

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

In 2020, the Group continued to focus on the core values of “Winning the Dream”, “Consumer Oriented”, “Our Culture” and “Breakthrough” to strive to realize the vision of “becoming a world-class professional and fashionable sports brand originated in China and recognized by the world”. The Group was committed to building the “Li Ning experience value” integrating product experience, sport experience and purchase experience, attached great importance to promoting the professionalism and function of the products by grasping opportunities and embracing challenges. Taking “Igniting Passion with Sports” as its mission, the Group strived to contribute to the society and pragmatically carried out the responsible corporate citizenship attitude to all aspects of the Group’s business development. The Group has always believed that sports is not only a simple competition or fitness, but also plays the role of public welfare and social education. The Group carried out social responsibility activities based on this principle and made continuous progress on sustainable development.

ESG Management Structure and Philosophy

The Group has established the ESG management structure to ensure the highly efficient and orderly implementation of ESG work. The Board assumes full responsibility for ESG strategy and reporting, supervises the management of ESG, and reviews the content of the ESG report before disclosure. The Board has established the ESG Management Committee, which is responsible for reporting to the Board regularly, formulating ESG strategies, and promoting the implementation of specific works by the ESG execution teams. The ESG execution team will be responsible for coordinating relevant departments in formulating ESG management system, setting mid-to-long term ESG goals, and evaluating ESG risks and opportunities.



The Group incorporated the ESG philosophy into its daily operation by actively implementing energy conservation and emissions reduction measures, paying close attention to the impact of climate change and building the value chain of sustainable development. It also placed strong emphasis on protecting the rights and health of employees, realizing mutual development with employees, safeguarding customer rights and interests, protecting customer privacy, maintaining clean operation and enhancing the public participation. The Group continued to promote the sustainable development of itself and the society.

ESG Management Strategy

The Group has formulated ESG management strategies for aspects such as environmental protection, care for employees, supply chain management, product responsibility, anti-corruption and community investment that are in line with the Group's development strategies.

In respect of environmental protection:

- Comply with the laws and regulations regarding environmental protection of the places where the Company operates; actively and consistently adhere to the development philosophy of "lucid waters and lush mountains are invaluable assets";
- Implement energy conservation and emission reduction measures, rationally use clean energy, improve energy use efficiency, set energy conservation and emission reduction targets, and actively respond to climate change;
- Develop the concept of green office, enhance employees' awareness of environmental protection, promote paperless office, implement the principle of green procurement, and give priority to the purchase of green and environmental-friendly equipment;
- Adopt advanced technology, research and develop environmental-friendly recycled fabrics, integrate environmental protection into the product concepts and promote sustainable development.

In respect of care for employees:

- Comply with the laws and regulations regarding employment of the places where the Company operates, strictly eliminate the employment of child and forced labour and adhere to the people-oriented employment philosophy;
- Safeguard the legitimate rights and interests of the employees, abide by the state regulations on working hours, improve the social security and remuneration and benefit system, build a diverse team of employees and adopt a "Zero-Tolerance" policy for discrimination;
- Care for the physical and mental health of the employees, constantly improve the staff health management system and establish a cohesive and friendly workforce;
- Provide diversified training, cultivate all-round talents, and help employees to plan their career development, hence fostering mutual growth of both the employees and the Company.

In respect of supply chain management:

- Strictly implement supplier introduction, assessment and termination process, strengthen supplier assessment requirements, and urge supply chain to improve ESG performance;
- Continuously improve the supplier ESG management system with the benchmark of international standards and best industrial practices, standardize the supply chain ESG management system and process, and build a sustainable value chain with concerted efforts;
- Improve the environmental protection concept of suppliers, continue to carry out environmental compliance and carbon emission management in the supply chain, encourage suppliers to strengthen the implementation of energy conservation and emission reduction measures, and urge suppliers to carry out self-examination on the environmental performance;
- Evaluate suppliers' chemical risk comprehensively, supervise suppliers' full-process management on chemicals, and urge suppliers to improve their chemical management level;
- Enhance social responsibility management of supply chain, urge suppliers to protect employees' rights and interests, prohibit child and forced labour, and promote suppliers to develop and build safe, inclusive and mutually respectful workplaces;
- Actively promote industry collaboration, strengthen industry exchanges, participate in the formulation of industry standards, promote the zero-emission of hazardous chemicals in the production process, and jointly enhance the competitiveness and discourse power of the industry in the global market.

In respect of product responsibility:

- Strengthen management on advertising, labelling and intellectual property to enhance brand recognition, enhance brand awareness and protect brand reputation;
- Facilitate product innovation, maintain stable quality control, and provide high quality products to consumers;
- Safeguard the legitimate rights and interests of consumers, protect consumers' privacy and information security, and improve customer complaint handling skills and after-sales service.

In respect of anti-corruption:

- Adhere to the business philosophy of integrity, and take zero-tolerance attitude toward corrupt behaviors of employees and suppliers;
- Conduct anti-corruption training, set up channels for reporting of corruption and bribery, encourage employees to practice the business philosophy of integrity, and maintain an honest office environment.

In respect of community investment:

- Incorporate the sports culture and sportsmanship into charitable events, thereby showing agape love through sports activities, enhance communication with communities and encourage sports-for-all and healthy living style;
- Actively respond to the national policy of poverty alleviation, lend a helping hand to people living in poverty-stricken areas to improve their living standard and provide financial aid to encourage impoverished students to continue their studies;
- Call on the public to care for children with mental disabilities, AIDS and other special needs groups, so that they can receive more care, inclusiveness and acceptance;
- Attach great importance to national sports education with strengthened efforts in promoting the cooperation between the Group and schools and providing support for the cultivation of sports talents.

Actions for Sustainable Development

In 2015, the United Nations officially adopted the “Transforming our World: The 2030 Agenda for Sustainable Development”, and put forward 17 Sustainable Development Goals (SDGs), aiming at enhancing world peace and freedom, eradicating poverty and hunger, achieving gender equality, addressing problems of climate change, living in harmony with nature and promoting global common prosperity.

In September 2016, China promulgated China’s National Plan on Implementation of the 2030 Agenda for Sustainable Development, which, in light of China’s national conditions, formulated plans for the implementation of the 17 SDGs. The Group has taken concrete actions in response to the national plans, and responded to the global call by actively undertaking its responsibilities on the way to achieve global sustainable development, and making possible contributions to help realize the 2030 Sustainable Development Goals.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2020
<p>SDG1 No poverty</p> 	<ul style="list-style-type: none"> • Improve social security system and implement the plan for universal participation in social insurance • Implement precision poverty eradication and relief for rural poor population 	<ul style="list-style-type: none"> • Strictly comply with the "Social Insurance Laws of the People's Republic of China" (《中華人民共和國社會保險法》) to establish a comprehensive social security system and provide social security benefits for its employees. • Provide "five insurances and housing provident fund" and maintain accidental injury insurance and supplemental medical insurance for its employees. • Carry out public welfare projects such as "Helping Outstanding High School Students from Families with Financial Difficulty in Laibin" and "Li Ning Scholarship in Laibin" to support outstanding high school graduates with financial difficulties. • Donate clothing to the impoverished orphans in the "AIDS Affected Children and Adolescents Care and Relief Programme" in conjunction with the Chinese Association of STD and ADIS Prevention and Control.
<p>SDG2 Zero hunger</p> 	<ul style="list-style-type: none"> • Ensure that everyone has safe, nutritious and sufficient food all year • Provide nutrition guidance and intervention for targeted groups such as teenage girls, pregnant women, women who are lactating and elderly women 	<ul style="list-style-type: none"> • Since 2012, the Group has collaborated with China Women's Development Foundation to organize charitable events. The "Postal Parcels for Mothers" Programme was organized every year to lend a helping hand to mothers struggling with poverty.
<p>SDG3 Good health and well-being</p> 	<ul style="list-style-type: none"> • Promote equality of and accessibility to basic medical and healthcare services 	<ul style="list-style-type: none"> • Establish a four-in-one staff health management system covering health examination, healthy exercise, healthy diet and supplementary medical treatment. In addition to statutory medical insurance, maintain supplementary commercial insurance covering accident insurance and critical illness insurance for its employees free-of-charge. • Establish physical rehabilitation research centers and health consultation rooms to provide its employees with basic medicines for treating and preventing common diseases.
<p>SDG4 Quality education</p> 	<ul style="list-style-type: none"> • Safeguard equal rights of underprivileged groups for receiving compulsory education • Implement a model for cultivation of technologies, skills and talents through collaboration between the Group and schools • Strengthen sports education in schools 	<ul style="list-style-type: none"> • Join hands with Chinese Athletes Educational Foundation to support the education and sports development in poverty-stricken and remote regions in China with the construction of "Chinese Athletes Hope Primary Schools" and "All-weather Playgrounds". • Carry out public welfare projects such as "Helping Outstanding High School Students from Families with Financial Difficulty in Laibin" and "Li Ning Scholarship in Laibin" to support outstanding high school graduates with financial difficulties.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2020
<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 offering public childcare services 	<ul style="list-style-type: none"> • Combat gender discrimination in employment, wages, benefits, promotion, training, dismissal and retirement. • Prohibit suppliers from involving with any form of gender discrimination in recruitment, establishment of labour relations, access to training, salary, benefits, social insurance, etc. • Establishment of "Home of Employees" and Li Ning & OCEG (Koala Educare) Kindergarten so as to assist the employees to maintain a balance between work and family life.
<p>SDG6 Clean water and sanitation</p> 	<ul style="list-style-type: none"> • Significantly increase the proportion of treated compliant wastewater by strengthening the supervision and monitoring over major water functional zones and river outlets • Comprehensively promote the development of a water-saving society by strengthening the management over water demand and water utilization process 	<ul style="list-style-type: none"> • Conduct drainage for anti-freezing purpose, and use landscape pond drainage to carry out watering of plants within the park for anti-freezing, thus to improve the utilization rate of water resources. • Conduct regular maintenance of water-use equipment to prevent water resource waste caused by the leakage of equipment. • Post promotional slogans about water conservation in common areas such as restrooms and pantries. • Require suppliers to develop management systems to reduce the discharge of wastewater from production and operation activities and strictly prohibit the illegal discharge of sewage. • Conduct stringent review of the wastewater monitoring report and sewage discharge permit of the Group's suppliers and carry out tests on suppliers' wastewater data to enhance the monitoring and control over wastewater along the supply chain. • Require the suppliers to conduct at least one wastewater test per year, with T2 plants currently conducting wastewater testing accounting for more than 95% of the material orders. • Participate in the formulation of and comply with ZDHC Wastewater Guidelines.
<p>SDG7 Affordable and clean energy</p> 	<ul style="list-style-type: none"> • Optimize the energy structure by enhancing the utilization rate of fossil fuel energy and increasing the proportion of clean energy consumption • Develop modern energy system that is clean, low carbon consumption, safe and highly efficient 	<ul style="list-style-type: none"> • Install solar panels at the roof-top of the buildings within the office park of the Beijing headquarters, thereby providing part of the electricity required for daily operation in the office park. • Install air conditioning and fresh air units to fully utilize the low temperature environment during winter to cool down the machine room and reduce electricity consumption. • Install plenty of electric vehicle charging piles in the office park in the headquarters to encourage employees to commute by environmental-friendly electric vehicles. • Encourage and promote suppliers to manage energy system and regularly track and streamline the energy consumption data of suppliers.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2020
<p>SDG8 Decent work and economic growth</p> 	<ul style="list-style-type: none"> Promote the development of the manufacturing industry towards a high-end, intelligent, green and service-oriented direction Improve the employment and entrepreneurial service system and implement a life-long vocational skills training system 	<ul style="list-style-type: none"> Organize targeted training activities on various knowledge, skills and attitudes for employees, and provide a diversified development mechanism to enhance the employees' comprehensive quality. Strengthen the development of internal online learning platform, covering general skills, professional skills, management skills, corporate culture and other types of course contents.
<p>SDG9 Industry, innovation, and infrastructure</p> 	<ul style="list-style-type: none"> Accelerate the upgrading and transformation of traditional industries and promote low-carbon industrial energy use 	<ul style="list-style-type: none"> Join China National Textile and Apparel Council Life Cycle Assessment (CNTAC-LCA) Working Group to jointly guide the industry to accelerate green transformation, optimize energy conservation and emission reduction and environmental management path of supply chain. Assist the Social Responsibility Office of China National Textile and Apparel Council in compiling the "Circular Fashion: Prospects of China's New Textile Economy", and jointly discuss on the current situation and opportunities of industrial circular transformation, circular economy and sustainable fashion as an expert committee. Join the China 2030 Action for Climate Innovation to promote the industrial transformation towards low carbon operation
<p>SDG10 Reduced inequalities</p> 	<ul style="list-style-type: none"> Attach great importance to providing equal opportunities and ensuring equal rights of participation and development for all employees Consistently promote growth of both resident income and the economy, as well as growth of both salary and work productivity at the same time 	<ul style="list-style-type: none"> Always adhere to the principle of openness, fairness, competition and merit-based in the recruitment process and offer equal employment opportunity and fair remuneration package for all candidates. Design a scientific and efficient salary management system, and give extra rewards to outstanding talents to attract, motivate and retain outstanding talents.
<p>SDG11 Sustainable cities and communities</p> 	<ul style="list-style-type: none"> Implement development strategy that prioritize public transportation to promote the development of sustainable urban transportation system 	<ul style="list-style-type: none"> Encourage the staff to use public transportation and provide convenient shuttle bus services for staff working in the office park of the Group's headquarters to reduce carbon emission for commuting to work.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2020
<p>SDG12 Responsible consumption and production</p> 	<ul style="list-style-type: none"> • Reduce the adverse impact of chemicals on human health and the environment • Significantly enhance the level of green chemical engineering technology • Strenuously develop circular economy with significant increase in the recycling of major types of wastes • Comprehensively promote the extended producer responsibility system to encourage enterprises to fully implement the concept of sustainable development in their production management 	<ul style="list-style-type: none"> • Exercise all-round supervision over the use of chemicals, to control the quality of raw materials, and ensure the health of customers at source. • Process the waste coffee grounds into recyclable "Coffee Carbon Fiber", an environmental-friendly fabric, and then convert the fabric into "Coffee Carbon Fiber" environmental-friendly limited T-shirt. • Use waste plastic bottles to process into environmentally friendly-recycled materials for making socks. • Advocate environmental protection concepts to increase customers' acceptance of products produced under circular economy. • Formulate "Manufacturing Restricted Substances List and Policy of Li Ning Company (《李寧公司生產工藝中限用物質清單政策》)" and "Tools for Quarterly Review of Environmental Evaluation of Suppliers of Li Ning (《李寧供應商環境審核季度評估工具》)" to specify the management and control of restricted substances in the production process. • Conduct on-site chemical management audit for key material suppliers using the Chemical Management Performance Audit Tools of Li Ning. • Suppliers are required to sign the "Declaration of Compliance Regarding the Manufacturing Restricted Substances List (MRSL) of Li Ning Company (《李寧公司生產工藝中限用物質(MRSL)遵從聲明書》)". • Formulate and promulgate the "Manual for Social Responsibility Management of Suppliers of Li Ning (《李寧供應商社會責任管理手冊》)" to optimize the social responsibility management system of the supply chain. • Formulate the "Code of Conduct Regarding Social Responsibilities of Suppliers of Li Ning (《李寧供應商社會責任行為準則》)" to incorporate the requirements such as harmonious employment relationship, rights of employees, health and safety and environmental protection into the strategies and evaluation systems of supplier management.

SDGs	China's National Plan Regarding SDGs	Actions for Sustainable Development taken by the Group in 2020
<p>SDG13 Climate action</p> 	<ul style="list-style-type: none"> • Popularize the knowledge about climate change and low-carbon development concepts with guidance to the general public for active participation in actions against climate change 	<ul style="list-style-type: none"> • Enhance employees' awareness of energy conservation and promote green lifestyle. • Encourage staff to more frequently use environmental-friendly electric vehicles and public transportation and introduce professional shuttle bus service companies for the office park of the headquarters in Beijing to reduce the use of private cars. • Continuously promote the paperless office by requiring employees to process their daily work through office automation systems and electronic devices. • Join the China Fashion Industry Climate Leadership Programme to jointly build low-carbon brands and low-carbon supply chains. • Join the "Climate Stewardship 2030 (时尚氣候創新2030行動)" and build related brands. • Collect data in relation to energy consumption and climate change from the supply chain on a quarterly basis with a view to enhancing the management of carbon emission along the supply chain.
<p>SDG16 Peace, justice and strong institutions</p> 	<ul style="list-style-type: none"> • Implement the "Law on the Protection of Minors", and crack down, in accordance with the laws, on the unlawful and criminal acts such as use of child and forced labour, child abduction and trafficking 	<ul style="list-style-type: none"> • The Company's "Staff Handbook" expressly stipulates that illegal employment of child labour and minor employees is prohibited. • We will take into account the ability and willingness of employees in work arrangement and strictly eliminate forced labour. • Strictly prohibit the suppliers from employing child labour and from using or supporting the use of any form of forced labour.
<p>SDG17 Partnerships for the goals</p> 	<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"> • Actively participate in the resolutions and elections for major affairs of the Zero Discharge of Hazardous Chemicals (ZDHC) Programme. • Join China National Textile and Apparel Council Life Cycle Assessment (CNTAC-LCA) Working Group. • Join the China Fashion Industry Climate Leadership Programme.

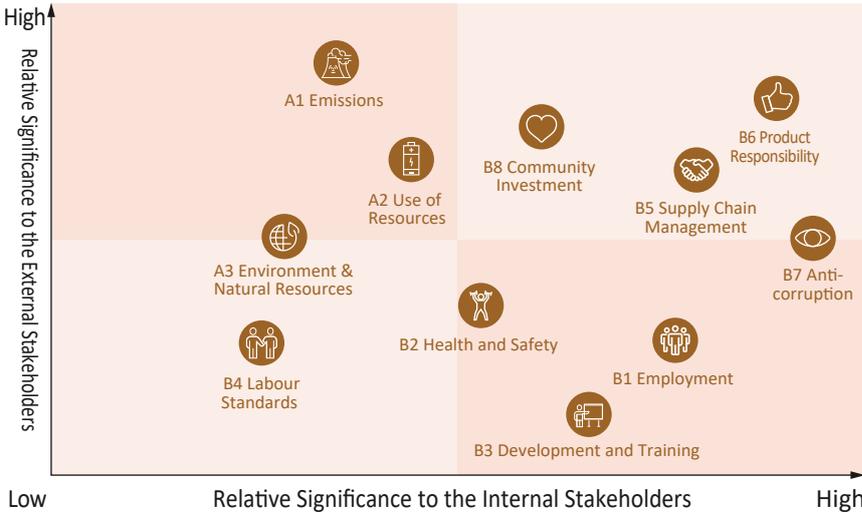
Communication with Stakeholders and Key Issues Identification

The Group's implementation of the sustainable development cannot be separated from the communication and participation of stakeholders. Based on the features of the industry and its own development strategies, the Group has identified seven major stakeholders groups that are closely related to its development, including government and regulatory authorities, shareholders and investors, employees, distributors and suppliers, media, consumers, communities and general public. The Group maintained good communication with stakeholders through various communication channels, and responded to the key ESG issues concerned by stakeholders from various aspects such as enterprise operation and development, so as to demonstrate the level of ESG management of the Group and carry out ESG related work in a more orderly and efficient manner.

Key Stakeholders Identification

Key stakeholders	Communication channel	Issues concerned	Response
Government and regulatory authorities	Policy guidelines; Regulatory document; Industry meeting; On-site inspection; Off-site regulation	Energy saving and emission reduction; Corporate governance; Compliance operation; Implementation of policy	Implement regulatory policy; Persist in paying tax in accordance with law; Accept supervision and assessment; Carry out green operations; Improve corporate governance system
Shareholders and investors	Information disclosure; General meeting; Road show; Results announcement	Operation strategy; Profitability; Transparency of information disclosure	Strengthen ESG management; Maintain brand value; Regularly publish results announcement; Promote risk and internal control management
Employees	Trade union; Staff representatives meeting; Intranet mailbox; Corporate activity	Employee remuneration and benefits; Community charity; Development and training; Safety and protection	Bring the role of trade union into play; Enrich employees' life; Care about health of employees; Establish a learning platform; Protect employees' rights and interests
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 environmental and social risk awareness; Establish a good relationship in business cooperation
Media	Press Release; Media platform; Site visit	Corporate influence; Transparency of information disclosure; Ability in public relations	Regularly organize the open day for media; Real-time news release; Timely and objective information disclosure
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 information security
Community and general public	Charity activity; Volunteer action; Community activity	Benevolent and charitable activities; Community development; Community relations	Regularly conduct volunteer activities; Increase external donations; Promote professional sports knowledge

Based on the 11 disclosure aspects identified in the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, the Group evaluated the significance of ESG issues of concern to key stakeholders by way of questionnaires. According to the feedback results of the questionnaires, the Group divided and evaluated the internal and external key stakeholders, and identified the main concerns of stakeholders, including product responsibility, community investment and supply chain management.



Analysis Matrix of Concerns of Key Stakeholders over various aspects of the Environmental, Social and Governance Guidelines

II. ENVIRONMENTAL MANAGEMENT

Environmental Management Policy

The Group actively put into practice the development philosophy of “lucid waters and lush mountains are invaluable assets” and has always upheld the principle of green operation. It strictly complied with laws and regulations such as the “Environmental Protection Law of the People’s Republic of China”, “Law of the People’s Republic of China on Prevention and Control of Water Pollution”, “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”, “Measures for the Management of Municipal Solid Waste”, “Law of the People’s Republic of China on Conserving Energy”, and “Renewable Energy Law of the People’s Republic of China”. The Group adhered to the concept of harmonious coexistence with the natural environment by implementing energy conservation and emission reduction measures, promoting the use of renewable energy and strengthening waste management, to achieve efficient production and operation, and strive to build an “environmental-friendly” enterprise. Li Ning (China) Sporting Goods Co., Ltd. has passed ISO14001 Environmental Management System Certification. In 2020, no significant pollution and impact on the environment was found in the course of the Group’s production and operation.

Environmental Management Measures

The Group has formulated and implemented various internal management systems, including the “Li Ning Company Energy (Resources) Saving Management Standards (李寧公司節能(源)管理標準)”, “Li Ning Company Energy Saving Arrangements (李寧公司節能工作安排)” and “Li Ning Company Energy Saving Measures (李寧公司節能措施)”. The Group incorporated green operation into daily management to promote the implementation of energy conservation and emission reduction work, and improve employees’ awareness of energy conservation and environmental protection. The Group adopted a variety of measures to strengthen the use and management of various types of energy and resource to reduce greenhouse gas emissions, transfer waste to qualified units for transportation and disposal, and actively introduce well-established and advanced technology and equipment, so as to increase energy utilization efficiency and reduce energy consumption.

Emission Management

The Group conducted regular inspection of the boiler equipment to ensure that the emissions meet the standard requirements, encouraged employees to travel green, reduce exhaust emissions, promote paperless office to reduce the use of printing consumables, and employed qualified suppliers to dispose of waste, with a view to reducing the impact of the Group's office operation on the environment.

- **Conduct regular inspection of boiler equipment:** the office park of the Group's headquarters used boiler equipment meeting the requirements of the "Boiler Air Pollutant Emission Standards" for heating, monitored the running state of the boiler equipment in a real-time manner, and strictly abided by the emission limits of nitrogen oxides and other air pollutants. In 2020, the Group inspected the boiler equipment to ensure that its exhaust emission indicators met the standard requirements.
- **Encourage green commuting:** In order to reduce the frequency of employees' use of private cars, the Group provided convenient shuttle bus service for employees in the office park of the headquarters, and provided transportation subsidies to encourage employees to choose shuttle bus or other public transportation, so as to reduce the carbon emissions generated during the commuting process. In addition, the Group installed plenty of electric vehicle charging piles in the office park in the headquarters and provided convenience to encourage employees to commute by environmental-friendly electric vehicles.
- **Implement paperless office:** The Group continued to promote paperless office by requiring employees to handle daily work through office automation system and electronic equipment, avoiding unnecessary printing needs and reducing hazardous waste such as discarded toner, toner cartridge and ink cartridge.
- **Reasonable disposal of waste:** the main emission involved in the operation of the Group was the waste emission generated from office operation. We cooperated with qualified property service companies to entrust them to collect, classify and stash the hazardous and non-hazardous wastes generated in the operation process, and timely arrange classified removal and transportation.

Resource Use Management

The Group actively promoted resource conservation by green transformation of office space, use of high-efficiency and energy-saving equipment, improvement of energy efficiency, promotion of green lifestyle, and adherence to the practice of green office.

- **Achieve smart office equipment:** The Group has adopted an efficient building automation system in the office park of its headquarters in Beijing, which is able to automatically switch to energy-saving lighting mode during non-working hours to save electricity for lighting, and at the same time enables cooling and heating system to collect indoor temperature by the temperature sensors installed across the office park in a real time manner, thus to timely adjust the system and improve energy use efficiency.
- **Transform fresh air-conditioning units in the machine room:** The office park of its headquarters in Beijing installed 4 sets of air conditioning and fresh air units, which fully utilizes the low temperature environment during winter to cool down the machine room by the filtered cold air and reduces the electricity consumption of the machine room by approximately 70% each day in the winter. The air conditioning and fresh air units can save approximately 90,000 kilowatt-hours of electricity per year which is calculated by 90 days with temperature below 5°C.

- **Promote the use of clean energy:** To fully utilize the space available at the roof-top of the buildings of the office park of its headquarters in Beijing, the Group installed over 5,700 solar panels with a total area of approximately 15,000 square meters to provide the office park with electricity partly required for daily operation through solar energy. Currently, the electricity generated by the solar panels enabled approximately 30% reduction of the use of power generated with non-clean energy in the office park of its headquarters; CO₂ and SO₂ emissions are expected to reduce by approximately 1,600 tons and approximately 50 tons per year, respectively.
- **Strengthen water management:** Every winter, the Group carries out drainage for anti-freezing purpose for the landscape pond system of the office park of its headquarters, that is, the water discharged from the pond is used for watering of plants within the park, thereby improving the utilization rate of water resources. Meanwhile, the Group conducted regular maintenance of water-use equipment to prevent water resource waste caused by the leakage of equipment. Promotional slogans about water conservation were posted in common areas such as pantries and restrooms to promote and enhance the employees' awareness of water conservation.
- **Promote green office and lifestyle:** The Group advocated efficient office work and required employees who need to extend office hours due to special circumstances to work together in designated office so as to reduce consumption of electricity, lighting and heating energy and improve energy efficiency. In addition, The Group encouraged employees to use the stairs instead of elevators, so as to reduce the frequency of elevator use and energy consumption while implementing the concept of healthy life.
- **Strengthen management of packaging materials:** The Group required all departments to apply for cartons, sealing tapes and other packaging materials according to actual needs, which shall be uniformly managed and distributed by administrative departments to prevent waste. During product packaging, the volume and weight of packaging should be kept to a minimum within the range acceptable to consumers, and scientific packaging methods should be adopted to ensure the recycling and reuse of packaging materials as far as possible. The cashier should fold the products of customers and try to place them into one shopping bag to reduce the consumption of shopping bags.
- **Energy saving management for warehouses:** The Group replaced the lighting facilities of Jingmen Logistics Park from high-energy consuming products to energy-saving products, and carried out lighting control in different time periods to ensure that the lights were off when people left. It conducted control over the use of air conditioning by setting not more than 20°C for heating and not less than 26°C for cooling, and implemented morning inspection for all areas in the office park to check the presence of leakage or dripping of water pipelines, water valves, faucets and other facilities, and timely fixed the leakage or dripping once found. In addition, the Group recorded the data of water meter each day, controlled daily water consumption and checked whether the data was abnormal.
- **Energy saving management for stores:** The Group required all stores to turn on air conditioners only during business hours, and controlled the use of air conditioners according to the outdoor temperature in different places. It controlled the working time of lighting equipment in stores by stipulating that only the necessary lighting equipment can be turned on before the operation, the consumption of lighting should be reduced in the case of sufficient natural light during daytime, and the facade signs should be turned on according to the time of sunset. In addition, it required the shop assistants to turn off the lighting when leaving for darker places, such as warehouses of the stores, and turn off the power for equipment except for explosion-proof and anti-theft equipment in the stores at the end of work.

2020 Environmental Performance

Unless otherwise stated, the statistical basis of environmental performance herein covered the Group's headquarters and major operating premises of retail subsidiaries in the PRC, including Li-Ning Centre situated in Beijing, Shanghai office area, Foshan office area and Jingmen Logistics Park as well as each of the retail subsidiaries, whereas the rest will be included as and when appropriate in the future.

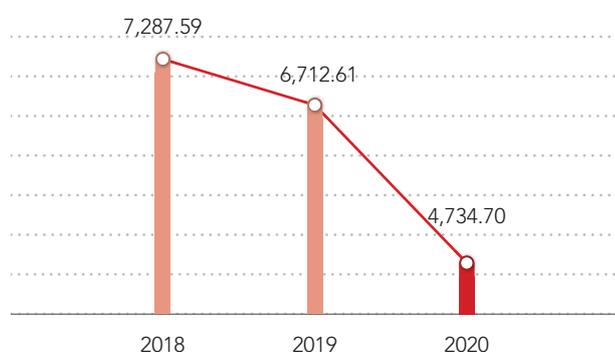
1. EMISSION¹

Indicator	Performance
Total emission of greenhouse gases (Scope 1 and Scope 2) (tons) ²	4,734.70
Emission of greenhouse gases per square meter of floor area (Scope 1 and Scope 2) (tons/square meter)	0.03
Direct emission (Scope 1) (tons)	623.38
Company car oil consumption	1.30
Natural gas	622.08
Indirect emission (Scope 2) (tons)	4,111.32
Purchased electricity	4,111.32
Total amount of hazardous waste (tons) ³	0.28
Weight of hazardous waste per square meter of floor area (tons/square meter)	0.000002
Total amount of non-hazardous waste (tons) ⁴	581.12
Weight of non-hazardous waste per square meter of floor area (tons/square meter)	0.0041

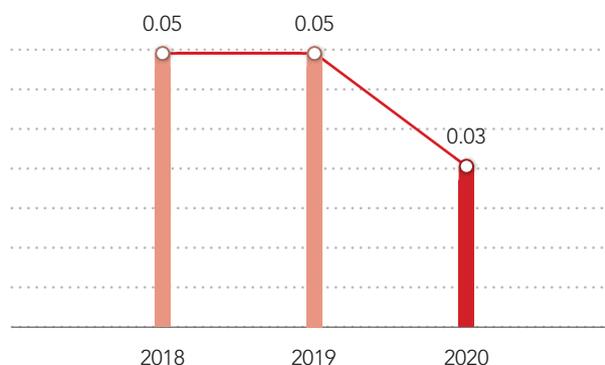
Notes:

- Due to the nature of the Group's operation, the major types of gas emissions are greenhouse gases as well as electricity and fuels converted from fossil fuels.
- Greenhouse gases included carbon dioxide, methane and nitrous oxide, which were mainly from purchased electricity and fuel. Greenhouse gas emission data is presented in carbon dioxide equivalents and is computed with reference to the "2019 Baseline Emission Factors for Regional Power Grids in China for Emission Reduction Projects" (《2019年度减排項目中國區域電網基準線排放因子》) issued by the Ministry of Ecology and Environment of the People's Republic of China and the "IPCC 2006 Guidelines for National Greenhouse Gas Inventories (2019 Revision)" (《IPCC 2006年國家溫室氣體清單指南 2019修訂版》) issued by the Intergovernmental Panel on Climate Change ("IPCC").
- Types of hazardous waste generated from the Group's operation mainly included waste lead-acid batteries and waste ink cartridges, waste toner cartridges and waste toner incurred by the printing equipment in offices, etc.. The waste lead-acid batteries were disposed of by qualified professional companies, while the waste toner cartridges, waste ink cartridges and waste toner incurred by the printing equipment in offices were replaced and recycled by the respective print service providers.
- Non-hazardous wastes generated from the Group's operation mainly included office waste, kitchen waste and waste production hard disks. Office waste and kitchen waste were centrally processed at the premises where they are located, while waste production hard disks were recycled by recyclers. In particular, the office wastes of the Group's retail subsidiaries in Nanning, Xiamen (Fuzhou office), Harbin, Daqing, Guangzhou, Chengdu, Hangzhou, Wuhan and Shenyang and Foshan office area were centrally processed at the premises where they are located, which cannot be measured separately. However, we have estimated according to the "Coefficient Manual of the First National Census on Pollution Sources for the Pollutant Generation and Discharge from Urban Living" (《第一次全國污染源普查城鎮生活源產排污係數手冊》) issued by the State Council.

Total emission of greenhouse gases (tons)



Emission of greenhouse gases per square meter of floor area (tons/square meter)



Change in total emission of greenhouse gases and intensity

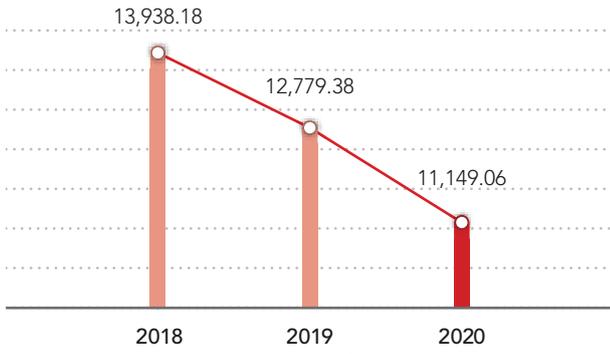
2. ENERGY AND RESOURCES CONSUMPTION

Indicator	Performance
Total energy consumption (MWh) ¹	11,149.06 ⁶
Energy consumption per square meter of floor area (MWh/square meter)	0.08
Direct energy consumption (MWh)	4,807.05
Gasoline	5.32
Natural gas	3,181.43
Solar energy	1,620.30
Indirect energy consumption (MWh)	6,342.02
Purchased electricity	6,342.02
Daily water consumption (tons) ²	54,170.68
Daily water consumption per square meter of floor area (tons/square meter)	0.38
Total amount of paper used (tons) ³	20.68
Total amount of packaging material used for finished products (tons) ⁴	20,082.80
Amount of packaging material for finished products consumed per million revenue (tons/million yuan) ⁵	1.39

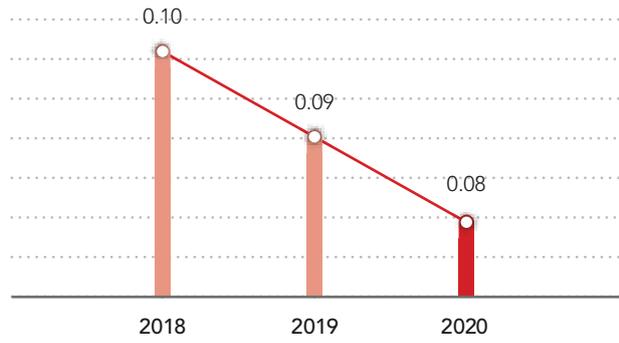
Notes:

- Energy consumption data, including electricity, natural gas and company car oil consumption, is computed according to the relevant conversion factors provided under the "General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589-2008) (《綜合能耗計算通則 (GB/T 2589-2008)》)", the national standard of the People's Republic of China.
- Daily water consumption includes tap water and reclaimed water. In particular, daily water consumption of Shanghai office area, and the Group's retail subsidiaries in Lanzhou, Xiamen, Xiamen (Fuzhou office), Hefei, Tianjin, Guangzhou, Chengdu, Hangzhou, Wuhan, Shenyang, Xi'an, Changchun, Changsha and Jinan were controlled by the premises where they are located and the water charges are included in property management fees. Since water consumption cannot be measured separately, we have estimated the water consumption with reference to the national standard "Regulations for Design of Water Supply and Drainage of Buildings (GB50015-2019) (《建築給水排水設計規範》(GB50015-2019))" issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China.
- Copying paper includes both A4 and A3 copying paper.
- Packaging material mainly includes plastic packaging bags, paper boxes, cartons and paper bags.
- Amount of packaging material consumed per million revenue represents the weight of packaging material consumed per million income of the Group.
- Due to rounding, the addition sum of direct energy consumption and indirect energy consumption amounts to 11,149.07 MWh, which is 0.01 MWh higher than the present figure.

Total energy consumption (MWh)

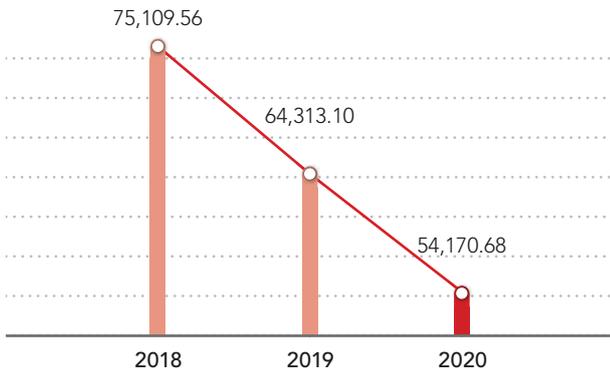


Energy consumption per square meter of floor area (MWh/square meter)

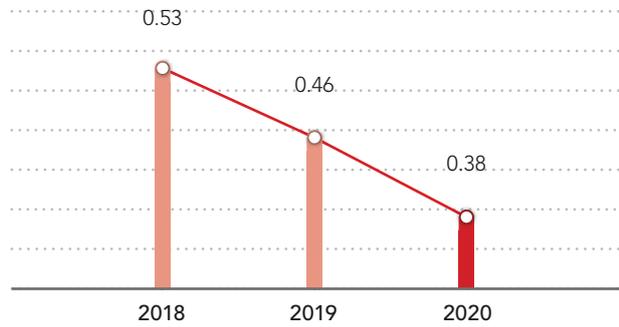


Change in energy consumption and intensity

Daily water consumption (tons)



Daily water consumption per square meter of floor area (tons/square meter)



Change in daily water consumption and intensity

III. EMPLOYMENT MANAGEMENT

The Group strictly complies with the laws and regulations such as the “Labour Law of the People’s Republic of China”, “Labour Contract Law of the People’s Republic of China”, “Social Insurance Law of the People’s Republic of China” and “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases” and has formulated various systems and measures including “Staff Handbook” and “Regulations on Staff Attendance and Leave”. It also established sound supervision and safeguarding system for employees’ rights to ensure the fairness and justice in employment and promotion, created equal and diversified staff team by prohibiting any form of discrimination, making legal and rational arrangement on employees’ working time and vacation, provided healthy and safe working environment for employees, to promote mutual development of the Group and employees. As at 31 December 2020, the Group had 3,625 employees, among which 3,466 employees were at the Group’s headquarters and retail subsidiaries, and 159 employees were at other subsidiaries.

Lawful Employment to Realize Mutual Development

The Group always adheres to the principle of openness, fairness, competition and merit-based in the recruitment process, offers equal employment opportunity and fair remuneration for all candidates, and hires suitable candidates with good performance according to job requirements. When signing labour contracts, the Group strictly follows the provisions of the relevant national and local laws and regulations, expressly stipulates the rights and obligations of both parties in the contracts with a view to protecting the legitimate rights and interests of employees and building a harmonious and stable employment relationship. If certain employees need to be dismissed, the Group will terminate the labour contract with the employees in accordance with the laws and go through the dismissal procedures in accordance with the regulations.

The Group promotes anti-discrimination and equal opportunity in all decisions regarding human resources to foster a fair, diverse and mutually respectful working environment for its employees. In the “Staff Handbook”, the Group values anti-discrimination as a basic norm and provides full respect to employees, and stipulates that there is no discrimination against any employee on any occasion due to his/her ethnicity, race, color, gender, marital status, sexual orientation, religion, political stance, disability, nationality, family background, age and other reasons, which applies to all aspects of the Group’s human resource management, including employees’ wages, benefits, promotion, training, discipline, dismissal and retirement. The Group encourages employees to report any incidents involving discrimination to the HR department of the Company, and take necessary action based on the actual situation.

In order to prevent the illegal employment of child labour, our “Staff Handbook” expressly stipulates that candidates must provide valid identification document before completing employment to ensure he/she must meet the legitimate age. Taking employees’ ability and actual situation at work into consideration, forced labour is strictly prohibited. No employment of minors or forced labour has been found by the Group so far.

In order to effectively promote democratic management and provide employees with an effective way to safeguard their legitimate rights and interests, the Group has established a trade union to express opinions and recommendations on all major measures involving the vital interests of employees. In addition, employees can make recommendations, complaints and feedback in a timely and effective manner on questions or opinions about the Company’s management through the suggestion box or interview.

Caring for Employees and Providing Benefits

The Group constantly improves the employment management system and the staff attendance system, and arranges the working hours in accordance with the law. In the case of exceeding the standard working hours due to work reasons, the Group will compensate employees by way of compensatory leave or overtime payment. We have formulated the “Employee Attendance and Leave Management System (《員工考核及休假管理制度》)” that expressly stipulated that employees are entitled to statutory holidays, annual leave, marriage leave, maternity leave, breast-feeding leave, funeral leave and sick leave to guarantee the rest and leave of employees.

The Group has always been committed to improving the welfare system to enhance the happiness and satisfaction of employees. According to the requirements of the national and local government, the Group has provided complete social security benefits, including basic salary, incentive bonus, medical insurance, pension, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund. In addition, the Group provided employees with additional benefits such as catering and transportation subsidies, birthday presents, wedding and baby birth presents, allowance for traditional festivals and supplementary commercial insurance.

In 2020, the Group set up Li Ning & OCEG (Koala Educare) Kindergarten in the office park of its headquarters in Beijing, and provided professional teachers to allow the employees’ children to enjoy quality education, and save the time of employees picking up and sending their children from and to the kindergarten respectively. Moreover, we establish a “Care Center under Home for Employees” in the office park of the headquarters that offers free caring services for employees’ children during winter and summer vacations or extreme weather to allow the employees to work contentedly. We have also set up a mutual assistance fund to help employees who encounter difficulty in daily living due to accidents or critical illnesses, thereby easing their burden and making them feel the caring warmth from the Company.



Li Ning & OCEG (Koala Educare) Kindergarten

Provide quality education resources for employees’ children — Li Ning & OCEG (Koala Educare) Kindergarten

In September 2020, adhering to the concept of “sports + education”, Li Ning & OCEG (Koala Educare) Kindergarten, which was jointly established by the Group and Oriental Cambridge Education Group, was officially opened. The kindergarten is located in the office park of Li Ning headquarter, with a total of five classes, multi-purpose classrooms, dance classrooms, science rooms, art rooms, baking rooms and other diverse classrooms, to provide high-quality full-time education and rich activities for children of school age. The kindergarten attaches equal importance to education and physical education to help children develop exercise habit and promote happy and healthy growth.

The establishment of Li Ning & OCEG (Koala Educare) Kindergarten can save more time of employees, improve their family happiness, and help employees keep a balance between work and family. At the same time, the kindergarten is open to the surrounding communities, which is an effective practice of building a high-quality community harmoniously by enterprises and the society.

Care in winter — provide relief and express solicitude to employees in hardship

During the Spring Festival of 2020, the Group provided relief and expressed solicitude to employees in hardship, giving priority to help employees and their family members in difficulties due to critical illnesses or disabilities, loss of their only child, major accidents or emergencies, etc. The Group's basic-level labour unions collect the assistance applications and relevant supporting materials, and submit the materials to the superior labour union for approval. The relief fund will be directly remitted to the employee's bank account. In this occasion, 10 employees were relieved, granting a total fund aid of RMB20,000, bringing the warmth and care of the big family of Li Ning to every affected employee, and allowing them to spend a peaceful and warm Spring Festival despite the hardship.

Focusing on Health and Safety Protection

The Group strictly abides by various provisions of the "Labour Contract Law of the People's Republic of China" on the employment environment and the laws and regulations such as the "Production Safety Law of the People's Republic of China" and the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases". It has established the four-in-one staff health management system covering health examination, healthy exercise, healthy diet and supplementary medical treatment.

We provide entry physical examination and annual physical examination for each employee, and set up physical rehabilitation research centers and health consultation rooms to provide employees with basic medicines for treating and preventing common diseases and take full care of the health of employees. There are badminton courts, basketball courts, tennis courts, swimming pools and other sports venues in the office park of the headquarters, which are equipped with various fitness facilities to encourage employees to build up their physical fitness through exercises and relax themselves after busy work. The staff canteen commissions catering companies with professional qualification to provide catering services, strictly controls the quality of food, and develop a scientific diet system for employees. We pay commercial insurance premium for each employee and their children to maximize their risk-resistance capacity. In addition, in order to improve employees' self-awareness of health care and popularize health knowledge, the Company invites well-known health experts to give on-site lectures on an irregular basic to help employees carry out healthcare in a formative manner.

By integrating with the overall planning of the office park, the Group has formulated systems including "Li Ning Group Emergency Plan for Fire Protection (《李寧集團消防應急預案》)" and "Li Ning Group Emergency Evacuation Plan (《李寧集團疏散應急預案》)", and designated the safe and effective evacuation routes to ensure the safe evacuation of employees in case of accident. In 2020, the Group carried out fire fighting building facilities inspection and fire fighting electrical device detection in the headquarters office park to guarantee fire safety. It also organized fire emergency response drill, drill on the practical use of fire-fighting equipment, fire evacuation drill and fire education activities in July and November, thereby effectively enhancing employees' ability to respond to fire emergencies and evacuation.



Drilling of using fire-fighting equipment

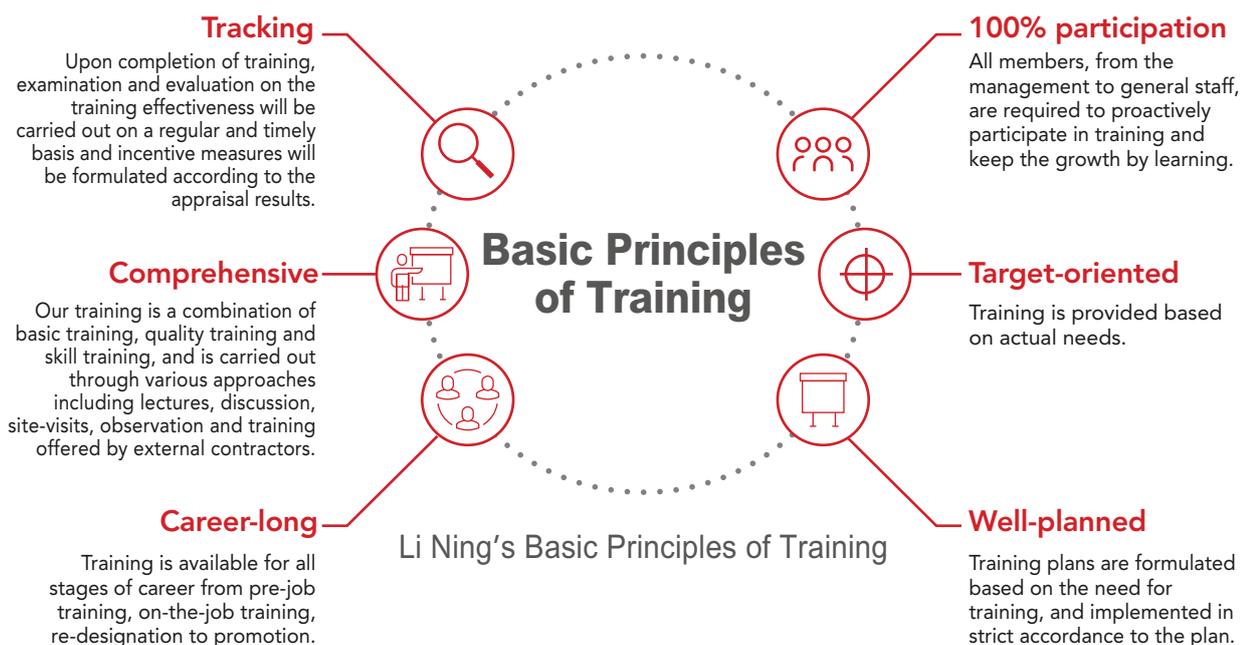
Talent Training and Promotion of Staff Development

The Group designs a scientific and efficient remuneration management system based on the Company’s strategic development objectives, industry characteristics and other factors, regularly participates in salary research activities externally in the market, and adjusts the Company’s salary level and structure from time to time by comparing the relevant industry data, with a view to fully attracting, motivating and retaining outstanding talents. The Group encourages and recognizes the outstanding employees by providing sales bonuses, sales commissions, stock options and share awards, and implementing profit sharing plans, etc. according to the performance contributions of the employees from different positions.

The Group regards talent development as the core of its talent management strategy, and enables employees to constantly improve themselves through work experience, training courses, coaching and feedback. To meet the demand of the Company’s development and employees’ development, and constantly improve the employees’ work skills and personal comprehensive quality, build excellent staff team and establish a learning organization, the Group organized targeted training activities on various knowledge, skills and attitudes for employees, and provided a diversified development mechanism to enhance the employees’ comprehensive quality, help employees improve themselves, achieve their personal goals, and grow together with the Company. In 2020, the coverage rate of internal training received by our frontline employees reached 100%.

The Group continued to strengthen the development of the internal online learning platform, enriched the course contents, and formed a curriculum system consisting of 16 sub-categories under 4 categories of general skills, professional skills, management skills, and corporate culture. In 2020, the number of new courses exceeded 100, achieving full coverage of training for all employees. In addition, coping with the pandemic prevention demands during the outbreak of pandemic, a special category of “physical and mental health” was added, providing pandemic prevention courses to all employees to help them master the knowledge on scientific pandemic prevention. In 2020, the regular employees of the Group participated in various training programs organized by the Group, amounting to approximately 8,000 person-times and a total of approximately 90,000 hours.

The basic principles of our training are as follows:



Orientation training for new employees: In order to help new employees adapt to the working environment faster, the Group updated the orientation training contents for new employees in 2020, added the online test of “Common Knowledge and Information on New Employees’ Orientation”, and organized new employees to participate in the training monthly.

Field training in store for management trainees: From August to October 2020, we organized management trainees from product, design, supply chain and functional management units for field training in retail stores in batches to help them systematically learn the relevant knowledge of retail operation and establish a “consumer-oriented” value orientation.

Training for retail-end staff: The Group regularly organized training programs for retail staff every month to improve their comprehensive quality and create a sports atmosphere among retail-end shops by combining product knowledge training, new employees training, promotion training, course training within the system, training camp and other training programmes.

IV. SUPPLY CHAIN MANAGEMENT

The Group is committed to achieving responsible supply chain. We established a relatively well-established supplier social responsibility management system that integrated the social responsibility into the supplier selection, assessment and improvement, formulated “Manual for Corporate Social Responsibility Management of Suppliers of Li Ning Company Limited (《李寧有限公司供應商企業社會責任管理手冊》)”, which clarified the Group’s principles and basic requirements for suppliers’ social responsibility management, with the aim to promote the building of a safe, inclusive and mutually respectful workplace by the suppliers, drive the mutual growth of the value chain brands, and jointly build a sustainable value chain with partners. As at the end of 2020, the Group currently has a total of 319 suppliers.

Qualification and Assessment of Suppliers

The Group strictly implemented the policies regarding the introduction, assessment and termination of suppliers, incorporated the policies into the assessment process of suppliers’ social responsibility. We formulated the code of conduct for supplies, which put forward the requirements on the environmental and social management and performance of suppliers.

The potential suppliers are subject to the assessment in aspects such as basic qualifications, scale requirement, quality system, production technology and social responsibility. We will first conduct assessment on the social responsibility of the potential suppliers as priority, which serves as the foundation for other assessments. The assessment on social responsibility of the potential supplies includes four steps, i.e. collection of suppliers’ information, document self-examination by suppliers, first round and second round of document provision. The potential suppliers shall provide documentation related to labour, occupational health, fire prevention, chemical management and environmental protection to demonstrate their management level. The Group will terminate the introduction process of the potential supplier if zero-tolerance circumstances such as commercial bribery, employment of child labour and payment below the legal minimum wage are found during the assessment. If it is found that there are significant risk items such as no fire prevention acceptance or fire prevention filing, use of restricted substances and no environmental documentation, the introduction process cannot be restarted until the rectification is completed. In 2020, the Group assessed 26 potential suppliers and introduced 23 suppliers, with 88% of passing rate.

According to the requirements of the suppliers’ position and management strategy, with reference to the Supply-Chain Operations Reference model (SCOR System), the Group sets up assessment index for different types of suppliers at various levels. In addition, the Group conducts quarterly and annual assessments, together with the suppliers’ self-examination and the third-party audit, to evaluate the social responsibility performance and risks of the suppliers. Suppliers shall provide relevant reports or documents on employment, fire safety, environmental impact, occupational hazard factors, energy statement, greenhouse gas list, etc. in accordance with the principles of transparency, clarity, relevance, timeliness and traceability, and conduct self-examination in the above areas. After the data analysis and review, the supplier should follow the improvement requirements to complete the relevant rectifications. In 2020, the Group conducted quarterly assessment and evaluation on all suppliers’ self-examination/self-report, including 156 times of review on Tier 1 plant documents in relation to social responsibility and 236 times of review on Tier 2 plants’ environmental documents.

If the supplier was found any “zero-tolerance circumstance” such as false records, commercial bribery, employment of child labour, forced labour, illegal discharge of sewage and hazardous waste during the assessment, the Group shall have the right to cease the introduction process of the supplier or terminate the cooperation. For the suppliers under cooperation, if they receive red card in on-site assessment for two consecutive years, they will be ordered to withdraw from the cooperation. When implementing the supply chain exit process, the Group will consider the supply chain vacancy and other related risks, confirm the supply capacity of other suppliers, and timely introduce new suppliers when necessary to ensure the sustainable development of the supply chain.

ESG Assessment of Supply Chain

The Group regards ESG management as one of the dimensions to evaluate partners, and has formulated policies and systems such as “Manufacturing Restricted Substances List and Policy of Li Ning Company (《李寧公司生產工藝中限用物質清單政策》)”, “Tools for Quarterly Review of Environmental Evaluation of Suppliers of Li Ning (《李寧供應商環境審核季度評估工具》)”, “Code of Conduct Regarding Social Responsibilities of Suppliers of Li Ning (《李寧公司供應商社會責任行為準則》)”, “Manual for Social Responsibility Management of Suppliers of Li Ning (《李寧供應商社會責任管理手冊》)” and “Social Responsibility Implementation Guideline of Li Ning’s Supplier (《李寧供應商社會責任實施指南》)” to standardize ESG management system and process in supply chain. The Group improves the environmental protection awareness of the supply chain, urges them to conduct environmental performance self-examination, standardizes supply chain health and safety management, and pushes suppliers to improve their ESG performance by ways of policy modification, professional trainings, on-site assessments, etc. In addition, the Group relies on its own product quality control system to monitor the key steps of the production and operation process. Combined with the third-party evaluation mechanism, the Group urges suppliers to improve production technology and formulate energy saving and emission reduction measures to help the supply chain achieve green operation.

- Based on the cooperation with and the assessment result of suppliers for the previous year, the Group selects certain suppliers each year for on-site review and assessment by the Group or third party companies based on four major aspects, namely business ethics, labour force, health and safety and environment. The on-site review and assessment results are shown in green card¹, blue card, yellow card and red card, where red card means disqualified level.
- The Group conducted on-site audit for 16 finished product suppliers in 2020, and the audited suppliers were required to rectify issues such as energy and environment, safety and business continuity, business ethics and labour employment within a specific time limit. After the rectification, 5 suppliers have obtained the green card and 7 have obtained the blue card.
- In 2020, the Group appointed third-party audit organization to carry out on-site audit and assessment of environmental compliance on the 18 representative core material suppliers, among which 6 suppliers rectified all the problems found, 13 received green card assessment after rectification, 3 received blue card assessment and 2 received certificates for excellent supplier.
- The Group used its chemical management performance audit tool to conduct on-site chemical management audit for 7 key material suppliers, and evaluated the chemical management level of suppliers and on-site chemical risk from chemical management system, resource and waste management, source control and optimization, and process improvement.
- The Group required the suppliers to conduct at least one wastewater test per year, with Tier 2 plants currently conducting wastewater testing accounting for more than 95% of the material orders and approximately 55% for 100% compliance with the Manufacturing Restricted Substances List (MRSL).
- The Group audited, coached and followed up the on-site carbon inventory of five core material suppliers, and continuously collected the quarterly energy consumption data and climate change-related data of the supply chain to prepare the baseline data for the Group’s strategic planning on sustainable development.

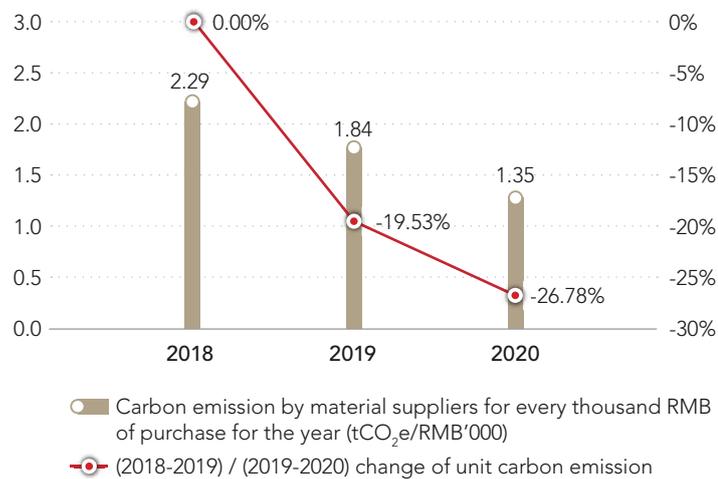
Note:

1. Requirements for on-site audit rating: green card: score ≥ 85 , blue card: $85 > \text{score} \geq 70$, yellow card: $70 > \text{score} \geq 60$, red card: score < 60 .

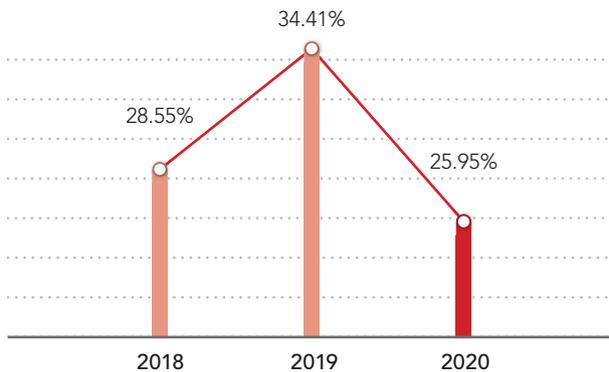
- The Group continued to implement the annual certification principle for the factories producing products under cooperating brands and a total of 50 factories obtained WCA² certification throughout the year.
- The Group signed the “Declaration of Compliance Regarding the Manufacturing Restricted Substances List (MRSL) of Li Ning Company (《李寧公司生產工藝中限用物質(MRSL)遵從聲明書》)” with its suppliers to limit the use of hazardous and harmful substances in the production process of suppliers, reduce the impact of the production process on environment, and protect the health of employees and consumers.

The Group continuously follows up with the carbon emission data of suppliers. The greenhouse gas emissions of major Tier 2 suppliers in the past three years are as follows:

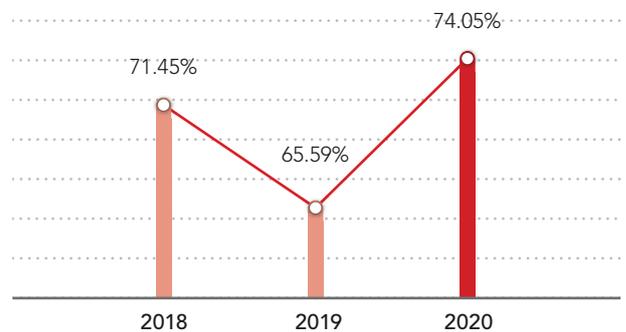
2018-2020 trend of changes in carbon emission intensity by major apparel material suppliers



Proportion of carbon emission in scope 1



Proportion of carbon emission in scope 2



Note:

2. WCA: Workplace Conditions Assessment.

Participating in Industrial Cooperation

The Group actively participated in the industry's discussion on the environmental issues in relation to supply chain, actively joined various working groups, plans and actions, and jointly discussed the advanced concepts and development direction of the textile industry in chemical management, energy conservation, and low carbon cycle. In 2020, the Group, as a member of the expert committee, assisted the Social Responsibility Office of China National Textile and Apparel Council in compiling the "Circular Fashion: Prospects of China's New Textile Economy" to jointly explore the current situation and opportunities of industrial circular transformation, circular economy and sustainable fashion.

China National Textile and Apparel Council Life Cycle Assessment (CNTAC-LCA) Working Group

The China Textile and Apparel Industry Social Responsibility Annual Conference was held on December 22, 2020, in which China National Textile and Apparel Council (CNTAC) and 40 well-known enterprise members, academic and technological institutions including the Group, jointly established the "China National Textile and Apparel Council Life Cycle Assessment (CNTAC-LCA) Working Group". The Working Group is committed to guiding the industry to accelerate the green transformation, jointly establish LCA system for textile products, develop the environmental database for the materials in the entire life cycle of textile industry chain, realize the standardized measurement and ecological analysis of multiple environmental indicators including carbon footprint, water footprint and chemical footprint of textile and related products, optimize the path of energy conservation and emission reduction and supply chain environmental management, strengthen cooperation between industrial chain and value chain, carry out green governance in a coordinated manner, and enhance the competitiveness and discourse power of our industry in the global market.

Zero Discharge of Hazardous Chemicals (ZDHC) Program

As one of the six founding brands of ZDHC Program, the Group worked with other brands to formulate comprehensive performance standards for the global fashion and footwear industry and strive to achieve zero emissions of hazardous chemical substances in the production process. The Group has actively participated in the contracted brand leadership project team of ZDHC, participated in the formulation of ZDHC Wastewater Guidelines, and assisted the ZDHC Foundation and CNTAC to jointly organize the Implementation Circuit Workshop of Chemicals Stewardship 2020, encouraged chemical management trainings in the industry, and made positive contributions for the zero emission goal of hazardous chemicals in the industrial supply chain. In 2020, ZDHC published the version 2.0 of ZDHC Manufacturing Restricted Substances List, which is applicable to textiles, leather, rubber and adhesives and their processing processes, and expressly specifies the chemical substances that are prohibited for intentional use.

Climate Stewardship 2030 in Fashion

In recent years, CNTAC has organized the Leading Climate Stewardship in China's Fashion Industry, which is committed to building low-carbon brands and low-carbon supply chains through industrial collaboration, so as to establish the international status of China's fashion industry. The Group, as the first brand with commitment to join "Climate Stewardship 2030 in Fashion", will continue to pay attention to the energy efficiency improvement strategy of the fashion industry, advocate to accelerate the low-carbon transformation in the industry, actively participate in industry communication, and jointly discuss the practical experience and development direction of coping with climate change and achieving energy conservation and emission reduction.

V. PRODUCT RESPONSIBILITY MANAGEMENT

The Group, as a domestic leading sporting goods company, strictly abides by the 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 the Protection of Consumer Rights and Interests”. It has implemented measures in order to implement product quality assurance and protect customers’ rights and interests, striving to improve product quality, strengthen quality control management, protect customers’ rights and interests, meet customers’ needs, protect customers’ privacy and information security, and improve customer complaint handling and after-sales service level, thereby actively undertaking corporate social responsibility.

Product Quality Control

According to the requirements of GB/T 19001-2016 National Quality Management System and ISO9001 Quality Management System and taking reference to the relevant standards of the industry, the Group has formulated various garment enterprise standards and quality control management systems beyond the national and industrial standards, including physical and chemical properties, functional quality, appearance quality, auxiliary materials and accessories quality, and safety technical requirements of all kinds of clothing and shoes products. Those standards and management systems include “Quality Management System Assessment Table for Clothing Suppliers (《服裝供應商質量管理體系審核表》)”, “Supervision and Assessment Table for Operation of Quality Management System of Clothing Suppliers (《服裝供應商質量管理體系運行情況監督審核表》)”, “Quality Management and Control Procedures for Clothing R&D Phase (《服裝研開發階段質量管控流程》)”, “Quality Management and Control Requirements for Development and Production of Clothing (《服裝開發及生產質量管控要求》)” and “Management Measures for Li Ning Product Marking and Labeling (《李寧公司產品標識標註管理辦法》)”. Before the Group’s products are marketed, they shall be subject to test of national qualified testing institutions and can only be marketed after meeting the corresponding national standards.

The Group implements the whole process management on product quality and supervises each link of the production process. During the product development stage, the Risk Assessment Team comprised of the product development project team, quality control department (QC) and quality assurance department (QA) evaluated the quality risk of the developed products piece by piece on a quarterly basis. In the production stage, the joint inspection team consisting of QC and QA members conducted joint quality inspections at the warehouse of the Group on a quarterly basis in various aspects, including procedure management, material quality and production techniques. In order to guarantee the stability of the Group’s product quality, the Group required all raw material suppliers to conduct quality management system self-assessments on a regular basis, and randomly selected some suppliers for on-site inspection and supervision. Based on the assessment results, unqualified suppliers may face penalties such as rectification within a time limit, interviews, circulation of a notice of criticism, reduction in order volume and initiation of termination procedure to continuously guarantee the quality of the Group’s products.

Product Examination and Recall

The Group strictly abides by laws and regulations of the “Product Quality Law of the People’s Republic of China” and “Law of the People’s Republic of China on Protection of Consumer Rights and Interests”, and has formulated the management measures including “Procedures and Standards on Recall of Li Ning’s Defective Goods (《李寧殘品收殘程序及標準》)” and “Service Commitment (Repair, Replacement and Return) of Product Quality (《產品質量三包服務承諾》)”. In 2020, the Group revised “Li Ning Company’s Defective Product Recall Management Regulations (《李寧公司缺陷產品召回管理規定》)” to further standardize the recall management of defective products to eliminate the danger caused by defective products to the health and safety of consumers, thereby protecting the rights and interests of consumers.

If the products have quality problems within the promised period, the Group will offer return, replacement, repair and other services according to “Li Ning Product Aftersales Service Manual (《李寧產品售後服務手冊》)”. In 2020, in order to better serve customers and improve consumers’ shopping experience, the Group has completed online after-sale service training for all personnel in sales system and defective products management personnel in logistics system, so as to help relevant personnel quickly and accurately solve product quality problems in the process of sales and after-sale. For returned products, the Group has set up a defective product examination team in Jingmen, Hubei Province, which is responsible for defective product examination, and providing feedback of the inspection results to customers, logistics department, finance department and suppliers. At the same time, these feedbacks were incorporated into the Monthly Quality Report which provided effective market feedback for R&D Department and therefore continuously enhancing and improving product quality.

If the products quality is not qualified after being inspected by the Group or the state or local market supervision department, or if the defects in design or manufacturing have caused or may cause personal or property losses to consumers, or if there is infringement or plagiarism, the quality department of the Group shall have the right to request to stop the sale of the products, immediately conduct an investigation together with other relevant departments, decide to implement a recall plan based on the quality test report, infringement identification report or market feedback, and formulate a disposal plan for the recalled products.

Customer Complaints and Protection

The Group adheres to the customer service principle of “customer priority and professional services”, and has built a sound customer service system to ensure customer experience. We constantly enriched customer feedback channels and formulated regulations, including “Customer Service Telephone and Online Support Management Regulations (《客戶服務電話與在線支持管理規定》)”, “Customer Services Knowledge Management Principles (《客戶服務知識管理準則》)” and “Customer Service Hotline Daily Management Standards (《客戶服務熱線日常管理規範》)” to clarify the processing process and response time of all kinds of customer feedback, promote the follow-up, handling and feedback of all kinds of customer problems in a responsible attitude, and summarize and analyze the potential opportunities and risks to ensure the continuous improvement of the overall customer experience.

The Group established an all-media customer service platform with multiple communication modes, including customer care hotline started with 400 (400-610-0011), Weibo We-Media channel (@李寧官方微博), Li Ning Club public account (search “李寧 CLUB” in WeChat), WeChat mini programme (search “李寧官方旗艦店” in WeChat), e-mail (ccc.support@li-ning.com.cn) and voice message to realize 7-24 full-covered support, so that customers can give feedback and suggestions to us at any time. We carefully recorded the questions, demands and suggestions raised by customers, and took the initiative to make return visit when necessary to obtain customer feedback, so as to ensure that customer demands are properly solved and serve as important references for future work. In 2020, the Group’s customer complaint handling satisfaction of all-media customer service platform reached 98.97%.

Customer Data Protection

The Group strictly abided by the requirements of the “Cyber Security Law of the People’s Republic of China” and other laws and regulations, established sound information security management system and mechanism, applied technologies such as advanced firewalls so as to strictly monitor the process of data flow and protect information from external malicious theft, standardized operation process and provided comprehensive protection to customer privacy and information security.

For the collection of membership information from consumers, we will obtain consumer consent when collecting information other than mobile authentication of customers required by the government. All employees in key positions who have access to consumer data, including frontline customer service personnel, are required to sign relevant confidentiality agreement or information security commitment to ensure consistent requirements for information security maintenance from inside to outside, from the grassroots level to the management level. We strictly control the authorization of employees, process sensitive fields through technical means, monitor the system on the operating platform, screen the data download interface, and prohibit batch export and query at the terminal to effectively avoid the risk of data information leakage caused by human.

Intellectual Property and Brand Protection

Regarding advertising production and publicity process, the Group strictly abides by the relevant laws and regulations such as the “Advertisement Law of the People’s Republic of China (《中華人民共和國廣告法》)”, “Law of the People’s Republic of China Against Unfair Competition (《中華人民共和國反不正當競爭法》)” and “Law of the People’s Republic of China on Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》)”. It strictly reviews the promotion contents, and requires the contents and data reflected in the promotion of business departments should be consistent with the facts. It is prohibited to publish, edit and falsify unauthorized pictures, fonts, text and music works, and the publicity and promotion contents shall not infringe others’ rights such as patent right, copyright, name right and portrait right. If there is any problem with the published advertisement, the Group will immediately cancel the published advertisement content, discuss solution, and require relevant business departments to immediately make summary to prevent the recurrence of similar situations.

In order to better manage intangible assets of the brand, unify brand identity, enhance brand identification and promote brand recognition, the Group strictly abides by the “Trademark Law of the People’s Republic of China (《中華人民共和國商標法》)”, “Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》)” and other laws and regulations, and has formulated “Enterprise Logo Usage Standards of Li Ning Brand (《李寧品牌企業標識使用規範》)”, which clearly stipulated the using area, presentation format, appearance proportion, position, font and color of the brand logo. In 2020, the Group initiated the “Brand External Cooperation Process”, aiming to achieve “visualization, traceability and process” of all external cooperation approval, that is, the exposure of all brand logos must go through the Group’s systematic review, so as to maximize the standard use of brand logos.

Regarding intellectual property protection and management, the Group has formulated its rules and measures such as “Intellectual Property Management Measures (《知識產權管理制度》)”, “Trademark Management Measures (《商標管理辦法》)”, “Patent Management Measures (《專利管理辦法》)” and “Copyright Management Measures (《著作權管理辦法》)” in line with the “Trademark Law of the People’s Republic of China (《中華人民共和國商標法》)”, “Patent Law of the People’s Republic of China (《中華人民共和國專利法》)”, “Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》)” and other laws and regulations. In June 2020, to further standardize the management of intellectual property and specify relevant responsibilities and obligations, the Group revised its “Intellectual Property Management Measures (《知識產權管理制度》)”, which further standardized submission processes of the Company, such as internal trademark, patent and copyright applications, optimized the approval process of product design of the designers, and set out confidentiality obligations of intellectual property rights and the rule of punishments. In 2020, no material dispute or litigation of intellectual property rights against the Group has been identified.

To protect the Group’s brand reputation and intellectual property rights, the Group obtained information on production and sale of counterfeit brands or infringement through a variety of channels. It cooperated with the third-party sales platforms to complain and delete the infringing links, filed complaints to the industry and commerce authorities about producing and selling counterfeits in the market, and carried out legal rights protection activities against the enterprises or individuals who infringe the rights by means of civil infringement action and criminal report.

VI. ANTI-CORRUPTION MANAGEMENT

The Group requires and urges all its employees, suppliers and service providers to always follow the values and standards of integrity, fairness and openness in their work, and maintain a work style of dedication, justice and integrity. Adhering to the operation philosophy of being honest, the Group strictly complies with the requirements of relevant laws and regulations such as “Company Law of the People’s Republic of China (《中華人民共和國公司法》)” and “Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》)”. It has also revised the “Anti-Corruption and Anti-Bribery System of Li Ning Group (《李寧集團反腐敗和反賄賂制度》)”. The Group adopted zero-tolerance attitude toward the corrupt behaviors of its employees and suppliers, and has developed corresponding standards and procedures. Regarding its employees, the Group requires its new employees and regular employees to fill in the “Anti-Corruption and Anti-Bribery Declaration Form for New Employees (《新入職員工反腐敗和反賄賂申報表》)” and “Anti-Corruption and Anti-Bribery Declaration Form for Regular Employees (《在職員工反腐敗和反賄賂申報表》)”, respectively, and sign the “Letter of Undertaking on Anti-Corruption and Anti-Bribery (《反腐敗和反賄賂承諾書》)”. Regarding its suppliers, the Group requires its suppliers to fill in the “Anti-Corruption and Anti-Bribery Investigation Form of Li Ning Company (《李寧公司反腐敗和反賄賂調查表》)”, and sign the “Letter of Undertaking on Anti-Corruption and Anti-Bribery (《反腐敗和反賄賂承諾書》)”, practice clean procurement, and jointly prevent the occurrence of corruption and commercial bribery and other improper behaviors with suppliers.

In 2020, the Group revised the “Anti-Corruption and Anti-Bribery System of Li Ning Group (《李寧集團反腐敗和反賄賂制度》)”, and released the revised training handout of the system to all employees through video recording, requiring all its employees to complete the online training as required. The course duration was 30 minutes, and approximately 9,600 person-times (including contract employees and outsourcing employees) attended the course.

In addition, the Group has formulated anti-corruption and anti-bribery reward and punishment measures. For the employees who voluntarily report others’ corruption or bribery, the Group will give one-off reward to the employees after the report is verified to be correct. If an employee violates the anti-corruption and anti-bribery system of the Group, the Group will impose demerit or immediately terminate the labour contract according to the amount involved. If the case is serious, the Group will transfer the case to the judicial authority for handling. The Group has established corruption and bribery reporting channels where staff can report any corruption and bribery to the Group via emails, and the Group will keep the identity of reporting staff strictly confidential. In 2020, we added a senior officer complaint mailbox and a complaint channel of the human resources department and voluntary reporting channels for employees, encouraging employees to practice the business philosophy of integrity, curb corruption, and maintain a clean environment.

VII. COMMUNITY INVESTMENT MANAGEMENT

The Group attaches great importance to and actively assumes social responsibilities, maintains communication with the surrounding communities, gets along with them amicably, carries out exchange activities in various forms, and builds a mutually beneficial and sustainable relationship between the enterprise and the community. Upholding the charity philosophy of “Practicing Love with Sports”, the Group takes an active part in public welfare undertakings, provides necessary help to the disadvantaged groups, carries forward sportsmanship, and contributes to the construction of a harmonious society.

Building a harmonious society with charity

The Group attaches great importance to the development of public welfare undertakings. We care for women and children, pay attention to the development of education level and the health of residents in poverty-stricken areas, maintain long-term cooperation with China Women’s Development Foundation, and continuously lend a helping hand to mothers struggling with poverty, thereby injecting resources and vitality into public welfare construction in poverty-stricken areas. We aim to let more people enjoy life and sports through the spread of love and the publicity of charity concept.

Care for women struggling with poverty — The “Postal Parcels for Mothers” Programme

During the Spring Festival in 2020, the Group participated in the “Bring Love Home” & “Postal Parcels for Mothers” programme sponsored by China Women’s Development Foundation. The programme was in response to the “Bring Love Home” Millions of Volunteers and Left-behind Children Pairing Initiative in winter vacation jointly organized by seven ministries and commissions, including All-China Women’s Federation, the Ministry of Civil Affairs and the Office of National Working Committee on Children and Women under the State Council, sending postal parcels to mothers struggling with poverty. The postal parcels include cotton vests, hats, scarves, gloves and other winter daily necessities, hoping to bring warmth and care to impoverished women. This programme follows the Group’s concept of social responsibility to care for women, and makes contributions to improving women’s quality of life and happiness index within its ability.



Postal Parcels for Mothers

Support local education — Guangxi Li Ning Foundation’s public welfare programmes for students

In 2020, Mr. Li Ning initiated and set up the “Guangxi Li Ning Foundation” and, together with the Physical Education Bureau of Laibin, the Charity Association of Liuzhou and the Education Bureau of Rongshui County, Rong’an County and Sanjiang County, has launched public welfare projects such as “Helping Outstanding High School Students from Impoverished Families in Laibin”, “Li Ning Scholarship in Laibin” and “Li Ning Grant for Students”. By the end of 2020, Guangxi Li Ning Foundation had supported 330 person-times of outstanding high school graduates with financial difficulties and provided scholarships of RMB1.25 million in total to help them realize their dreams of studying in universities and support their personal development.



Grant Presentation Ceremony

Care for Children — “Care and Relief Programme for Children and Teenagers Infected with AIDS” in Liangshan Prefecture, Sichuan



Prepare Clothes to be Donated to Impoverished Orphans

Since 2018, the Group has been engaged in the “Care and Relief Programme for Children and Teenagers Infected with AIDS” in Liangshan Prefecture, caring for the children struggling with poverty and illness, and hoping to offer more help and care for the happy growth of children. In May 2020, the Company, together with the Chinese Association of STD and AIDS Prevention and Control, donated clothing items to the orphans living in poverty under the “Care and Relief Programme for Children and Teenagers Infected with AIDS”. A total of 2,166 pieces of clothing

and shoes were donated to the orphans, worth more than RMB600,000. By the end of 2020, the Group has donated cash and items worth RMB2.15 million in total in the programme. We will continue to pay attention to and care for the children infected with AIDS and make continuous efforts for their healthy and happy growth.

Supporting green environmental protection with charity

The Group actively practices the concept of sustainable development, strives to explore and apply advanced environmental protection and processing technologies, achieves the application of recyclable materials in product manufacturing, and launches various environmental protection products to convey environmental protection concept to consumers, and boost the enthusiasm of the public for environmental protection.

Environmental protection technology turns waste into treasure — “Coffee carbon fiber” environmental-friendly limited T-shirts

In 2020, we jointly launched T-shirts made exclusively for environmental protection with LOVERE and COSTA. The T-shirts adopted cutting-edged environmental-friendly fabric technology that processed common coffee grounds in daily life into recyclable “coffee carbon fiber”, an environmental-friendly fabric, by sorting, cleaning, crushing and other procedures. The T-shirts launched in this stage take “Essence, Vitality and Spirit (精氣神)” as their theme, with the cartoon playing Tai Chi and the slogan of “Your Actions Will Save The Vitality Of The Earth”, aiming to convey the Group’s philosophy of green environmental protection and building harmonious ecosystem, and appeal to the public to enhance environmental awareness, do outdoor exercise and enjoy a healthy life.



Environmental-friendly limited T-shirts made of coffee carbon fiber

LI-NING brand joined hands with WABC to launch a public welfare activity themed “Caring for the Autism”

On 2 April, 2020, i.e. the World Autism Awareness Day, Li Ning and World of Art Brut Culture (WABC) spoke for those with autism and appealed to the public to eliminate the misunderstanding towards and discrimination against the autism. In December, Li Ning, WABC and LOVERE under Wan Wu Xin Sheng Group, jointly launched a public welfare activity with the theme of “Difference Boost Beauty”, aiming to appeal to the public to care for the mentally handicapped population and spread equal love. In the activity, the Group applied environmental-friendly technology and used waste plastic bottles to be processed into environmental-friendly recycled raw materials to make socks. The patterns on socks were designed by “little friends” from WABC. Fashionable and environmental-friendly socks with a total of five different patterns were released to encourage the public to put on two “mismatched” socks for charity on December 23 to participate in the “Mismatched Socks Day”. Through the activity, we hope to arouse more empathy from the public, appeal to the public to pay attention to, tolerate and accept people with mental disabilities such as autism, cerebral palsy and Down syndrome and their families, so that they can enjoy an equal, free and happy life, and make contributions to promoting the diverse integration of the society.



Environmental-friendly “mismatched” socks

Vitalizing the community with sports

The Group, as a quality sports brand, is committed to conveying the sportsmanship, maintaining communication with surrounding communities, holding a variety of sports competitions, encouraging the public to strengthen their physical fitness, advocating the spirit of hard work and pursuit of excellence, and vigorously promoting national fitness campaign.

Sports competitions for staff of foreign enterprises — “20th Badminton Competition” and “20th Basketball Competition”

The “20th Badminton Friendship Competition” and “20th Basketball Competition” hosted by Beijing Trade Union Federation for Foreign Enterprises were successfully held in Li-Ning Centre on 5 September 2020 and 7-8 November 2020, respectively. During the competitions, the participants played aggressively and wholeheartedly, with concerted efforts and intense competition atmosphere, showing the excellent sports skills and the hard-working spirit. The competitions enriched the leisure life of the participants and enhanced the sense of honor and cohesiveness, so as to achieve the goal of active mass participation in fitness.



The “20th Badminton Friendship Competition”



The “20th Basketball Competition”

VIII. FIGHT AGAINST THE EPIDEMIC AND OVERCOME THE DIFFICULTIES TOGETHER

In the beginning of 2020, facing the sudden outbreak of COVID-19, the Group responded to the epidemic prevention and control immediately by swiftly establishing a joint epidemic prevention and control team covering all subsidiaries in various regions, actively responding to the national epidemic prevention and control work, implementing the prevention and control requirements, and ensuring the health of employees and the safety of the workplace environment after resumption of work. At the same time, in line with its own resource advantages, the Group actively donated money and supplies to provide support and help to the affected people and workers at the frontline within its ability.

Take Multiple Measures to Prevent and Control the Epidemic

During the time of epidemic outbreak, the Group strictly implemented the prevention and control requirements of local governments, formulated targeted and specific response measures, regularly cleaned and disinfected the surfaces of objects in the office, and provided sufficient hand sanitizers and alcohol cotton balls in the office areas. Meanwhile, it facilitates the ventilation in the workplace by giving priority to natural ventilation, and timely disinfecting and cleaning the air conditioning system. The Group took strict measures to take temperature and make registration by scanning code for all people entering and leaving the office area, kept required distance in staff rest areas and dining areas, required staff to eat alone, and regularly disinfected the tableware. It tried to avoid or reduce staff gatherings and group activities as much as possible by controlling the frequency and size of meetings.

The Group timely published epidemic prevention and control information and emergency information by means such as health tips, posters, training and education, Weibo and WeChat, to guide employees to fully understand knowledge on epidemic prevention and control, understand the epidemic situation in a scientific and rational manner, master the key points of epidemic prevention, enhance the awareness of prevention, understand, support and cooperate with the prevention and control work. It required and guided staff who returned from overseas to take health management measures, such as quarantine, registration, temperature monitoring and wearing masks, as required by the local government in an appropriate manner.

Care for the Physical and Mental Health of Employees

The Group used the online office software to make daily health report, thus to effectively keep track of staff's movement and health conditions. In line with the principle of "reporting any COVID-19 cases and making quick response", the Group has established a mechanism for daily inspection and inquiry of employees' health conditions, collected epidemic prevention and control information from various platforms, subsidiaries and factories in a timely manner, urged those with abnormal physical conditions to seek medical advice immediately, and conducted follow-up inquiries on their conditions. At the group level, we cooperated with each subsidiary to purchase epidemic protection supplies, and coordinated the distribution to support areas with insufficient supplies, so as to ensure sufficient supplies for employees in various places after resumption of work.

In addition, in order to alleviate the psychological pressure of employees brought by the epidemic, the Group invited well-known experts in psychological crisis intervention to deliver "Public Lecture on Psychological Adjustment under the Epidemic", which provided efficient guidance for employees to improve their ability of epidemic prevention from psychological aspect. At the same time, the Group actively organized the online "Epidemic Prevention from Psychological Aspect" column to improve the staff's self-protection ability and boost their confidence in fighting the epidemic.

Donate Supplies and Money to Fight against the COVID-19 Together

The Group paid close attention to the development of COVID-19, and actively shouldered its social responsibility as a corporate citizen by donating supplies to the frontline, and working with the people of the whole country to overcome difficulties and win the battle.

- In late January 2020, after learning the epidemic prevention and control needs, the Group immediately donated RMB10 million through the China Charity Federation. The Hubei Branch of Li Ning Group immediately donated RMB1 million and some urgently needed medical supplies to the Red Cross Society of Jingmen, Hubei Province, to support the prevention and control work of COVID-19.
- In the middle and late February 2020, cold wave and moderate to heavy snow hit some areas of Hubei Province, which had a certain impact on the local prevention and control of COVID-19. Upon learning the difficulties in frontline, the Group, together with China Women's Development Foundation, according to the actual local demands, leveraged its own advantages to collect resources in an emergency manner, and donated supplies worth RMB10 million to Hubei in a timely manner to fight against the epidemic. Those cold-proof supplies included long-sleeved hoodies, wind coats, cotton coats, down jackets and warm shoes for medical staff and patients to keep warm.
- In March 2020, the Group, together with the Li Ning Foundation, donated 1,200 sets of Li Ning equipment to the Guangxi Medical Team in Hubei to support the frontline medical personnel in fighting against the epidemic. In late March 2020, the Group worked with the One Foundation to fight against the epidemic and actively supported One Foundation's initiative to help Hubei Province. It donated 2,000 sets of disposable medical protective clothing to the frontline medical workers in Hubei to help the teams maintain sufficient combat capacity and continue to fight the epidemic.



Donated disposable medical protective clothing and cold-proof supplies to fight against the epidemic

Li Ning Group will continue to follow the development of the epidemic, strengthen confidence and work together to comprehensively win the battle against the epidemic.

IX. PARTICULARS OF THE REPORT

Report Summary

This report aims to disclose to the stakeholders the latest progress of the work of Li Ning Company Limited (the “Company”) and its subsidiaries (collectively, the “Group”) in respect of Environmental, Social and Governance (ESG) in 2020. This report has been prepared in accordance with the ESG Reporting Guide set out in Appendix 27 to the Listing Rules on the Hong Kong Stock Exchange. This report should be read together with the “Corporate Governance Report” section in the 2020 Annual Report and the “Social Responsibility” column on the Group’s website.

Reporting period

From 1 January 2020 to 31 December 2020, some contents of the report date back to previous year as appropriate.

Reporting scope

Unless otherwise stated, the scope of disclosure in this ESG Report is the same as that covered in the Annual Report.

Reporting principles

Materiality: This report evaluates the areas of major concerns of the stakeholders and provides disclosure on major issues.

Quantification: All key performance indicators disclosed in this report are measurable, and the basis for calculation of the environmental data has also been disclosed.

Consistency: The methods and scope of statistics in this report remained unchanged and the data disclosed is comparable to that of the previous years.