-carbon reduction costs over different time periods. This will help in deciding the best strategies applicable to each time period, such as evaluating short- and medium-term low-carbon initiatives, including green power procurement and the deployment of renewable energy projects, as well as planning and assessing the feasibility and potential plans for long-term cooperation or investment in carbon capture and storage projects.</p> <p>1. Actively drawing on the methods and requirements of relevant domestic and international action organizations, we steadily advance our own low-carbon reduction initiatives under the premise of ensuring the accuracy and reliability of the information collected, as well as the practicality and feasibility of energy-saving and carbon reduction plans. We set goals that align with our long-term operational conditions and develop specific implementation plans for different time periods.</p> <p>2. Optimize the online data platform for energy and environmental data of suppliers, self-operated factories, logistics centers and self-operated retail stores to accurately track carbon emission data for the assessment and planning of carbon reduction measures.</p> <p>3. Improve the supplier performance management system by providing specialized training and collaborative projects to elevate the energy and carbon management level of key suppliers.</p> <p>4. Promote emission reduction plans based on lifecycle analysis for key products.</p> <p>5. Actively seek cooperation or investment with developers of professional carbon reduction projects (e.g., carbon capture and storage).</p> | Low | Low | Medium |

³ The short-term is defined as 1-3 years, the medium-term as 2028-2040 and the long-term as 2040-2060.

⁴ The RCP-SSP combination scenarios put forth by the Intergovernmental Panel on Climate Change (IPCC) take into account a full range of factors related to climate change and socioeconomic development. The IPCC SSP1-1.9 represents the lowest scenario for radiation emissions, which is generally regarded as having a probable (over 66%) likelihood of a global temperature rise of 1.5°C by 2100.

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| Selected Climate Scenario | Risk/ Opportunity | Overview | Specific Description | Basis for Assessment Analysis | Response Strategy | Short-term | Period ⁵ Medium-term | Long-term |
|---|----------------------|---|---|---|--|------------|------------------------------------|-----------|
| Take into full account the IPCC SSP1-1.9 scenario and key national policies and regulatory requirements (e.g. the <i>Action Plan for Carbon Dioxide Peaking Before 2030</i> issued by the National Development and Reform Commission and the <i>Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy</i> issued by the State Council, etc.). | Transition risk | Requirements for mandatory information disclosure regarding carbon emissions. | Regulatory bodies have tightened the requirements for climate information disclosure by listed companies, and listed companies need to disclose more comprehensive and complete carbon emission information. | Currently, some upstream suppliers are key energy consumption management units in their respective provinces and cities and are required to regularly report carbon emission information, but have not yet been included in the national or local carbon markets for compliance purposes. In the medium to long term, as regulations on carbon information disclosure improve and the carbon trading market develops steadily, stricter information disclosure and compliance requirements may be imposed on the Group's operations and partners within the value chain. | 1. Proactively track and stay informed about the trends and latest requirements for climate information disclosure both domestically and internationally. 2. Continuously optimize the Group's carbon emission information disclosure and management level, actively responding to stakeholder feedback. 3. Maintain ongoing attention to the developments and relevant requirements of China's mandatory carbon market and voluntary carbon trading market. | Low | Low | Medium |
| Take into full account the IPCC SSP1-1.9 scenario and expert energy transition databases and credible research. | Transition risk | Rising costs of energy for production. | In the short to medium term, the costs associated with the installation and R&D of new energy projects will increase, and the gradual replacement of production machinery and equipment that use traditional energy sources (e.g. coal and oil) will result in certain operational costs. In the long term, as new energy technologies become more advanced, R&D costs will decrease, and the development of decarbonization solutions and models around value chain partners may incur certain operational costs. | Currently, the Chinese government is making steady progress in implementing dual carbon goals, and in the future, China's energy structure will increasingly shift towards greener and cleaner energy. Through internal assessments and research, suppliers within the value chain have the potential and feasibility to adopt and promote new energy projects. Research from authoritative organizations such as the International Energy Agency (IEA) ⁵ indicates that electricity is expected to remain the primary energy source for industrial production and manufacturing in the medium to long term. One of the key areas of focus will be the use of cost-effective green electricity. | 1. Strengthen specialized training and gradually encourage suppliers to use low-consumption equipment, as well as add cost-effective new energy projects and facilities. 2. Collaborate with key suppliers that have high carbon reduction potential to evaluate and develop new energy projects or implement models for sourcing green electricity, including Power Purchase Agreements (PPA) ⁶ . 3. Actively seek collaboration with academic institutions and suppliers to promote the widespread use of low-carbon innovative raw materials and production and energy technologies. | Low | Low | Medium |

⁵ International Energy Agency, IEA.

⁶ Power Purchase Agreement, PPA.

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| Selected Climate Scenario | Risk/ Opportunity | Overview | Specific Description | Basis for Assessment Analysis | Response Strategy | Short-term | Period ¹ | |
|---|----------------------|---------------------------------------|--|--|---|------------|---------------------|-----------|
| | | | | | | | Medium-term | Long-term |
| Take into full account the IPCC SSP1-1.9 scenario and expert energy transition databases and credible research. | Transition risk | Rising costs of labor for production. | Higher temperatures can impact production activities, leading to potential increases in high-temperature work subsidies in some regions, while labor efficiency and quality may decrease. | The International Labour Organization (ILO) ⁷ and other authoritative organizations indicate that climate change is expected to result in a 2.2% decrease in global working hours by 2030, and for every 1 degree increase in temperature, the labor force will decrease by 2%. | 1. Continuously promote measures to enhance ventilation and cooling in our factories and those of our suppliers to improve the working environment. For example, the Shenzhen Li Ning Center, the Nanning Li Ning Center and various retail stores have invested in upgrading their air conditioning systems, which can effectively control temperature changes. 2. Integrate changes in supply chain carbon emission data with the development and implementation of the Group's carbon reduction targets, paying attention to the dynamics of automation technology applications and advocating for the adoption of mature and viable automation technologies. | Low | Low | Low |
| | | Increase in raw material costs. | Extreme weather events can lead to a higher frequency of reduced production for raw materials that rely on agricultural sources (e.g. cotton, rubber, down and leather), resulting in price increases. | At present, there are few instances of fluctuations in the supply and prices of raw materials due to extreme weather or related policies, and there is no clear trend indicating that this risk will increase in the medium to long term. | Through communication with suppliers, we gain insights into changes in the market conditions of raw materials, maintain open information flow and take relevant measures to hedge risks. | Low | Low | Low |
| IPCC SSP5-8.5 scenario ⁸ | Physical risk | Typhoon | Extreme weather events resulting from climate change are occurring more frequently, raising the chances that our facilities will face such extreme weather events ⁹ . | Reduce risks to a controllable level through various disaster prevention and response plans and equipment, along with measures such as purchasing insurance. | Continuously assess and ensure that our facilities in areas prone to physical risks comply with local flood prevention and drainage design requirements. | Low | Low | Low |
| | Physical risk | Extreme Rainfall | | | | | | |
| | Physical risk | Flood | | | | | | |

⁷ International Labour Organization, ILO.

⁸ The RCP-SSP scenarios put forward by the Intergovernmental Panel on Climate Change (IPCC) take into account various factors related to climate change and socioeconomic development. The IPCC SSP5-8.5 represents a high-emission scenario that projects a global temperature rise of 2.4~4.8°C by 2100.

⁹ For instance: Rainstorm: Red level, rainfall exceeding 100 millimeters within 3 hours, potentially leading to water accumulation over 1 meter that could damage goods and equipment; Typhoon: wind speeds exceeding 28.5 m/s, which may cause destruction to houses and damage to temporary buildings.

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| Selected Climate Scenario | Risk/ Opportunity | Overview | Specific Description | Basis for Assessment Analysis | Response Strategy | Short-term | Period ¹ Medium-term | Long-term |
|---|----------------------|--|--|---|---|------------|------------------------------------|-----------|
| Take into full account the IPCC SSP1-1.9 scenario and key national policies and regulatory requirements (e.g. the <i>Action Plan for Carbon Dioxide Peaking Before 2030</i> issued by the National Development and Reform Commission and the <i>Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy</i> issued by the State Council, etc.). | Opportunity | Adopt more efficient models for production, distribution and transportation. | Green technologies related to textiles and footwear are being more widely promoted and used, such as automation, 3D printing, and low-temperature materials. | Stay informed about the trends in green technology R&D within the domestic and international textile industry, while steadily advancing the Group's related R&D and deployment and actively sharing experiences and ideas across the industry. | 1. The Group's operations and development department continues to promote and implement automation and lean production technologies, such as the automated production line in the Nanning Li Ning Center. 2. Continuously increase the use of new green materials and technologies, such as using lighter supercritical foam materials for shoe soles and promoting recycling practices among suppliers. | - | - | - |
| | Opportunity | Changes in consumer attitudes and demands in the end consumer market. | As temperatures rise, the demand for high-comfort sports goods increases. | Pay attention to the evolving trends in consumer demand, consumption habits and consumer behavior, incorporating new materials or textile technologies into the design, manufacturing, packaging and transportation processes of products to meet the demand for green concepts in products from the end consumer market. | Continuously provide sports products that meet athletic requirements and include climate adaptation features (e.g. high breathability, cool/warm sensation, and UV protection). | - | - | - |
| | Opportunity | Development of low-carbon innovative products and services. | As temperatures rise, sports activities may shift to indoors and at home, leading to further growth in the market for sports equipment designed for indoor environments. | Focus on the development of indoor and home sports activities, actively meeting the demand for these activities from the end consumer market. | Continuously offer products made from functional, comfortable and eco-friendly materials for indoor sports. | - | - | - |

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, compensation and welfare, equality, diversity and anti-discrimination. We have built a fair and inclusive working environment, strictly implemented the principle of fairness in employment management, and actively promoted diversified development to ensure fairness and diversity in employment stewardship; optimized the compensation and welfare system to safeguard the legitimate rights and interests of employees; enhanced efforts in the cultivation and development of talents to lay a solid talent foundation for the Group's sustained high-quality development; 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 Group and employees. At the end of the reporting period, the Group had a total of 5,022 employees, of which 4,817 were employed by the Group's headquarters and retail subsidiaries (including Nanning Li Ning center), and 205 by other subsidiaries.

In 2024, the Group continued to improve the construction of human resources management system, endeavored to create a good employer image, and was awarded a series of employer brand-related honors.

| Honor | Awarding Body |
|--|---|
| Top 100 Happy Enterprises in 2024 | Co-sponsored by Economic Observer and FESCO |
| Beijing Outstanding Employer in 2024 | Liepin |
| China's Employers of the New Generation in 2024 (Top 100 Employers of the Year) | 58Tongcheng (58.com) |
| Employer Branding Excellence Award in 2024 | Yonyou Dayee |

Lawful Employment to Safeguard Rights and Interests

The Group adheres to the principles of “openness, equality, competition and merit-based” in managing employment. We have formulated comprehensive and reasonable management regulations to standardize decision-making processes related to hiring, promotion or termination of employment relationships, safeguard the rights and interests of our employees and build an orderly employment management mechanism, thereby fostering an equal, diversified, harmonious and united talent team.

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 Group’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 and confirm with the employees based on a full investigation of the facts, 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 Group, 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 2024, 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 communication, and by opening up the employee feedback mechanism. At the same time, the Group has set up a specialized commercial insurance survey to collect employees’ views and suggestions on the Group’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 communication among employees and between employees and the management. Besides, we have entered into collective agreement with employees to actively safeguard their rights and interests, with a collective agreement coverage rate of 32%.

The Group has rationalized promotion rules and channels, giving priority to 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 sales consultant, foreman, store manager, warehouse manager and other positions, to provide staff with multiple development paths in the store.

Employee Employment¹⁰

| Indicator | | As of 31 December 2024 |
|------------------|--|---------------------------|
| By gender | Male employees (person) | 1,403 |
| | Female employees (person) | 1,570 |
| By employee type | Full-time employees (person) | 2,973 |
| | Part-time employees (person) | 0 |
| By age | Employees under 30 years old (person) | 636 |
| | Employees aged 30 (inclusive) to 50 (exclusive) (person) | 2,265 |
| | Employees aged 50 (inclusive) or above (person) | 72 |
| By region | Employees in Mainland China (person) | 2,803 |
| | Employees in Hong Kong, Macau and Taiwan (person) | 151 |
| | Overseas employees (person) | 19 |

Employee Turnover Rate¹¹

| Indicator | | As of 31 December 2024 |
|----------------------------|--|---------------------------|
| Employee turnover rate (%) | | 23.97 |
| By gender | Male employees turnover rate (%) | 22.82 |
| | Female employees turnover rate (%) | 24.99 |
| By age | Turnover rate of employees under 30 years old (%) | 46.51 |
| | Turnover rate of employees aged 30 (inclusive) to 50 (exclusive) (%) | 17.15 |
| | Turnover rate of employees over 50 years old (inclusive) (%) | 17.78 |
| By region | Employee turnover rate in Mainland China (%) | 22.18 |
| | Employee turnover rate in Hong Kong, Macau and Taiwan (%) | 59.04 |
| | Overseas employee turnover rate (%) | 56 |

¹⁰ The statistical coverage includes the headquarters and retail subsidiaries, and excludes Nanning LI Ning center.

¹¹ The statistical coverage includes the headquarters and retail subsidiaries, and excludes Nanning LI Ning center.

Creating Harmony through Humanistic Spirit

The Group has continued to improve the staff compensation and benefits protection system. The Group has set internally up a compensation and welfare management department to monitor changes in relevant regulations in real-time, continuously optimize the staff compensation management system, formulate compensation strategy that matches market competitiveness, and regularly adjust compensation policy and structure to attract, motivate and retain outstanding talents. The Group conducts performance appraisals on a regular basis to scientifically assess the performance of employees, continues to improve the incentive mechanism to stimulate the motivation and initiative of employees by reward methods including sales bonuses, sales commissions, annual bonuses, share options and share incentives, etc.

As an enterprise with a strong sense of responsibility, we are always committed to building a healthy and sustainable welfare system and realizing the continuous innovation of the care system. The Group 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 staff and enhance their happiness and satisfaction. We pay in full 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 allowance, transportation allowance, communication allowance, cloth purchase fees, expatriate allowance, the Spring Festival and holiday benefits, wedding and childbirth gratuities, and funeral allowance, with a coverage rate of 100%. For our senior employees, we provide them with seniority souvenirs and organize farewell ceremonies for our retired employees.

The Group is committed to assisting 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 employees, and adequately safeguarding the rest and leave rights of 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, long-distance family visit leave, parental leave, nursing leave, and personal leave.

The Group continues to optimize and innovate in caring for the children of 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 faculty 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 Group 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.

➤ Celebration Activity

In 2024, the Group organized a variety of celebration activities to actively disseminate positive energy and values of the Group and enhance the sense of belonging and team cohesion of the employees. All employees and their families are cordially invited for garden party, competition, fun games, DIY craft activities, and an evening gala. A special area for children's activities was also set up to enhance the sense of experience and engagement level of the activities. In 2024, a total of 1,858 people from various centers within the Group participated in the "Ningju – Family Carnival (寧聚 • 家年華)".



Celebration Activities

➤ Cultural and sports activities

The Group organizes diversified cultural and sports activities for employees, encourages their active participations and enhances their experience by designing a variety of activities to fully demonstrate humanistic care:

- We organized hiking and low-carbon cleaning mountain charity activities under the theme of “Mountains and Seas Connecting Cities, Greening Shenzhen and Hong Kong” (山海連城 • 綠動深圳、香港), and carried out marine protection campaigns of picking up garbage in Shenzhen Bay, to practice natural home protection and contribute to the cities’ ecology.
- We arranged the tree-planting activity on the family day of “Planting trees to protect the Great Wall, carrying forward low-carbon and environment protection concepts” (植樹愛林，保護長城，傳承低碳環保理念) to advocate low-carbon and environmental-protection awareness.
- We held a “LI-NING” concert, with performances covering classical music, popular hits and energetic sports-themed music to enrich the cultural life of employees.
- We launched a DIY glass painting activity on the Women’s Day and invited professional teachers to lead female employees in glass painting, creating a relaxed and pleasant atmosphere and promoting the improvement of their artistic literacy.
- We organized the “Healthy and Joyful Dragon Boat Festival, Enjoying the Fragrance of Zongzi” (端午安康，寧享粽香) activity, involving DIY Zongzi sachets and DIY wormwood pendants, to strengthen employees’ understanding of traditional culture and sense of cultural identity.
- We held National Day and Mid-Autumn Festival celebrations, to convey the Group’s warm holiday greetings to employees through creative activities such as Snowskin mooncake making and Mid-Autumn lantern DIY workshops.
- We arranged the “Fresh Things for the New Year · Lantern Festival Celebration” (新年萬象新 • 元宵喜樂會) to create a festive atmosphere with colorful activities such as guessing lantern riddles with Chinese-styled festive lanterns, and spend a warm reunion moment together.

- We launched the "Safe Christmas • Happy New Year" (平安聖誕 • 喜迎元旦) event, at which activities including fun crafts and mini games were organized and exquisite souvenirs were distributed, to help our employees look back on the achievements and look forward to the new year.



"Safe Christmas • Happy New Year" Event



Women's Day Event



National Day and Mid-Autumn Festival Celebrations



"LI-NING" Concert Event

➤ Help employees in need

The Group has continued to deepen efforts to help 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, in an aim to alleviate their financial pressure. During the 2024 Spring Festival, we organized a sympathy activity to send warm consolation subsidies to employees in need in the New Year, demonstrating the humanistic care of the Group.

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 employee health management system, strengthen the safety management in offices, and endeavor to create a safe and comfortable workplace, thus providing a comprehensive safeguard for the health and safety of employees.

Care for Staff Health

We attach great importance to the protection of 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 physical examination 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 effectively 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 Li Ning Center, which provides basic medication for disease prevention on a daily basis, providing basic protection for the health of employees.

➤ Health and exercise

To support employees in strengthening their physical fitness and relaxing their minds, the Group has set up sports clubs for table tennis, badminton, basketball, tennis, football, swimming, running, frisbee, rope skipping, fitness and pickleball, and regularly conducts a wide range of events and activities. The Group also organizes other thematic activities tailored to local characteristics to enrich employees' spare time life. For example, the fitness club rotates different courses each week, such as physical fitness class, exercise class, yoga class, Pilates class and meditation class, which help employees alleviate fatigue and enhance work efficiency, while fostering a health-conscious mindset, and promoting interpersonal communication. The table tennis club participated in the 24th Foreign Enterprises Cup Table Tennis Friendly Competition organized by the Foreign Enterprises Trade Union in 2024, achieving commendable ranking. The employees of the Group participated in the "Healthy Dongcheng, Energetic Run" (健康东城·活力健跑) event at Liuyin Park in Beijing, and won the championship.



Employees Participate in Yoga Classes



"Healthy Dongcheng, Energetic Run" Event

Case: "In My Name" Shenzhen Li-Ning Building Climbing Event

In July 2024, Shenzhen Li-Ning Center hosted the "In My Name" Shenzhen Li-Ning Building Climbing Event, where hundreds of enthusiastic participants gathered to take on the challenge of reaching the highest point of the building together. The event was open to the public and adopted both individual and team competitions. Participants started from the north lobby on the 1st floor and ascended the west staircase to the 24th floor viewing platform. During the competition, the participants, driven by unwavering determination and mutual encouragement, sprinted step by step towards the destination and completed the challenge. Through this event, the athletic enthusiasm of the participants was ignited, the Shenzhen Li Ning brand cultural sports IP and the city's new business card were created. It showcased a healthy, energetic and positive lifestyle, thereby contributing to the development of the surrounding communities and cities.



"In My Name" Shenzhen Li-Ning Building Climbing Charity Event

➤ Healthy diet

The Group has set up Chinese and Western restaurants, strictly safeguard the hygiene of the restaurants for employees and fully ensure food safety, and has established a scientific dietary system for employees to provide 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 provides financial support for employees exposed to sudden accidents or major illnesses, reducing their medical expenses and effectively alleviating personal financial burdens. At the same time, in order to address the concerns of employees, we cooperate with insurance companies to provide supplementary medical insurance services for their families, providing employees and their families with more comprehensive protection.

➤ Popularization of health knowledge

In order to raise employees' awareness of self-care, we regularly conduct health knowledge popularization to raise awareness of the prevention and treatment of occupational diseases and common diseases. Beijing Li-Ning Center has organized AED practical training for employees, enabling them to acquire first aid knowledge through hands-on practice and bolstering their ability to prevent health and safety risks. Shenzhen Li Ning Center has held the "First Aid Pioneer" event to popularize first aid skills and enhance the ability to respond to emergencies. The badminton factory has conducted safety training and occupational health management training for all employees to improve their safety awareness and occupational health protection capabilities. Factories in Guangxi has provided occupational health and position-specific training for new employees to popularize the hazards and prevention measures of occupational diseases, and conduct monthly training on occupational disease health and safety for employees.

Strict Observance of Fire Safety

The Group continues to strengthen fire safety management and practices. The Group has 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 Regulations*, *Fire Patrol and Inspection System* and *Safety Evacuation Management Regulations*, in order to establish a comprehensive fire safety emergency response mechanism in strict accordance with fire safety standards. Meanwhile, we have been actively raising the fire safety awareness of our staff, and have continued to carry out training on firefighting facilities, firefighting emergency drills and publicity activities on fire safety knowledge in our office premises.

- Beijing Li Ning Center conducts regular fire safety training for new employees, property management personnel, and kitchen staff to enhance their fire safety awareness. Meanwhile, Beijing Li Ning Center has 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, so as to enhance the emergency response capability of staff.
- Shenzhen Li Ning Center has organized two fire drills to implement rescue and evacuation work, and reviews the feasibility and effectiveness of emergency plans, to provide favorable protection for fire safety.
- Jingmen Li Ning Center holds first aid knowledge training, regularly maintains and inspects fire-fighting equipment, conducts quarterly emergency fire evacuation drills, annually tests the condition of building firefighting facilities and conducts a large-scale all-staff firefighting drill to strengthen fire safety awareness and help employees improve their self-rescue, escape, and mutual-rescue abilities.
- Every factory arranges regular fire safety drills on a yearly basis, regularly inspects and replaces expired fire-fighting facilities, actively investigates potential fire safety hazards, holds knowledge competitions for employees to popularize fire safety knowledge and enhance risk prevention awareness, thereby effectively ensuring fire safety.



Fire Safety Knowledge Competition at Guangxi Ning Zhan Factory



Fire Drill at Shenzhen Li Ning Center

Occupational Health and Safety¹²

| Indicator | Data |
|---|------|
| Number of work-related deaths | 0 |
| – Number of work-related deaths in 2022 (person) | 0 |
| – Number of work-related deaths in 2023 (person) | 0 |
| – Number of work-related deaths in 2024 (person) | 0 |
| Proportion of work-related deaths | 0 |
| – Proportion of work-related deaths in 2022 (%) | 0 |
| – Proportion of work-related deaths in 2023 (%) | 0 |
| – Proportion of work-related deaths in 2024 (%) | 0 |
| Loss of working time (day) due to work-related injuries | 22 |

Talent Training and Value Creation

The Group abides by the talent-oriented principle, promotes talent training and development strategy, and continues to intensify efforts to provide strong support for the long-term development of talents. In order to build a high-level talent team, we not only arrange rich and diverse learning activities for our employees, but also continuously optimize our staff development mechanism, in a commitment to comprehensively improving 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

¹² The statistical coverage includes the headquarters and retail subsidiaries, and excludes Nanning Li Ning center.

Environmental, Social and Governance Report

In conjunction with the basic principles of talent cultivation, 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 efforts in talent cultivation to enhance the team-wide capabilities and cope with the increasingly complex market competition. We have perfected the multi-level 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 path to provide comprehensive training for new employees, helping them quickly learn the Group’s 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 and to meet the growth needs of new employees in different workplace scenarios. In 2024, the training achieved 100% coverage of new employees across the Group.
- **Business capability training:** We have rolled out the “LI-NING Good Lecturer” (李寧好講師) project to promote the accumulation of internal professional courses and lecturers, and conducted various forms of teaching internally. At the same time, we carried out business thematic training such as business thematic workshops and bidding and procurement training, to enhance the competency of employees in relevant professional positions through the cultivation of internal lecturers and the introduction of external resources.
- **General core competence training:** Focusing on the core competence requirements of staff at Li Ning, we carried out projects pertaining to improvement in organizational coordination, problem analysis and problem solving capabilities, and adopted online and offline flipped classroom training methods to learn methods and techniques to solve practical issues.
- **Training for management trainees:** We have set up a stage-by-stage training covering the whole development cycle of management trainees, which achieved 100% learning coverage at each stage, and configuring a dual-mentor system and an independent operation mechanism to guarantee the growth of management trainees.
- **Leadership training:** We have established a management training system covering multiple levels and multiple forms, including new management, various on-the-job management, senior management training and comprehensive team building and development. 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; senior management training focuses on innovation, strategy, and business, and promotes competency upgrading through external inputs and internal co-innovation; at the same time, targeted team building activities are arranged on the individual shortcomings of the core backbone team of the business, to improve team cohesion.



2024 National Retail Manager Training Camp

Case: 2024 Skills Competition at Li Ning Center Laboratory

Li Ning Center Laboratory provides decision-making basis for the quality management of the Group's products through professional, rigorous, meticulous and excelsior testing work, thus guaranteeing the quality of the Group's products. On 14 November 2024, the Li Ning Center Laboratory held 2024 Annual Skills Competition. The Competition is based on CNAS system knowledge, laboratory testing standards and practical techniques, covering competition items such as written tests on laboratory testing knowledge, multiple practical skills assessments and knowledge quizzes. Experts from third-party testing agencies are invited to conduct pre-competition training on footwear and apparel knowledge and skills and serve as judges to ensure the fairness, transparency and professionalism of the Competition. The Competition acts as a platform for laboratory talents to showcase themselves and exchange ideas, motivating technical personnel to improve their skills and abilities, and is of great significance to strengthening the construction of a team of skilled talents. In the future, the Center Laboratory will continue to refine the testing technology, and boost the team's practical and professional knowledge, thus contributing to the healthy advancement of the Group's quality management.



2024 Skills Competition-Skills Training

Staff Training

| Indicator | | Percentage of training (%) | Average training time (hour) ¹³ |
|-----------|--------------------------|----------------------------|--|
| By gender | Male employees | 100 | 14.3 |
| | Female employees | 100 | 17.8 |
| By type | Management employees | 100 | 21.7 |
| | Non-management employees | 100 | 14.8 |

¹³

The statistical coverage includes the headquarters and retail subsidiaries, and excludes the Nanning Li Ning Center.

IV. WIN-WIN MANAGEMENT

The Group has been committed to optimizing 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*, the Group's internal restricted substances (RSL) standard – Q/LNB 71001-2021 *Li Ning Product Safety Technical Requirements*, *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. In 2024, taking comprehensive consideration of the requirements of prevailing laws and regulations, industry development trend and stakeholder concerns, we have formulated and released the *Environmental Management Manual of Li Ning Company Limited* and the *Chemical Management Framework of Li Ning Company Limited* in combination with years of experience in supplier environmental management and chemical management, so as to continuously improve supplier management standards.

In 2024, while remaining committed to the concept of sustainable development, the Group made endeavors to upgrade and optimize the supplier management system, promote the digitalization of supplier management processes, and exert strict control in key aspects of the introduction, evaluation, optimization and elimination of suppliers. In addition, the Group further improved the management mechanism of suppliers' social responsibility, and strengthened the stewardship of environmental and social risks of suppliers. We actively built a green supply chain and product system, and cemented communication and exchanges with industry partners, in an aim to promote the high-quality development of a sustainable supply chain together. As of the end of the reporting period, the Group has a total of 209 suppliers.

Number and Distribution of Suppliers

| Indicator | As of 31 December 2024 |
|---|------------------------|
| Number of suppliers in Mainland China | 209 |
| Number of suppliers in overseas, Hong Kong, Macao and Taiwan Region | 0 |
| Number of primary suppliers ¹⁴ | 157 |
| Number of secondary suppliers ¹⁵ | 52 |

Introduction of Suppliers

During the year, amendments were made to the management system related to standards for supplier introduction, which added constraints on establishment years of suppliers, strengthened the process of reviewing the introduction of new suppliers, requiring all introduced suppliers to provide necessary explanatory material. Subject to the approval by the CEO, the process for newly added supplier would be initiated in the system.

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.

¹⁴ 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.

¹⁵ Secondary suppliers are material factories. The material factory is the factory that processes the materials needed to form finished or semi-finished products.

In terms of supplier introduction assessment, the Group has established various assessment methods, including document evaluation, on-site visits, staff interviews and management interviews, etc. On the basis of our own standards, we fully refer to national laws and regulations as well as international standards such as GB/T 36000-2015¹⁶, ISO 26000, OECD standards¹⁷, ILO¹⁸ guidelines, SA8000¹⁹, ETI²⁰ standards, Disney ILS²¹, Intertek WCA²², Sedex²³, SMETA²⁴, BSCI²⁵, SLCP²⁶, RBA²⁷, IETP²⁸, WRAP²⁹, and ICS³⁰, in a commitment to ensuring the fairness of the assessment criteria. On the one hand, we require production factory suppliers to be equipped with complete production capabilities and review their basic information such as qualifications, scale requirements, quality system and production technology. On the other hand, we also request production factory suppliers to establish management mechanisms for social compliance aspects of labor, occupational health, fire protection, chemical management and environmental protection, and conduct social compliance audits. 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 2024, a total of 21 formal suppliers entered the social compliance audit in the introduction stage, and 100% passed the introduction evaluation after first review and second review, and submit of compliance documents in relation to the employment, fire protection, and environment.

Supplier Management

The Group continues to improve 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 in the supply chain, while urging and supervising 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 systematically and 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.
- Conduct rigorous review on information submitted by suppliers, communicate the optimization and improvement requirements for the new quarter to suppliers, so as to promote them to continuously improve their management level.
- 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 need to be rectified, improvement targets and measures.

¹⁶ 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.

¹⁷ OECD Guidelines: OECD Guidelines for the Testing of Chemicals.

¹⁸ ILO: International Labor organization.

¹⁹ SA8000: Social Accountability 8000.

²⁰ ETI: Ethical Trading Initiative.

²¹ Disney ILS: Disney International Labor Standards.

²² WCA: Workplace Conditions Assessment.

²³ Sedex: Supplier Ethical Data Exchange.

²⁴ SMETA: Sedex Members Ethical Trade Audit.

²⁵ BSCI: Business Social Compliance Initiative.

²⁶ SLCP: Social & Labor Convergence Program.

²⁷ RBA: Responsible Business Alliance.

²⁸ IETP: ICTI Ethical Toy Program.

²⁹ WRAP: Worldwide Responsible Accredited Production.

³⁰ ICS: Initiative for Compliance and Sustainability.

Environmental, Social and Governance Report

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. The Group formulates rectification plan for the problems identified during the audit, with dedicated staff tracking the progress of rectification and the result of rectification.

➤ Social compliance audit

In 2024, the Group conducted social responsibility audits on major factories of finished and semi-finished products, involving a total of 140 factories, all of which were third-party on-site audits, covering approximately 89% 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, SLCP, WCA, WRAP, ICS, SA8000 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 unqualified³¹. We developed personalized treatment measures for suppliers with different audit results. For green and blue card suppliers, we appropriately started the non-notice audit to monitor their real-time situation; for red card suppliers, we explicitly require them to make rectifications, and if they are rated as red suppliers twice, we will start the disqualification process; 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-site audit or document audit. In 2024, in conjunction with the assessment results, low-score suppliers were audited and given deadlines for rectification mainly in the areas of labor and employment, working hours, wages and benefits, occupational health, 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, such as, in terms of health and safety, inadequate water pressure in some eyewash equipment, failure of some employees to strictly adhere to the requirements of wearing personal protective equipment, and the absence of soap, toilet paper, and hand-drying facilities in some restrooms. Based on the rectification results, there were 140 green and blue cards suppliers, and no yellow and red cards suppliers. In addition, 4 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 2024, 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-site environmental audits for 15 of them. The assessment dimensions of the environmental audit mainly cover environmental permits, environmental management, water resource usage and management, pollutant discharge and control, chemical management, environmental emergency management, energy management and other aspects. In light of the results of the 2024 on-site environmental audits, solid waste management and chemical management were more challenging across all assessment dimensions, as were wastewater management and energy management. Through the combined efforts of on-site environmental audits and quarterly assessments, we continue to provide training and technical capability output to suppliers, so as to help them improve their problem-solving capabilities. Ultimately, all suppliers participating in environmental audits receive a green or blue card rating.

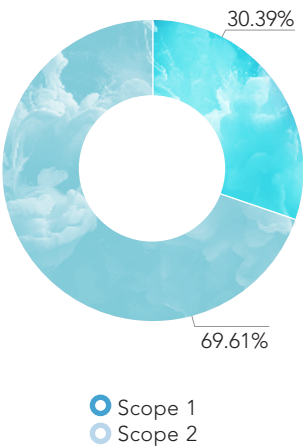
³¹ Site audit rating requirements: Green: score ≥ 85 , Blue: $85 > \text{score} \geq 70$, Yellow: $70 > \text{score} \geq 60$, Red: score < 60 .

➤ Supply chain carbon emission management

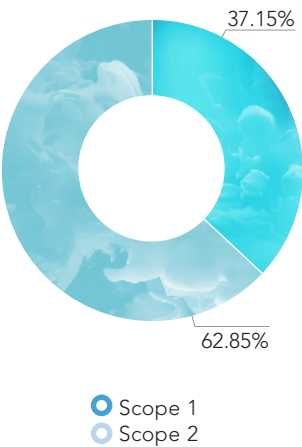
The Group has cooperated with third parties in carbon inventory inspection of major suppliers since 2020. We summarized and audited the energy consumption and carbon emission data of 40 factories in the past three years, and comprehensively investigated the current state of energy consumption and carbon emission management capabilities within the supply chain, laying a sound foundation for the subsequent disclosure of Scope 3 carbon emissions and the formulation of carbon footprint reduction plans for suppliers and products. In 2024, based on the progress of the supplier carbon inventory inspection project in the past three years, we selected near 10 suppliers to carry out energy assessment projects. The project was designed to assist suppliers in identifying energy categories, gathering and verifying energy usage data, evaluating the effectiveness of their energy management systems and energy use efficiency, guiding suppliers to accurately collect energy usage data, conducting energy statistics and analysis, and thereby improving their energy management capabilities. Meanwhile, a carbon management tool has been developed to assist suppliers in establishing their own emission reduction targets and defining pathways in accordance with international standards and requirements. Currently, each supplier has established specific emission reduction goals and pathways, with detailed measures including increasing solar photovoltaics, replacing older motor equipment, and improving boiler efficiency. Taking 2022 as the baseline year, each supplier has set a target to reduce emissions by at least 20%.

In 2024, we further expanded the scope of suppliers carbon emission data collection through the ESG information system, covering finished products, semi-finished products and process factories that account for more than 90% of orders, including both apparel and footwear levels. According to the results thereof, the carbon emissions from finished products, semi-finished products and process factories in 2024 amounted to approximately 269,987 tons, of which 30.39% of the carbon emissions originated from Scope 1 and 69.61% derived from Scope 2. For detailed distribution of carbon emissions, please refer to the chart below.

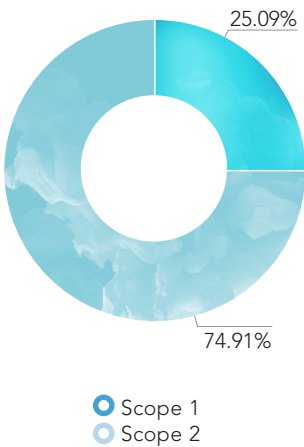
Total Carbon Emissions from Footwear and Apparel Suppliers



Total Carbon Emissions from Footwear Suppliers



Total Carbon Emissions from Apparel Suppliers



➤ Chemical management of suppliers

The Group continues to improve the chemical use management in the supply chain by developing the brand's own restricted substances list and engaging in international cooperation. Based on 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, which specifies the requirements for restricted chemical substances. After ongoing updating and improvement, Q/LNB 71001-2021 *Li Ning Product Safety Technical Requirements*, a brand 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. Meanwhile, we also conduct random testing on a regular basis to ensure the compliance of restricted substances.

Case: Popularizing chemical safety knowledge

As a responsible enterprise, the Group strictly manages and utilizes chemicals and places a strong emphasis on chemical safety management to safeguard consumer health. Meanwhile, we are committed to popularizing chemical knowledge to consumers. In 2024, we published a tweet titled *Li-Ning ESG Chemical Safety Guide – Formaldehyde: Unveiling and Protection* on our WeChat official account. The tweet popularizes chemical safety knowledge such as the nature, potential risks and corresponding protective measures of formaldehyde through a professional perspective and easy-to-understand expressions, so as to improve public awareness of and attention to chemical safety, and work with consumers to take effective protective measures to safeguard the safety of textiles.

李宁ESG之化学品安全指南——甲醛：揭秘与防护
李宁 2024年10月29日 18:03 上海

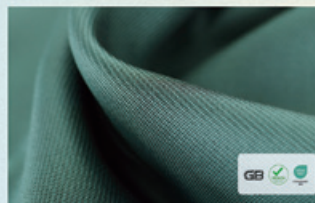


防护策略： 如何将甲醛拒之门外

面对纺织品中的甲醛威胁，我们并非无计可施。以下是一些实用的防护策略：

精明选择：

购买纺织品时，选择那些符合相关标准的产品，这些产品往往经过了更严格的检测。比如中国和欧盟分别设定了有关纺织品安全的强制性标准。凡是在该国家或地区销售的产品必须满足其标准要求。国际通行的权威第三方自愿性标准OEKO-TEX® STANDARD 100，对纺织品的安全性也提出了严格的要求，获证产品可通过300多种有害物质的检验。



Li-Ning ESG Chemical Safety Guide – Formaldehyde: Unveiling and Protection

As one of the founding brands of Zero Discharge of Hazardous Chemicals (ZDHC) Foundation, we continue to keep up with industry development trends, and strive to promote zero emission of hazardous substances. In 2024, leveraging on the chemical assessment projects carried out over the years, the Group formulated and published the *Chemical Management Framework of Li Ning Company Limited* in an effort to minimize the impact of chemicals used in the product production process on the environment and humans, after taking comprehensive consideration of regulatory requirements in relation to the use of chemicals at home and abroad, and with reference to the existing good practice initiatives and standards for chemical management, such as a series of documents on chemical management of the ZDHC Foundation.

In 2024, we conducted further cooperation with professional third-party test companies in on-site chemical assessment projects. Pursuant to the requirements under the *Chemical Management Framework of Li Ning Company Limited*, we focused on defects and difficulties of chemical management identified in the assessment projects over the past three years, and selected 5 core suppliers for in-depth counseling and improvement. Through on-site visits, training, experience sharing and exchanges, the chemical performance of all involved suppliers have been significantly improved. Among them, the assessment results of 4 suppliers have been upgraded from the “qualified” level to the “good” level, and the assessment result of 1 supplier has been upgraded from the “qualified” level to the “excellent” level.

In 2024, we drove suppliers to carry out ZDHC wastewater detection. The order volume covered by major suppliers of clothing materials subject to ZDHC wastewater detection was more than 95%, and the compliance rate of MRSL reached 77%. In addition, leather suppliers accounting for more than 97% of the orders underwent ZDHC wastewater detection, and the result was that all of them were compliant.

In addition, the Group also encourages suppliers to carry out other certifications under appropriate circumstances. In 2024, 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 2024, more than 68% of glues used in shoe production obtained Blue Sign, OEKO-TEX STANDARD 100 or ZDHC chemical certification.

➤ Supplier capacity building

In 2024, the Group continued to actively empower suppliers through diversified supplier training and exchange activities, to drive suppliers to enhance their sustainable development management capabilities.

- In December 2024, TÜV Rheinland was invited to host the “Health, Safety and Environmental Management Training”. Approximately 160 representatives from major suppliers participated in the training, which lasted a total of 6 hours. The training mainly covered: fire safety, chemical safety management, mechanical safety protection, occupational disease prevention, environmental management, etc., aiming to enrich the knowledge reserves in health, safety and environment, and improve daily management capability.
- In November 2024, TÜV Rheinland was invited to host the “Human Rights Training”. More than 200 representatives from major suppliers, distributors and relevant departments of the Group participated in the training, which lasted a total of 8 hours. The training principally involved: social responsibility management system, prohibition of child labor, protection of underage employees; anti-forced labor; equal employment, anti-discrimination, anti-harassment, protection of women’s rights; working hours, wages and welfare management. The training further deepened our understanding of various rights and interests of labor, and contributed to standardizing daily management practices.
- In June 2024, in conjunction with Midea Building Technologies, we invited key suppliers to visit the heat pump production plant of Midea Group in Chongqing to study the industrial technology of high-temperature steam heat pumps, exchanged views on issues and potential solutions to the practical application in the industry, with an expectation to promote upstream suppliers to increase the proportion of electricity use, which would be adopted as a practical path to emission reduction.
- In June 2024, Bureau Veritas (BV) was invited to organize a 2-hour special training on “Forced Labor”, which involved approximately 120 representatives from major suppliers. The training content includes an introduction to social responsibility, the definition of forced labor, 11 forced labor indicators of the International Labor Organization, the legal and regulatory requirements related to forced labor, sharing of common non-compliance cases and corporate compliance management. The training aims to enhance awareness of forced labor and help prevent the occurrence in management.
- In March 2024, we held the supplier conference entitled “Common Aspirations Crossing Mountains and Seas, Gathering Together to Move Forward” (《志合越山海，寧聚共前行》), which comprehensively summarized the suppliers’ social responsibility and environmental assessments in 2024, clearly publicized relevant regulatory requirements, and actively advocated suppliers to take more energy-saving and emission reduction measures to promote sustainable development.

Supplier Disqualification

The Group evaluates all accepted suppliers on a quarterly basis. 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, have major quality incidents, environmental incidents, social responsibility incidents, breach of integrity and anti-corruption clauses, are disqualified. During the year, we have refined the conditions on supplier disqualification, and specified the disqualification events and red line for incident to ensure a more fair and transparent implementation of the supplier removal policy.

Supplier Sustainability Assessment

The Group continues to implement the supplier sustainability project plus mechanism, and provides corresponding training support based on the assessment of suppliers' energy and carbon management, water resources, waste, hazardous substances and chemicals management as well as sustainable operation management, to help suppliers continuously improve their environmental management level. In 2024, a total of approximately 100 factories participated in the sustainability project plus assessment, of which 87 factories were granted plus points to varying degrees. For example, 11 factories obtained ISO 50001 certification, 15 factories achieved a 10% reduction in carbon emissions, and 18 factories decreased water consumption by 10%.

The Group encourages suppliers to comply with domestic and international sustainability standards, obtain certificates related to responsible production, and attach importance to social management, environmental protection and animal welfare. Since 2014, all of the down factories we cooperate with have obtained Responsible Down Standard (RDS) certification, ensuring that the down and feathers come from animals that have not been unnecessarily harmed.

Building a Green Supply Chain

The Group strictly regulates the environmental management requirements of suppliers in the introduction and auditing process.

- In the introduction process, we audit relevant documents of construction projects of suppliers, such as environmental impact assessment (EIA) files, EIA approval, environmental completion and acceptance report, wastewater/air emission 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, we require suppliers 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, besides review of environmental qualifications and compliance, we further focus on evaluating suppliers' waste management, energy-saving measures, application of new energy-saving technologies and the implementation of carbon emission reduction.

In 2024, we made active efforts to expand the application scope of environmentally friendly materials, strove to develop diversified environmentally friendly products, and continuously promoted the carbon footprint measurement of raw materials and products, with a commitment to advancing the consistent and steady development of the green supply chain.

➤ **Product carbon footprint measurement**

The Group remains committed to reducing the carbon footprint of products and creating full life cycle green and low carbon products. In 2024, 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 and Super Boom technology. According to the accounting results, compared with the traditional rubber outsole and EVA (ethylene vinyl acetate copolymer) foam midsole materials, the GCR used in 2024 realized a carbon reduction of approximately 1,060 tons, the GCU used realized a carbon reduction of approximately 560 tons. In addition, with adoption of new equipment and supercritical fluid recycling process, Boom technology supplier reduced the unit energy consumption of foaming process by 69% as compared to the previous year, while achieving a carbon dioxide recovery rate of over 90% during the preparation process, thereby achieving a carbon reduction of approximately 29,751 tons through the application of the Boom and Super Boom technology. These new materials provide excellent performance in terms of comfort and functionality, and are also of outstanding environmental protection through the use of lightweight materials combined with advanced production processes.

In addition, we worked with a professional third party to measure the carbon footprint of waterless coloring pullover sweater, table tennis competition tops, and Feidian (飛電) 5 challenger running shoes, and obtained ISO 14067 certification. The certification is based on the European Product Environmental Footprint Category Rules (PEFCR), covering Scope 1, 2 and 3 carbon emissions throughout the product life cycle (raw materials, principal materials and finished product production, transportation, packaging, use and waste disposal). The carbon footprint of the waterless coloring pullover sweater (total weight including packaging is 894.14 grams), the table tennis competition top (total weight including packaging is 310.44 grams) and the Feidian 5 challenger (total weight including packaging is 773.3 grams) is 16.38 kg CO₂-e/set, 6.22 kg CO₂-e/set and 12.84 kg CO₂-e/pair, respectively. The acquisition of such certification not only improves the transparency of the carbon emission of the Group's products, but also promotes progress in product research and development, supplier carbon emissions inventory system, and the construction and integration of a carbon database for production system materials.

➤ **Diversified environmental-friendly products**

The Group is dedicated to the research and development and production of environmentally-friendly products, and proactively exploring and applying advanced environmental-friendly technologies and materials. The Group makes active response to the "carbon peak and carbon neutrality" goals with practical actions, to firmly advance the implementation of the green and low-carbon development strategy. In 2024, the Group's order volume of environmental-friendly products accounted for 21.33%, of which 19.26% was footwear and 22.63% was apparel and accessories.

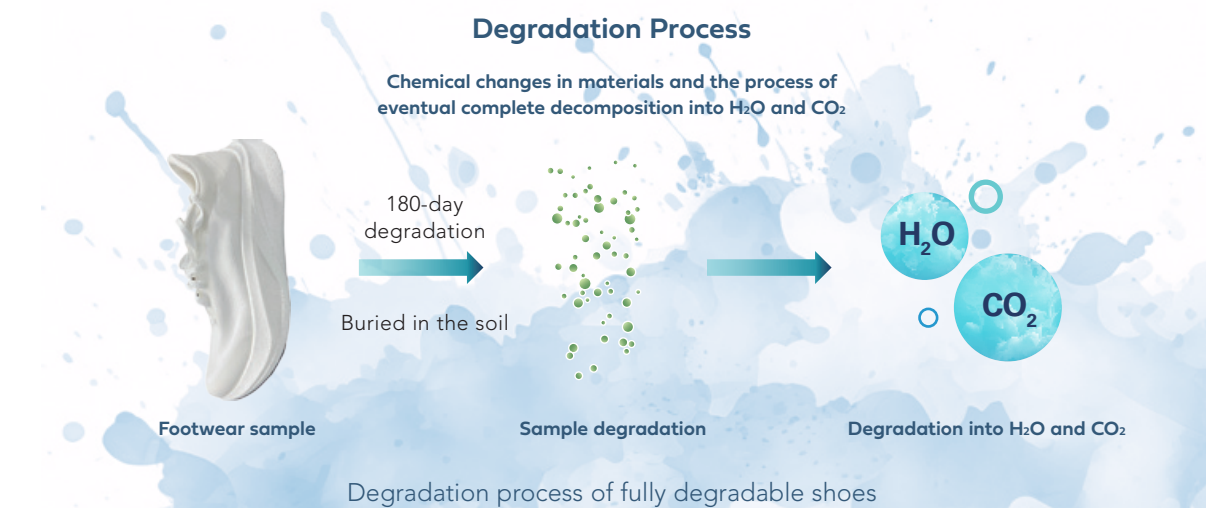
➤ **Footwear products**

The Group continues to promote and apply environmentally friendly materials in footwear products, expands the application of Boom Fiber (䨎絲), Boom and Super Boom, GCR and GCU, to enrich the product range and realize low-carbon and green development. In 2024, the use of Boom Fiber, Boom and Super Boom technology, and GCR/GCU in running and basketball shoes accounted for 38.3%, 75.7%, and 57.4%, respectively.

| | |
|---------------------------------------|---|
| Boom Fiber | <ul style="list-style-type: none">• 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 2024, we further launched “Extreme Boom Fiber” (極限䨎絲). Its strength has been improved by 700% and durability is increased by 240% by adding special fibers to Boom Fiber, and further integrating the characteristics of “cut resistance, high strength and ultra-durability” on the basis of “lightness, breathability and toughness”, which can provide athletes with more exceptional performance in complex sports scenarios. |
| Boom and Super Boom Technology | <ul style="list-style-type: none">• The 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.• It avoids the use of chemical foaming agents, effectively reduces VOC emissions, and realizes zero discharge of industrial wastewater.• The application of carbon core and poly core shortens the processing of midsole assembly and reduces the consumption of glue of treatment agent.• Super Boom: Li Ning’s Super Boom technology has been further upgraded in terms of lightweight and appearance. With innovative techniques on production and preparation, the weight of the midsole is further significantly reduced, while the froth cell is more delicate and uniform, and the appearance texture is smoother and more creamy. |
| GCR | <ul style="list-style-type: none">• It is a transparent outsole rubber material for injection molding with low density and high abrasion resistance. It features stable process, high production efficiency, 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 | <ul style="list-style-type: none">• The cast polyurethane outsole material for soles of sports shoes and athletic shoes is equipped with excellent abrasion resistance, anti-slip performance, low temperature resistance and aging resistance. It also features extensive applicability and can enhance the wearer’s sports experience.• It does not contain harmful elements, and has no organic VOC emission, which not only improves the product performance, but also complies with the concept of dual-carbon strategic development. |

Case: Launch of the first fully degradable shoe

In conjunction with relevant national associations and relevant national standardization committees, the Group developed the product standard of *Evaluation on Footwear Biodegradability*, which was officially released in January 2024. In May 2024, we displayed the first fully degradable shoe at the technology show. The shoe adopts the latest developed degradable materials. Upon samples were tested by authoritative institutions, the degradation rate of the shoe exceeded 80%, meeting the full degradation standard. Li Ning has become the first sports brand in China that achieves full degradation in the field of professional sports shoes, making an innovative breakthrough.



Case: The “Yushuai 18” (驭帅 18) Basketball Shoes – A good mix of innovation and sustainability

The midsole of the “Yushuai 18” (驭帅 18) 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, and the outsole uses an environmentally friendly material, GCU, which not only reduces the weight of the midsole, but also dramatically improves the rebound performance and anti-slip function, providing excellent cushioning and stabilization for the basketball players. The upper utilizes recycled TPU material, which accounts for more than 20% of the total weight of the upper material, and adopts the NO-SEW seamless process to reduce the environmental impact in the manufacturing process. In addition, over 80% of the soles, outsoles and upper composite are made of water-based glue, further minimizing the environmental impact. The innovative design and eco-friendly concept of the “Yushuai 18” not only enhances the athletes’ performance on the field, but also demonstrates Li Ning’s unremitting efforts to promote the sustainable development of sports equipment.



Case: “Rouge Rabbit 7PRO” (赤兔7PRO) - Innovative technology, low-carbon running

The upper of “Rouge Rabbit 7PRO” adopts bio-based materials including recycled nylon, of which environmentally friendly ingredients accounts for 30%, which not only improves the breathability and wrapping of the upper, but also embodies the concept of environmental protection. The sole partly utilizes the GCU ground control system, which achieves 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 33% 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 “Rouge Rabbit 7PRO” uses more than 80% water-based glue and adopts the NO-SEW seamless process, which guarantees operators’ health and safety while ensuring environmental friendliness. This innovation effectively reduces environmental pollution, and realizes the environmental goal of being non-toxic and easy to clean.



Li Ning “Rouge Rabbit 7PRO” running shoes

Case: “Shadow 3” (絕影3) Running Shoes – Cross-border integration, leading the new trend of environmental protection and innovation

The upper of the “Shadow 3” adopts the original Boom Fiber upper technology, using stranded Boom Fiber bio-based materials, of which Boom Fiber accounts for 8%, 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 3” 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 3” shock-absorbing elastic running shoes

Environmental, Social and Governance Report

➤ Apparel

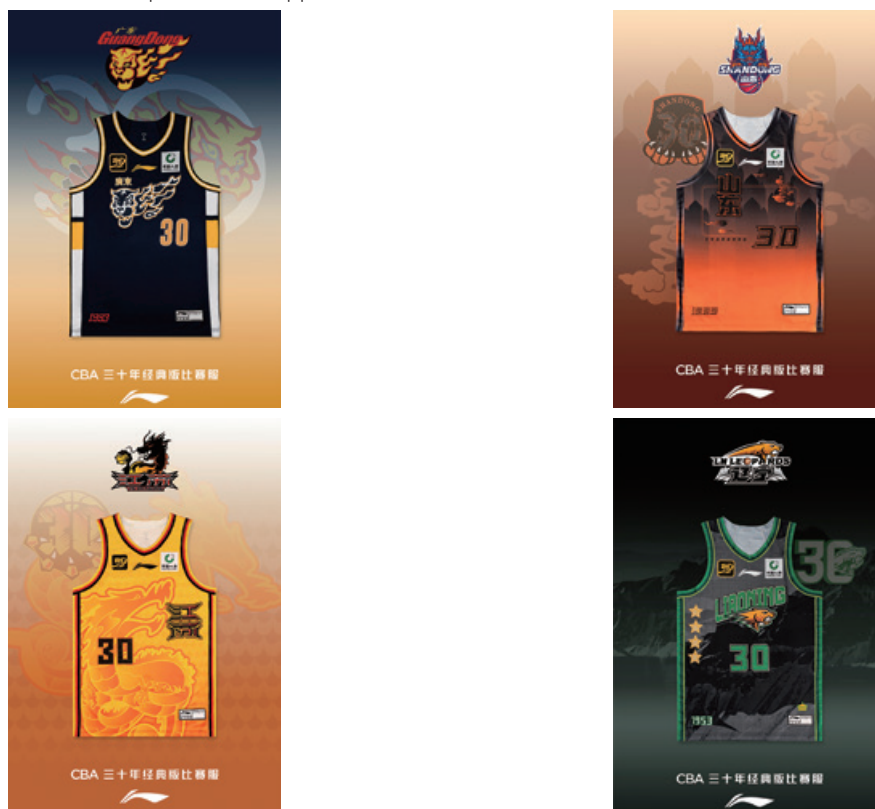
In terms of eco-friendly apparel, we use a large amount of sustainable cellulose fibers and recycled polyester yarns. In 2024, 2,024 tons of recycled polyester yarns were used, accounting for 12.04% of the total polyester yarns used, with a carbon reduction of 2,283 tons as compared to using virgin polyester. Meanwhile, 597 tons of cellulose fibers were used, with a carbon reduction of 2,236 tons as compared to using traditional material. The recycled polyester yarns have been certified by the Global Recycling Standard (GRS).

- **B2T Recycled Polyester Yarn Production Process:** The waste polyester materials are sorted, cleaned, crushed, dried, granulated and used as raw materials for direct melt spinning.

Case: Environmental protection professional uniform production

Li Ning and the China Men's Basketball Association (CBA) are committed to continuously integrating the concept of environmental protection into professional sports by cooperating in the 2024-2025 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.

In addition, we further strengthen the use of recycled yarns in our professional apparel, including professional apparel for domestic and international teams and players such as the China Table Tennis Team, the China Junior Badminton Team, the Indonesian National Badminton Team and the Singapore National Badminton Team. In 2024, through the use of recycled yarn, 938,294 plastic bottles were recycled for table tennis professional apparel and 402,890 plastic bottles were recycled for badminton professional apparel.



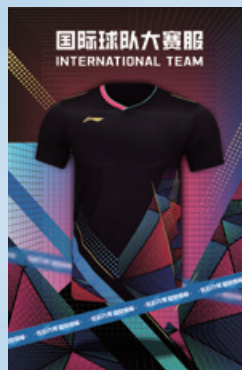
China Men's Basketball Association (CBA) 2024-2025 season uniforms



China Table Tennis Team Uniforms



Badminton Youth Team Competition Uniform



Badminton International Team Competition Uniform



Badminton International Player Competition Uniform

- **T2T Recycled Yarn Production Process:** The waste textiles that are difficult to degrade are recycled, and the polymer materials containing polyester PET components are depolymerized into polymerization monomers or polymerization intermediates. These substances then undergo purification and separation processes, followed by repolymerization and melt spinning.

Case: Recycling leftover materials to produce recycled yarn

Li Ning makes full use of leftover materials of apparel product, establishes a circulation process from recycling leftover materials of apparel product to producing recycled yarns to continuously optimize the process, thereby initially developing a commercial operation model from leftover materials to recycled yarns. In May 2024, a pilot project for polyester leftover materials was initiated, whereby the leftover materials are sorted, baled, stored, transported, and recycled yarns are produced in accordance with the requirements through partner factories. Currently, we have completed the systematization and initial establishment of the entire process for recycling leftover materials of apparel and producing recycled yarn, and we have produced 11 tons of recycled yarn.

Case: Promoting the use of sustainable cellulose fibers

We actively promote the application of sustainable cellulose fibers in apparel. For example, Lenzing's TENCEL™³² modal fiber is sourced from controlled or certified wood sources, such as those certified by FSC®³³ and PEFC³⁴. All residues are used to produce bioenergy and are biodegradable and compostable in industrial, household, soil, freshwater and marine environments, allowing them to fully return to nature. Meanwhile, compared to conventional modal, TENCEL™ modal fibers reduce carbon emissions and water consumption by at least 50%. TENCEL™ modal standard fibers have obtained Class 1 certification of OEKO-TEX STANDARD 100, meeting the highest standards for infant apparel, and have also been awarded the EU Ecolabel for textiles (Ecolabel).

³² TENCEL™ and TENCEL™ are trademarks of Lenzing AG.

³³ FSC®: Forest Stewardship Council®

³⁴ PEFC: Programme for the Endorsement of Forest Certification

Enhance External Exchanges and Cooperation

The Group takes active participations in industry sustainability exchange exercises to gain an in-depth understanding of sustainability trends and hotspots, and strives to continuously enhance and optimize our own sustainable development management capabilities and practices. The Group fulfills corporate social responsibilities through practical actions, and contributes to the building of a greener and more sustainable future. During the year, our sustainability management practices have received multiple recognitions, including ranking 15th on the “2024 Kantar BrandZ Top 50 Sustainable Brands” list, which is the top among peers; being shortlisted as an ESG governance benchmark enterprise at the “2024 CIFTIS China International Economic Management Technology Forum”, and the Responsible Product Award on Huxiu’s “2024 Sustainable Brand Exemplars List”; receiving the Green Consumption Award for Outstanding Green Development Cases from the Beijing News Zero Carbon Research Institute in 2024; and being recognized as an ESG Value Enterprise by Blue Whale News in 2024.



ESG Governance Benchmark Enterprise



Responsible Product Award on “2024 Sustainable Brand Exemplars List”



2024 ESG Value Enterprise



2024 Green Consumption Award for Outstanding Green Development Cases

Case: Participation in the “2024 Global Apparel Conference – Archroma Sustainability Forum” event

On 22 November 2024, “2024 Global Apparel Conference – Archroma Sustainability Forum” was held in Humen, Guangdong Province. Focusing on cutting-edge theories and practices of sustainable development in the textile industry, the event attracted experts, corporate representatives and stakeholders from upstream and downstream of the global fashion industry chain to explore the strategy of globally accelerating the promotion and application of circular fashion. The Group shared the efforts and achievements in sustainable development by highlighting the vision of steadily advancing sustainability and jointly promoting the stable growth of the industry.

Case: Participation in PwC ESG Seminar

In 2024, Li Ning shared the practices in the field of sustainable development at PwC ESG seminar. As a practitioner within the industry, Li Ning actively fulfills responsible operations by extensive application of renewable energy, energy-saving and emission-reduction upgrades and renovations, and establishment of a responsible supply chain system. Meanwhile, Li Ning is committed to creating environmentally friendly products, exploring the use of new green and low-carbon footwear materials, and widely applying recycled materials. Li Ning also stresses that we will make further efforts to uphold the concept of sustainable development, constantly innovate, and actively respond to challenges, to provide consumers with more green products, and promote sustainable development together with industry partners.

Case: Participation in the ZDHC Solutions Conference

In 2024, ZDHC Solutions Conference focused on the theme of “Leading the Trend: Innovative Chemical Solutions for Sustainable Practices in the Fashion Industry,” sharing advanced practices in sustainable chemical management, supply chain and wastewater management, as well as the ZDHC Gateway and Supplier Platform. Li Ning actively engaged in understanding industry-leading practices, continuously promoted the close integration and innovative development of the fashion industry and sustainable development, and while enhancing our own sustainable development management, collaborated with industry partners to jointly build a sustainable future for the fashion industry.

Case: Participation in Drafting Chinese Textile Industry Standards

In 2024, Li Ning actively participated in the drafting of two group standards, the *Technical Specifications for Carbon Neutral Textile Evaluation* (《碳中和紡織品評價技術規範》) and the *Technical Specifications for Textile Carbon Labeling* (《紡織品碳標籤技術規範》), which fills the gap of relevant standards in the textile industry. Among them, the *Technical Specifications for Carbon Neutral Textile Evaluation* helps enterprises deal with carbon reduction throughout the product lifecycle, several needs such as building carbon-neutral factories by linked enterprises and disclosing product carbon footprints, and establishes mutual references with related standards. The *Technical Specifications for Textile Carbon Labeling* provides a systematic carbon labeling data framework for textile enterprises to promote the green and low-carbon transformation of the industry.

V. **PRODUCT LIABILITY MANAGEMENT**

The Group 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; and strengthen the protection of intellectual property rights, brand protection and responsible publicity.

Product Quality Control

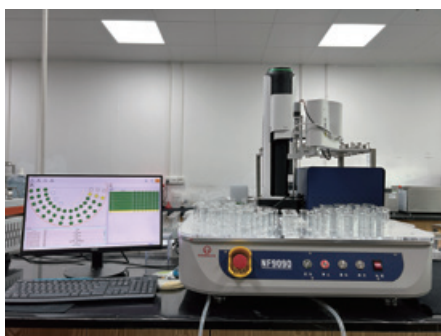
According to the national GB/T 19001-2016 Quality Management System, ISO 9001 Quality Management system requirements and technical specifications for shoes, clothing and accessories, and referring to relevant industry standards, the Group systematically sorted out the control process requirements for each node, and revised the *Li Ning Shoes Product Physical Properties Standard Manual*, the *General Technical Specifications for Footwear Functionality*, the *General Technical Requirements for Functional Clothing*, 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 Group's products quality management standards and improving product quality system.

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

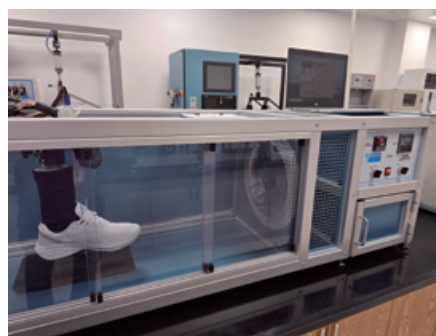
| Stage | Management Content |
|----------------------------------|--|
| Product Research and Development | <ul style="list-style-type: none"> • Set up risk assessment team. A risk assessment team composed of personnel from the product development project team, the Quality Control Department and QA Department is set up to evaluate and analyze potential quality risks in product development every quarter. • 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 product quality. |
| Product Production | <ul style="list-style-type: none"> • Establish joint inspection team. A joint inspection team composed of personnel from the Quality Control Department and the QA 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 Q/LNB 71001-2021 Safety Technical Requirements for Li Ning Products. During product production, suppliers are required to monitor the compliance of chemicals use throughout the whole process, and we will 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. |
| Product After-sales | <ul style="list-style-type: none"> • Quality technical support. A online quality appraisal system and a professional after-sales team have been established to provide customers with quality technical support. • Develop quality management documents. Complete management documents, including the <i>Quality After-Sales Manual</i> and the <i>Procedures for Handling Complaints on Batch Quality Issues</i> are in place, and targeted guidance measures will be taken to ensure that product quality meets relevant standards and requirements. |
| 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, inquiry, and notice of criticism or starting disqualification procedure for unqualified suppliers. • Restricted Substances (RSL) chemical testing. In accordance with the Group's internal restricted substances (RSL) standard – Q/LNB 71001-2021 <i>Safety Technical Requirements for Li Ning Products</i>, samples of raw materials are subject to restricted substances (RSL) chemical testing on a quarterly basis. Any unqualified materials found will cause all materials isolated for scrapping. |

Environmental, Social and Governance Report

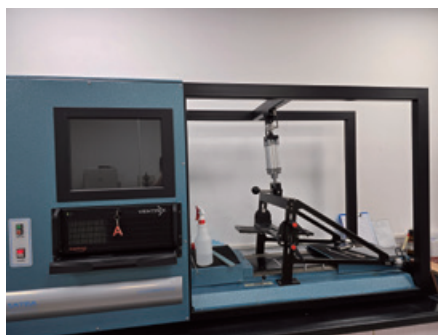
The Group strives to strengthen the product testing management mechanism, and actively participates in the construction of industry standards, to promote the standardized and high-quality development of the industry. In terms of the management of product testing, the Li Ning Center Laboratory is equipped with 292 sets of advanced devices and equipment, including automatic pH testing system, breathability and thermal testing machine of ready-made shoes, computer system for anti-slip testing machine of ready-made shoes, high-temperature DIN abrasion testing machine, servo-controlled tensile testing machine, etc. The devices and equipment comprehensively cover multi-dimensional index testing such as physical properties, safety, function, comfort and applicability, and exert strict quality control on various materials. In addition, the Li Ning Center Laboratory has initiated information-based and automation-oriented management upgrades, and the first phase of the Laboratory Information Management System (LIMS) has been put into trial operation. In terms of the construction of industry standards, in 2024, the Group participated in solicitation of opinions for a total of 11 national and industry standards and 4 group criteria to improve the standardization level of industry standards.



Automatic pH Testing System



Breathability and Thermal Testing Machine of Ready-made Shoes



Computer System for Anti-slip Testing Machine of Ready-made Shoes

Case: Li Ning Footwear Standards and Methods Seminar

In April 2024, the Li Ning Center Laboratory and the shoe quality management department held a seminar on Li Ning footwear standards and methods. At this seminar, approximately 100 relevant personnel of the Group and from cooperating shoe factories and material factories discussed the quality standards and testing methods for Li Ning footwear, to promote the continuous optimization and upgrading of the quality standards for Li Ning footwear, and improve the level of product quality control.



Li Ning Footwear Standards and Methods Seminar

Product Identification and Recall

The Group adheres to the quality-first principle, strictly controls product quality and establishes a comprehensive recall management process for defective products, in an aim to protecting the rights and interests of consumers. In 2024, the Group did not have any incidents of product recalls for safety and health reasons.

We 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 Collection of Defective Products of Li Ning Company Limited*, the *Service Commitment of Three Guarantees of Product Quality*, and the *Product 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 quality hazards 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 Group;
- 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.



Environmental, Social and Governance Report

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 recalled products to minimize the impact on consumers.

For online sales products, the Group stipulates that all goods sold in the online stores enjoy the seven days no reason return or exchange policy and the national three-guarantee policy. If a consumer submits an application for 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 processing flow and relevant requirements for customer complaints. Meanwhile, we constantly review and check the risk points, update the relevant systems of the Group in a timely manner and fully implement them pursuant to the developments or adjustment of the relevant laws and regulations. We proactively listen to customer opinions and improve the quality of customer service. During the current year, we continued to strengthen the customer communication mechanism and enhance our customer service level:

| | |
|---|---|
| Diversified communication channels | <ul style="list-style-type: none">• We established we-media such as Weibo (@Li Ning Official Weibo), Li Ning CLUB WeChat official account and WeChat Mini Program, and set up customer connection channels such as “400 Customer Care Hotline” (400-610-0011), public email (ccc.support@li-ning.com.cn) and voice message, realizing 24/7 hours full support. |
| Efficient response to customer complaint | <ul style="list-style-type: none">• In response to consumer complaints, our customer complaints specialists follow up and timely call back to consumers about their complaints and requirements. With the principle of “first-ask-responsibility”, the specialist 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 summarize and review the complaints in a timely manner to improve our management. |
| Intelligent service technology | <ul style="list-style-type: none">• We have built an all-round integrated information system for business flows of after-sales and front-end store to achieve real-time sharing of order information, customer feedback, after-sales progress and other data. Once receiving complaints, customer service staff can quickly retrieve information on the entire process, accurately locate the root cause of the problem, and improve processing efficiency;• We apply intelligent technology to support customer service operations and use technical means to successfully resolve nearly 20% of customer inquiries, which have effectively alleviated the pressure on customer service, and made complaint handling more timely and efficient, and improved customer experience in an all-round way. |
| Consumer satisfaction survey | <ul style="list-style-type: none">• We continued to strengthen communication with consumers, and push online survey questionnaires exclusively to members, covering shopping experience, product quality, logistics and delivery, etc. Offline stores invite customers to scan codes to leave comments, ensuring that different consumption scenarios are covered, and promptly escalate consumer feedback to relevant departments of the Group. |

In 2024, the total number of valid consumer complaints received by the Group’s headquarters and complaints received by the Market Supervision and Administration Bureau was 2,534. Our e-commerce platform received 233 consumer complaints through the Market Supervisory Authority. Upon receipt of complaints, the Group 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 current 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*, the *Cyber Security Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Measures for the Administration of Information Security Level Protection*, the *Measures for Security Assessment for Data Outbound Transfer*, the *Civil Code of the People's Republic of China*, etc. We continue to improve the data compliance management system and work processes, enhance data security management, improve the full life cycle management system of data collection, processing, storage and destruction, optimize data classification standards and formulate corresponding protection measures. We also organize information security training and publicity activities to enhance employees' sense of responsibility. In 2024, the Group had no incidents of customer information and data leakage.

During the current year, to enhance the management quality and efficiency of data and information security, we developed comprehensive information security management initiatives:

- **System optimization and improvement:** We updated the daily information security requirements and norm of conduct for staff, improved the information security protection system in the process of information technology system construction and maintenance, which included *Specification for the Safe Use of the Email System of Li Ning*, *Specification for the Safe Use of Terminal Equipment of Li Ning*, *Baseline Requirements for the Security of the Construction of the IT System* and *Security Standards for the Launch of the IT System*, etc., to ensure that the applets currently used by the Group complete the registration work on time, and make integration plan for applets with similar functions.
- **Establishment of management structure:** We set up the Group's data security governance team jointly with the Supervision and Audit Department and the Human Resources Department to analyze the risks of internal and external data leakage of the Group, evaluate the impact of information security incidents on the Group's business, conduct special governance on terminal security control and data leakage prevention in compliance with laws, and complete the security reinforcement of the email system, archiving of key business data, and disaster recovery and backup of core systems.
- **Improvement 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.
- **Response to cross-border risks:** We take full consideration of the cross-border risks of personal information during information interaction between Singaporean and mainland systems, and formulate privacy policies and user agreements for Singapore membership based on the compliance requirement of Singapore. For registered members in Singapore, we provide localized membership management system and marketing activities tailored specifically to the Singapore region, and the relevant data of local member registration and operations are stored separately in the membership system and retail POS system deployed overseas.

In addition, we continue to strictly ensure information security in the management through “new technical means + encrypted transmission + log storage” to prevent data risks in all aspects. For example, by implementing technologies such as next-generation firewalls, DLP leakage prevention, and threat traffic monitoring, data security risks in business systems and employee office networks are fully identified and monitored; 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; customer service staff are unable to obtain consumer’s personal information in bulk; all customer service personnel operating records are stored in the system log.

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

- We organize lectures on data security-related laws and regulations and compliance lecture on the protection of personal privacy information. Meanwhile, we conduct specialized information security training to clarify the classification of the Group’s data confidentiality, standard software list, and standardized use.
- We promote security awareness through WeCom and the Group’s email, including personal account and password protection measures, spam identification and prevention methods, anti-phishing and anti-fraud case sharing.
- We carry out centralized training for customer service personnel upon joining the Group to enhance their ability to identify sensitive information. We conduct regular training on the protection of consumer information and privacy in daily work to standardize business docking processes, and strengthen the publicity and warning of information security education.

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

- **Emergency response process:** Firstly, the information security working team quickly adjust the security policy of network security equipment, find the source and isolate the incident area, and coordinate the Group’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 actively summarize experience, analyze 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.

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 Group'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 daily work, we strictly prohibit the provision of any customer information to third parties without the authorization of the customer, and all customer information and materials are strictly protected and properly stored to ensure that authorized personnel read and use relevant materials within the scope of authorization.

Intellectual Property Rights and Brand Protection

In strict compliance with the relevant requirements of laws and regulations such as the *Trademark Law of the People's Republic of China*, the *Implementation Regulations of the Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Implementation Regulations of the Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Implementation Regulations of the Copyright Law of the People's Republic of China*, the *Copyright Collective Management Regulations*, the *Advertising Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, the *Implementation Regulations of the Law of the People's Republic of China on Protection of Consumer Rights and Interests*, the *Interim Provisions on Anti-Unfair Competition on the Internet*, the *Measures for the Administration of Internet Advertisements*, the *Guidelines on the Enforcement of Absolute Language in Advertisements* and the *Computer Software Protection Ordinance*, the Group constantly strengthens the protection of intellectual property rights and standardize the process of 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 management. In 2024, the Group submitted a total of 91 trademark applications, 98 patent applications and 33 copyright registrations.

- **Product design risk control:** The Legal Department participates in the audit of the Group's design products and external publicity materials, promptly audits and identifies potential infringing products during the product selection and ordering process, and communicates and adjusts the product solutions in order to avoid intellectual property risks in advance. Furthermore, the Legal Department conducts intellectual property compliance reviews on design drafts uploaded to the system by designers to control the intellectual property risks related to product design.
- **Intellectual property training:** We conduct regular training on intellectual property protection for employees, including routine legal updates, internal intellectual property protection system promotion and sharing of intellectual property case, to continuously enhance employees' awareness of intellectual property rights and their self-regulatory capacity to avoid infringing activities.

- **Intellectual property default liability:** We set up declaration clauses in the *Materials Cooperation Agreement*, *Product Processing and Ordering 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.
- **Confirmation and 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 shall strictly comply with the rules and regulations of the Group; 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. We actively implement intelligent advertising audits and continuously enhance the quality and efficiency of audit processes to ensure the compliance of marketing materials and avoid the risks associated with false advertising.

In order to enhance awareness of marketing compliance and risk prevention, the Group promotes and popularizes relevant laws and regulations from time to time, such as explaining the contents and notes of the *Regulations on the Implementation of the Law on the Protection of Consumer Rights and Interests of the People's Republic of China*, the *Interim Provisions on Anti-Unfair Competition on the Internet* and the *Live Streaming Sales Compliance Guidelines of Beijing*. At the same time, the Group has formulated and issued guidelines for marketing compliance and legal risk control, such as the *Compliance Guidelines for Prize-giving Sales Activities*, the *Compliance Guidelines for Member SMS and Telephone Marketing*, the *Compliance Guidelines for Marketing to Minors*, and the *Legal Risk Control Guidelines for Event Operations* to promote the standardized management of the Group's marketing exercises and improve employees' awareness of marketing compliance.

In terms of brand protection, we have formulated the *Li Ning Logo Use Specification* to strengthen the segmented management of brand logos. In case of any necessity to use the trademark in our 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:

- We regularly monitor the trademark and key technology squatting on a monthly basis, and strictly implement the management on defending rights and combating counterfeits;
- We 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 make a complaint to the platform and remove them from the shelves;
- We 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 the *Criminal Law of the People's Republic of China*, the *Criminal Procedure Law of the People's Republic of China*, the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *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, thus ensuring clean and efficient operations.

The Group constantly improves anti-corruption internal management standards, and has formulated systems and measures, such as the *Anti-Corruption and Anti-Bribery System of Li Ning Group*, the *Complaint Reporting Procedure*, the *Retail Store Operation Management Manual*, the *Financial Management and Punishment Standards*, the *Cash Expenditure System*, the *Employee Handbook*, the *Non-productive Procurement Management System* and the *Tendering and Bidding Management Measures*, which clearly stipulate the anti-corruption management processes and punishment standards, and cement the guarantee of anti-corruption management system. In 2024, the Group had two corruption lawsuits, both of which have been concluded and handled in a standardized manner.

The Group is determined to crackdown corruption, favoritism and malpractice and standardize management and supervision mechanisms to continuously strengthen internal control, audit and supervision on business. Our audit and supervision efforts involve matters related to professional ethics. By combining key audits with effective internal control inspections, we ensure that all departments of the Group are subject to the audit of professional ethics every three years, which covers but not limited to the revision, update and implementation of relevant policies and systems, the effectiveness of daily work procedures and system support, etc., so as to continuously strengthen the supervision and management of employees' behaviors and professional ethics.

The Group continues to improve the corruption reporting mechanism, and strictly carries out anti-corruption management work in accordance with the *Complaint Reporting Procedures*.

- **In terms of reporting channels:** we set up reporting mailboxes, senior management complaint mailboxes, HR system complaints and employees' independent reporting to ensure that reporting channels are unobstructed.
- **In terms of report handling process:** in light of the information on complaints and reports, we strictly verify the information authenticity, and investigate and handle based on relevant evidence and materials, in an aim to resolutely crack down on violations of regulations and disciplines.
- **In terms of whistleblower protection:** we strictly keep the whistleblower's information confidential, and set up anonymous reporting methods to protect the whistleblower's rights and interests, while prohibiting any retaliation or discrimination against whistleblowers arising from the reporting of violations of laws and regulations.

The Group strictly implements the anti-corruption management mechanism for suppliers and partners by requiring all suppliers to sign the *Commitment Letter of Anti-corruption and Anti-bribery*, which specifies the “zero tolerance” attitude and “resolutely ban” approach towards corruption. We conduct relevant investigations on suppliers in the form of completing anti-corruption and anti-bribery periodic surveys every six months. Suppliers are encouraged to report any corruption and provide verifiable information and clues, enhancing their initiative and engagement in anti-corruption.

The Group has actively launched anti-corruption training and strengthened anti-corruption capacity building to promote a clean culture and enhance employees’ awareness of anti-corruption. In 2024, the Group carried out anti-corruption training for all employees, with a total of 14,219 times of participation. The details of the training are as follows:

- The Board and senior management of the Group were arranged to watch and learn from the series of anti-corruption educational videos entitled “Continuous efforts, in-depth advancement” (《持續發力 縱深推進》), to enhance the awareness of anti-corruption and anti-bribery and establish a clean and upright atmosphere by focusing on political supervision and guarantee, improved conduct and enforced discipline, and the integrated promotion of the “three non-corruption”.
- All employees were guided to learn the internal anti-corruption and anti-bribery system, with efforts to strengthen their anti-corruption awareness and integrity and self-discipline awareness through various forms such as special training, notifications, and tips.

The Group takes active participations in the industry’s anti-fraud and anti-corruption alliance. As a member of the Anti-Fraud Alliance and a member of the Trust and Integrity Enterprise Alliance, the Group is resolute to maintain an internal work style of integrity and honesty and jointly builds a fair and clean business environment.

VII. COMMUNITY INVESTMENT MANAGEMENT

Staying committed to the original aspiration, the Group has actively fulfilled social responsibilities by launching various public welfare activities, caring for distressed women and children, and assisting the growth of young people in poverty-stricken areas. It also organized public welfare activities to promote sports culture, thus contributing to the harmonious development of society.

Charity Donation for Supporting Public Welfare

The Group keeps close attention to public welfare, actively participates in charity activities and assist people in difficulty in a way that practices responsibilities of a corporate citizen.

Convey care and warmth – joining hands with the China Women's Development Foundation to donate charitable materials

As an important strategic partner of the China Women's Development Foundation, the Group has actively participated in public welfare programs such as "Mother's Parcel Post" "Emergency Disaster Relief and Preparedness" "Super Moms" and "The Genius Mom" since 2012. In 2024, we continued to work with the China Women's Development Foundation to support the series of charity activities entitled "Taking Love Home in 2024".

- On 11 January, the "2024 Taking Love Home-Guangxi Charity Travel" event was held in Longzhou County, Chongzuo City, Guangxi Zhuang Autonomous Region. The Group donated charitable materials of RMB1 million to the Guangxi Zhuang Autonomous Region through the CWDF to provide support and sympathy to grassroots workers such as medical care personnel, sanitation workers in Chongzuo City, Nanning City and Laibin City, as well as women, families and students in difficulty.
- On 15 January, at the "2024 Taking Love Home" donation event held in Jingmen City, Hubei Province, the Group donated charitable materials of RMB1 million to Hubei through the CWDF for supporting and comforting female community workers, female medical workers, female sanitation workers and local distressed women and children in Jingmen City.



Participate in the "2024 Taking Love Home" Themed Charity Donation Event

Deliver warmth – Targeted donation of clothing and supplies

In active responses to the needs of all sectors of society, the Group extensively carries out material donation activities, playing a leading role of an enterprise. In 2024, the Group rolled out various targeted donation activities:

- In January 2024, in response to the needs of the China Development Research Foundation, the Group made a targeted donation to a designated kindergarten in the earthquake-stricken area of Qinghai, providing 200 down jackets for children involved.
- In January 2024, the Group participated in the “Ning Lighting up, Delivering Warmth with Clothes” (「愚」Ning 点亮,「衣」起暖心) event held by the Party Working Committee of Jiangsu Road Street in Changning District, Shanghai, and donated 1,000 pieces of winter clothes to community volunteers, new-era city builders and other groups before the Spring Festival.
- In September 2024, the Group responded to the Guangdong-Guangxi assistance and cooperation project initiated by Shenzhen Qianhai Administration Bureau by targeted donation of clothing and supplies of RMB100,000 to the Baise National Sports School in Guangxi.



Participate in the “Ning Lighting up, Delivering Warmth with Clothes” Charitable Clothing Donation Event

Educational support and youth talent development

The Group attaches great importance to supporting the holistic development of young people. In August 2024, the Group donated HK\$8 million to the Hong Kong Association of Youth Development and HK\$5 million to the Hong Kong Army Cadets Association respectively to support the provision of opportunities and appropriate environments for youth development, cultivating holistic growth and nurturing vital qualities in the new generation, including self-reliance, self-discipline, self-confidence, sense of responsibility, leadership capabilities, and commitment to service through diversified activities.

Cultivate people with sports, create the future

The Group adheres to the concept of “serving the public with the spirit of sports” (以體育精神服務大眾), firmly supports the development of youth sports, and promotes the development of diversified sports charity activities in a way that contributes to building a leading sports nation.

Support for construction – providing sports equipment for the Youth Football Invitational Tournament in the Central and Western Regions

In response to the call of the nation, the Group takes the promotion of youth sports as the original aspiration to help the development of campus football in the central and western regions in combination with public welfares. In 2024, we became the sports equipment provider for the Youth Football Invitational Tournament in the Central and Western Regions, supporting the youth football cause in the Central and Western Regions, thus gathering more strength to promote the popularization of youth campus football and the vigorous development of rural revitalization in the central and western regions.

Linked support – helping the development of youth sports

On 19 August 2024, Jimmy Butler, an international basketball player signed by the Group, started his 2024 China Tour. During the tour, the proceeds from the auction of Butler's signature basketball shoes were donated for the construction of basketball court in Taijiang County, Qiandongnan Prefecture, Guizhou Province. In addition, Butler also participated in the Li Ning TOP24 Basketball League and the Yao foundation charity competition to further contribute to the development of youth sports.

On 24 August 2024, the Li Ning TOP24 Basketball League kicked off in Shanghai. 24 youth elite players showed their strength to numerous well-known coaches, scouts and a broad audience. Jimmy Butler made a surprise appearance and coached the two teams in person. Three outstanding youth players were selected for the Li Ning TOP24 "Elite Player Program" for further cultivation. In the future, Li Ning will create more training and development platforms as well as overseas special training opportunities for them.

The Li-Ning TOP24 Basketball League is a professional sports event created by the Li-Ning Basketball Academy for Chinese teenagers, which aims to connect schools and professional events, discover youth basketball elite crowd, spread basketball culture, and provide a high-quality training, competition and communication platform for youth basketball, thus boosting the development of Chinese youth basketball. With five years' efforts, it has successfully cultivated a number of talents for Chinese basketball.



Li-Ning TOP24 Basketball League

At the 12th Yao Foundation Charity Competition, stars including Butler actively interacted with outstanding young players from the "Yao Foundation Hope Primary School Basketball Season" and the Hong Kong and Macao Youth Team, encouraging the young players to keep fighting for higher-level games and stages.

As the "Equipment Partner of the 2024 Yao Foundation Charity Competition", the Group has provided professional sports equipment support to domestic and overseas basketball stars, young player representatives and participants for two consecutive years. It practices the concept of "cultivating people with sports", to create a healthier and better tomorrow for the development of youth sports in China.



The 12th 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 | | |
| Aspect 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. | 2024 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). | 2024 Environmental Performance |
| A1.3 | Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 2024 Environmental Performance |
| A1.4 | Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 2024 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 |
|---|---|---|
| Aspect A2 Use of Resources | General disclosure | Environmental Management |
| | Policies on the efficient use of resources, including energy, water and other raw materials. | |
| | <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i> | |
| | 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). | 2024 Environmental Performance |
| | A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 2024 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 |
| Aspect A3 Environment and Natural Resources | 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, 2024 Environmental Performance |
| | A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced. | 2024 Environmental Performance |
| | General disclosure | Environmental Management |
| Aspect A4 Climate Change | Policies on minimising the issuer's significant impacts on the environment and natural resources. | |
| | A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Environmental Management |
| | General disclosure | Climate Change Risk Management |
| Aspect A4 Climate Change | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | |
| | 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 | | |
| Aspect 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> <p>B1.1 Total workforce by gender, employment type (for example, full or part- time), age group and geographical region.</p> <p>B1.2 Employee turnover rate by gender, age group and geographical region.</p> | <p>Employment Management</p> <p>Lawful Employment to Safeguard Rights and Interests</p> <p>Lawful Employment to Safeguard Rights and Interests</p> |
| Aspect 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> <p>B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p> <p>B2.2 Lost days due to work injury.</p> <p>B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p> | <p>Safety Security and Health</p> <p>Safety Security and Health</p> <p>Safety Security and Health</p> <p>Safety Security and Health</p> |

| Aspect | Content | Section |
|--|--|---|
| Aspect B3 Development and Training | General disclosure: | Talent Training and Value Creation |
| | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | |
| | <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i> | |
| | 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 |
| Aspect B4 Labor Standards | General disclosure: | Employment Management |
| | Information on: | |
| | (a) the policies; and | |
| | (b) compliance with relevant laws and regulations that have a significant impact on the issuer | |
| | relating to preventing child and forced labor. | |
| | 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 |

Environmental, Social and Governance Report

| Aspect | Content | Section |
|---|--|--|
| Operating Practices | | |
| Aspect B5 Supply Chain Management | General disclosure | Win-Win Management |
| | Policies on managing environmental and social risks of the supply chain. | |
| | 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 |
| Aspect B6 Product Liability | General disclosure: | Product Liability Management |
| | Information on: | |
| | (a) the policies; and | |
| | (b) compliance with relevant laws and regulations that have a significant impact on the issuer | |
| | relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | |
| | B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Product Identification and Recall |
| | 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 |
|-----------------------------------|--|--|
| Aspect 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> <p>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.</p> <p>B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p> <p>B7.3 Description of anti-corruption training provided to directors and staff.</p> | <p>Anti-corruption Management</p> <p>Anti-corruption Management</p> <p>Anti-corruption Management</p> |
| Community | | |
| Aspect 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> <p>B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).</p> <p>B8.2 Resources contributed (e.g. money or time) to the focus area.</p> | <p>Community Investment Management</p> <p>Community Investment Management</p> <p>Community Investment Management</p> |