



EMPLOYMENT MANAGEMENT

Li Ning Group (hereinafter referred to as 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.

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.

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% in 2024. The Group engages in regular communication with employee representatives on relevant topics, including collective agreements, the rights of female employees and etc., with such discussions occurring at least once annually.

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.

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 based on meeting national minimum wage requirements, 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. In 2024, the overall coverage rate reached 100%.

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% in 2024. For our senior employees, we provide them with seniority souvenirs and organize farewell ceremonies for our retired employees. Additionally, in cases of organizational change, business transformation, or restructuring, we are committed to providing affected employees with alternative internal opportunities aligned with their existing or transferable skills to secure their employment. When making internal hiring decisions, we prioritize employees at risk due to restructuring. For employees who cannot be accommodated internally, we provide severance pay to affected staff in accordance with national statutory standards.

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.

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.

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.

● 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.

● 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.

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:



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, in order to assisting them for better development in the Group:

- **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” 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. We have also established a corporate branch of the national postdoctoral research workstation, providing new employees in relevant fields with a high-end research platform and development support.
- **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 in 2024, and configuring a dual-mentor system and an independent operation mechanism, including engaging external professional lecturers and selecting internal company trainers, such as professional lecturers from consultancy companies (for example, Business Creative Consultant) and senior industry experts, to focus on enhancing trainees’ core competencies in strategic analysis, innovative leadership, and complex project management. By integrating internal and external resources, we ensure the growth of 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.

Additionally, we have provided all employees with compliance knowledge through the WeCom platform. Based on professional needs, we have supported relevant employees in obtaining

external certifications such as ISO internal auditor credentials and accessing paid platforms (e.g., China Legal Executive Council) for compliance training.

Staff Training in 2024			
Indicator		Percentage of training (%)	Average training time (hour) ¹
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

¹ The statistical coverage includes the headquarters and retail subsidiaries, and excludes the Nanning Li Ning Center