

**波司登**  
**BOSIDENG**

Bosideng International Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3998



**ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT**  
**2018/19**



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# ABOUT THIS REPORT

## GROUP PROFILE

Bosideng International Holdings Limited (the “Company”) and its subsidiaries (collectively “Bosideng”, “we” or the “Group”) is a well-known multi-brand integrated apparel business group in the People’s Republic of China (the “PRC”). It focuses on the development and management of down apparel brand portfolios, including the research, design and development of branded down apparel products, OEM products, ladieswear and other products, as well as raw material procurement, outsourcing production, marketing and distribution. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in October 2007 (stock code: 3998.HK).

With a focus on down apparel business, the Group is dedicated to becoming a down apparel expert widely recognized by consumers and leading the development of the industry. Currently, the Group’s down apparel brands include “Bosideng”, “Snow Flying”, “Bengen”, and so on. With these brands, the Group is able to meet the needs of different customer groups and strengthen its leading position in the PRC market. According to China Industrial Information Issuing Center (中國行業企業信息發佈中心) and the National Bureau of Statistics of China, the down apparel brands of Bosideng have maintained a significant lead in the industry in terms of sales in the PRC during the past 24 consecutive years (1995 – 2018).

Currently, the Group’s ladieswear brands include “JESSIE”, “BUOU BUOU”, “KOREANO” and “KLOVA”, and school uniform brand of “Sameite”. The Group’s non-core business also includes OEM processing business, the customers of which are mainly famous European and American brands.

The Group vigorously implements its brand development strategy and has won a number of honors including “China’s World Famous Brand Products” (中國世界名牌產品) and “Leading Textile Clothing Brand in China” (中國紡織服裝領軍品牌). Looking forward, the Group will continue to focus on down apparel business as its core business, and concentrate on brand building activities in terms of optimizing the products and enhancing sales channel development. The Group aims to achieve a much more outstanding performance and become the most respected functional apparel group in the world.

## BASIS OF PREPARATION OF THIS REPORT

Since its inception, Bosideng has been adhering to the brand mission of “Warming the World” and striving for creating warm down apparel and other apparel products for consumers. While implementing this philosophy, we have the responsibility to ensure that our enterprise operates in a responsible and sustainable manner in environmental, social and governance (“ESG”) areas. To demonstrate our efforts in fulfilling our environmental, social and governance responsibilities, we will articulate the environmental and social impacts associated with our business and our response to the impacts through this ESG Report (the “ESG Report” or “this Report”).

This Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The contents disclosed comply with the “comply or explain” requirements under the ESG Guidelines. The contents and information disclosed in this Report are based on the internal records and files of the Group. To enhance the representativeness of this Report, from April 1, 2018 to March 31, 2019 (“Year 2018/19” or the “Year”), we continued to engage independent third-party institutions to assist us in stakeholder engagement and importance assessment so as to more realistically reflect the environmental and social issues which are concerns of the stakeholders, and in this way, the ESG Report responds more comprehensively to the needs of stakeholders.

This Report is our third ESG report. To better understand your needs, improve the quality of the ESG Report and provide more valuable information to all stakeholders, you are welcome to contact the Investor Relations Department at [bosideng\\_ir@bosideng.com](mailto:bosideng_ir@bosideng.com) to submit any comments or suggestions on this Report. We welcome any comments and promise not to disclose any of your information to third parties without permission.

## CONCEPT OF THIS REPORT

As the leading brand of down apparel in China, Bosideng's brand has always regarded social responsibility as one of the important missions of today's enterprises. Guided by our corporate values of "Customer Foremost, Integrity, Motivation, Innovation, Cooperation and Responsibility", we have been committed to promoting the development of the Group and the society. To demonstrate Bosideng's commitment to social responsibility, this Year we used the United Nations' Sustainable Development Goals ("SDGs") as the theme of the ESG report to illustrate the values that Bosideng's business has created for the society. To this end, we have identified the priority of SDGs with the assistance of independent third-parties. For details, please refer to page 13 of this Report.

## About the United Nations Sustainable Development Goals

The United Nations SDGs were presented at the United Nations Sustainable Development Summit at the end of 2015 and included 17 SDGs and 169 specific targets to guide global development work for 2016-2030. The SDGs cover the global challenges faced by today's societies, including challenges relating to poverty, inequality, climate, environmental degradation, prosperity as well as peace and justice. The proposal on SDGs is to call on all countries to act for the promotion of the prosperity of mankind and the planet.



## REPORTING PERIOD AND SCOPE

This Report reflects the performance of environmental, social and sustainable development of Bosideng for the Year 2018/19. The reporting scope mainly covers sourcing of raw materials, outsourcing and production, and sales of garment. Considering that down apparel business is the Group's most important business segment (accounting for 73.7% of the Group's total revenue for the Year), we will focus our information disclosure on the down apparel business during the Year. Unless otherwise mentioned, the environmental data disclosed in this Report covers the Group's headquarters and the Group's self-operated branded down apparel retail stores (including specialty stores and consignment outlets) in China, and the social data disclosed in this Report covers all members of the Group. We will expand our scope of disclosure to non-down apparel business when feasible in the future.

For major subsidiaries of the Company, please refer to the annual report for the Year 2018/19.

# CHAIRMAN'S STATEMENT

Dear stakeholders,

Thank you for reading the third ESG report released by the Company. This Report is the summary and report on the Company's efforts and achievements in ESG aspects in Year 2018/19.

Founded in 1976, Bosideng has been riding the waves of time to develop steadily and bring warmth to the world with 43 years of dedication to down apparel business. Along with the great course of reform and opening-up China in which has embarked upon, Bosideng witnessed the glorious milestones of innovations and the development of private enterprises, which also manifests a vivid epitome of the exceptional development of China's textile and apparel industry. 2018 was an extraordinary year for both China and Bosideng. We renewed our commitment to our original aspirations, continued to build on our innovations and laid down a solid foundation. By means of multidimensional upgrading of channels, products, and image through brand influence, our business achieved high-quality growth, thereby demonstrating the power of the strong rise of Chinese brands to everyone in the community. Such growth and benefits are achieved thanks to the government's instructions, industry's guidance, community's support, employees' efforts and our partners' trust.

We are aware of the fact that factors including environmental protection and social contributions of enterprises play an increasingly important role in brand building and value creation, and therefore long-term and sustainable development of an enterprise depends on its commitment to the environment and society and the ability to fulfill its responsibilities. We have adhered to new development principals, centered on brand-oriented philosophy and continuously upgraded products and channels, aiming to become the most respected functional apparel group in the world. We focus on integrating the ESG factors into our growth and brand-building efforts, thereby promoting the sustainable development of the industry and society.

In the Year 2018/19, faced with the attention and supervision from the public and the government, as well as the requirements from customers, suppliers, employees and other stakeholders, we could not afford to slack off for a minute —

*We have improved the communication mechanism with stakeholders and conducted stakeholder interviews and questionnaires through independent third parties to deepen understanding, enhance mutual trust and create value together;*

*We focused on key issues related to product responsibility, supply chain management, energy conservation and environmental protection, identified areas of improvement in core contribution areas by benchmarking against the SDGs, and promoted the coordinated development of enterprises, environment and society;*

*We actively promoted sustainable consumption and green production, engaged in discussions and collaborated with suppliers to promote the sustainability of the supply chain;*

*With our innovation-driven brand, we meet consumers' demand for technology, health and environmental protection products;*

*We attached importance to employee welfare and personal development, treated each employee with equal respect and continued to carry out equity incentives and encourage employee innovation, thereby creating and maintaining a good working environment and enterprise atmosphere;*

*We organized and participated in various charity and public welfare activities, such as rural revitalization and targeted poverty alleviation, and spread goodwill and love, so as to deliver Bosideng's care and warmth to more people in need.*

As one of the leading brands in the industry, Bosideng always adheres to its initial mission of "Bosideng Warms the World" and is determined to forge ahead with innovations so as to promote industry upgrading. Forging ahead in the new era, Bosideng will adhere to the original aspirations of the brand, strengthen brand confidence and seize the development opportunities arising from the "Belt and Road" initiative, the new orientation of "technology, fashion and green" industry and the trend of consumption upgrading. To this end, we will lead and promote the sustainable development of the industry and provide a strong backbone for the further promotion of "Chinese brand" and "Chinese fashion".

Finally, on behalf of the board of directors, I would like to express my gratitude to our shareholders, business partners and customers for their long-term support, understanding and trust in the Group, as well as to all employees for their efforts and contributions. We will continue to build warm and high-quality lives for the public in a green and sustainable way and work hand in hand with all stakeholders on the road of sustainable development to create a more splendid future!

**Gao Dekang**

Chairman and President

October 16, 2019



# HIGHLIGHTS OF REVIEW

## CORPORATE CULTURE

### Mission

Bosideng Warms the World

### Core values

Customer foremost, Integrity, Motivation, Innovation, Cooperation, Responsibility

### Enterprise spirits

Overcome difficulties, No complaints, Self-discipline, Embrace innovation, Pursue of excellence and Strive for the best

### Bosideng's brand positioning

The top-selling down apparel expert in the world

## 2018/19 ANNUAL FINANCIAL PERFORMANCE

### Financial Performance of the Group

Revenue increased by  
**16.9%** year-on-year to  
approximately RMB **10.38** billion

Gross profit margin increased by  
**6.7** percentage points year-on-  
year to approximately **53.1%**

Profit attributable to equity  
shareholders increased by  
**59.4%** year-on-year to  
approximately RMB **980** million

Share price recorded accumulative  
increase of approximately  
**161.6%** during the financial  
year

Dividends accounted for  
approximately **76.6%** of profit  
attributable to shareholders

### Business Performance of Bosideng Branded Down Apparel

Offline stores  
totaled **3,443**

**1,200+** newly renovated stores  
during the financial year

**4** newly opened image-flagship  
stores in Beijing, Shanghai, Tianjin,  
Chengdu

Revenue from online operation of  
branded down apparel increased  
year-on-year by approximately  
**55.6%**

Transaction amounts of brands of  
apparels ranked **2nd** on double  
11 and double 12 on Tmall

# Highlights of Review

## ACCOLADES

During the Year, Bosideng continued its efforts to become the world's most respected functional apparel group. The achievements of the Group in market competition, corporate development, operations management and social responsibility have been widely recognized by different sectors of society. Bosideng will continue to fulfill its corporate social responsibility and obligations and pursue the mission of "Bosideng Warms the World".

| Type of Accolades              | Accolades Received  |
|--------------------------------|---|
| Brand Value                    | In the "2019 China Brand Evaluation Press Conference" jointly organized by Xinhua News Agency, Economic Daily, China Council for the Promotion of International Trade, China Council for Brand Development, China Appraisal Association and other units, Bosideng ranked first in the apparel industry with a brand strength of 982 points and a brand value of RMB24.302 billion |
|                                | Conferred with the honorary title of "Leading Brand of China Feather and Down Industry" by China Feather and Down Industrial Association  |
|                                | Conferred with the honorary title of "2018 Style Top Fashion Award Most Popular Down Jacket of the Year" by Sina Fashion  |
|                                | Granted with the "Outside 2019 Outdoor Equipment Award" by Outside  |
|                                | Won the "2019 Alibaba ONE Business Conference New Retail Clothing Industry Annual Brand Impact Award"   |
| Innovation and Creativity      | Granted with the award of "2018-2019 China Retail Innovation Award for the Most Influential Brand of the Year" issued by China Commerce Association for General Merchandise   |
|                                | Pilot Project of "Mass Entrepreneurship and Innovation" Platform announced by IT and Software Service Division, MIIT  |
|                                | Granted with the "2018 National Light Industry Management Modernization Innovation Achievement First Prize – Garment Industry Flexible Intelligent Distribution Service Platform" issued by China National Light Industry Council   |
| Awards for Chairman Gao Dekang | Designated as "2018 Jiangsu Industrial Internet Development Model Enterprise" by Jiangsu Industry and Information Technology Department   |
|                                | The title of "Meritorious Person of the 40th Anniversary of the Reform and Opening-up of China's Textile and Apparel Industry" conferred by China National Textile And Apparel Council  |
| Other Qualifications           | "Honorary Certificate of Craftsmen of the Nation in the Light Industry" conferred by China National Light Industry Council  |
|                                | The "AAA Credit Grade Certificate" issued by China Chengxin Credit Rating   |
|                                | "2019 IDFB (International Down and Feather Bureau) Membership Certificate" issued by International Down and Feather Bureau  |



Partial accolades received during the Year 2018/19

# STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

## STAKEHOLDER ENGAGEMENT

The steady growth of the Group relies on the support and trust from stakeholders, such as customers and consumers, employees, suppliers, the government, shareholders and investors. The Group attaches great importance to the engagement of stakeholders and maintains communications with a wide range of stakeholders through a variety of channels to learn about their opinion in a timely manner and respond to their needs, jointly build up a win-win cooperation relationship which is mutually supportive and beneficial and thereby enhance the Group's ability to fulfill its environmental and social responsibility.

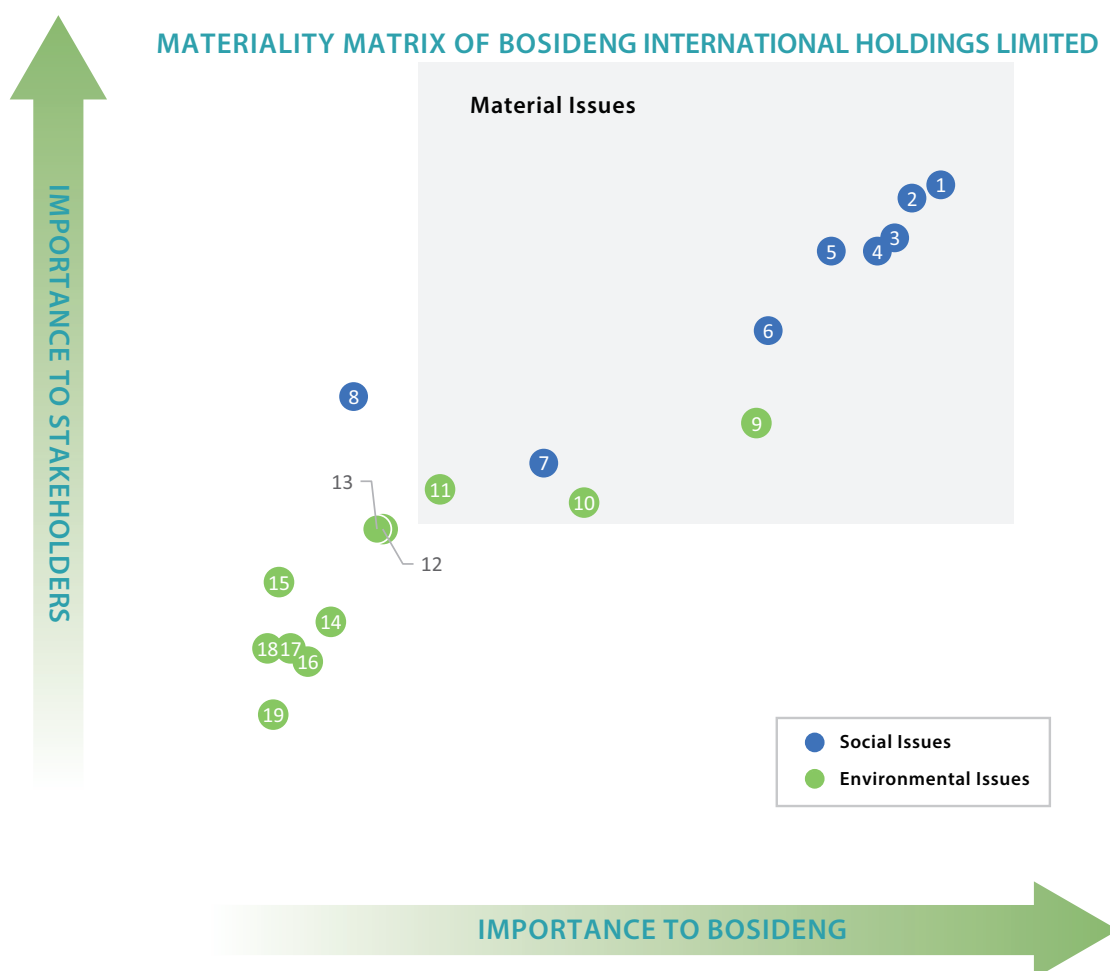
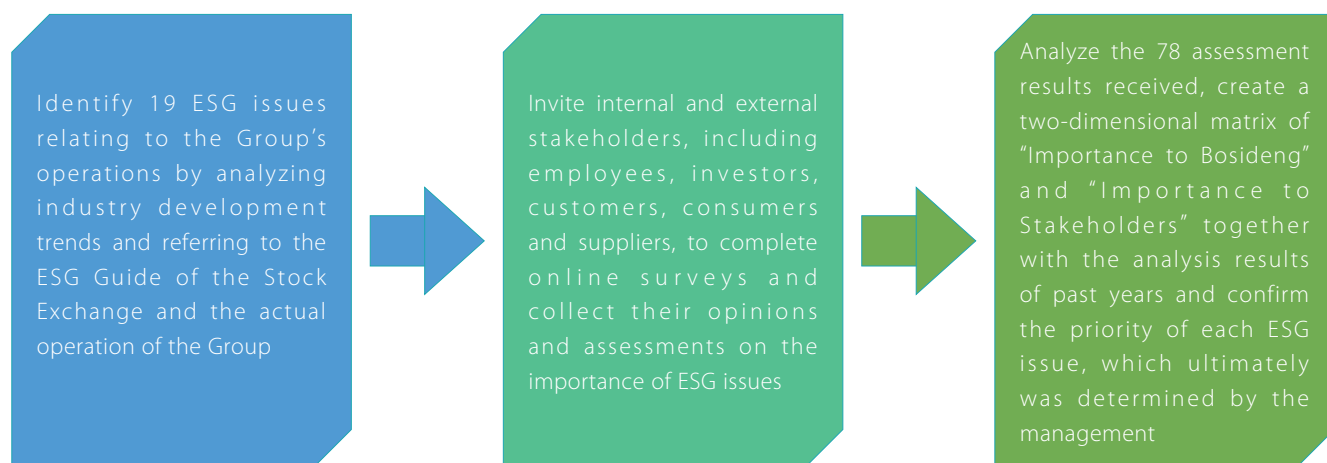
In addition, in preparing the ESG Report, we also engaged independent third-party agent to carry out one-on-one interviews with internal stakeholders and external stakeholders such as suppliers and investors, so as to understand their focuses with respect to ESG issues and their opinions and suggestions on the Group's sustainability.

| Stakeholders            | Focuses   | Communication channels  |
|-------------------------|---|---|
| Customers and consumers | Product quality<br>Service standard<br>Customers' feedback  | Customer visits<br>Exhibitions<br>Customer surveys<br>Customer service and hotlines   |
| Employees               | Employees' rights<br>Remuneration and benefits<br>Employees' development<br>Occupational health and safety          | Company intranet<br>Training and workshops<br>Employee satisfaction surveys<br>Labor union and employee representative congress<br>Various seminars                                   |
| Suppliers               | Win-win cooperation<br>Integrity and honesty  | Site inspection<br>Industry conferences<br>E-mail, telephone and WeChat   |
| Government              | Operation compliance<br>Payment of taxes according to law<br>Employment promotion<br>Promotion of local development | Regular communication with regulatory authorities<br>Regular reporting<br>Guidance and scrutiny<br>Special research   |
| Shareholders            | Operation compliance<br>Operating results of the Company  | Shareholders' meeting and Board meetings<br>Announcements<br>Site inspection<br>Roadshows and reverse roadshows<br>Conferences<br>E-mail, telephone, WeChat and the Company's website |

# Stakeholder Engagement and Materiality Assessment

## MATERIALITY ASSESSMENT

During the Year, we further expanded the scope of the investigation and research on stakeholders and continued to engage independent third-party to assist the Group in conducting a materiality analysis on a fair and equitable basis. Based on the results of materiality analysis in the year of 2017/18, we have updated the priorities of ESG issues and the specific procedure is shown as follows:



## Stakeholder Engagement and Materiality Assessment

| Social Issues |                                       | Environmental Issues |   |
|---------------|---------------------------------------|----------------------|---|
| 1             | Product responsibility                | 9                    | Climate change                            |
| 2             | Supply chain management               | 10                   | Use of packaging materials                |
| 3             | Employment and employees' benefits    | 11                   | Use of electricity                        |
| 4             | Employees' development and training   | 12                   | Greenhouse gas emissions                  |
| 5             | Health and safety                     | 13                   | Use of water                              |
| 6             | Anti-corruption                       | 14                   | Wastewater discharge                      |
| 7             | Community investment                  | 15                   | Exhaust emissions                         |
| 8             | Child labor and exploitation of labor | 16                   | Fuel usage relating to transportation     |
|               |                                       | 17                   | Hazardous waste discharge                 |
|               |                                       | 18                   | Non-hazardous waste discharge             |
|               |                                       | 19                   | Fuel usage not relating to transportation |

The material ESG issues during the Year and how they relate to the Group's business operations are set out in the following table by materiality:

| Scope  | Key issues                         | Relationship with the Group's business  | Corresponding sections    |
|--------|------------------------------------|---|---------------------------|
| Social | Product responsibility             | Products are the Group's core competitiveness. We are committed to providing down apparel products of high quality and high performance-price ratio. It is with the craftsmanship spirit throughout decades and the pursuit of excellent quality and service that Bosideng is able to establish its recognition among customers as the most preferred down apparel brand. | Product responsibility    |
|        | Supply chain management            | The Group is principally engaged in raw materials procurement and sales of down apparel products and relies on upstream suppliers on the supply of raw materials and the production of down apparel products. As such, high-quality, reliable supply chain resources and efficient, scientific supply chain management are crucial to our normal operation.               | Supply chain management   |
|        | Employment and employees' benefits | Employees are the most important assets of the Group. Ensuring employees' legal interests and emphasizing their benefits are not only related to whether a company can attract and retain talents, but also the key driving factors facilitating the Group's development and growth.  | Remuneration and benefits |




# Stakeholder Engagement and Materiality Assessment

| Scope         | Key issues                          | Relationship with the Group's business  | Corresponding sections                     |
|---------------|-------------------------------------|---|--|
| Social        | Employees' development and training | The Group would not have today's achievement without the devotion and growth of employees. Only by building outstanding management teams and constantly enhancing the knowledge and skills of employees can a company maintain its advantage in a complex business environment with intense market competition, thus driving a company to develop constantly.   | Development and training                   |
|               | Health and safety                   | Creating a safe and comfortable working environment is the premise for employees to work normally and boost their efficiency. The Group's business operating activities can only continue to work in an orderly manner when employees' health and safety are ensured.   | Health and safety                          |
|               | Anti-corruption                     | Corruption not only damages the Group's reputation, but may also cause a fatal blow to the Company's continuing operations. The Group adheres to business morals of the highest standards and adopts a zero-tolerance attitude towards corruption.  | Anti-corruption                            |
|               | Community investment                | Since its inception, Bosideng has made it its responsibility to give back to the society. We believe that companies will not be able to develop and thrive without the support and help from various aspects, such as the country, the industry and the society. Therefore, supporting social development will bring about positive impact to the Group's long-term development.  | Community investment                       |
| Environmental | Climate change                      | Climate warming may impact the sales of down apparel products, while extreme weathers may disrupt normal operation of the down supply chain. At the same time, the Group may also face market and reputational risks related to climate change. As such, it is necessary for us to pay close attention and respond to such impact.  | Product responsibility<br>Use of resources |
|               | Use of packaging materials          | The Group's down apparel products need to be protected with different types of packaging materials during logistics transportation and sales processes. We strictly control the use of packaging materials to reduce unnecessary consumption. We also recycle and reuse when practicable to reduce waste generation and minimize the impact on the environment and on resources.  | Use of resources                           |
|               | Use of electricity                  | The Group's headquarters office and retail outlets use electricity for their daily operations and the third-party suppliers the Group works with also use electricity during production. With the current increasing shortage of energy, energy conservation is a key issue that all companies should place great emphasis on. To this end, Bosideng actively promotes energy-saving measures and has been working closely with third-party suppliers to motivate them to increase their efficiency of electricity use. | Use of resources                           |

# Stakeholder Engagement and Materiality Assessment

## RESPONDING TO SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

As global goals, all of the 17 SDGs are relevant to our operations on different degrees. Identifying the priority of the SDGs helps the Group in identifying potential ESG risks and focusing on areas where we can contribute the most as well as providing clear guidance on setting goals and implementing future improvement. This Year 2018/19, the Group referenced the reporting framework of the SDGs for the first time and invited stakeholders to conduct a materiality analysis on the materiality of the 17 SDGs to the Group through online surveys. Based on the Company's business nature, operational environment and expectations from stakeholders, we referenced the results of the survey and identified 3 SDGs that are most relevant to the Group as the areas where we are able to make contribution and actively bring about impact. To briefly illustrate our contribution in respect of the 17 SDGs to stakeholders, we will use icons to mark the related SDGs in respective chapters.

| SDGs most relevant to Bosideng  | Content of SDGs   | Bosideng's key initiatives responding to SDGs  |
|---|---|--|
|  <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>                | Ensure healthy lives and promote well-being for all at all ages                       | <ul style="list-style-type: none"> <li>• Establish an environmental management system to reduce exhaust emissions and wastewater discharge</li> <li>• Develop antibacterial down apparel</li> <li>• Test product safety standards (APEO content, pH)</li> <li>• Donate winter clothes to students at Daliang Mountain</li> <li>• Establish "Bosideng Red Cross Charity Home" program to provide medical healthcare services to the elderly</li> </ul>  |
|  <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>          | Promote inclusive and sustainable economic growth, employment and decent work for all | <ul style="list-style-type: none"> <li>• Cover five social insurances and one housing fund as well as provide dorms and free cafeteria for employees</li> <li>• Launch a Love Fund to help employees with difficulties</li> <li>• Establish an occupational health and safety management system</li> <li>• Post warning signs in workplaces for potential safety hazards (dust, noise, high-voltage electric shock, skid, etc.)</li> <li>• Provide internal training, such as reserve talent training, and encourage employees to participate in external training</li> <li>• When evaluating suppliers, inspect whether there is exploitation of child labor and whether employees' working hours and compensation comply with the law</li> </ul> |
|  <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | Ensure sustainable consumption and production patterns                                | <ul style="list-style-type: none"> <li>• Promote the use of LED lighting and reduce generation of hazardous waste</li> <li>• Encourage the recycling of waste paper, store decoration waste and packaging materials waste to reduce consumption of resources</li> <li>• Establish an environmental management system to reduce exhaust emissions and wastewater discharge</li> <li>• When evaluating suppliers, inspect whether they complied with the laws on environmental compliance and occupational health and safety safeguard situations</li> <li>• Use responsible down based on customers' or designers' request</li> </ul>   |

# SOCIAL RESPONSIBILITY



With 43 years of dedication to down apparel business, Bosideng markets and distributes its products in 72 countries around the world and is committed to becoming the first-choice brand of down apparel for 7.5 billion consumers worldwide. To this end, we strictly monitor every link from raw material procurement to after-sales service, and work closely with suppliers to continuously improve the sustainability of the supply chain and improve product quality management, so as to provide consumers with high-quality products and services and meet their diversified dressing needs and experiences.

### PRODUCT RESPONSIBILITY



#### Quality Assurance

Emphasizing quality and safety as a top priority, Bosideng advocates the innovative concept of “Quality Plus” products, and strives to integrate characters such as colors, innovation and top-notch quality into its brand DNA. We strictly abide by the Product Quality Law of the People’s Republic of China 《中華人民共和國產品質量法》 and other relevant laws and regulations, implement a comprehensive ISO9001 quality management system and have obtained the China Quality Certification.

Adhering to the innovative concept of “Quality Plus”, we require manufacturers to carry out strict quality inspections and antibacterial inspections on raw and auxiliary materials and finished products and promote eco-friendly use of materials. We work closely with suppliers to ensure the quality of goods and services in all aspects including design, incoming raw material inspection, production process quality monitoring, finished product inspection, after-sales service quality control and refinement of material quality issues. We have also formulated a three-tier inspection system, stipulating that only the final finished products that pass inspection can be put into storage. This Year, we further reduced the defect rate to less than 0.14% in the common product market and to less than 0.07% in the high-end product market. At present, the main technical indicators in the Group’s production are higher than the national standard requirements, and some technical indicators are in the leading position in the industry, which demonstrates Bosideng’s commitment to quality excellence.

# Operation Management

In addition, in terms of product recall, we have formulated corresponding policies and procedures. If stores find that the defect rate of a certain product is high during the sales process, they must send the defective samples to the supply chain management department for verification. Upon verification, the supply chain management department shall issue a recall notice and repair or dispose the product in a pollution-free way. For large batch of defective products, we have the following feedback and treatment methods:

- Collect data, evaluate the severity and frequency of quality issue and evaluate the risk of quality issue from the perspective of customers;
- For low-risk quality issues, analyze the cause of the issue, the department responsible for quality issues shall rework and repair and take measures to prevent repetition of issues;
- For high-risk quality issues, production shall be immediately ceased while the quality management center shall analyze the causes of quality issues, propose corresponding measures to resolve the quality issues in question and report them to the Company management for instructions;
- The department responsible for quality issue shall take rework, repair or scrap measures and the supply chain center shall trace back the responsibility to the responsible department; and
- The quality management center will track the effectiveness of improvement measures to ensure that these quality issues will not occur again.

The Group strictly abides by the laws and regulations of the exporting countries and the down apparel standards, and faithfully lists the product information in the product logo and advertising information to eliminate any false information and to avoid misleading consumers. We also protect customer privacy and information security in accordance with the law. In order to understand customer preferences and satisfaction level with Bosideng products, the Group's brand management center collects customer feedback on products and services through annual customer surveys to compare with that of the competitive brands. We also employ consulting firms to interview customers on the spot to find out their evaluation of Bosideng's products and services. Besides, we have established an after-sales service system that not only provides customers with return and replacement of goods and free maintenance services within one year, but also provides customers with telephone and other channels so that they can make inquiry or reflect opinions, thus effectively protecting the rights and interests of consumers. In addition, we use WeChat as a social interaction carrier through the "General Membership Management" model to gain insight into consumer needs and create an online-offline marketing experience exclusively for members. The total number of our members during the Year was over 10 million, and according to the latest survey results of Ipsos, a third-party research organization, the results of approximately 2,500 questionnaires conducted in 12 cities across China showed that among the brands surveyed in the same period, the unaided top-of-mind awareness rate of Bosideng's brand was as high as 66% and the prompted awareness rate reached 97%. The brand's reputation ranked first among the 17 brands surveyed in the same period, demonstrating the customers' recognition of and trust in Bosideng's products and services.

## R&D and Innovation

Product innovation and keeping abreast of the times are the cornerstones of Bosideng brand development. In the 43 years since its establishment, the Group not only has the first national-level laboratory in the industry in the PRC, but has also not limited to 146 patents, 23 scientific research projects and 218 technical standards. In addition, the Company also obtained 3 high-tech product certifications. Furthermore, Bosideng has participated in the drafting and revision of 5 international standards, 9 national standards and 4 industry standards, setting a leading benchmark in the down apparel industry.

In order to meet consumers' requirements for quality and functionality, we actively promote new technologies and techniques to empower our brand with creative designs and technological innovations, such as the introduction of antibacterial down apparel filled with stuffing undergoing special technical treatments to protect consumers' health and reduce odor. In order to improve the functionality of products, we also actively adopt brand-new designs and materials, such as Gore-Tex fabric, to provide consumers with fashionable and practical clothing. During the Year, we have carried out a series of R&D projects in cooperation with renowned domestic and foreign companies and universities to continuously strengthen design and R&D capabilities and quality control and improve the fashion and professionalism of products. The key new product series launched during the Year include high-end outdoor collection, designers' collection, Marvel collection, and Puff collection, which have attracted attention from the majority of consumers and caused excitement.

At the same time, Bosideng is also aware of the worsening of climate change, especially provided that climate change may impact the sales of down apparel. Bosideng also actively advances R&D and innovation of its products. Starting from product diversity and thinness, Bosideng provides more categories as well as thinner and easier-to-carry down apparel product range to satisfy the needs of different consumers in different circumstances. In the future, we will pay close attention to the impact that climate change may bring to the industry or the market, properly adjust product structure and enhance R&D and innovation, so that we can grasp market opportunities while facing challenges.

## Intellectual Property Protection

While strengthening R&D and innovation, Bosideng also pays attention to protecting our technological innovation achievements and intangible assets such as trademarks, patents and copyrights. To this end, the Group has successively formulated a series of systems such as the "Trademark Management System", the "Intellectual Property Legal Risk Guide" and the "Externally Authorized Project Management System" to guide intellectual property management. On the basis of patents, patent applications, trademarks and copyright registrations, we have fully implemented the Group's intellectual property value-added strategy. Through a standardized intellectual property management system, we have established clear procedures for declaration and use of intellectual property rights, so that the management, protection and use of intellectual property rights are based on rules, laws and evidence.

We are actively applying for patents to form a "Patent Protection Circle" to strengthen early warning and avoidance of possible risks in patent infringement. At the same time, we have planned to carry out external technical cooperation, including trademark licensing and transfer, and to make a thorough diagnosis of the utilization of intellectual property rights in the department, so as to continuously improve the Group's intellectual property strategy. The Group also protects intellectual property rights through actions such as setting up an anti-counterfeit team, and cooperates with the Trade and Industry Bureau, the Public Security Bureau and other departments to strictly prevent and punish infringement of the Group's trademarks, thus protecting the interests of consumers and our brand reputation. This Year, the Group cooperated with its parent company, Bosideng Holdings Group Co., Ltd., and obtained 6 utility new model patents.

During the Year, the Group was not aware of any major violations in the health and safety, advertising, labelling and privacy issues relating to its products and services.

# Operation Management

## SUPPLY CHAIN MANAGEMENT



### Supplier Evaluation

As an enterprise whose main business is raw materials procurement, outsourcing and production, and sales of garment, supply chain is of vital importance to our business. In order to meet customers' demand for Bosideng's high-quality products, the Group has established strict policies on supply chain and supply quality management.

We have formulated the supplier selection criteria, supplier cooperation manual and performance evaluation criteria, and carried out strategic supplier cultivation and supplier supervision to promote the sustainable development of the supply chain. Before new suppliers are admitted, we investigate the qualifications of suppliers and conduct on-site investigations on those who meet the qualification requirements. Formal cooperation shall not begin until they pass the on-site evaluation. The Group's supplier evaluation criteria on suppliers include factors such as supplier's qualification, reputation, financial stability, social responsibility performance, cost, service and R&D capability. During the on-site review, we pay attention to the supplier's social responsibility, environment and health and safety performance, including environmental compliance, whether there are health and safety assurance measures, whether relevant training is provided for employees, whether child labor is employed, whether working hours and remuneration conform to national regulations, etc. If there is any nonconformity, we require the supplier to submit a rectification plan and rectify it properly. When signing a contract with a supplier, the Group also includes environmental and social responsibility requirements in the contract.

We assess the supplier's performance on a monthly basis and urge the supplier to comply with the supply chain code of conduct through the assessment information published on the SAP platform which is shared with the suppliers. For some important suppliers, we sent our specialists to evaluate the implementation of suppliers in accordance with the SA8000 Social Accountability Standard and supervise the improvement

of suppliers. We eliminate the supplier with the lowest score every year according to the review results. When existing suppliers cannot match the needs of the Group, supply chain management department and purchasing department will jointly cultivate new suppliers.

In order to encourage suppliers to continuously improve their environmental and social responsibility performance, suppliers who have passed the certification of third-party organizations, such as ISO9001 quality management certification, ISO14001 environmental management certification and Down Responsibility Standard (DRS) certification, gain more advantage in terms of passing the Group's supplier qualification certification review. At the same time, we provide annual training on the Group's supply chain policy in the following year to supplier's representatives. In order to better undertake the Company's strategy, during the Year, we focused on revising the supplier performance management policy, strengthening performance incentives and promoting cooperative enthusiasm of suppliers. In the Year 2018/19, we paid more attention to the regulation of suppliers' environmental and social responsibilities and elevated the relevant requirements to an important category of supplier evaluation. On the basis of increasing the proportion of environmental and social responsibility scores, we also intensified the process of supervision and spot checks, and will strictly implement non-compliance penalties once relevant violations are found, so as to continuously optimize the supplier qualification and ensure that supply chain resources meet the Company's business needs. In addition, we continued to optimize the supply chain through intelligent applications to improve the response speed and operation efficiency of supply chain links, such as inventory management and replenishment.



The 2019 Bosideng Supplier Strategic Cooperation Conference

## Procurement of Raw Materials

The raw materials purchased by the Group can be divided into core materials such as fabrics and down, and auxiliary materials such as lining and rib. In order to unify and strengthen the management of raw material suppliers, we formulated the Measures for the Management of Supplier's Key Performance Assessment (the "Measures"). The Measures list out the quality and delivery target of each material, the corresponding assessment contents and rewards and punishments measures. We regularly report the assessment results, summarize and implement the reward and punishment regulations, so as to urge and encourage suppliers to fulfill quality responsibilities and continuously improve.

Down is the most important raw material for outsourcing production and is purchased by the Group itself. We have set down quality standards that exceed the national standards, including 3 categories which are customer-oriented key indicators, national standard requirements and safety indicators. We have a national-level laboratory, and every batch of down will go through the SAP system for inspection. After being sampled by laboratory personnel, it will then be tested in accordance with the standards, and the down that passes the test can be put into storage. As for the source of down, we clearly stipulate in the down quality standards that the raw down must come from geese or ducks with a breeding period of over 40 days to ensure that the down quality meets the standard and protect the rights and interests of consumers. In addition, most suppliers of the Group have passed the "Responsible Down Standard" (RDS) certification. In line with the requirements of customers or designers in cooperation, we cooperate with these suppliers to use RDS-certified down, which is evaluated by an independent third party annually to ensure a certain level of protection of animal welfare and traceability from the source to the final product. The standard has several important principles:

- Down farms should not sell force-fed waterfowl (especially the tube feeding method often used in the production of foie gras);
- Down farms should not remove feathers from waterfowl by using live-plucking;
- Down farms should abide by local laws on animal welfare;
- Down farms should always provide clean, fresh and safe drinking water for waterfowl;
- Down farms should provide sufficient space and a comfortable environment for waterfowl;
- Waterfowl residence should be cleaned and disinfected regularly and thoroughly; and
- Down farms are required to ensure that all waterfowl over 3 days of age are certified and the origin of waterfowl is traceable.

The Group believes that it is a mega trend to pay attention to and protect animal welfare. It is an issue that the down industry and its upstream supply chain need to focus on and resolve in the future. We are following closely the requests of investors and market developments, and are preparing to raise the requirements and standards for down certification and animal welfare at the right moment in the future.

# TALENT MANAGEMENT

We know very well that Bosideng's long-term success depends on the contributions of employees. To this end, we have implemented a transparent and fair recruitment system to attract and retain outstanding talents through competitive remuneration. We respect the rights of employees, adopt a people-oriented approach and are committed to providing them with a safe working environment. At the same time, we also pay attention to the personal development of employees and provide them with on-the-job training and long-term development opportunities so that employees can make progress together with the Group.

## REMUNERATION AND BENEFITS



The Group believes that talent is the cornerstone for the steady development of the Company. In line with the principles of “respect, development, restraint and encouragement”, we have established a human resources development and management system that is people-oriented and focuses on the development of professional capabilities. We attract and retain talents with generous remuneration and benefits, people-oriented management philosophy, fair and comprehensive assessment and training programs. At the same time, through providing different learning and development opportunities, we help employees to enhance their self-worth and thereby improve employee satisfaction.

We advocate equal opportunities and oppose any form of discrimination. When hiring employees, we adhere to the principle of “merit-based recruitment with priority given to morality” and take the applicant's ability and suitability for the post as the main consideration factors, and will not be affected by factors such as race, gender, age, and marital status. The Group's headquarters and subsidiaries have established unified standards for the selection, employment, treatment, education and retention of talents. The human resources management system specifies in detail the provisions on recruitment, remuneration and benefits, promotion system and attendance management, among others.

The Group's remuneration consists of basic fixed salary, welfare allowance and annual performance bonus. The Group reviews and adjusts the salary of its employees on a yearly basis to ensure that the compensation level is competitive. Depending on the position or situation of individual employees, we also provide additional welfare benefits, such as attendance bonus, length of service allowance, high temperature fee, meal allowance, communication allowance and accident insurance. In terms of leave, we provide employees with annual leave, marriage leave, maternity leave, medical leave for work-related injuries and bereavement leave, in accordance with the national statutory leave system. In addition, after the overtime work is arranged and approved by the department, employees will be entitled to transfer leave as compensation. In order to enable employees to have a clearer understanding of their career development path, the Group has established two channels for career development in terms of management and technical proficiency. In order to evaluate and reward employees' performance fairly and impartially, the Group has established a result-oriented assessment mechanism, and department heads communicate with employees and coach their performance step by step on a yearly basis according to the annual performance targets and process performance plans. Based on the actual assessment results, employees can be given positive incentives such as promotion, salary increase or year-end bonus.

In addition to basic salary and benefits, the Group also attaches great importance to listening to employees' voices and is committed to establishing a multi-faceted communication platform. Through various meetings, project discussion workshops, mobile phone online real-time discussions and other forms, our management listens to the questions and opinions raised by employees. The Group conducts employee satisfaction surveys annually to identify room for improvement. This Year, our employee satisfaction has reached over 90%.

In the meantime, the Group is also very concerned about the daily life of employees and strives to create a safe and comfortable living and residential environment for them. Our dormitory has family rooms to provide accommodation for employees and their families in need. We provide staff with free-of-charge cafeteria and shuttle buses to and from Shanghai, Suzhou and Changshu to facilitate convenience of staff travel. We are committed to helping employees solve various problems in their lives. We launched an internal charity fund, calling on employees to voluntarily donate RMB2 every month to help those colleagues in need and solve their urgent problems. We also view the cultivation of corporate culture as a part of workforce establishment, enriching employees' spare time and enhancing their sense of belonging and enthusiasm for work through various staff activities. During the Year, we invested RMB1.687 million of funds and held various activities to cultivate corporate culture, such as Reminiscing the Long March, museum projects and corporate culture projects, all of which served as the spiritual nourishment for employees to strive for excellence and build character.



Corporate Culture Atmosphere Contest

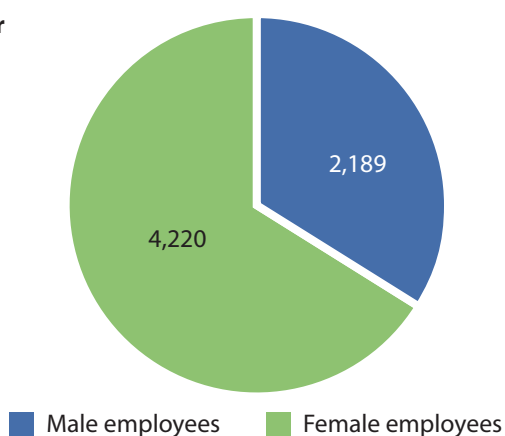


Corporate Culture Speech Contest

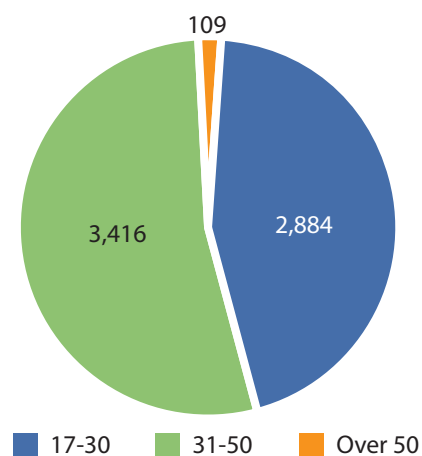
# Talent Management

As at March 31, 2019, the Group had 6,409 staff, and the composition and turnover rate of the staff is shown below:

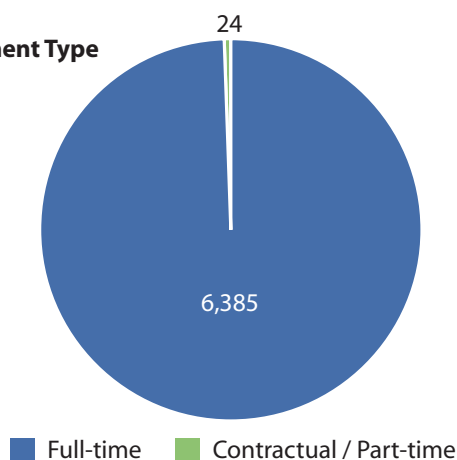
**By Gender**



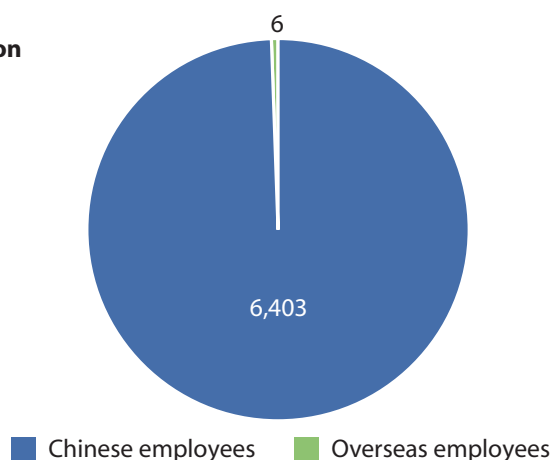
**By Age**



**By Employment Type**



**By Region**



| Category        |                       | Turnover Rate |
|-----------------|-----------------------|---------------|
| Gender          | Male employees        | 1.9%          |
|                 | Female employees      | 3.8%          |
| Age             | Under 16              | 0.0%          |
|                 | 17-30                 | 0.6%          |
|                 | 31-50                 | 5.4%          |
|                 | Over 50               | 2.8%          |
| Employment Type | Full-time             | 3.2%          |
|                 | Contractual/Part-time | 0.0%          |
| Region          | Chinese employees     | 3.2%          |
|                 | Overseas employees    | 0.0%          |
| <b>Total</b>    |                       | <b>3.2%</b>   |

During the Year, the Group has not received any employee complaints about harassment (including sexual harassment), corporal punishment, abuse and inappropriate punishment measures, nor has there been any dispute over salary payment.

## DEVELOPMENT AND TRAINING



The Group values employees as important assets and promotes their continuous learning and development based on core values, system requirements, training management, performance management system and promotion methods. We have set up the Training Organization Management System to standardize internal training management and have established training management standards, systems and mechanisms that conform to the Group's strategic planning and are aligned with business operations.

The training channels of the Group are rich and diversified, including offline classrooms, online cloud schools and WeChat learning platform Learning Club, among others, creating convenient conditions for employees to expand their expertise. Through Bosideng Business School, we emphasize "integration, accommodation, inheritance and innovation" as our core values, and develop various training approaches for different types of talents, and continuously promote the growth and development of employees. The main training orientation of Bosideng Business School includes:

| Target Audience                    | Training Format   |
|------------------------------------|---|
| Cadre-level Talents                | Personal Development Plan for On-the-job Cadres   |
| Strategic Core Talents             | Empowerment Plan (Organization of Talent Management, Reform Management)   |
| High-potential Reserve Talents     | Selection and Training of Director-Level Reserve Cadres, Selection and Training of Manager-Level Reserve Cadres, and Training of Reserve Candidates |
| Expert Talents from Business Lines | Developing a Curriculum System for Training of Experts from Business Lines  |
| Front-line Talents                 | Store Manager/Reserve Store Manager Training  |
| New Talents                        | New Employee Induction Training   |

In Year 2018/19, Bosideng Business School has invested a total of RMB2.55 million to hold annual corporate culture training, reserve candidate training, on-the-job cadre training and reserve director training. In addition to internal training, we also encourage employees to participate in overseas training to learn new technologies, management systems and professional knowledge and skills that cannot be acquired through internal training, so that they can further contribute to the development of the Group. Relevant training expenses can be reimbursed upon approval.

# Talent Management

During the Year, percentage of the Group's employees who received training and the average training hours completed by gender and employment type were as follows:

|                           | % of employees trained | Average training hours completed |
|---------------------------|------------------------|----------------------------------|
| <b>By Gender</b>          |                        |                                  |
| Male                      | 37%                    | 14                               |
| Female                    | 23%                    | 22                               |
| <b>By Employment Type</b> |                        |                                  |
| Full-time                 | 28%                    | 18                               |
| Contractual/Part-time     | 13%                    | 18                               |

## HEALTH AND SAFETY



The Group is committed to providing a safe and comfortable working environment for its employees and has adopted the policy of “abiding by laws and regulations, safety first, cherishing life and giving priority to precaution”, which is in line with its daily operations. Based on the nature of our business, the working environment of the Group's employees is mainly indoor offices and sales outlets, and thus there is no significant occupational health and safety risk. We have obtained OHSAS 18001 occupational health and safety management system certification, and on this basis, we fully guarantee the occupational health and safety of employees. We also continued to organize relevant personnel to study ISO 45001 occupational health and safety management system standards, and actively promote system migration and will strive to complete the certification migration in the year of 2019/20.

In order to ensure compliance with constantly updated and developed safety laws and regulations, we regularly analyze and evaluate applicability of relevant laws, regulations and rules to the Group. During the Year, we revised and promulgated the 2018 List of Occupational Health and Safety Laws and Regulations (103 articles), in which two new legal standards, namely Jiangsu Province Special Provisions on Labor Protection of Female Workers 《江蘇省女職工勞動保護特別規定》 and ISO 45001 – 2018 Standards for Occupational Health and Safety Management System, were added for departments to study and implement. We also organized department heads to carry out the management review of the occupational health and safety management system in 2018. The review results show that all the safety and health targets set at the beginning of the Year have been reached. No major casualty accidents, fire hazards and occupational diseases have occurred throughout the Year. The designated management plan has been implemented, including:

- Adding a vehicle identification management system: the system was launched in September 2018, and a trial operation was launched to improve vehicle management capability;
- Medical check for occupational diseases: occupational disease medical check was conducted in May 2018, with 43 medical examinations, and no occupational diseases were reported; and

- Management system training: training on system standard documents was conducted in June and July 2018, with one training session. The number of training sessions for heads of various functional departments and system commissioners of various departments totalled 60, with a training participation rate of 99% and good results.



ISO 45001 Standard Training

During the Year, no work-related fatalities occurred within the Group. The number and rate of work-related injuries, and lost days due to work-related injuries were as follows:

| Data type  | Data  |
|--|-------|
| Number of work-related injuries                                      | 10    |
| Proportion of work-related injuries to the total number of employees | 0.16% |
| Lost days due to work-related injuries                               | 263   |

In addition to the Group's own safety management operations, we also work closely with major suppliers to try to improve the supplier's safety production system by providing suggestions and improvement measures through our influence as a major customer. Taking our three suppliers in Changshu as an example, the Group continued to assist them in improving the safety production system, standardizing employee health and safety management and enhancing the working environment and accommodation conditions of employees during the Year. In the Year 2018/19, the largest third-party manufacturer located in Changshu has invested RMB6.116 million (2017/18: RMB1.135 million) in occupational health and safety, with 100% of worker protective equipment intact, 100% of worker protective equipment equipped per capita (based on the positions required) and 100% of workplace environmental compliance rate.

# Talent Management

| Statistics on Investment in Occupational Health and Safety of Third-Party Manufacturers in Changshu for 2018/19 |   |                    |
|---|---|--------------------|
| No  | Use of Funds  | Amount (RMB10,000) |
| 1   | OHSAS 18001 Certification Program   | 3.8                |
| 2   | Security Management Program   | 52.2               |
| 3   | Equipment Repairs and Maintenance (including maintenance of elevator, multi-compressor, screw chiller and firefighting equipment) | 115.6              |
| 4   | Comprehensive Management Platform for Administrative Services   | 25.0               |
| 5   | Environmental Improvement of the Workplace (including purchase of water dispenser, sanitation fee and green conservation fee)     | 72.8               |
| 6   | Cafeteria Renovation Fee  | 308.0              |
| 7   | Dormitory Renovation Fee  | 30.3               |
| 8   | Medical Fee   | 3.9                |
|   | <b>Total Amount</b>   | <b>611.6</b>       |

In terms of risk prevention and emergency response, the Group has formulated and implemented management and monitoring procedures such as Fire Management Measures, Hazard Source Identification, Risk Assessment and Risk Control Procedures in accordance with local occupational health and hygiene regulations. The Group also monitors the safety risks of the working environment on a yearly basis, regularly evaluates occupational health and safety risks, and analyzes and improves the evaluation results. In order to deal with various possible safety accidents, and to organize and implement rescue quickly and effectively, the Group has formulated the Emergency Preparedness and Response Control Procedure to prepare emergency plans for potential hazards such as fire, natural disasters and drinking water safety to ensure quick response in case of emergency. In addition, we also carry out safety training for new employees, and put up signs where there are potential safety hazards, including dust, noise, high-voltage electric shock, anti-skid and other warnings, to remind employees to prevent risks.

During the Year, the Group was not aware of any major violations of occupational health and safety.

## LABOR STANDARDS



The Group respects the rights and interests of workers, strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other relevant laws and regulations, and will never tolerate any incidents of child labor and labor exploitation.

We have formulated internal regulations that explicitly prohibit child labor and forced labor, and all regular employees must be at least 16 years old. During the recruitment process, we strictly verify the identity of the applicants. New employees are required to go to the human resources department to handle the entry formalities in person and submit identification documents. Before signing the labor contract, they are required to show the original ID card to check the identity again. Applicants can sign the contract if only they are old enough pursuant to local regulations and their identity is correct. If false or concealed information is

found, the Group has the right to terminate the labor relationship immediately. In addition to monitoring the recruitment process of the Group, we also regularly investigate the recruitment process of agencies and use the age of employees as a criterion for selecting suppliers. At the same time, we regularly investigate the existence of child labor and forced labor by establishing a systematic post management system. If child labor or forced labor is found, we shall investigate the management responsibility of the person in charge of the human resources department and the highest person in charge of the employing unit. Legal liability may arise if the case is serious.

In order to prevent the occurrence of forced labor, the attendance system in the employee handbook clearly lists the working hours of employees and the relevant overtime requirements. Employees are free to apply for overtime or leave on time. The Group will not force any employees to work overtime. In case of overtime work, each department shall notify the employees in advance, and the overtime work can only be carried out with the consent of the department manager and the approval of the human resources department. Rest periods shall be arranged for employees who work overtime to ensure that they have adequate rest.

In addition, in order to protect employees' right to terminate labor contracts freely, the Group has established procedures for terminating labor contracts in accordance with applicable laws and regulations. The Group respects the employment wishes of every employee, but at the same time, it will also seek to understand the reasons for the employee's resignation through the department to which the employee belongs and strive to provide a reasonable and fair working environment for the employees.

During the Year, the Group was not aware of any major violations related to child labor or forced labor.

### ANTI-CORRUPTION



The Group firmly opposes any act that damages the fair competition environment, adheres to the three basic principles of "honesty, integrity and compliance", and opposes any act of corruption. In order to prevent illegal acts such as bribery, extortion, fraud and money laundering, the Group has established, revised and improved its internal control system focusing on key areas, key positions and vital links such as finished product procurement, advertising bidding, product marketing, warehouse management and financial management. Through the preparation of reasonable business workflow, we have continuously strengthened process control, capital control, investment control and corporate internal audit control, and are committed to preventing corrupt practices from the source.

In addition, we provide new employees with training on prevention of bribery, extortion, fraud and money laundering. We have also signed Integrity Undertakings with new employees to prohibit employees from taking any form of bribery and using company resources for personal gain while taking advantage of their positions. We will severely penalize employees found to have violated relevant laws and regulations. If they have violated the law, they will be handed over to the judicial authorities for handling in accordance with the law.

In order to raise the staff's anti-corruption awareness, we will invite local public security departments to conduct integrity training at the Company's annual sales meeting. The Legal Affairs Department of the Group also regularly studies legal risks and prepares legal risk prevention guidelines. Relevant government personnel regularly communicates with Bosideng's legal affairs team to explain the direction of legal development, answer legal problems encountered by the Group and ensure the Group's compliance with the law.

During the Year, the Group was not aware of any major anti-corruption violations.

## COMMUNITY INVESTMENT



Bosideng has always regarded repaying the society as its duty and obligation since its inception. Under the leadership of Mr. Gao Dekang, the founder of the brand and the chairman, Bosideng has actively participated in various social public welfare undertakings and strived to send love and warmth to those in need. Based on the corporate mission of “Bosideng Warms the World”, we are committed to building a social responsibility system that integrates public responsibility, social welfare and moral behavior. Since its establishment in 2002, the leading group for social responsibility has promoted the development of various social responsibilities and integrated social responsibility agenda into corporate management.

As Bosideng’s dedicated charity platform, Bosideng Charity Foundation has been adhering to the public welfare purpose of “passing on culture, promoting public welfare and spreading warmth”. Through scientifically standardizing the charity process, strengthening project supervision, promoting the development of public welfare brands such as Warmth in China, Orange Love Fund and Xinai Fund, Bosideng comprehensively improves the awareness, credibility and cohesion of the foundation and continuously promotes the healthy development of charity. The total amount of donations for the Year reached RMB15.26 million, of which RMB7.93 million was spent in cash and supplies worth RMB7.33 million were donated.

### POVERTY ALLEVIATION

“Warmth in China” is one of Bosideng’s major public welfare projects. Since the winter of 2018, more than 20,000 down jackets worth over RMB7 million have been donated to those in need of financial assistance in over 20 provinces and cities across China through this project, bringing the love and warmth of Bosideng across China. In the winter of 2018, Bosideng Charity Foundation came to the depths of Daliang Mountain in Sichuan, donating more than 2,000 pieces of winter clothing, hats, scarves and other warm materials to children in 15 schools in Zhaojue County and Meigu County in Liangshan Prefecture. In January 2019, the China Charity Federation Strategic Cooperation Donation Project was launched and 20,000 pieces of materials were donated to Charity Love Warms Tens of Thousands of Poor Families. In February 2019, in response to the call of the state, we stepped up our assistance for poverty-stricken areas including the three regions and the three prefectures, donating 1,650 garments to Gannan, Gansu, and donating 10,000 garments to the “10,000 Enterprises Assisting 10,000 Villages” project of the China Foundation for Guangcai Program and the All-China Federation of Industry and Commerce.



Bosideng Donated Winter Clothes to Warm Students in Daliang Mountain

While helping communities in impoverished areas, Bosideng also spread love to the sanitation workers who brought cleanliness and civilization to the city through hard work and sweat. We not only showed our care for sanitation workers with a little touch to their daily lives through giving them refreshing supplies to keep cool in hot weather and nutritious food, but also provide living allowance for sanitation workers with family difficulties or sudden misfortune through the “Orange Love Fund” project, thereby helping ensure their basic livelihood. In Year 2018/19, a total of RMB200,000 was donated to 23 sanitation workers in need of financial assistance and the top 40 sanitation workers from Changshu area, and down jackets worth a total of RMB770,000 were donated to the sanitation workers working hard in frontlines across the city.



Bosideng Charity Foundation Provides Nutrition for Sanitation Workers

### SUPPORTING EDUCATION

In order to develop education, help the financially disadvantaged and cultivate talents, we supported the improvement of the conditions of rural schools. In March 2018, Bosideng Charity Foundation worked together with the Charity Associations of Jiangsu Province, Suzhou City and Changshu City to build Bosideng Changba Central Primary School in Sinan County. After a year of construction, over 4,500 square meters of new teaching buildings and complex buildings have been built for Changba Central Primary School, 4,992 square meters of plastic playground, 1 student canteen, as well as newly-built toilets, fences, fortresses, school greening and other ancillary works. The completion and operation of the new school significantly improved the schooling conditions of 1,119 school-age children from impoverished families in 15 administrative villages in Changba Town, including 5 poverty-stricken villages, thereby making solid progress in education and poverty alleviation.



Changba Bosideng Central Primary School in Sinan County has been completed and put into operation

## Community Investment

Since 2018, Bosideng Charity Foundation has continued to support the “Jack Ma Rural Education Initiative” and provided bonus support and professional development support to award-winning teachers, principals and student teachers on a yearly basis to jointly promote a better future for rural education. In January 2019, Bosideng Charity Foundation and Jack Ma Charity Foundation jointly donated winter clothing to 20 principals and 101 teachers who work in rural areas as well as teachers and students of Jack Ma Boarding School from Yunnan, Guizhou, Sichuan, Zhejiang and other places who were shortlisted and won the award, thus assisting the rural education program.



Join hands with Jack Ma Charity Foundation to jointly promote the rural education initiative

In addition, during the Year we continued to support impoverished students in Jiangnan University and Changshu Institute of Technology with a total of RMB86,500 through the Xinai Fund student aid initiative to help them complete their studies and realize their university dreams.

### GIVING BACK TO HOMETOWN

Remaining true to our original aspiration and keeping our mission firmly in mind, Bosideng always cares about the living conditions of the elderly. Bosideng Charity Foundation has set up a “Sunset Crimson” project to provide living allowance and complimentary books, newspapers and periodicals for the elderly over 60 years old in their hometown. During the Year, the total cash expenditure for this project was RMB686,000.

In order to solve the health and safety problems of empty nesters and the elderly living alone, a donation of RMB410,000 was made in 2018 to jointly set up the Bosideng Red Cross Charity Home with Changshu Red Cross Society in Kangbo Village. Coupled with the functional setting of the day care center, which is focused on the needs of the elderly, thereby connecting families, communities and volunteers, and providing comprehensive and systematic medical and healthcare services for the elderly in the village. In 2019, 500 new apartments for the elderly will be built, and subsistence allowances in addition to residence will be provided for single households and empty nesters in the village free-of charge, so that the elderly in the village will have a sense of security and happiness.

## VOLUNTEER SERVICE

Bosideng Volunteer Team was founded in late 2016 and now has more than 380 long-term volunteers. In recent years, Bosideng volunteers have actively carried out voluntary services such as blood donation, environmental protection, respecting the elderly and caring for the young, and running for charity to deliver Bosideng's positive energy for public welfare. During the "Warmth in China" clothing donation activities, volunteers helped with sorting, transportation, and distribution of clothes, and sent greeting cards to make clothing warmer with love. During the "Orange Love Fund" sanitation project, volunteers delivered refreshing supplies to sanitation workers to cool down in hot summer and nutritious meals to sanitation workers in cold winter. For the Xinai Fund student aid program, volunteers went to Liangshan, Congjiang and other places to participate in student aid activities to bring Bosideng's love to children in the mountains. As for the "Sunset Crimson" project, volunteers became the love messengers of "Bosideng Red Cross Charity Home" to assist in the use of "smart and healthy" medical equipment and day care for the elderly, and to provide comprehensive and systematic medical and healthcare services for the elderly in the village. Bosideng volunteers imperceptibly warmed more and more people with their passionate service and sincere smile.



Bosideng Volunteers in Action

Spreading the power of good with our modest contributions, and a piece of love with our sincere hearts. In the future, Bosideng will step up its efforts to assist national key poverty alleviation areas, constantly create high-quality charity projects, increase exchanges and cooperation with other charity organizations and spread Bosideng's mission to "Warm the World", thereby encouraging people to yearn for a happy and better life and joining hands to create a better future.

# ENVIRONMENTAL RESPONSIBILITY



## ENVIRONMENTAL PROTECTION

As a renowned down apparel enterprise in China, while paying attention to product quality, innovation and design, the Group always gives priority to ecological environmental protection and green development in enterprise development, and has effectively performed well in terms of environmental protection and energy conservation, pollution reduction, waste management and control of packaging materials. The Group is mainly engaged in raw materials procurement and distribution of down apparel products, and its main business locations are indoor offices and shops. We do not directly engage in production, nor do we have any factories under our banner. All production activities are entrusted to third-party manufacturers. Our main impact on the environment comes from a small amount of domestic sewage and solid waste generated from business activities. The Group has formulated the following environmental policies according to Bosideng's brand strategy, corporate positioning and planning, and its processes and implementation are regularly reviewed internally to ensure the effective implementation of relevant policies:

- Compliance with laws and regulations: comply with the requirements of national environmental protection laws and regulations, the international environmental protection conventions that China has signed and the environmental protection and safety requirements of the exporting countries or regions of the Company's products;
- Pollution prevention: actively advocate and implement the green environmental protection of processes and products, and prevent and control the generation and discharge of pollutants in production and business activities and products;
- Energy conservation and emission reduction: strengthen the management of energy resources and continue to maintain consumption of energy resources lower than peers, control and reduce the discharge of pollutants;
- Environmental protection: the Company's environmental management has expanded from the pollution prevention and control stage to the environmental protection stage; and
- Continuous improvement: continuously improve environmental protection issues in process operation and development, and continuously improve management level.

Having established the ISO14001 environmental management system, we formulate the Group's environmental management objectives and management measures on a yearly basis and distribute them to all departments. We have trained all departments in the implementation of the new environmental management system standards and tested the trainees, thus continuously strengthening the standardized learning of the system and promoting the effective operation of the system. We also strictly monitor all business divisions through regular internal audits and management reviews to ensure that they comply with environmental protection regulations and standards. At the same time, although we do not directly control the environmental performance of third-party manufacturers, we realize that their manufacturing process will have an impact on the environment, so we have been strictly monitoring their operations and putting forward suggestions for improvement. We have always hoped to play a leading role in fulfilling corporate social responsibility, integrating responsible procurement and production into the sustainable development of the Company, standardizing the management of hazardous chemicals and promoting the disclosure of supply chain information and sustainable technological innovation. For details on supply chain management, please refer to the section on supply chain management.

The Group is committed to reducing its impact on the environment and other natural resources. During the Year, our business operations did not cause any major pollution or damage to the nearby air, land, water and ecological environment. The Group's policies and measures for resource use and emissions have been described in detail in the above section. During the Year, the Group was not aware of any major violations of environmental protection. In 2018, the Group was evaluated as a green enterprise for environmental protection (the highest level) by Changshu Municipal Environmental Protection Bureau.

# Environmental Protection

## USE OF RESOURCES



### Use of Packaging Materials

In order to ensure the quality and appearance of the delivered products, the Group's products are required to be transported with different types of packaging materials to protect the goods, including cartons, carrying bags, and self-sealing tapes. We have strict control over the amount of packaging materials. Packaging materials are delivered separately to reduce unnecessary waste by retail companies. In addition, retail companies need to return the same amount of bags with the goods, and the returned bags can be reused to reduce the consumption of packaging materials. For the inevitable packaging waste, we implement the following recycling measures:

- Cartons, plastics, paper bags, packing belts and other materials used for packaging are transported to the waste warehouse by full-time cleaners for unified classification and sorting, and the recycling units designated by the logistics department are regularly notified to come for recycling, while those that cannot be recycled are handed over to the local sanitation department for harmless treatment; and
- After unpacking the timber used as packing cases, the logistics carpenters shall sort out and use the timber, and the unused timber shall be handed over to the local sanitation department for harmless treatment.

### Energy Conservation

The Group is fully aware that climate change will not only impact product sales and business development but is also an issue requiring our attention and participation. Bosideng can make contributions to respond to climate change by reducing energy consumption and using clean energy. To achieve this, we are committed to improving resource utilization efficiency and reducing greenhouse gas emissions. The Group's environmental protection and energy conservation are promoted by the energy conservation and environmental protection leading group headed by the vice president of the Group and the energy and environmental protection office, and the annual water conservation and energy conservation targets and management plans are formulated on a yearly basis. This Year 2018/19, through direct investment of over RMB5.2 million and contract energy management, the Group installed a solar photovoltaic power generation system on the roof of the headquarters complex and self-owned factories in its vicinity, generating 2.4 million kilowatt hours of electricity annually. In addition, we plan to continue to expand the installation of 900,000 kilowatt-hours of photovoltaic power plants in 2019. We have also carried out the following work to strengthen energy management and conservation:

- Continuously monitor the electricity consumption of facilities such as offices, canteens and dormitories, requiring departments to regularly publish electricity consumption and thoroughly conduct self-inspection;
- Set the brightness based on the region;
- Strictly control overtime hours and air conditioning usage;
- Carrying out campaigns and education on energy conservation;

## Environmental Protection

- Turn off unused electrical appliances or switch them to energy-saving mode;
- In the summer, the central air conditioning temperature is set to be not lower than 25°C and the central air conditioning operation record shall be filled in by the air conditioning unit of the logistics department. In the winter, the air conditioning shall be turned on only when the temperature is below zero; and
- When outdoor light is sufficient, turn off the lights as much as possible to save electricity.

In 2018, we successfully accomplished the energy-saving target of “the water and electricity consumption per unit of working hours is lower than the average level in the previous two years”. In addition to internal management, we also work closely with third-party manufacturers to urge them to continuously improve their environmental protection and energy conservation performance. During the Year 2018/19, the Group’s largest third-party manufacturer in Changshu invested RMB7.50 million (2017/18: RMB3.76 million) to optimize and transform energy conservation and emission reduction.

| Investment in Environmental Protection and Energy Conservation by Third-Party Manufacturers in Changshu in 2018/19 |  |                    |
|--|--|--------------------|
| No   | Project  | Amount (RMB10,000) |
| 1  | Solar PV Power Generation  | 520                |
| 2  | Natural Gas Pipeline Construction in Dining Hall and Renovation of Hot Water System in Staff Dormitory | 132                |
| 3  | Establishment of Environmental Protection and Energy Saving Management System                          | 35                 |
| 4  | Renewal of Elevators with High Energy Consumption  | 28                 |
| 5  | Renovation of Energy Saving LED Lamps in the Canteen and Cooking Fume Equipment                        | 35                 |
|  | <b>Total Amount</b>  | <b>750</b>         |

The greenhouse gases emitted by the Group’s business operations mainly come from energy consumption, that is, indirect emissions caused by outsourcing electricity. From 2016 onwards, the parent group of the Group (ie. Mr. Gao Dekang and his associates, other than members of the Group) (the “Parent Group”) submits the Group’s greenhouse gas emission report to the Jiangsu Provincial Development and Reform Commission on a yearly basis and fills in the Company’s annual greenhouse gas report and plan through the provincial professional website. These greenhouse gas emission reports cover the activities of the Parent Group and the Group.

# Environmental Protection

## Water Management

We continuously monitor the water consumption in offices, canteens and dormitories of the headquarters. Departments regularly publish water consumption indicators and conduct self-inspection to identify areas with high water consumption and adopt improvement measures. In order to reduce the consumption of water resources, the Group continues to implement the following water-saving measures:

- Use water-saving sanitary ware and flushing equipment;
- Check the faucets and toilet flushing systems, and timely report failures to ensure no water leakage; and
- Dedicated personnel assigned by the logistics department shall close the main water inlet valve and toilet flushing system of each department after work.

## EMISSIONS



## Waste Management

The main wastes generated by the Group are store decoration wastes, discarded packaging materials, domestic wastes and a small amount of hazardous wastes. In order to strengthen the management of these wastes, the Group has formulated the Waste Disposal and Management Regulations to reduce the impact of wastes on the environment by promoting the recycle and reuse of wastes.

### Hazardous Waste

The operation of the Group's offices or shops will generate a small amount of hazardous waste such as waste lamps. According to the Group's environmental operation control system, hazardous waste is centrally disposed of by the logistics department, of which responsibilities include collecting and determining qualified disposal units, signing entrusted disposal contracts, transferring hazardous waste to qualified units for disposal according to specifications, and obtaining disposal information. In addition, the system office will also count and summarize the amount of hazardous waste disposed, and make a monthly declaration to the Suzhou Hazardous Waste Management System.

In order to reduce the generation of hazardous waste, the Group continued to promote the use of LED high-efficiency and energy-saving lighting equipment during the Year, and at the same time required all newly opened sales channels to use LED lighting equipment to reduce the use of mercury-containing lamps. Meanwhile, we continued to strengthen the classified collection and disposal of solid wastes, to prevent the phenomenon of mixed loading of wastes and random disposal of hazardous wastes in the workflow of various departments, so as to reduce environmental hazards and to ensure a safe working environment.

### General Waste

The Group's general waste is mainly divided into store decoration waste, packaging waste and domestic waste. For all kinds of general waste, we have corresponding treatment methods. At the same time, we suggest that employees replace disposable materials with reusable products, promote conservation awareness and encourage recycling.

## Store Decoration Waste

The Group has strict control over the decoration process of retail stores. The Construction Manual written by the Channel Management Department has unified requirements for decoration design, materials used and construction quality. For the disposal of decoration waste, the Construction Manual stipulates:

- The contracted decoration project stipulates in the form of a contract that the contractor shall be responsible for the harmless treatment of decoration waste; and
- Waste disposal not stipulated in the contract form, including construction decoration waste generated from outsourced projects or projects for which the Group is responsible, shall be cleaned and classified by personnel assigned by the logistics department. Those that can be recycled shall be recycled by relevant recycling units, while those that cannot be recycled shall be transported back to the local sanitation institute for harmless treatment.

## Domestic Waste

The Group's domestic waste mainly comes from kitchen waste in the headquarters canteen and domestic waste generated by various departments. In order to reduce the production of kitchen waste from the source, we have strengthened procurement management to avoid waste caused by purchasing excessive food materials. Unavoidable kitchen waste is disposed of by pouring the leftover food into a fixed garbage can and returning it to the designated breeder for feeding purposes. The kitchen waste from the vegetable picking process is put into the designated waste truck and moved to the domestic waste room, which is transported to the waste transfer station by the local sanitation station for harmless treatment on a daily basis.

In order to reduce the general waste generated by the office, we have set up facilities and places at the headquarters to recycle waste paper, waste cloth and other recyclable waste, and staff members collect and utilize the waste separately. To control the amount of paper used, we implement department approval and document printing room control for a large number of documents that need to be copied and printed (e.g. each department has more than 500 sheets of paper per day), so as to prevent employees from abusing paper. Domestic waste generated by various departments is collected into domestic garbage cans by full-time cleaners on a daily basis, and then transported to local waste transfer stations by local sanitation offices for harmless treatment.

## Exhaust Emissions

The exhaust emissions from outsourced cargo transport fleets are the main source of emissions of the Group. Although we do not have direct control over the outsourced fleet, we have continuously improved the central logistics system through close cooperation with the fleet. After the logistics system has been simplified, goods are transported from the headquarters to warehouses in various regions and then distributed to retail outlets. This logistics management system helps to improve freight efficiency, thus reducing fuel usage and exhaust emissions.

We also require the outsourced fleet inspect the vehicles on a regular basis to ensure that they are in good condition. At the same time, an open letter (notice letter) on environmental protection from relevant parties is also issued to transport fleets to ensure that the logistics services provided by them comply with national, local and industry laws, regulations and requirements on energy conservation and environmental protection, and the exhaust and noise emitted by vehicles shall comply with national emission standards. The Group conducts annual tests such as exhaust emissions of internal vehicles, which can be put in use only when the test results meet the standards.

# Environmental Protection

## Wastewater Discharge

The operation of the Group does not produce industrial wastewater. The discharged wastewater is mainly domestic wastewater, which is discharged into municipal sewage pipe network for unified treatment and is discharged up to standard. The Group formulates annual water-saving and energy-saving targets and management plans on a yearly basis, and reduces water consumption through daily operation control, inspection and maintenance to reduce wastewater discharge from the source. In addition, part of the domestic sewage from the subsidiary of the Group, Xuezhongfei Enterprise Co., Ltd., will be reused for greening and watering after treatment.

## ENVIRONMENTAL KEY PERFORMANCE INDICATORS

| Data type <sup>1</sup>               | Unit                             | 2018/19 | 2017/18 <sup>2</sup> |
|--------------------------------------|----------------------------------|---------|----------------------|
| <b>Environmental emissions</b>       |                                  |         |                      |
| Wastewater discharge                 | 0'000 cubic meters               | 12.7    | 12.8                 |
| Intensity                            | cubic meters/million RMB revenue | 20.1    | 28.7                 |
| Hazardous waste generation           | kg                               | 50      | 13                   |
| Intensity                            | kg/million RMB revenue           | 0.008   | 0.003                |
| Non-hazardous waste generation       | tonnes                           | 168.7   | 169.5                |
| Intensity                            | kg/million RMB revenue           | 26.7    | 38.0                 |
| <b>Use of resources</b>              |                                  |         |                      |
| Total electricity consumption        | 0'000 kWh                        | 3,057.3 | 2,112.2              |
| Intensity                            | kWh/million RMB revenue          | 4,831.8 | 4,739.5              |
| Natural gas consumption <sup>3</sup> | 0'000 cubic meters               | 8.1     | 13.6                 |
| Intensity                            | cubic meters/million RMB revenue | 12.8    | 30.5                 |
| Total water consumption              | 0'000 tonnes                     | 11.9    | 11.5                 |
| Intensity                            | tonnes/million RMB revenue       | 18.8    | 25.8                 |
| Amount of packaging materials used   | tonnes                           | 5,508.7 | 4,280.0              |
| Intensity                            | kg/million RMB revenue           | 870.7   | 960.4                |

- Notes:
1. The environmental data above only covers the Group's headquarters and down apparel brand retail stores operated by the Group.
  2. New data of wastewater discharge, non-hazardous waste generation, and natural gas consumption and its intensity were collected and disclosed in the Year 2018/19. To enhance comparability, we included additional data to corresponding disclosures for the year of 2017/18.
  3. In the year of 2017/18, the old pipelines led to some waste of natural gas. In the Year 2018/19, natural gas consumption significantly decreased because we repaired and replaced the damaged pipelines.

“Bosideng Warms the World” is our mission as much as our original aspiration. As an enterprise with a great sense of social responsibility, we are always committed to warming customers, benefit employees and giving back to the society. We pay attention to social issues brought about by environmental changes and integrate the concept of sustainable development into our strategy, decision-making and operation of the Company. We will make unremitting efforts to fulfill our commitment to sustainable development with practical actions and protect our beautiful homeland, on which we depend for our survival.

At present, our report is prepared in accordance with the ESG Guide under the Listing Rules of the Stock Exchange. In the future, we expect to improve in more areas and provide more comprehensive and in-depth sustainable development reports for stakeholders.

In the future, we will continue to expand the scope of data collection and review, extending the scope of disclosure to non-down apparel business.

We will continue to attach great importance to the procurement of raw materials, raise standards in down certification and animal welfare, and deepen disclosure.

Guided by the UN SDGs, we will set up a development policy with broader objectives and more measures, and actively respond to the initiatives.

We will strengthen the collection, collation and disclosure of environmental KPIs, and strive to present more comprehensive and accurate environmental indicator data.

# HKEX ESG REPORTING GUIDE CONTENT INDEX

| Area                                  |   | Section                                  | Notes   |
|---------------------------------------|---|--|---|
| <b>A Environmental</b>                |   |  |   |
| <b>Aspect A1<br/>Emissions</b>        | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Emissions                                |   |
| KPI A1.1                              | The types of emissions and respective emissions data.   | Environmental Key Performance Indicators |   |
| KPI A1.2                              | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | Emissions                                | The Parent Group has submitted a greenhouse gas emissions report to the Development and Reform Commission of Jiangsu Province, the reporting scope of which covers the Group. |
| KPI A1.3                              | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  | Environmental Key Performance Indicators |   |
| KPI A1.4                              | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  | Environmental Key Performance Indicators |   |
| KPI A1.5                              | Description of measures to mitigate emissions and results achieved.   | Emissions                                |   |
| KPI A1.6                              | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.  | Emissions                                |   |
| <b>Aspect A2<br/>Use of Resources</b> | General Disclosure<br>Policies on the efficient use of resources, including energy, water and other raw materials.  | Use of Resources                         |   |
| KPI A2.1                              | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).  | Environmental Key Performance Indicators |   |

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| Area   |   | Section                                  | Notes |
|--|---|--|-------|
| KPI A2.2   | Water consumption in total and intensity (e.g. per unit of production volume, per facility).  | Environmental Key Performance Indicators |       |
| KPI A2.3   | Description of energy use efficiency initiatives and results achieved.  | Use of Resources                         |       |
| KPI A2.4   | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.   | Use of Resources                         |       |
| KPI A2.5   | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.  | Use of Resources                         |       |
| <b>Aspect A3<br/>Environment and<br/>Natural Resources</b> | General Disclosure<br>Policies on minimising the issuer's significant impact on the environment and natural resources.  | Use of Resources                         |       |
| KPI A3.1   | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.   | Use of Resources                         |       |
| <b>B Social</b>  |   |  |       |
| <b>Employment and Labor Practices</b>                      |   |  |       |
| <b>Aspect B1<br/>Employment</b>                            | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Remuneration and Benefits                |       |
| KPI B1.1   | Total workforce by gender, employment type, age group and geographical region.  | Remuneration and Benefits                |       |
| KPI B1.2   | Employee turnover rate by gender, age group and geographical region.  | Remuneration and Benefits                |       |
| <b>Aspect B2<br/>Health and Safety</b>                     | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.   | Health and Safety                        |       |

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| Area  |   | Section                     | Notes |
|---|---|-----------------------------|-------|
| KPI B2.1  | Number and rate of work-related fatalities.   | Health and Safety           |       |
| KPI B2.2  | Lost days due to work injury.   | Health and Safety           |       |
| KPI B2.3  | Description of occupational health and safety measures adopted, how they are implemented and monitored.   | Health and Safety           |       |
| <b>Aspect B3<br/>Development<br/>and Training</b> | General Disclosure<br>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.   | Development<br>and Training |       |
| KPI B3.1  | The percentage of employees trained by gender and employee category (e.g. senior management, middle management).  | Development<br>and Training |       |
| KPI B3.2  | The average training hours completed per employee by gender and employee category.  | Development<br>and Training |       |
| <b>Aspect B4<br/>Labor Standards</b>              | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.   | Labor Standards             |       |
| KPI B4.1  | Description of measures to review employment practices to avoid child and forced labor.   | Labor Standards             |       |
| KPI B4.2  | Description of steps taken to eliminate such practices when discovered.   | Labor Standards             |       |
| <b>Operating Practices</b>                        |   |                             |       |
| <b>Aspect B5<br/>Supply Chain<br/>Management</b>  | General Disclosure<br>Policies on managing environmental and social risks of the supply chain.  | Supply Chain<br>Management  |       |
| KPI B5.1  | Number of suppliers by geographical region.   | –                           |       |
| KPI B5.2  | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.   | Supply Chain<br>Management  |       |
| <b>Aspect B6<br/>Product<br/>Responsibility</b>   | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Product<br>Responsibility   |       |

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| Area                                      |  | Section                | Notes |
|---|--|------------------------|-------|
| KPI B6.1                                  | Percentage of total products sold or shipped subject to recalls for safety and health reasons.   | –                      |       |
| KPI B6.2                                  | Number of products and service related complaints received and how they are dealt with.  | –                      |       |
| KPI B6.3                                  | Description of practices relating to observing and protecting intellectual property rights.  | Product Responsibility |       |
| KPI B6.4                                  | Description of quality assurance process and recall procedures.  | Product Responsibility |       |
| KPI B6.5                                  | Description of consumer data protection and privacy policies, how they are implemented and monitored.  | Product Responsibility |       |
| <b>Aspect B7<br/>Anti-corruption</b>      | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Anti-corruption        |       |
| KPI B7.1                                  | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.   | –                      |       |
| KPI B7.2                                  | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.   | Anti-corruption        |       |
| <b>Community</b>                          |  |                        |       |
| <b>Aspect B8<br/>Community Investment</b> | General Disclosure<br>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.                 | Community Investment   |       |
| KPI B8.1                                  | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).   | Community Investment   |       |
| KPI B8.2                                  | Resources contributed (e.g. money or time) to the focus area.  | Community Investment   |       |



**波司登**  
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