

波司登
BOSIDENG

Bosideng International Holdings Limited
Incorporated in the Cayman Islands with limited liability
Stock Code: 3998



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/21

**WE
WARM
THE
WORLD**

**WE
ARE
BOSIDENG**

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ABOUT THIS REPORT

This Report is the fifth Environmental, Social and Governance report (“ESG Report” or “this Report”) released by Bosideng International Holdings Limited (the “Company”). The previous report was released in October 2020. This Report adheres to the principles of “Materiality, Quantitativeness, Balance and Consistency” and discloses in detail the concepts, practice and performance of the Company and its subsidiaries (collectively referred to as “Bosideng”, “we” or the “Group”) with respect to environmental, social and governance (“ESG”) issues.

BASIS OF PREPARATION

This Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) in Appendix 27 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The contents disclosed comply with the “comply or explain” requirements under the ESG Reporting Guide. This Report also makes reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards and United Nations’ 2030 Agenda for Sustainable Development.

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, 2020 to March 31, 2021 (“FY2020/21 or the “Year”), we continued to engage independent third-party institutions to assist us in conducting materiality assessments so as to more realistically and objectively reflect the ESG issues which are of grave concern to the Group. In this way, the ESG Report responds more comprehensively to the needs of stakeholders.

PERIOD AND SCOPE

This Report is issued on an annual basis, covering the FY2020/21. To enhance comparability, part of the content is appropriately traced back to past years. Particularly significant initiatives and events in FY2021/22 already known at the reporting date are also included.

The reporting scope mainly covers raw materials procurement, outsourced manufacturing and sales of garment of branded down apparel products, original equipment manufacturing (“OEM”) products, ladieswear and other products. Considering that the down apparel business is the Group’s most important business segment (accounting for approximately 80.5% of the Group’s total revenue for the Year), we will continue to 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 self-operated branded down apparel retail stores (including specialty stores and concessionary retail outlets), logistics center and warehouses in the People’s Republic of China (the “PRC”), and the social data disclosed in this Report covers all members of the Group. We will expand our scope of disclosure to the non-down apparel businesses when feasible in the future.

For more details on the major subsidiaries of the Group, please refer to the Annual Report 2020/21.

REPORT AVAILABILITY

You may log on to the official website of the Company at <http://company.bosideng.com> and the Stock Exchange website at <http://www.hkexnews.hk> for the electronic version of the 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 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 your consent.



CHAIRMAN'S STATEMENT



SUSTAINABLE FASHION, BECOMING EXCELLENT AFTER GOING THROUGH HARDSHIPS AND SEEING THE FUTURE

In 2020, we went through an unusual and memorable year. Great and historical achievements were realized for building a moderately prosperous society in all respects and the first centenary goal was fulfilled wonderfully. However, the spreading of the COVID-19 pandemic seriously attacked the economic globalization and well-being of the people, and deeply influenced global trade patterns and value chain restructuring, which brought about huge uncertainties to the recovery and development of the world economy.

Toughness is the only way to show our courage and perseverance

Perseverance is the only way to achieve success and working hard is the only way to move forward. Bosideng recognizes the importance of modern corporate management and a sustainable development strategy, and adheres to the practice of incorporating new ideas – innovation, coordination, green, open and common ideas into its practices for corporate strategy and development, and enhances quality and efficiency with a concerted effort, aiming at consolidating its position as a down apparel expert. Meanwhile, we fully focus on the Sustainable Development Goals ("SDGs") set up by the United Nations, "the 14th Five-year" Plan and long-term objectives through the year 2035 and take corporate responsibility as an impetus to promote sustainable development. We also continue to issue the ESG Report on a regular basis, enhance the capabilities of ESG management and the fulfillment of social responsibilities, cooperate with relevant parties to create more commercial and social values, and become a leader of sustainable fashion among the industry.

— High quality products, warm and wonderful life

Under the new development of the dual circulation pattern, domestic consumption structure has greatly changed as well as the demands of customers. Meanwhile, cultivating a high-end fashionable self-owned apparel brand has become a strong motivation for expanding domestic demands, innovation and leading new demands of the customers. Bosideng centers on its customers, focusing on customers' values, branding and digitalized operations and promotes leading products, quality assurance, empowered design and accurate development so as to provide global consumers with quality, healthy, safe and environmentally friendly products and services. We aim to improve the global influence and market share of Chinese branded down apparels while empowering brand values. Bosideng's down apparels won the Golden Award for Excellent Industrial Design in China and the Global Design Award of the ISPO Awards. In 2020, our total scale of down apparels led the world. Bosideng's brand recognition and top-of-mind awareness rate are both in the leading position in the entire apparel industry, entered ranking in 50th position on the apparel brand list according to the "Brand Finance Apparel 50 2021".

— Green development and creating sustainable fashion

Peak carbon emission and carbon neutrality are the PRC's solemn commitments to the world, as well as strategic opportunities for corporations to move towards green development. Bosideng has actively explored the path towards green products and sustainable development. We take strict measures to achieve low carbon emissions and assess the carbon goal in regards of processes such

CHAIRMAN'S STATEMENT

as environmentally friendly raw materials, green design, smart manufacturing, energy saving and consumption conservation, pollution reduction, green logistics and the control of waste management and packaging materials. Bosideng also promotes smart corporate transformation and green conversion, and has been the first in the PRC being listed on "Pursuer of excellence in sustainability" as its own strengths. Giving full play to take the responsibilities of being a leader in the industry, it publicizes its environmental compliance to cooperated suppliers, processing plants and consumers, and engages in energy saving activities and carbon reduction in support of green development. This has enabled us to reduce our carbon footprint as well as that of the entire value chain, use minimum energy resources and promote the continuous optimization of the carbon footprint of our products. We have also been selected as the fifth batch of corporation with green supply chain management by the Ministry of Industry and Information Technology.

— Creative leading and promoting a win-win situation among the industry chain

Creativeness is the main course of the times spirit. Individualized, differentiated and quality consumers' needs shifted from demands driving the deep integration of digitalized and entity economy to continuously expanding quality consumer goods, mid-to-high-end product supply. Bosideng accelerates research and development ("R&D") innovations, digitalized transformation, supply chain coordination, cooperation of industries, education and development, technological promotion and sharing as well as participating in determining industry standards and so on. It also establishes a leading supply chain system in the industry, "Internet+ Big data +Smart manufacturing" and satisfies the mainstream needs of the times by way of various product lines. Meanwhile, it also focuses on promoting local procurement, facilitating suppliers to pay attention to technological progress and promotion of standards, continues to improve the environment and shows its social responsibilities which enables it to promote social development.

— People-oriented principles and practices the responsibilities as a leading corporate

Any enterprise existing in society are social enterprises. Bosideng incorporates a people-oriented principle into modern corporate management and takes into consideration of employees' achievements and customers' interests, making contributions to the society and

giving warmth to the communities. It also continues to increase the homeland feelings and shoulder social responsibilities as a national brand and carry its historical mission as a leading corporate. In caring for our employees, we form a fair and diversified job environment and build a safe and healthy working environment which provides a platform for each employee to show their abilities. In taking advantage of our brand and industrial characteristics, we create more employment opportunities, carry out our brand warmth mission, and devote ourselves to public welfare for the purpose of supporting pandemic prevention and control, and make contributions to poverty reduction and eradication, building prosperity in all respects and promoting social affairs and harmonious progress.

Striving to make progress so as to move forwards

The year of 2021 marks both the 100th anniversary and 45th anniversary of the founding of Communist Party of China and Bosideng respectively. Standing on the historical juncture of "the Two Centenary Goals" of struggle, there are opportunities and challenges, aspirations and hopes. "Bosideng warms the world" is not only the original mission of the people in Bosideng, but also represents the solemn environmental and social commitments from the brand and its fulfillment of its responsibilities, which becomes the internal drive for promoting high quality sustainable development of the corporation, as we enter into the new stage of "Brand of one hundred years and millions of dreams".

We move forwards in faith of our original mission and do good deeds for stable and long-term development. Bosideng will inherit brand gene, and promote the spirit of climbing the peak. We cooperate with global partners and innovate resources in driving our brand upgrade, smart transformation, green conversion and the digitalization of operations. As a global leading down apparel expert, we help society manage innovative actions for peak carbon emissions and carbon neutrality and build a beautiful future with carbon reductions, energy conservation and environmentally friendly sustainable development, and develop our brand in the global market with our slogan "the world's down apparel, China's Bosideng"!

PERFORMANCE REVIEW

FINANCIAL PERFORMANCE



REVENUE
INCREASED BY 10.9%
YEAR-ON-YEAR
TO APPROXIMATELY RMB13.52 BILLION



GROSS PROFIT MARGIN
INCREASED BY 3.6 PERCENTAGE POINTS
YEAR-ON-YEAR
TO APPROXIMATELY 58.6%



PROFIT ATTRIBUTABLE TO
EQUITY SHAREHOLDERS
INCREASED BY 42.1%
YEAR-ON-YEAR
TO APPROXIMATELY RMB1.71 BILLION



EARNINGS PER SHARE
**INCREASED BY 41.8% (BASIC) AND
42.6% (DILUTED)**
TO RMB15.98 CENTS (BASIC) AND
RMB15.77 CENTS (DILUTED) RESPECTIVELY

BUSINESS PERFORMANCE OF BOSIDENG BRANDED DOWN APPAREL



REVENUE FROM BOSIDENG BRANDED
DOWN APPAREL

INCREASED BY 18.9%

YEAR-ON-YEAR

TO APPROXIMATELY RMB9.99 BILLION



NUMBER OF OFFLINE STORES

TOTALED 3,686



UPGRADED PRODUCTS AND

LAUNCHED 8 MAJOR

PRODUCT COLLECTIONS IN TOTAL



REVENUE FROM ONLINE OPERATIONS OF
BRANDED DOWN APPAREL

INCREASED BY APPROXIMATELY 54.3%

YEAR-ON-YEAR

PERFORMANCE REVIEW

CORPORATE GOVERNANCE HIGHLIGHTS



ESTABLISHED A
**SUSTAINABLE DEVELOPMENT
STEERING GROUP**

LED BY MANAGEMENT WITH CROSS-
DEPARTMENTAL COLLABORATION



CONDUCTED **ANNUAL
ANTI-CORRUPTION TRAINING**
FOR THE CORE CADRES OF THE GROUP

ENVIRONMENTAL RESPONSIBILITY HIGHLIGHTS



SUCCESSFULLY ESTABLISHED AN
ENERGY MANAGEMENT SYSTEM
WHICH IS LINE WITH THE REQUIREMENTS OF ISO50001



BUILT AN ECOLOGICAL SHRUB SEED-COLLECTING
PUBLIC WELFARE FOREST
WITH AN AREA OF 20 MU IN TONGGU
ZHUOER GACHA, ALXA LEFT BANNER

SOCIAL RESPONSIBILITY HIGHLIGHTS



49% OF OUR DOWN OBTAINED BLUESIGN® CERTIFICATION

95% OF OUR DOWN OBTAINED RDS CERTIFICATION



ABOVE 85% OF RAW MATERIAL SUPPLIERS AND OUTSOURCING MANUFACTURERS ARE REVIEWED AGAINST SA8000 CSR STANDARDS



ACCUMULATED A VARIETY OF 231 PATENTS (INCLUDING INVENTION, UTILITY MODEL AND DESIGN PATENTS)



TOTAL DONATIONS FOR THE YEAR REACHED APPROXIMATELY RMB23.87 MILLION

1. ABOUT BOSIDENG

Bosideng is a well-known multi-brand integrated apparel business group in the PRC. It was founded in 1976 and focuses on the development and management of down apparel brand portfolios, including mainly 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 has been listed on the Main Board of the Stock Exchange since October 2007 (stock code: 3998.HK).



1.1. GROUP PROFILE

With a focus on our 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" and "Bengen". With these brands, the Group is able to meet the needs of different consumer groups and strengthen its leading position in the PRC market. According to the Statistics jointly released by the China General Chamber of Commerce and the China National Commercial Information Center, the down apparel brands of Bosideng have maintained a significant lead in the industry in terms of sales in the PRC for the past 26 consecutive years (1995 – 2020).

Currently, the Group's non-core businesses include the OEM management business, ladieswear business and diversified apparel business. The customers of the OEM management business are mainly famous European and American brands. The Group's ladieswear brands include "JESSIE", "BUOUBUOU", "KOREANO" and "KLOVA", and the diversified apparel business mainly includes its school uniform business, with "Sameite" as the uniform brand.

The Group has been proactively implementing its strategies of brand development, which brought about a number of honors, including "China's World Famous Brand" (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 maintain its focus on its core down apparel business, upgrade its products and channels under the strategy of brand development, stay true to the mission of "Warming the World", and strive towards the goal of becoming the most respected fashion and functional apparel group in the world.

1. ABOUT BOSIDENG

1.2 CORPORATE CULTURE



MISSION

Bosideng warms the world



VISION

Be the most respectable fashion functional apparel group around the world



CORE VALUES

Customers Foremost, Integrity, Motivation, Innovation, Cooperation and Responsibility



ENTERPRISE SPIRITS

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

1. ABOUT BOSIDENG

1.3. HONORS AND AWARDS

BRAND HONORS



Awarded as "My Favorite Chinese Brand 2020" by the China National Brand Network

According to statistics jointly released by the China General Chamber of Commerce and the China National Commercial Information Center, "Bosideng" brand down jacket has been the top seller in the PRC for 26 consecutive years (1995-2020)

Recognized as the "2020-2021 High Quality Development Brand in China's Consumer Goods Market" by the China National Commercial Information Center



Ranked 50th on the apparel brand list "Brand Finance Apparel 50 2021" released by Brand Finance

R&D INNOVATIONS



Awarded the title of "Pursuer of Sustainable Fashion" by the China National Garment Association



Awarded "Gold Award in China Excellent Industrial Design 2020" by the Ministry of Industry and Information Technology



Named as a producer of one of the "Top 10 Innovative Textile Products 2020" ("2020年度十大类纺织创新产品") by the China National Textile and Apparel Council

1. ABOUT BOSIDENG

SOCIAL RESPONSIBILITY



Included into the "National Benchmark Enterprise of Quality and Trustworthiness" by the China Association for Quality Inspection.



Awarded the "Advanced Private Enterprise in Fighting COVID-19" by the All-China Federation of Industry and Commerce



Included into the "Classic Cases of Global Anti-Epidemic Brand Power" by the China National Brand Network

BEST EMPLOYER



Included into the "Best Employer of 2020 of Guanghua School of Management, Peking University" issued by the Guanghua School of Management, Peking University

Awarded the "2020 Best Employer Enterprise in China" by the CHIRC (中企聯合) at the 15th China Employer Brand Special Annual Conference

2. ESG MANAGEMENT APPROACH

As a leading down apparel brand in the PRC, Bosideng has always regarded social responsibility as one of the most important missions of today's enterprises since its inception. Guided by our Bosideng corporate values "Customer Foremost, Integrity, Motivation, Innovation, Cooperation and Responsibility", we adhere to the brand mission of "Warming the World", and have been committed to promoting the development of the Group and the greater society, to ensure that the Group operates in a responsible and sustainable manner in environmental, social and governance areas.

2.1. ESG GOVERNANCE

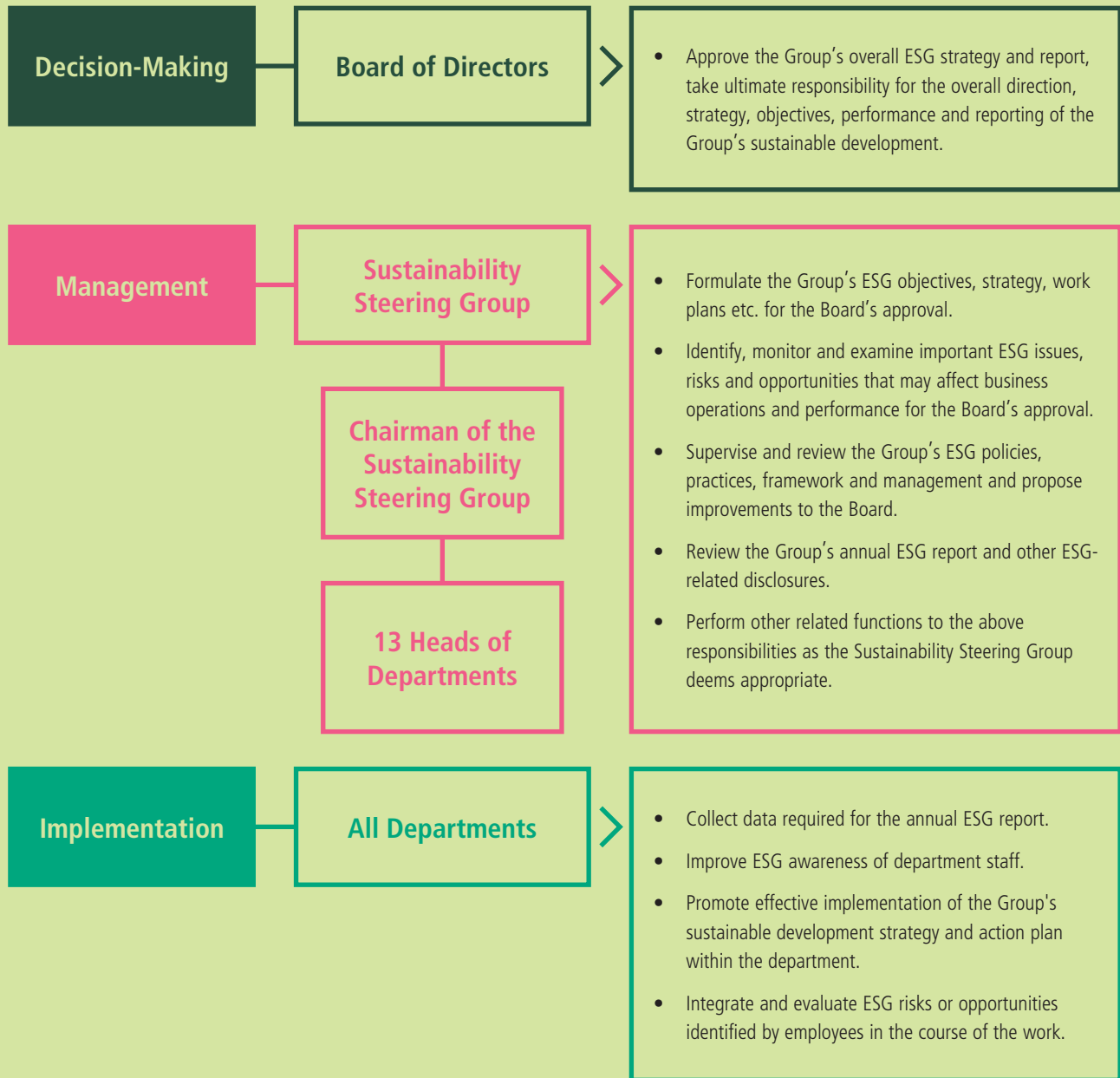
Sound ESG governance is essential to enhancing the Group's sustainable development performance, while also ensuring the effective assessment and management of ESG-related risks and opportunities. During the Year, the Group has established a comprehensive sustainability governance structure to assist the Board of Directors (the "Board") in supervising ESG-related matters and to incorporate ESG considerations into day-to-day operations.

The Board holds ultimate responsibility for the Group's sustainability direction, strategy, objective, performance and reporting. The Sustainability Steering Group was established to promote the effective implementation of the sustainability agenda. The Sustainability Steering Group is led by senior management working together across departments and chaired by Mr. Gao Dekang, the Chairman of the Board and the CEO. The Chairman of the Sustainability Steering Group is responsible for setting the Group's sustainability vision, objectives and strategies; identifying, monitoring and evaluating key ESG issues that may affect business operations and performance; as well as reviewing the sustainability progress of respective departments. Members of the Sustainability Steering Group

are comprised of various heads of departments involved with the Group's ESG governance, including the Business Division, Supply Chain Management, Logistics, Financial Management, Human Resources, Digital Operations, Product Research and Development, Strategic Investment and Development, Internal Audit, Legal, Administration, Party Affairs and Public Relations, and Investor Relations. The Sustainability Steering Group holds regular meetings to review its work, implements strategies and specific ESG measures across the Group, and reports to the Board on the progress of implementation and takes into consideration their suggestions. Looking forward, the Sustainability Steering Group will further integrate the Group's overall ESG vision and policy to formulate strategic plans.

The Sustainability Steering Group maintains close communication with external consultants to continuously promote capacity-building in sustainable development, as well as deepen the understanding of developing industry trends, regulatory requirements and the demands of capital markets. The Board and the Group's management are also encouraged to participate in external training sessions and seminars.

2. ESG MANAGEMENT APPROACH



2. ESG MANAGEMENT APPROACH

2.2. BOSIDENG AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

As the sole guiding opinion of the United Nations on the issue of sustainable development at present, the SDGs provide guidance for enterprises to promote the sustainable development of society while achieving their own sustainable development goals. Including 17 SDGs and 169 specific targets, the SDGs cover the global challenges faced by today's societies, include challenges relating to poverty, inequality, climate, environmental degradation, prosperity as well as peace and justice.

As global goals, all of the 17 SDGs are relevant to our operations to various degrees. To demonstrate Bosideng's commitment to social responsibilities, in recent years, we have been taking the initiative to benchmark ESG management actions with SDG and taking it as the theme of the ESG Report to illustrate the values created by Bosideng's business for the society in various aspects. To briefly present our contributions to SDGs for each stakeholder, we will continue to mark SDGs related to them by way of icons in each chapter.



NO POVERTY

By Bosideng Charity Foundation, carrying out targeted poverty alleviation and industry-based poverty alleviation projects in poverty-stricken areas.



GOOD HEALTH AND WELL-BEING

Implement an occupational health and safety management system which has obtained ISO45001 and OHSAS18001 certification.



QUALITY EDUCATION

Provide training programs for staff; Carry out the program of supporting impoverished college students in poverty-stricken areas through Bosideng Charity Foundation.



GENDER EQUALITY

Ensure gender equality in recruitment and employment.



CLEAN WATER AND SANITATION

Use water-saving sanitary wares and sanitary equipment.



AFFORDABLE AND CLEAN ENERGY

Establish energy data monitoring platform; carry out energy conservation actions.



DECENT WORK AND ECONOMIC GROWTH

Ensure employees' remuneration and benefits; examine labor performance throughout supply chains.



REDUCE INEQUALITY

Advocate equal opportunities; oppose any form of discrimination.



SUSTAINABLE CITIES AND COMMUNITIES

Provide assistance to groups in need; provide community voluntary services.



RESPONSIBLE CONSUMPTION AND PRODUCTION

Prioritize the purchase of raw materials with certification; optimize supplier resources consumption.



CLIMATE ACTION

Prepare environmental contingency plans; launch environmentally-friendly Light Down Apparel Collection.



LIFE BELOW WATER

Prioritize the purchase of apparel with RDS certification.



LIFE ON LAND

Foster the Bosideng charitable ecological forest plantation in Tonggu Zhuoer Gacha, Alxa Left Banner.



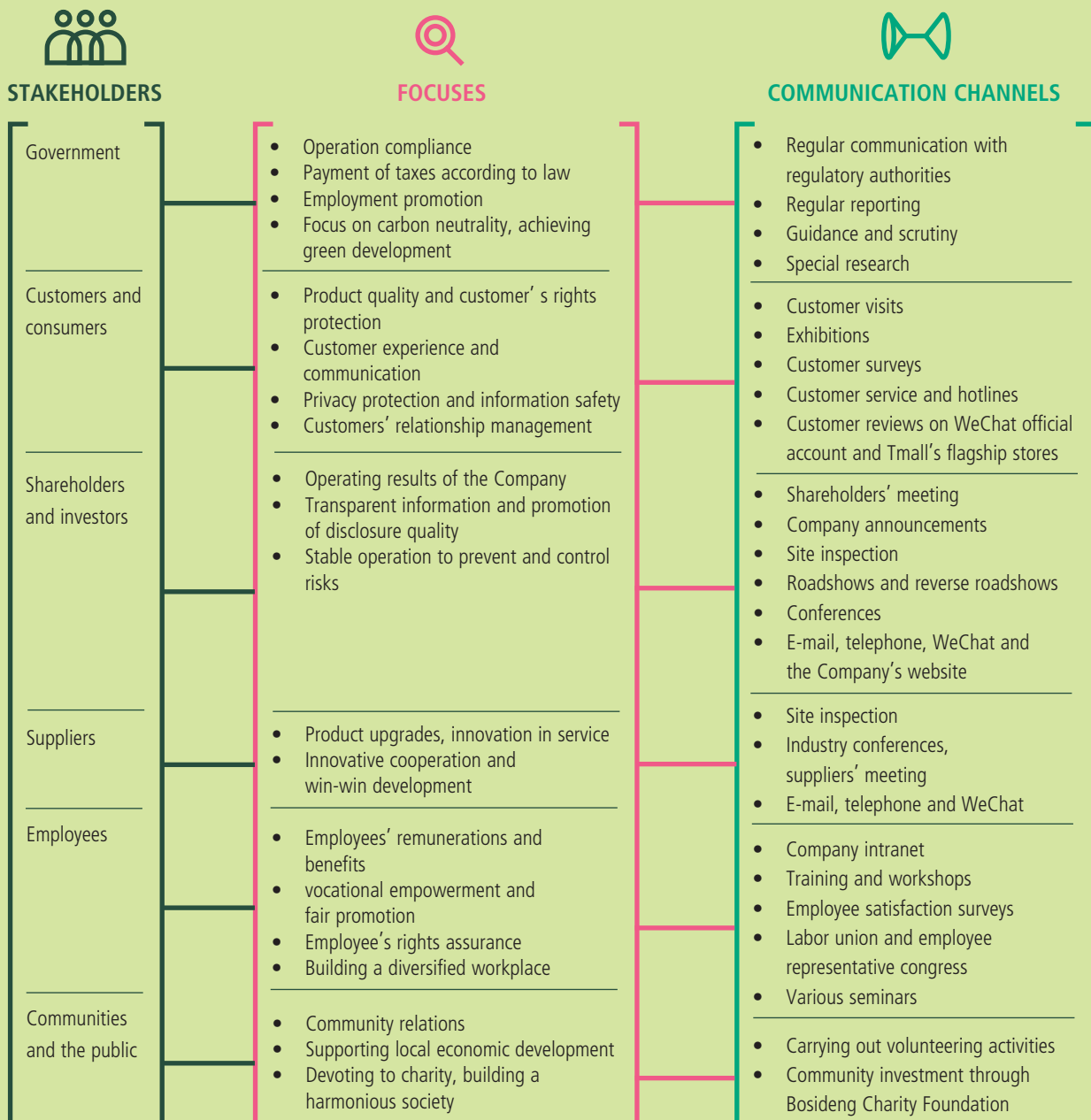
PARTNERSHIPS FOR THE GOALS

Communicate with stakeholders and publish annual ESG report.

2. ESG MANAGEMENT APPROACH

2.3. STAKEHOLDER ENGAGEMENT

The success of Bosideng relies on the support and trust from stakeholders, such as the government, customers and consumers, shareholders and investors, suppliers, employees, communities and the public. We attach great importance to the engagement of our stakeholders and maintain communications with a wide range of stakeholders through various channels. Our stakeholder engagement approach aims to ensure that Bosideng maintains a good understanding of views and expectations of stakeholders in strategic planning of sustainable development, especially those from stakeholder groups directly affected by our operations. During the Year, we continued to regularly contact with major stakeholder groups in various forms to ensure effective communication on issues of concern to stakeholders.



2. ESG MANAGEMENT APPROACH

2.4. MATERIALITY ASSESSMENT

During the Year, with the assistance of independent third-party institutions, we conducted materiality assessment on ESG issues, identified material issues which have a great impact on the enterprise and stakeholders, so as to confirm the key information to be disclosed in the Report and the focus of ESG management in the future.



ISSUE IDENTIFICATION

After carefully studying the hot issues, national policies, industry developments etc. for the year, and clarified the business characteristics and operating status of the Group, and in combination with the materiality table of the ESG Reporting Guide, industry issues prepared by the Sustainability Accounting Standards Board (SASB), industry issues prepared by the Global Reporting Initiative (GRI) and ESG-related rating criteria, we had identified 20 material issues in connection with Bosideng.



RESEARCH AND ASSESSMENT

Through online and offline questionnaires, different stakeholders including governments and regulatory authorities, shareholders and investors, suppliers and business partners, employees, community representatives, and consumers were invited to give their feedbacks on the importance of different issues for them, and a total of 1,280 feedback results were collected.



SCREENING AND CONFIRMATION

According to the statistical results of the questionnaire, we have prepared a materiality matrix and identified 7 issues of high materiality. The materiality assessment results shall be reviewed and confirmed by the management, who will develop corresponding measure plans.



1	Operating results	P.6-7
2	Channel upgrades, innovation in service	Ch.3
3	Accelerated implementation of digital transformation	Ch.3
4	National initiative on building up brand-empowered strength, upgrade in fashion	Ch.3
5	Product quality and customer rights protection	Ch.3
6	Building up steady supply chain	Ch.4
7	Responsible procurement	Ch.4
8	Efficient logistics response	Ch.3
9	Anti-corruption and anti-unfair competition	Ch.5
10	Robust operation, risk control and prevention	All Ch.

11	Privacy protection and information security	Ch.3
12	Marketing compliance	Ch.3
13	Focus on carbon neutrality, achieving green development	Ch.7
14	Reducing use of disposable materials	Ch.7
15	Water resources management	Ch.7
16	Waste Management	Ch.7
17	Employees' rights assurance	Ch.5
18	Employees' remuneration and benefits	Ch.5
19	Devoting to charity, building a harmonious society	Ch.6
20	Communication with stakeholders	Ch.2



3. QUALITY OF PRODUCTS



As a down apparel expert, Bosideng has been dedicated to the down apparel business for 45 years. By our continuous adherence to product quality, product innovation, brand building and excellent services, Bosideng was among the “Brand Finance Apparel 50 2021” released by Brand Finance, an international authoritative brand value evaluation consultancy, in 2020, which demonstrated the power of domestic brand. Based on our consumer-centered concept, we changed our products’ thinking to users’ thinking, stressed need insights and users’ feedbacks, maintained strict control over each link from R&D and innovation, quality assurance to customer services, and continuously improved product quality management, thereby providing consumers with quality, healthy, safe and environmentally friendly products and services, and meeting their diversified dressing needs and experiences.

3.1 R&D AND INNOVATION

Product optimization and expansion are the cornerstones for the brand development of the Bosideng. As a leading enterprise in the down apparel industry, Bosideng has always been dedicated to the R&D, design and innovation of down apparels by maintaining large investments in R&D and insisting on displaying the guiding and supporting role of technological innovation, so as to enhance our independent innovation capability on an ongoing basis.

3.1.1 Technological Innovation

The Group has established a state-level industrial design center, a state-level post-doctoral scientific research workstation, a China National Accreditation Service for Conformity Assessment (“CNAS”) certification laboratory, a laboratory recognized by the International Down and Feather Bureau, a provincial-level enterprise technology center and an engineering technology research center. During the Year, we undertook the Antarctic scientific expedition and the technology and quality services of climbing products, applied for an aggregate of 17 patents, including invention, utility model and appearance patents, and obtained 26 patent certificates for previous applications.

Meanwhile, the Group cooperated with down suppliers to complete the development of odor-removing down technology and applied it on a large scale during the Year. The complaint rate of product down odor dropped by more than 80% year-on-year. As at the end of the FY2020/21, the Group has accumulated a variety of 231 patents (including invention, utility model and appearance patents).

The Group assumed the work as a PRC council member of the International Down and Feather Bureau, and at the International Organization for Standardization/Garment Size Series and Coding Technology Committee Secretariat, and the National Technical Committee on Garment Standardization Down Apparel Sub-committee Secretariat, making good explorations for the globalized development of domestic brands. During the Year, as the core drafting unit and the first drafter of the GB/T 14272 Down Apparel and Woven Wear Standard, we actively provided suggestions for the amendments to national standards. As at the end of the FY2020/21, the Group has cumulatively participated in the drafting of and amendment to 23 international standards, 13 national standards and 4 industry standards, fully presenting the image of standard leader.

3. QUALITY OF PRODUCTS

Industry-University-Research Cooperation

For a long time, the Group has regarded industry-university-research cooperation as one of the important means to promote the technological advancement of an enterprise. By relying on the Technical Institute of Physics and Chemistry, CAS, Donghua University in Shanghai and Fudan University in Shanghai, the Group has successively undertaken the key research projects supported by the “Hundred Talents Program (百人計劃)” of CAS, National 15 Key Technological Projects (國家十五科技攻關項目) and National 863 Projects (國家863項目), promoting the development of a series of new technologies and products. During the Year, the projects we collaborated with external institutions mainly include:

- Co-establishment of an IoT (“Internet of Things”) joint laboratory with Jiangnan University;
- Enhancement of strategic cooperation with Alibaba to join forces to develop a global data center in order to reach consumers with high-quality digitalized contents;
- In the Antarctic scientific expedition and the climbing projects, Southwest University accurately displayed the dynamic wear effects with 3D modeling technology; the Thermal Manikin Laboratory of Soochow University carried out environmental temperature testing and research for down apparel adaptation, assisting in verifying the accuracy of testing results of Bosideng.

Protection of Intellectual Property Rights

While strengthening R&D and innovation, the Group also pays attention to protecting technological innovation achievements and intangible assets such as trademarks, patents and copyrights. On one hand, through a standardized intellectual property rights 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 in compliance with rules and laws and well-documented. On the other hand, 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 also 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 our intellectual property strategy.

3.1.2 R&D of Products

“Product Leadership” has always been a corporate strategy of Bosideng. Brand empowerment with creative designs and technological innovations is an important starting point for Bosideng to become a world-leading down apparel brand. On the basis of keeping up with the cutting-edge technology and fashion trends in the industry, the Group paid attention to its interaction with consumers. Through in-depth consumer research, designers going to the stores to conduct research personally, strengthening product promotion training and other methods, we captured consumers’ changing preferences.

We conducted precise development of different series of products based on consumer preferences and cognitive models and through a series of scientific, objective and methodical design processes covering customer research, market research, trend analysis, design planning, product development, customer appreciation, ordering feedback, sales feedback and summary review. In addition, we also actively applied new technologies and new technical operations into product design, and adopted new materials, to provide consumers with fashionable and practical clothing

3. QUALITY OF PRODUCTS

During the Year, Bosideng's climbing series of down apparels won the gold medal award in China Excellent Industrial Design, becoming the first independent clothing brand in the PRC receiving the honor. In addition, our climbing series helped the Chinese mountaineering team's 2020 Mount Everest elevation measurement mountaineering activities; urban ski series won the ISPO Award – Global Design Award; professional warmth series sponsored the 36th and 37th Antarctic expedition missions of Chinese Antarctic expedition team.



Helping the Chinese mountaineering team's 2020 Mount Everest elevation measurement mountaineering activities



Sponsoring the 36th and 37th Antarctic expedition missions of Chinese Antarctic expedition team

3. QUALITY OF PRODUCTS

Bosideng is aware of the impacts of the global warming trend on the down apparel industry and consumers' purchasing trends, and has actively adopted countermeasures. Firstly, we provided more thinner and easier-to-carry down apparel product range starting from product diversity and thinness, to satisfy the needs of different consumers in different circumstances. Secondly, we promoted the application of new environmentally friendly fabrics starting from the environmental friendliness and low carbon attributes of fabrics, to create the concept of "lightness, warmth and environmental friendliness" themes. During the Year, we continued to optimize the product mix, and implemented the development of "thin, medium and thick integration"; we strengthened the innovation and R&D of puff down apparels with the practical performance of "lightness" and "warmth", so

as to break through the barriers of seasonal limitations. Thirdly, we actively established and consolidated the quick-return supply chain system, which enabled us to quickly return the goods by way of selling in a small batch in peak season and demand-pull replenishment, and continued to adjust the channel product structures and product inventory according to external changes and customers' demands.

In the future, we will pay close attention to the impact that climate change may bring to the industry or the market, continue to properly adjust product structure, technologies and fabrics, so that we can face incoming challenges while grasping market opportunities.

New Environmentally Friendly Fabrics

In recent two years, we have continued to promote the use of Dupont™ Sorona(R) fabric, a new environmentally friendly fabric. Such fabric not only has the characteristics such as anti-drilling velvet, good air permeability, good moisture permeability, lightweight insulation, wrinkle resistance, light water repellency and low static electricity, but also has multiple environmental protection values because of the use of pure natural plant ingredient as its core raw materials:

- 37% of the raw materials come from natural renewable resources instead of petrochemical raw materials, thereby reducing dependence on petroleum resources;
- Compared with nylon polymers based on petrochemical raw materials, Sorona® polymers of the same output consume 30% less energy and reduce carbon dioxide emissions by 63% than the former during the manufacturing process; and
- Passing the safety and environmental protection certifications of the United States Department of Agriculture, Japan Biomass Association, OEKO-TEX and Swiss Bluesign.



3.2 QUALITY ASSURANCE

Product quality is the most intuitive experience and perception of consumers towards Bosideng's products and services. Emphasizing quality and safety as a top priority, the Group 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 PRC 《中華人民共和國產品質量法》 and the relevant laws and regulations of the product sales regions, implement a comprehensive ISO9001 quality management system and have obtained the China Quality Certification.

3.2.1 Down Standards

In line with the rising living standards of the public, consumers are increasingly concerned about the safety and environmental friendliness of down apparel products, in addition to meeting basic needs such as warmth, comfort and durability. Bosideng is committed to creating more healthy and green products to win consumers' interests. We require down suppliers to increase the down washing process level, adopt more environmentally friendly down detergents and improve the quality of the down washing water, in order to reduce the down odor and improve the health, safety and environmental performance of final products; we not only require manufacturers to carry out strict quality inspections

3. QUALITY OF PRODUCTS

and antibacterial inspections on raw and auxiliary materials and finished products, but also conduct antibacterial sampling tests on fabrics; and we require manufacturing suppliers to give priority to the use of non-polluting production processes and equipment, and not to use production processes that have been banned by the state or have a serious impact on the environment.

During the Year, on the premise of continuing to require all raw and auxiliary materials to strictly comply with the regulations, such as GB/T 14272-2011 Down Apparel and Woven Wear Standard, and GB 18401-2010 National General Safety Technical Code for Textile Products, we upgraded down testing standards by adding the testing requirement for glue down with reference to the Methods for Assessment of Glue Down. Under the new requirement, the down, which fails to pass all of the three testing items including physical appearance, microscopical appearance and physical and chemical analysis, will be banned from use. Meanwhile, we will send the down provided by each supplier for testing and verification of the harmful substances produced by Alkylphenol ethoxylates ("APEO"), to further reduce the content of substances in the down that have an impact on the environment.

3.2.2 Product Quality

Bosideng always adheres to its pursuit of excellence in product quality, and has formulated strict standards and actively adopted measures in aspects of chemical safety of products, product quality testing, product responsibility traceability and

product traceability. Currently, 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 within the industry. Due to our excellent quality assurance, we have won the China Quality Award, Jiangsu Province Quality Award, 1st Suzhou Mayor Quality Award, etc.

In terms of chemical safety of products, we identified chemicals in our production, adopted MSDS management and control measures for dangerous chemicals, and have successfully passed the certification of ISO14001 environmental management system during the Year; we executed the plan for elimination of all potential dangerous chemicals in accordance with the requirements of environmental management system; we arranged production in strict compliance with the national standards of GB 18401-2010 National General Safety Technical Code for Textile Products and GB 31701 Safety Code for Infants and Children Textile Products, and managed the toxic and harmful chemical substances related to the standard requirements produced by our auxiliary fabrics and during our production, to ensure the safety of consumers.

In terms of product quality testing, we have implemented the three-level inspection system, stipulating that only the final finished products that pass inspection can be put into storage. During the Year, we optimized and upgraded such system, by reducing the standard of the defect rate to below 0.12% in the common product market and to below 0.07% in the high-end product market, and adding the new standard of high-end user satisfaction up to 95.8%.

Three-level Inspection

- Garment factory self-inspection (first-level inspection)
- Merchandiser ex-factory inspection (second-level inspection)
- Receiving inspection by inspection department (third-level inspection)

Each level of inspection is accompanied by an inspection report to ensure that 100% of each batch of products is subject to a three-level inspection. In particular, for the first and second levels, products are checked and accepted in accordance with the "Ex-factory Inspection Regulations". For the third level, products are checked and accepted in accordance with the "Domestic Product Inspection Regulations".

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In terms of product responsibility traceability, we have improved the mechanism for full-process traceability of manufacturing suppliers by focusing on implementing a single-piece responsibility traceability mechanism for high-end products, signing a target responsibility letter with the factory and the person in charge of inspection in terms of the production process and finished product inspection, and implementing a high-end group manufacturing licensing mechanism, that is, only licensed factory manufacturing lines can produce high-end products, to fully achieve effective product traceability.

In terms of product recalls, we have formulated policies and procedures relating to product recalls. 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 of the product in a pollution-free way. For large batch of defective products, we have established feedback and treatment methods to ensure that quality abnormalities are followed up promptly and handled properly. During the Year, the Group did not have any product recalls as a result of health and safety issues.

3.3 CUSTOMER SERVICES

Customers have been a focus of Bosideng, and every interaction with them is an opportunity for us to learn and share. We are committed to providing customers with premium services and improving their shopping experiences as much as possible.

3.3.1 Brand Marketing

Currently, the PRC is taking full advantage of its super-large-scale market and the potential of domestic demand to accelerate the construction of a new development paradigm in which domestic circulation plays a dominant role and domestic and international dual-cycle reinforce each other. Under the new dual-cycle development pattern, consumer demand has been released at a faster pace and domestic demand has continued to recover and improve in both quality and efficiency. "Consumption upgrading" and "Better life" have become the mainstream topics in the new consumption environment.

The Year marks the last year of the first stage of the Group's new ten-year strategic plan, in which the Group had clarified the strategic direction of "focusing on our principal business and key brands" and adhered to the development model of "ensuring brand development leads the way of future expansion" to link to the development trends of the times. By exerting its efforts throughout its system including products, channels, retail, supply chain, etc., the Group targeted to deepen the reform of new retail by centering on consumers, and activated the new growth drivers through channel upgrading:

- As to offline, we promoted the integrated commodity operation, "nationwide inventory management", connecting the "people, goods with market" as well as "production, sales with inventory" to effectively support store-level operation and efficiency improvements. We have opened outlet stores in Wanda, Intime, CapitaLand and other core shopping malls, and established our flagship stores in landmark business districts in Beijing, Shanghai, Hangzhou, Chengdu and other first- and second-tier cities across the country.
- As to online, we have opened additional sales channels on major social platforms to achieve booming stores in mainstream channels propelling our sales, effective precision marketing through live streaming e-commerce, and in-depth expansion of circle-based and group-based supply scenarios, thereby meeting more consumers' purchasing needs and providing products and services with better quality. The number of registered members of Bosideng in Tmall platform was over 4.76 million, an increase of more than 160% as compared to that of last year; in the Tmall "Double 11" and "Double 12" activities, Bosideng ranked first in the PRC apparel brand category for two straight years in terms of sales.

Listening to consumers' opinions may enable our products to better meet their expectations. The Group's brand management center conducts an annual survey on consumers, and systematically collects customers' evaluation of Bosideng's products and shopping experience through regular telephone return visit surveys and irregular online prize-winning surveys, to identify and rectify customer dissatisfaction. During the Year, we also conducted a product satisfaction survey on high-end users, with satisfaction rate up to 96%.

3. QUALITY OF PRODUCTS

Through brand marketing which closely follows up market trends and caters to customers' needs, Bosideng has won a good brand reputation. According to the Bosideng brand health tracking report conducted by Ipsos, a third-party research organization, Bosideng's current brand recognition rate and top-of-mind awareness rate both rank first in the apparel industry. Among them, the top-of-mind awareness rate reaches 64%, the net promoter score (NPS) is 55, and the brand reputation is 8.96. These indicators of brand health have improved compared with previous years, showing that consumers' recognition of Bosideng brand has become increasingly positive.

3.3.2 Sales Services

Bosideng regards sales services as an important link to maintain customer relationship and continues to explore methods for improving our own sales service system. We not only provide consumers with return and replacement of goods and free maintenance services within one year, but also provide customers with telephone and other communication channels so that they can make inquiry or reflect opinions, thus effectively protecting the rights and interests of consumers. Meanwhile, we use WeChat as a communication carrier for social interactions, gain insight into consumer needs through the "General Membership Management" model and create an online-offline marketing experience exclusively for members. During the Year, we achieved over 9.3 million new corporate WeChat fans, and had over 6.7 million followers on our WeChat account.

The Group strives to provide the smoothest delivery services to consumers. By extending the management model of the Group's smart central delivery center ("CDC") which serves all offline direct stores, franchised stores and e-commerce online to offline ("O2O") businesses throughout the country, the Group unified the inventory management of 9 direct large warehouses and

12 small warehouses of distributors during the Year through an integrated inventory management platform. The Group adopted a system to automatically match transport and delivery resources for each order based on traffic (mainly including order quantity, weight and size), combined with limitations such as the advantages of social transport and delivery resources, transport cost and timeliness. The Group also collects and monitors data of each step of the entire process, including collection, distribution, in-transit and sign-off, to achieve a delivery timeliness of approximately 98% and a near 100% order accuracy. At the same time, in response to the centralized logistics and delivery of down apparel during peak season sales, the Group has strengthened its own capabilities. Regardless of the volume of orders of each peak season, the Group was able to achieve shipping orders out of the warehouse on the same day the orders were placed and delivering them to retail stores or consumers on time according to the agreed timeline.

The Group always carefully treats consumers' opinions, which is reflected in our well-established complaint handling mechanism and a special customer complaint fund established in this regard. We provided regular and targeted counseling and training for customer service staff to continuously improve their professional level and ensure they are able to handle a customer complaint in a most expertly way. During the Year, we carried out training programs for after-sales staff, such as online learning platform, training camp for elite customer service staff, training for after-sales "experts", etc., and implemented a rotation mechanism for online and offline staff. We continued to improve our tracking feedback mechanism, set goals in handling consumer complaints, and enhanced the service quality of outlets and maintenance. During the Year, we received a total of 1,145 customer complaints, with complaint handling satisfaction rate of up to 95%, representing a year-on-year increase of 5%.

Responsible Marketing

The Group strictly abides by the laws and regulations of the product 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 protect consumer privacy and information security in accordance with the law, collect, process and use consumer personal information in strict accordance with relevant laws and regulations, strictly prohibit divulging consumer personal information, and prohibit sharing consumer information with third parties. During the Year, the Group was not aware of any major violations in the health and safety, advertising, labeling and privacy issues relating to its products and services.

4. RESPONSIBLE SUPPLY CHAIN



As a company whose main business is outsourced manufacturing and sales of garment, a stable and resilient supply chain is highly important to Bosideng's business. For this purpose, we are committed to building a sustainable supply chain, working closely with suppliers, strictly controlling every link of the supply chain, and laying a foundation for the offering of high-quality products and services.

4.1 PROCUREMENT OF RAW MATERIALS

The safety, sustainability and traceability of raw material procurement are important issues concerned by Bosideng. The raw materials procured by the Group comprise core materials such as fabrics and down, and auxiliary materials such as lining and ribbing. In the future, we will further disclose the percentage of various raw materials procured when feasible.

Down is one of the most important raw materials for our outsourced manufacturing and is mainly 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 an expert-level laboratory accredited by CNAS, 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. During the Year, we added the testing requirements for glue velvet to the down procurement standards. For details, please refer to the chapter headed "Quality of Products". In order to promote and fulfill our commitment to responsible

procurement, and to further improve the health and safety performance of our products from the source, we also give priority to purchasing bluesign® certified raw materials, and 49% of the down raw materials purchased by the Group during the Year have obtained bluesign® certification.

As for the sustainability and traceability of down raw materials, apart from the stipulation that the raw down must come from ducks with a breeding period of over 40 days or from geese with a breeding period of over 70 days, we give priority to the down suppliers that have passed the RDS certification. Throughout the process from duck or goose hatching, breeding, slaughtering, sales to the supply of the final down, our suppliers must prioritize the well-being of animals and ensure that no unnecessary damage is caused to animals. Each year, we set goals regarding RDS certification, which are enhanced year by year. During the Year, our goal of certification rate is 92%. As of the end of the Year, 95% of the Group's cooperative suppliers have passed RDS certification, and 95% of the down used in our products have passed RDS certification, achieving the goals so set. On the basis of procuring certified down, we also plan to commission a strategic supplier to conduct spot checks on the source of down and animal welfare in the upstream supply chain to ensure relevant parties comply with our requirements.

Important principles for RDS certification

- 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.

4. RESPONSIBLE SUPPLY CHAIN

Bosideng believes that animal welfare is not only an issue that the down industry and its upstream supply chain need to focus on and resolve, but also the key for us to lead sustainable consumption, enhance brand value and international competitiveness. We will follow closely the requests of investors and market developments, and will continue to improve the requirements and standards for down certification and animal welfare.

4.2 SUPPLIER MANAGEMENT

The Group's suppliers are mainly divided into three categories: raw material suppliers, outsourcing manufacturers, and other suppliers. To meet customers' demand for Bosideng's high-quality products, we have established a series of supplier management systems such as the Supplier Manual, Supplier Evaluation Standards, and Key Performance Evaluation Standards for Suppliers, and continued to make strategic efforts in supplier cultivation as well as supplier appraisal and evaluation, thus driving the common growth of supply chain partners while ensuring the stability of our supply chain.

4.2.1 Measures for the Management of Suppliers

The Group's supplier access, appraisal and evaluation standards include factors such as the supplier's qualification, reputation,

financial stability, environmental and social responsibility performance, cost, service as well as R&D capability. We formulated the Measures for the Management of Supplier's Key Performance Assessment, which listed out the assessment contents and rewards and punishments measures for suppliers. 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. On the basis of ensuring that suppliers meet the requirements of the Group, we also focus on promoting local procurement to promote local social and economic development.

For the purpose of further optimizing supplier resources and improving the supply chain management mechanism, during the Year, we strengthened supplier appraisal and incentive system, and continued to consolidate the requirements for supplier appraisal and access standards, tripartite collaborative review and supervision standards, achieving stability of the supply chain in the context of the continued impact of the COVID-19 pandemic. The number of raw material suppliers, outsourcing manufacturers and other categories of suppliers of the Group during the Year were 113, 158 and 48, respectively.

4. RESPONSIBLE SUPPLY CHAIN

Supply chain assurance amid the COVID-19 pandemic

In 2020, the persisting COVID-19 pandemic has brought huge challenges to the global supply chain, and also put forward higher requirements on raw material procurement and supplier management for Bosideng. Amid the impact of the pandemic, the Group's collaboration at all levels and responsive efforts effectively ensured the stability of the supply chain and minimized the impact of the pandemic. Our measures mainly include:

- mechanism promulgation: issued Bosideng's supplier pandemic prevention mechanism and management measures as quickly as possible;
- supplier training: trained, implemented and managed and controlled all suppliers through the annual video conference;
- capacity transfer: implemented evasion and capacity transfer in the hardest-hit areas of the pandemic, while increasing capacity expansion in safe areas;
- cargo circulation: signed a strategic agreement on cargo circulation under the pandemic with EMS and SF Express; and
- financial support: enhanced financial support for the upstream supply chain to ensure the stability of the entire supply chain at source.

We issue the "Open Letter regarding Energy, Environment, Safety and Health Management" to suppliers every year, and continue to raise requirements on suppliers in terms of energy, environment, occupational health and safety; our "Supplier Manual" provides that the use of carcinogenic dyes is prohibited and the emission of exhaust gas, waste water, solid waste shall pass the monitoring by local environmental authorities; we have included 10 factors in the on-site review standards of suppliers, which comprise child labor, health and safety assurance measures, protection of special types of work, working hours, remuneration, employee health and safety training, social responsibility system establishment and certification, and product safety; we adopt a "zero tolerance" approach to child labor, accident penalties, product safety hazards, non-compliance with Bosideng's environment, health and safety policies. Those non-compliant suppliers will be denied access. For those who are not qualified in the protection of special types of work, working hours or remuneration (including overtime pay), they are required to make rectifications before access is allowed. When signing a contract with a supplier, the Group also includes environmental and social responsibility requirements in the contract.

4.2.2 Supplier Appraisal and Evaluation

The Group attaches great importance to the environmental and social responsibility performance of our suppliers, and has introduced environmental and social responsibility management into supplier appraisal and evaluation. We implement the management and control of suppliers through on-site review, process monitoring, online disclosure, information collection and other methods to promote the sustainable development of the supply chain.

We assess the suppliers and outsourcing manufacturers' implementation performances on a monthly basis and urge the suppliers 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 certain important suppliers, we send our specialists to evaluate the suppliers' implementation performance in accordance with the Social Accountability International 8000 (SA8000) Standard and supervise the improvement of such suppliers, with an evaluation coverage rate of over 85%. We eliminate unqualified suppliers every year according to the review results. When existing suppliers do not match the needs of the Group, we will seek for new suppliers.

4. RESPONSIBLE SUPPLY CHAIN

In order to encourage suppliers to continuously improve their environmental and social responsibility performance, suppliers who have obtained certifications, such as ISO9001 quality management system, ISO14001 environmental management system and responsible down RDS, have more advantages in passing the Group's supplier qualification certification

review. During the Year, more than 50 suppliers which were in cooperation with the Group had obtained relevant system certifications. In addition, to assist suppliers to improve their ability to fulfill their responsibilities, we provide annual training on the Group's supply chain policy in the following year for suppliers.

Supplier Evaluation

To identify and reduce the environmental and social risks in the supply chain in a timely manner, the Group performs on-site reviews on suppliers in accordance with our internal supplier standards on a regular basis. During the Year, we have conducted on-site reviews for 271 suppliers; we demanded 40 non-compliant suppliers to carry out rectifications immediately and track the results of their rectifications to ensure that they eventually meet our requirements; we terminated cooperation with 23 suppliers which failed to make improvements or had made unsatisfactory improvements. We also conducted social responsibility audits on 4 suppliers through Sedex (Supplier Ethical Data Exchange), an independent third-party organization.

Supplier Training

During the Year, we conducted 5 supplier training sessions including strategic cooperation and strategy implementation in factories, with a total of approximately 500 participants. The training closely followed Bosideng's annual supply chain strategy, focusing on key areas such as flexible and fast response, quality upgrade, and cost leadership, clarifying our requirements for cooperative suppliers and providing feasible strategies or plans. Meanwhile, we have reached a cooperative consensus with suppliers on "providing customers with products at the fastest speed, and with the best quality, and most reasonable price".





5. EMPLOYEE WELFARE



We know very well that Bosideng's long-term success depends on the contributions of employees who also serve as an important driver for achieving the sustainable development of Bosideng. To this end, the Group adheres to a people-oriented approach, fully respects the value of employees, and creates an inclusive and harmonious workplace atmosphere through providing competitive compensation and diversified welfare measures, developing a comprehensive training and development mechanism, building a safe working environment and other measures, in pursuit of a win-win development of the enterprise and employees.

5.1 EMPLOYMENT COMPLIANCE

Bosideng is committed to protecting the interests of employees. During the Year, the Group has complied with the Labor Law and Labor Contract Law of the PRC and other relevant laws and regulations that have a significant impact on the Group, implemented a transparent and fair recruitment system, and rejected to any form of discrimination, and had zero tolerance towards any child labor and labor exploitation.

the post as the main considerations, and will not be affected by factors such as race, gender, age or marital status. The Group's headquarter and its subsidiaries have established unified standards for the selection, employment, treatment, education and retention of talent. The human resources management system specifies in details, among others, the provisions on recruitment, remuneration and benefits, promotion system and attendance management.

5.1.1 Diversified Workplace

Bosideng advocates equal opportunities and opposes 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

As of March 31, 2021, the Group had a total of 9,028 full-time employees, up by 15.7% as compared to last year. In particular, female employees accounted for 78.3% of the total, and the percentage of female management (including senior management and general management) exceeded 40%. The composition of employees is set out below:

Category		FY2020/21	FY2019/20	FY2018/19
Number of employees by gender	Male employees	1,961	2,053	2,189
	Female employees	7,067	5,748	4,220
Number of employees by age	18-30	3,242	2,367	2,884
	31-50	5,689	5,247	3,416
	Over 51	97	187	109
Number of employees by employment type	Formal employees	9,020	7,773	6,385
	Contractual/Informal employees	8	28	24
Number of employees by level	Senior management	136	174	165
	General management	459	627	560
	Non-managerial employees	8,433	7,000	5,684
Total number of employees		9,028	7,801	6,409

5. EMPLOYEE WELFARE

During the Year, the Group was not aware of any major violations related to equal opportunity, diversity and anti-discrimination.

5.1.2 Labor Policy

Bosideng explicitly prohibits, in its internal regulations, the hiring of child labor and forced labor, and all formal employees so hired must be at least 18 years old. During the recruitment process, we strictly verify the identity of the applicants, and applicants can sign the contract only if they are old enough pursuant to local regulations and their identity is correct. We regularly investigate the recruitment process of agencies and verify the age of employees as a criterion for selecting suppliers. At the same time, we also 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 included in the employee handbook of the Group specifies 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' rights to terminate their labor contracts freely, the Group has established procedures for terminating labor contracts in accordance with applicable laws and regulations. We respect the willingness of employment of every employee, but at the same time, we will also seek to understand the reasons for any employee's resignation through the relevant department to which the employee belongs and strive to provide a reasonable and fair working environment for employees.

During the Year, the Group was not aware of any major violations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, child labor or forced labor, or received any employee complaints about harassment (including sexual harassment), corporal punishment, abuse and inappropriate punishment measures, nor was there any dispute over salary payment.

5.2 WELFARE AND CARE

Competitive remuneration and benefits, and communication and care to improve cohesion are important means for an enterprise to attract and retain talents. On one hand, Bosideng has formed a remuneration and benefits system with both external competitiveness and internal fairness based on post value and personal competence and by comprehensively considering performance contribution and the features of different job posts; on the other hand, we pay attention to the work-life balance of employees, and strive to cultivate a warm, helpful and caring work and life atmosphere for them, with a view to improving their sense of belonging and recognition.

5.2.1 Remuneration and Benefits

The Group's employee remuneration consists of basic fixed salary, welfare allowance and annual performance bonus. Employee remuneration structure includes a performance-based floating salary covering all contractual employees, which demonstrates motivation and fairness. The Group reviews and adjusts, as appropriate, the salary of its employees on a yearly basis to ensure that the compensation level is competitive. In addition to the provision of "five social insurances and one housing fund" as well as paid annual leave, marriage leave, maternity leave, medical leave for work-related injuries, bereavement leave and other statutory leaves for employees in accordance with the national regulations, we also provide, depending on the position or situation of individual employees, additional welfare allowances, such as attendance bonus, length of service allowance, high temperature fee, meal allowance, communication allowance and accident insurance, etc. Upon attaining the retirement age, employees may handle their retirement procedures in accordance with the laws, and enjoy the benefits of basic pension insurance, which covers all contractual employees.

5. EMPLOYEE WELFARE

The Group contributes social insurance for employees in the PRC pursuant to the relevant laws and regulations and provide contributions on a monthly basis. The Group's subsidiaries in the PRC contribute funds to the retirement schemes, which are calculated on a stipulated percentage of the average employee salary provided by the relevant provincial and municipal governments. The employees of the Group in Hong Kong, the PRC participate in the MPF Scheme. Under the MPF Scheme, each member of the Group in Hong Kong (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings pursuant to the relevant laws. The monthly contributions of each of the employer and the employees are subject to a maximum contribution of HKD1,500 per month (for periods from June 1, 2014) and thereafter contributions are voluntary. The Group has arranged for its employees in the United Kingdom to join the National Insurance Scheme and the relevant pension scheme, respectively (collectively, the "UK Schemes"). Under the UK Schemes, each member of the Group in the United Kingdom (the employer) and its employees make monthly contributions to the UK Schemes pursuant to the relevant laws. The Group's subsidiaries in the United Kingdom contribute funds to the UK Schemes, which are calculated on a stipulated percentage of the average employee salary provided by the government of the United Kingdom.

In order to evaluate and reward employees' performance fairly and impartially, the Group has established a result-oriented assessment mechanism, and the 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, the Group has promoted the implementation of an employee equity incentive scheme, aiming to, through award of shares, recognize and reward some of the employees (including the directors and core operation management team of the Group) for their contributions and motivate them to contribute to the growth and long-term development of the Group. Under the employee equity incentive scheme, the Group will assess whether an employee is qualified for vesting of shares based on the performance assessment at the company level and the performance assessment at the employee's personal level. As of March 31, 2021, the Group implemented a total of four phases of employee equity incentive schemes, granting a total of 1,200 million share

options and award shares, including 851.5 million share options and 348.5 million awarded shares. The implementation of the four phases of equity incentive schemes effectively motivated and retained outstanding talents, and aligned the interests of core leaders with the interests of the Company's shareholders as a whole, and facilitated the business growth and development of the Group.

During the Year, the Group was not aware of any major violations related to benefits and welfare of its employees.

5.2.2 Communication and Care

Bosideng is committed to listening to employees' voices by establishing a multi-faceted communication platform. Through various meetings, project discussion workshops, mobile phone online real-time discussions and other forms, our management can listen to the questions and opinions raised by employees. The Group conducts employee satisfaction surveys annually to identify room for improvement. During the Year, our employee satisfaction has reached over 90%.

The Group is also very concerned about the daily life of employees and creates a safe and comfortable living and residential environment for them through a series of measures:

- Our dormitory has family rooms to provide accommodation for employees and their families in need;
- We provide employees with cafeteria and shuttle buses to and from Shanghai, Suzhou and Changshu to facilitate their life;
- We launched an internal charity fund, calling on employees to voluntarily donate RMB2 per person every month to help those colleagues in need at any time and solve their various problems in life; and
- We 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 employee activities. During the Year, we invested approximately RMB2.474 million of funds (FY2019/20: approximately RMB2.344 million) and held various special activities, such as Yan'an Hiking Challenge (延安徒步挑戰賽), the Annual Conference on Corporate Culture and Talent Cultivation, etc.

5. EMPLOYEE WELFARE



2021 Annual Conference on Corporate Culture and Talent Cultivation



Yan'an Hiking Challenge (延安徒步挑战赛)

Smooth communication channels and comprehensive employee care employees are beneficial to improving employees' stability and engagement, which enables the Group to maintain a low turnover rate even affected by the COVID-19 pandemic. As of March 31, 2021, the Group's employee turnover rate is shown in the table below:

Category		FY2020/21	FY2019/20	FY2018/19
Turnover rate by gender	Male employees	3.8%	2.5%	1.9%
	Female employees	3.7%	3.6%	3.8%
Turnover rate by age	18-30	1.5%	3.4%	0.6%
	31-50	3.6%	3.3%	5.4%
	Over 51	4.8%	7.0%	2.8%
Turnover rate by employment type	Formal employees	3.8%	3.4%	3.2%
	Contractual/Informal employees	0.0%	0.0%	0.0%
Turnover rate by level	Senior management	2.2%	1.7%	1.6%
	General management	8.7%	3.2%	3.3%
	Non-managerial employees	3.6%	3.5%	3.6%
Total turnover rate		3.7%	3.3%	3.2%

5. EMPLOYEE WELFARE

5.3 TRAINING AND DEVELOPMENT

Bosideng regards employees as its precious wealth and development cornerstone and promotes their continuous learning and development based on core values, system requirements, training management, performance management, promotion methods and other concepts and systems. We have set up the Training Organization and Management System to standardize the Group's internal training management, and have established training management systems and mechanisms that conform to the Group's strategic planning and are in line with the Group's business operations. Our training channels are rich and diversified, including offline classrooms, online cloud schools, WeChat and Ding Talk learning platform "Learning Club" and others, creating convenient conditions for employees to expand their expertise.

During the Year, with the impact of the pandemic, the Group has transferred a lot of offline trainings into online trainings, and adopted the manner of a combination of offline and online trainings. In particular, the online trainings were conducted by primarily relying on the study platform of "Ding Talk – Cloud University", and the offline trainings focused on cultural trainings and the study and discussion of actual cases. We extended business trainings to the front-line employees, leadership trainings to the management and reserved employees, and general trainings such as safety and comprehensive skills and trainings on corporate culture to all employees. During the Year, the statistics on the percentage of the Group's employees who received training and their average training hours were as follows:

Category	FY2020/21	FY2019/20	FY2018/19
Total training hours completed by employees (hours)	40,353	39,510	27,000
Percentage of formal employees trained	100%	27.7%	28%
Average training hours of employees (hours)	4.5	18	18

Note: During the Year, the Group conducted its trainings mainly in online form and promoted the same to all employees, thus:

- 1) The percentage of employees trained and average training hours of employees changed greatly than the past years
- 2) Subject to hardware conditions of online training system, statistics by gender/level/employment type are not available currently

As a main channel for offline trainings of the Group, Bosideng Business School, with "integration, accommodation, inheritance and innovation" as its core values, develops various trainings for different types of talents, and continuously promotes the growth and development of employees. During the Year, Bosideng Business School has invested a total of RMB1.254 million to implement the project on leadership development of core operation management team, reserved talents for directors, reserved talents for managers, the project on development of strategic reserved talents, and the training on empowerment of on-the-job cadres and professional talents.

In addition to internal trainings, the Group also encourages employees to participate in overseas trainings to learn new technologies, management systems and internal trainings so as to acquire professional knowledge and skills so that they could further contribute to the development of the Group. Relevant training expenses can be reimbursed upon approval.

During the Year, the Group has struggled to forge an upgraded talent structure, including the introduction of excellent strategic talents, the development of a talent pool for core position echelons and the empowerment and replacement of on-the-job cadres, thus building an endogenous talent development system. During the Year, the retention rate of outstanding employees was up to 96%; the ratio of employees with a bachelor degree or above was 56%, increased by 16% year-on-year; the ratio of employees of post-90s generation was 43%, increased by 15% year-on-year.



Practical Case Study

5. EMPLOYEE WELFARE

Development paths for employees

To allow employees to gain a clearer understanding of their personal occupational development path, the Group has established a dual occupational development path including managerial path and professional and technical path. During the Year, in order to promote the growth of employees, we categorized talents into types including on-the-job cadres, echelon talents, professionals and strategic reserve talents in accordance with the principles, objectives, assessments and incentive mechanism of talent cultivation, as well as the training methods for various types of talents. For various types of talents, we set up different training objectives, qualification standards, training methods, results application and development cycles.



Monthly meeting for training Eagle talents (鹰系人才)



Training projects for Eyasses talents (雏鹰人才)

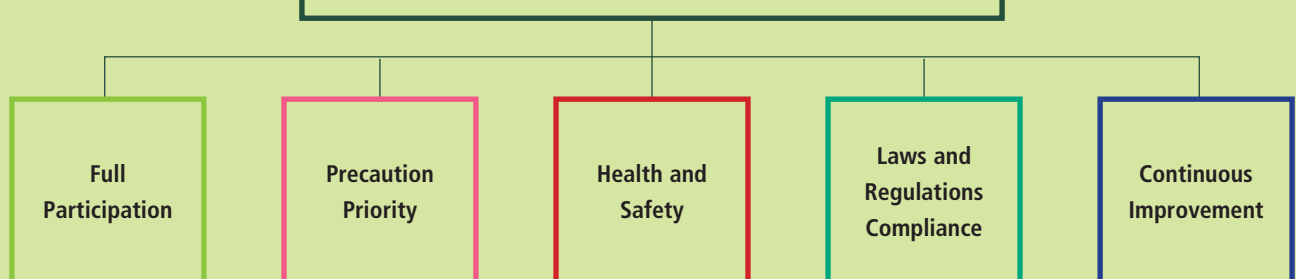
5.4 HEALTH AND SAFETY

Bosideng is committed to providing a safe and comfortable working environment for its employees and has adopted the policy of abiding by regulations, safety first, cherishing life and giving priority to precaution, which is in line with its daily operations. Due to the nature of our business, the working environment of the Group's employees mainly consists of

indoor offices and sales outlets, and thus there is no significant occupational health and safety risk. We have obtained OHSAS18001 occupational health and safety management system certification and ISO45001 occupational health and safety management system standards certification with continuous and effective operation, which covers the design and development of down products and relevant management activities of the Group.

5.4.1 Occupational Health and Safety

OCCUPATIONAL HEALTH AND SAFETY POLICIES



5. EMPLOYEE WELFARE

In order to determine whether the EHS management system of the Group is suitable, adequate and effective in satisfying the requirement of ISO45001, we regularly review the achievement of the Group's EHS policies and goals and the operation of EHS management system to promote continuous improvement. In August 2020, we organized department heads to carry out the management review of the occupational health and safety management system in 2020. The review issues included change of internal and external problems related to the occupational health and safety management system, satisfaction degree of occupational health and safety policies and occupational health and safety goals, occupational health and safety performance, relevant communications with stakeholders, room for continuous improvement and sufficiency of resources necessary to maintain the effective occupational health and safety management system.

In order to ensure compliance with continuously 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 collected and evaluated occupational health and safety regulations and standards. We also revised and issued the 2020 List of Occupational Health and Safety Laws and Regulations (177 articles) for all departments of the Group to study and implement.

During the Year, the Group was not aware of any major violations relating to occupational health and safety, achieving the general objective that there were no occupational health and safety accidents throughout the Year. Also, we achieved sub-objectives in respect of prevention and control of the pandemic, introduction and establishment of occupational health and safety, occupational disease checkups and emergency drills by a series of specific measures:

- We prevented and controlled the pandemic strictly according to the development thereof to ensure safe resumption of work
- We conducted ISO45001 training for the department system heads, internal auditors and employees, with a total of 242 participants
- We arranged occupational disease checkups for employees exposed to occupational hazards based on pre-employment, on the job, job transfer and resignation. During the Year, 85 occupational disease checkups were provided
- We organized 2 emergency drills to prevent and reduce risks and losses

During the Year, the statistics on work-related injuries of the Group were as follows:

Category	FY2020/21	FY2019/20	FY2018/19
Number of work-related injuries	1	2	10
Proportion of work-related injuries to the total number of employees	0.01%	0.03%	0.16%
Number of work-related fatalities	0	0	0
Lost days due to work-related injuries	217.5	30	263

5. EMPLOYEE WELFARE

5.4.2 Response to the COVID-19 Pandemic

At the beginning of 2020, the outbreak of COVID-19 pandemic not only hit the public health and economic development, but also leaved Bosideng with a responsibility examination. In face of the significant test of anti-pandemic, Bosideng swiftly took actions in response to the pandemic in a positive manner, implemented responsibilities seriously, organized carefully and implemented targeted policies, achieving a staged victory of scientific prevention and control, and resumption of work and production.

During the COVID-19 pandemic, we considered protecting the health and safety of our employees as a top priority in our pandemic prevention efforts, thus we promptly united anti-pandemic forces to establish an anti-pandemic leading team, health management team, anti-pandemic inspection team, logistics assurance team and anti-pandemic sterilization team to specify emergency procedures, specific personnel and their job responsibilities regarding our pandemic prevention.

- Based on the dynamics of the pandemic as well as industrial and regional factors of the enterprise, the anti-pandemic leading team efficiently established a sound prevention and control mechanism and developed corresponding plans for pandemic prevention and control; carried out publicity and education in an active manner and conducted comprehensive pandemic prevention training for employees, to lay a solid foundation for the resumption of work and production.
- The health management team conducted targeted screening and control of personnel entering and exiting the park area, and strictly implemented the visitor health review system.
- The anti-pandemic inspection team strictly performed its jobs including checking the ID card and employee card, body temperature measurement, full-process monitoring on the entrance and exit of the guards and reporting any abnormalities promptly.
- The logistics assurance team fully ensured sufficient medical supplies, formulated a system for staggered meal times, strictly implemented disinfection management system in dormitory area and executed the pandemic prevention system of mass prevention and control.
- The anti-pandemic sterilization team strictly implemented the management of workplace disinfection, and disinfected crowded areas including public places twice a day.

During the resumption of work and production, the Group strictly complied with pandemic prevention guidelines to ensure the health and safety of employees. We made every effort to ensure enough disinfectants for employees' pandemic prevention, 75% disinfection alcohol, temperature gun, surgical masks, sterilizing hand sanitizers and other materials in urgent need. We also flexibly applied technical means including cloud office, and adopted various methods, such as telecommuting at home, staggered working times for different posts, work in different time, taking turns to work, and flexible attendance management, to make scientific plans for resumption of work and production in a safe and orderly manner. In addition, the Group issued the Traffic Reception Plan for Employees Returning to Work and organized 16 Bosideng "Warm" shuttles to pick up employees in a "point-to-point" method from Chongqing, Henan, Anhui and other places, respectively, to ensure their safety in the course of work resumption.

5. EMPLOYEE WELFARE

5.4.3 Safety Management of Outsourcing Manufacturers

During the Year, in addition to continuously strengthening the Group's own safety management, the Group continued to assist outsourcing manufacturers in improving their safety production management system, standardizing their employee health and safety management and enhancing the working environment

and accommodation conditions of their employees. During the Year, the largest outsourcing manufacturer located in Changshu has invested approximately RMB17.296 million (FY2019/20: approximately RMB2.353 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.

Statistics on Investment in Occupational Health and Safety of Outsourcing Manufacturers in Changshu for FY2020/21 (Unit: RMB0'000)

ISO45001 Certification Transition Program	9.0
Equipment Repairs and Maintenance	747.0
Safety Management Personnel and Back-up Electricians' Uniform Program	271.9
Environmental Improvement of the Workplace	688.3
Medical Fee	13.4
Total Amount	1,729.6

5.5 ANTI-CORRUPTION

Honesty, integrity and compliance are the core value of Bosideng's business operation. We never tolerate any corruption behaviors which harm to our fair competitive environment. To strengthen the internal control and supervision mechanism of the Group, we established the audit supervision center, and also formulated internal audit system which specified that the audit supervision center would be responsible for auditing, supervising and assessment of the reality, compliance and efficiency for all operating management and financial receipts and disbursements in the Group. We are also prudent in the process of procurement. As the membership unit of Anti-Fraud Alliance and the Trust and Integrity Enterprise Alliance, all the suppliers are requested to sign Integrity Undertakings, and all the employees above the level of managers and directors are requested to sign the Work Atmosphere Commitment to the maximum extent to ensure no potential illegal behaviors such as bribery, claim, fraud or money-laundering exist during the process of procurement.

In addition, we provide anti-corruption training for each new employee, and also sign 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. In February 2021, to consolidate the integrity style of the Group's core cadres, we conducted annual anti-corruption training for the Group's core cadres in "Conduct Establishment of Bosideng Group and Prep Rally for Spring Festival".

We established complete whistle-blowing mechanism so as to ensure the effective report on any potential anti-corruption. We had a special whistle-blowing telephone and email and posted it to the internal employees and commercial partners. 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.

The Legal Affairs Department of the Group also regularly studies legal risks and prepares legal risk prevention guidelines. Relevant government personnel regularly communicate with Bosideng's internal audit team to explain the direction of the relevant legal and internal audit developments, 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 violations relating to anti-corruption.

6. COMMUNITY INVESTMENT



It is one of Bosideng's long-term goals to become a responsible corporate citizen. Adhering to the mission of "Bosideng warms the world", we have always regarded it as our duty and obligation to give back to the society and live up to the mission of our brand with high positive energy, actively participate in public welfare and charity, warm people with our products and warm their hearts through our charity efforts, while bringing warmth to the underprivileged by donation of down apparels. As of March, 2021, Bosideng has donated a total of more than RMB1.2 billion to the society, benefiting 29 provinces, 108 prefecture-level cities, 558 counties, and 1.192 million underprivileged people, bringing love and warmth to people across the country.

6.1 FIGHT AGAINST THE COVID-19 PANDEMIC

The outbreak of the COVID-19 pandemic at the beginning of the year 2020 hit public health as well as economic development. After being informed that the front-line personnel fighting against the pandemic day and night were facing the challenge of cold weather in spring, Bosideng launched a charity campaign of "300 million down apparels from Bosideng to help the front-line personnel in pandemic prevention", donating more than 150,000 down apparels to 438 hospitals and organizations nationwide, with a total value of more than RMB300 million. These clothes helped the front-line medical staff and workers cope with the cold weather, which conveyed the power of charity in the PRC while demonstrating the brand power of Bosideng.

Leveraging on its long-established advantages in supply chain, Bosideng swiftly organized equipment, raw materials and employees to produce protective isolation clothes, with a daily production capacity of 2,000 pieces, providing safety protection for those at the front line to fight against the pandemic. Under the pressure arising from the pandemic, Bosideng

actively responded to the national initiatives of "stability on the six fronts" and "security in the six areas", and focused its efforts on the prevention and control of the pandemic, while endeavoring to ensure the resumption of work and production. By accelerating digital transformation as well as upstream and downstream joint development, Bosideng has been committed to promoting processing and manufacturing, foreign trade, marketing and sales and other areas to get back on track in a short period of time.

Bosideng's anti-pandemic efforts have been widely recognized by all sectors of the society. During the Year, Bosideng was awarded the honorary title of "Outstanding Private Enterprise in Fighting Against the COVID-19 Pandemic" by the All-China Federation of Industry and Commerce, and was recognized as one of the "Typical Cases of Global Anti-Epidemic Brand Power" by China National Brand Network. In addition, Mr. Gao Dekang, the founder, the chairman and president of Bosideng Charity Foundation, was awarded the "Outstanding Individual from the PRC Textile Industry in Fighting Against the COVID-19 Pandemic in 2020".



Efficient action of nearby delivery to ensure the warmth and safety of front-line personnel in the fight against the pandemic



Down apparel worth RMB300 million from Bosideng to front-line personnel in pandemic prevention

6. COMMUNITY INVESTMENT

6.2 BOSIDENG CHARITY FOUNDATION

Community investment action of the Group is conducted by Bosideng Charity Foundation which established in 2011 and invested by Mr. Gao Dekang, the chairman of the Bosideng Group's board. Bosideng Charity Foundation has been adhering to the charity purpose of "passing on culture, promoting public welfare and spreading warmth". The Foundation has carried out a variety of charitable activities to promote the sustainable development of the society. During the Year, the Foundation of the Group made a total of charitable donation of approximately RMB23.87 million, among which, approximately RMB23 million were donated by Bosideng Charity Foundation.

6.2.1 Alleviating Poverty and Sending Warmth to Numerous Families

"Warmth in China" is one of the major projects of Bosideng Charity Foundation. Since 2017, Bosideng Charity Foundation has entered into a strategic cooperation with China Charity Federation, pursuant to which it will donate supplies with a value of RMB200 million in a 10-year period. As the PRC is at the stage of making the final sprint to eliminate poverty, Bosideng is resonating with the theme of claiming victory in the poverty alleviation battle. Particularly, utilizing our brand's strength and industry characteristics, and focusing on the goal and task of "helping the poor, the underprivileged and those in urgent need and making up for deficiencies", Bosideng has been dedicated

to contributing to poverty alleviation and the realization of a moderately prosperous society in all respects.

Bosideng Charity Foundation and China Charity Federation jointly initiated a charity program themed with "Sending Warmth to Numerous Families (情暖萬家)". By doing this, the Foundation deeply engaged in poverty alleviation in the "three regions and three prefectures" and has been donating 20,000 down apparels every year to those in need in the state's key poverty-stricken areas in Qinghai, Sichuan, Yunnan, Tibet, Gansu, Xinjiang. During the Year, the "Sending Warmth to Numerous Families" charity program donated a total of 20,600 down apparels to the local poor residents to provide them with warmth and help to fight against poverty in Tibet Autonomous Region, Liangshan Prefecture, Ganzi Prefecture and Aba Prefecture in Sichuan Province, Linxia Prefecture and Dunhuang City in Gansu Province, Pingxiang City and Suichuan County in Jiangxi Province, Pingdingshan City and Xuchang City in Henan Province, etc.

In the winter of 2020, Bosideng Charity Foundation continued to join hands with China Federation of Industry and Commerce and China Society for Promotion of the Guangcai Program to actively implement the targeted poverty alleviation campaign of "Numerous Enterprises Help Numerous Villages Together (萬企幫萬村)", donating a total of 20,000 down apparels to Tibet, Liangshan, Sichuan Province and Gansu Province.

Village-enterprise joint construction to lead the revitalization of rural areas in all aspects

Through the village-enterprise joint construction, Bosideng joined hands with Kangbo Village, Guli Town, Chuangshu City to embark on the road of rural revitalization. In 2020, Bosideng cooperated with Guli Rural Revitalization Construction Co., Ltd.* (古里鎮鄉村振興建設有限公司) to develop and construct the Kangbo Intelligent Manufacturing Industrial Park to support the transformation and upgrade of the village's economy and industry. Kangbo Village took the construction of modern agriculture as an important part of the construction of a new village, and made scientific plans for the use of the farmland with an area of more than 2,200 mu in the whole village. Currently, the large-scale Kangbo Ecological Agriculture Organic Rice Demonstration Base and Kangbo High-efficiency Vegetable Base have gradually been established. The Kangbo Village Stock Economic Cooperative was set up by bringing together the decentralized farmers through transfer of land, thus realizing the connection of "small industries" with "big markets" and bringing real benefits to farmers.

6. COMMUNITY INVESTMENT

In the process of poverty alleviation, Bosideng Charity Foundation also proactively expanded the ideas of charity and hosted a broad variety of charitable activities. During the Year, the Foundation launched the activity, "For the Heroes in the Cold Wind (為了寒風中的英雄)", offering warm gear for grassroots workers who work outdoors for long hours, and donating quality down apparels to the Xinjiang Kuche Fire Brigade and the Alashan Suobian Ecological Assistance Center. The Foundation joined hands with China Media Group to visit Xide County, Liangshan Prefecture, Sichuan, donating 27,299 pieces of clothes to 10,000 registered impoverished households and over 17,000 secondary school students and teachers in Xide County. The Foundation participated in the "Good Deeds in Liangshan (善行涼山)" initiative organized by China Charity Alliance, donating 1,007 pieces of winter clothes to Yuexi County and Butuo County, Liangshan Prefecture, Sichuan Province. The Foundation joined hands with the State Administration for Market Regulation to donate 2,911 pieces of winter clothes to Li County, Gansu Province. The Foundation cooperated with "Delight of Charity (悦公益)" to assist the poverty alleviation, donating 1,007 pieces of winter clothes to sanitation workers and impoverished students in Ganzi County, Ganzi Prefecture.



Donation of down apparels to Liangshan Blue Leopard Rescue Team



Providing warm gear for students in impoverished areas



"Sending Warmth to Numerous Families Through Philanthropy (慈善情暖萬家)" assisting Wenchuan, Sichuan

6. COMMUNITY INVESTMENT

6.2.2 Orange Love Fund to Warm Sanitation Workers

The "Orange Love Fund (橙愛基金)" cares for sanitation workers and environmental volunteers. In particular, it provides living allowances to sanitation workers whose families are in difficulties, to ensure their basic living standards. Bosideng Charity Foundation set up a special fund of "Bosideng Orange Love Fund (波司登橙愛基金)" in the amount of RMB3 million with Suzhou Charity Federation in FY2019/20, of which, RMB1 million would be applied for the sub-project of "Care for Sanitation Workers • Loving Physical Examination (情繫環衛工•愛心體檢)", and RMB2 million would be applied for providing living allowances to front-line sanitation workers who are in difficulties. During the Year, the "Orange Love Fund" supported a total of 13 sanitation workers in Changshu who were in difficulties.



Caring for sanitation workers to build a better life

6.2.3 Xinai Fund to Care for Students

The "Xinai Fund (莘愛基金)" is a program set up by Bosideng Charity Foundation to help poor students nationwide to complete their studies and realize their dreams of pursuing college education by providing financial support for tuition and living expenses. During the Year, the Foundation has successively donated scholarships and winter clothes to 100 students from Peking University, Jiangnan University, Changshu Institute of Technology and Jiangsu Hope Project, with an accumulated expenditure of RMB700,000; and signed a five-year cooperation agreement with Jiangnan University and Changshu Institute of Technology to provide an annual subsidy of RMB200,000 for each institution.

To enable children in poor areas to enjoy better education, the Foundation launched the charity project of "Bosideng-Liangshan Volunteer Professional Development Plan (波司登—涼山志願者專業成長計劃)", donating RMB2 million in the three years from 2019 to 2021 to support rural education in 15 towns and villages in Liangshan Prefecture and provide volunteer teachers with talent training, teacher training and education subsidies. The project aims to nurture outstanding principals and teachers to provide better conditions for the development of children in Liangshan. Due to the pandemic, the project was postponed for one year.



Charity scholarship to Jiangnan University

7. ENVIRONMENTAL PROTECTION



As a well-known down apparel enterprise in the PRC, Bosideng understands the importance of a good ecological environment for the long-term development of an enterprise. In recent years, under the general background that ecological conservation is vigorously promoted across the society, we, based on the concept of “Clear waters and green mountains are as valuable as gold and silver mountains”, continue to promote the Group’s progress made in green transformation, and make earnest efforts in environmental protection, energy conservation, pollution reduction, waste management and control of packaging materials, in an attempt to reduce the environmental footprint of the Company and the entire value chain.

7.1 ENVIRONMENTAL POLICIES

Bosideng is principally engaged in the product research, design and development, procurement of the raw materials, marketing and distribution of down apparels, and operates its business mainly in indoor offices and self-owned shops. In combination this attribute with Bosideng’s corporate strategy, brand positioning and planning, the Group has in place environmental

policies and regularly performs internal reviews to examine the processes and implementation thereof. During the Year, we determined the organization framework of the Group’s emergency response plan in accordance with laws, regulations and on-site inspection requirements for environmental protection, and completed the preparation of the Group’s environmental emergency response plan.

Environmental 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 countries or regions where the Group’s products are exported;
- 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;
- continuous improvement: continuously improve environmental protection issues in process operation and development, and continuously improve management level.

During the Year, in response to the needs of sustainable development, Bosideng established a sustainable development steering group to strengthen supervision on responsibilities related to environmental issues. Based on the established ISO14001 environmental management system and ISO50001 energy management system, we monitor the environmental

performance of each department on a long-term basis through internal audits and management reviews, and implement improvement measures for deficiencies. In addition, we formulate environmental and energy management goals every year, define duties of specific responsible departments, and regularly prepare statistics on the progress and progress for the completion of the goals.

7. ENVIRONMENTAL PROTECTION

The Group is committed to reducing the 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, nor was the Group aware of any major violations of environmental protection.

7.2 MANAGEMENT OF CLIMATE-RELATED ISSUES

The Earth is getting warmer and warmer. As an apparel enterprise, our business is inevitably exposed to both risks and opportunities brought by climate change. With the aim of achieving green transformation, on one hand, we are actively adapting to the climate change through managing the risks to our operations from it; on the other hand, we are making every effort to reduce the carbon emissions in our business for the purpose of mitigating climate change.

7.2.1 Response to Climate Change

Under the global warming, customers' purchasing trends may change. In light of this, the Group established a long-term goal, increasing 10% to 20% of the proportion for green products, and continuously strengthened the innovative R&D of light-warm down apparels and the increasing application to green materials. Please refer to the chapter headed "Quality of Products" for more information about product innovation.

During the Year, Bosideng was awarded as one of the Fifth Batch of Green Supply Chain Management Enterprises (第五批綠色供應鏈管理企業) by the Department of Industry and Information Technology of the PRC in recognition of the Group's positive contribution to accelerating the construction of green manufacturing system and leading the high-quality development of the industry. In response to the strategic calls for green manufacturing development and transformation and upgrading from the State and the Ministry of Industry and Information, Bosideng submitted the Technical Specification for Eco-design Product Assessment – Down Apparel to the Ministry of Industry

and Information so as to fill the gap in this field on the list of standards. This standard stipulates the definition, evaluation requirements, preparation methods for life cycle evaluation report and evaluation methods for the evaluation of down apparel life cycle eco-design products, which will play an important guiding and leading role in the down apparel industry.

In addition, under the national planning for carbon peak by 2030, we recently have entered into a cooperation agreement on peak carbon emission and carbon neutrality project with China Quality Certification Centre, to facilitate the Group's carbon emission quantification and carbon objective assessment.

Carbon Neutrality Forest of Bosideng

Forest is the greatest facilitator to remove carbon from the atmosphere for the nature. We believe that a nature-based solution will play an important role in the carbon neutrality project of Bosideng or even the whole world. During the Year, we brought green to Tonggu Zhuoer Gacha, Alxa Left Banner, a land covered by Tengger Desert, and tried to build an ecological shrub public welfare forest with an area of 20 mu for the first time. This has laid a solid foundation for realizing carbon neutrality on a natural basis in the future.



7. ENVIRONMENTAL PROTECTION

7.2.2 Carbon Footprint of Products

Bosideng knows very well that response to climate change needs joint efforts. This is why Bosideng is expanding our attention on our business partners while taking measures to save energy and reduce consumption, in order to reduce the carbon footprint of the entire value chain. In order to urge all relevant parties to work together with the Group, we issued the Open Letter regarding Energy, Environment, Safety and Health Management to such parties, with an aim of realizing mutual supervision and continuous improvement.

The carbon footprint of apparel products mostly comes from the production of raw materials. The Group always gives priority to the sustainable raw materials certified by responsible down bluesign® to ensure that the production of raw materials has minimal impact on the environment.

We realize that the production process still has impact on the environment even if we do not control the environmental performance of the third party manufacturers directly. Therefore, we have been closely monitoring their operations and providing

suggestions for improvements. We require that all suppliers should strictly comply with the national, local and industrial laws and regulations on energy conservation and environmental protection during the production and strive to minimize the consumption of energy resources. To promote investments in emission reduction projects, we have set up a special fund for the elimination and renovation of equipment, and appointed the Group's energy and environmental protection office to conduct specific implementation and tracking thereon. During the Year, we continued to conduct research and promotion of energy-saving technologies and equipment, including but not limited to the low-carbon transformation of boilers, technical transformation for central air-conditioning of factories, elimination and renovation of sewing equipment and promotion of energy-efficient LED lighting. During the Year, we commissioned a third-party certification center to inspect the carbon footprint of our upstream plant in Shaoxing, Zhejiang, in compliance with Publicly Available Specification ("PAS 2050"). As shown in the results, the carbon emission of Bosideng's products within the Life Cycle Assessment ("LCA") boundary is 24.75 tonnes of CO₂ per ten thousand products, which is leading in the industry.

Elimination and renovation of motors

The Group has been committed to improving the energy efficiency of upstream factories. Under the guidance of the "Catalogue of High-energy-consuming Mechanical and Electrical Equipment to be Phased Out" published by the Ministry of Industry and Information Technology and the provincial and municipal policies on the elimination and renovation of high-energy-consuming equipment, we conducted a thorough investigation on upstream factories in 2013 and completed all requisite elimination and renovation of coal-fired boilers and motors in 2017. Since 2014, this motor energy conservation renovation project has cumulatively saved energy consumption of over 4,000MKh.

Logistics is a lead to the world as for our products. At Bosideng, we are committed to providing the greatest logistics experience for our customers while minimizing the carbon footprint of our products in the logistics link. The logistics transportation is entrusted to third parties as the Group has no transportation team. We have considered the low carbon and environmental protection as factors for selection of logistics cooperative suppliers and set requirements in relation to low carbon and

environmental protection for our major logistics suppliers. The logistics suppliers of the Group, including JD, Debon, will conduct optimization of route and loading on a regular basis to improve the delivery efficiency. In addition, our logistics cooperative suppliers have also undertaken to continuously improve the proportion of new energy vehicles for the transportation teams in the future.

7. ENVIRONMENTAL PROTECTION

7.2.3 Greenhouse Gas (GHG) Emissions

In order to better present the Group's GHG emission management performance, we start to disclose our carbon emissions and carbon emission intensity separately from this report. During the Year, the Group's total GHG emissions amounted to 39,094.2 tonnes of CO₂ equivalent, and the GHG emission intensity was 4.0 tonnes of CO₂ equivalent/million RMB

revenue. Our GHG emissions were mainly from indirect emissions generated from the consumption of purchased electricity (Scope 2), which amounted to 38,954.3 tonnes of CO₂ equivalent, representing approximately 99.6% of total emissions. Direct emissions generated from natural gas consumption and fuel used by vehicles (Scope 1) amounted to 139.9 tonnes of CO₂ equivalent.

	FY2020/21	FY2019/20	FY2018/19
Total (tonnes of CO₂e)	39,094.2	29,035.5	18,966.1
Intensity (tonnes of CO₂e/million RMB revenue)	4.0	4.0	3.0
Scope 1 (tonnes of CO₂e)	139.9	165.3	313.5
Scope 2 (tonnes of CO₂e)	38,954.3	28,870.2	18,652.6

Note: The main reasons for the increase in Scope 2 emissions during the Year included the increase in outsourcing electricity, the details of which referred to the section headed "Resource management".

7.3 RESOURCE MANAGEMENT

Water and electricity, which we take for granted and are essential in our lives, however, are still in severe shortages in many places of the world. As global resource shortages continue to intensify, we believe that a sustainable energy economy for Bosideng means not only social responsibility, but also a potential opportunity for us under the green transformation of the world economy. Therefore, we actively contribute to relieving the resource shortage through improving energy use efficiency, reducing energy consumption, utilizing clean energy and other measures.

7.3.1 Energy Management

Reasonable energy consumption is an irreplaceable part of the carbon management. The Group's energy consumption includes purchased electricity and natural gas used in our headquarters, retail stores and logistics centers, as well as fossil fuels consumed by the Company's vehicles. The Group is committed to deeply integrating the concept of energy saving and emission reduction into every link of its operations. During the Year, we successfully established an energy management system which is in line with the requirements of ISO50001 and was recognized as an excellent energy enterprise in Jiangsu Province.

The Group's energy-saving and emission reduction work was implemented by the energy conservation and environmental protection group headed by the Vice President and the energy and environmental protection office. In order to strengthen the analysis of energy usage, we cooperated with Changshu Power Supply Bureau during the Year to replace smart meters uniformly and set up a real-time monitoring platform for energy data in order to analyze the usage of the energy. We also regularly conducted statistical assessments for energy consumption such as water, electricity and steam, and continued to carry out various energy saving actions:

- In retail stores, we uniformly adopted separate circuit control in the stores' power distribution box system, and used timers to turn on in time nodes for store facade lighting projects and screen equipment.
- In logistics centers, we ensured that all power equipment was powered by variable frequency motors; meanwhile, electricity machine achieved motor automatic start or stop through incoming sensors, which greatly optimized the operation efficiency and reduced the unit energy consumption.

7. ENVIRONMENTAL PROTECTION

LED Energy-saving Lighting Promotion

Since 2012, the Group has started promoting LED lamps in our upstream factories. After achieving remarkable results, we decided to expand the promotion in 2016 and 2017 by using a large number of LED lamps to replace ordinary fluorescent lamps and other inefficient lighting equipment in the Group's testing center, logistics centers, staff canteens, subsidiaries and product showrooms. During the Year, we upgraded and reduced the energy consumption of 200 street lights in our headquarters' park area, and the cumulative energy conservation during the Year exceeded 4,300 kWh. Currently, the coverage of LED lamps in our headquarters' park area is up to 99.5%.

During the Year, the reasons of the increasing aggregate energy consumption included: the increase in the number of the Group's staff which resulted in the increase in the total electricity consumption in the office and staff's dormitories; self-owned retail shops and pop-up shops with larger scale across the country successively opened; we purchased logistics automated

equipments and the increase in the opening days and times of self-owned retail shops during the Year as compared with those of last year, which was affected by the pandemic. During the Year, the Group's total energy consumption was 64,571,000 kWh. The intensity of energy consumption was 6,612.2 kWh/million RMB revenue.

	FY2020/21	FY2019/20	FY2018/19
Total (0'000 kWh)	6,457.1	4,801.8	3,194.6
Intensity (kWh/million RMB revenue)	6,612.2	6,632.7	5,048.8

7.3.2 Management of Water Resources

Water scarcity is one of the significant challenges facing the world today. Bosideng was committed to addressing this challenge through sound water management practices. We continuously monitored water consumption at key locations such as the Group's headquarters offices, canteens and dormitories, and required each department to regularly announce its water consumption and conduct self-review to timely identify the reasons for and control any abnormalities. We have adopted a large number of water-saving sanitary ware and sanitary equipment within the Group, regularly checked the status of water outlet facilities. In addition, we strongly advocated reasonable water use measures in all retail stores.

During the Year, the Group did not encounter any issues in sourcing water that is fit for purpose. The Group's total water consumption was 268,000 cubic meters, with a water intensity of 27.5 cubic meters/million RMB revenue, of which the reasons of the increasing aggregate water consumption included: the increase in the number of the Group's staff which resulted in the increase in the total water consumption in the office and staff's dormitories; we purchased the assets of logistics park and the increase in the opening days and times of self-owned retail shops during the Year as compared with those of last year, which was affected by the pandemic.

7. ENVIRONMENTAL PROTECTION

	FY2020/21	FY2019/20	FY2018/19
Total (0'000 cubic meters)	26.8	18.3	11.9
Intensity (cubic meters/million RMB revenue)	27.5	25.3	18.8

7.3.3 Management of Packaging Materials

In order to reduce the impact on the environment, Bosideng strives to provide the most comprehensive protection for products with the least packaging materials. We need to consume different types of packaging materials in the logistics stage, including cartons, packing belts, sealing tapes, carrying bags, self-sealing tapes and bubble bags. We prioritize the use of recyclable and environmentally-friendly packaging materials and implement a series of measures to reduce the consumption of packaging materials:

- Boxes and cartons are recycled for packaging and goods transit within warehouses
- Cartons are recycled for packaging and goods transmit at the product packaging links in offline stores
- While raising the proportion of carton packaging of goods purchased by online customers, reduce the proportion of bubble bags year by year
- Digital waybills are used for online business, and merge with in-warehouse operation documents
- For those packed in cartons, the traditional packing belts shall be cancelled and only the sealing tapes shall be used for sealing
- For those packed in cartons, new automatic packaging equipment is used to avoid the use of sealing tapes
- Advocate the simplification of packaging internally and externally, online business shall not be equipped with carrying bags or equipped according to needs of users as far as possible

During the Year, the Group totally consumed a total of 7,831.4 tonnes of packaging materials, with the intensity of packaging materials consumption being 801.9 kg/million RMB revenue.

	FY2020/21	FY2019/20	FY2018/19
Total Consumption (tonnes)	7,831.4	6,375.7	5,508.7
Intensity (kg/million RMB revenue)	801.9	880.7	870.7

7. ENVIRONMENTAL PROTECTION

7.4 EMISSIONS MANAGEMENT

Uncontrolled emissions may lead to serious biodiversity loss and human health issues. We believe that a responsible enterprise should ensure the cleanliness around its operations in surrounding environment while creating value. We regard emissions management as a link closely linked with resource management. To this end, we have formulated strict management policies to ensure the proper disposal of emissions. We also actively explore various ways for reducing, recycling and reuse, striving to reduce emissions at source.

7.4.1 Waste Management

In order to ensure the effective implementation of waste management, the Group has formulated the Waste Disposal

and Management Policy to reduce the impact of wastes on the environment. The main wastes generated by the Group are decoration wastes, kitchen wastes, operating wastes and a small amount of hazardous wastes generated by the headquarter, retail stores, logistics center and warehouses. During the Year, the Group produced a total of 11,452.0 tonnes of general waste and 1.3 kg of hazardous waste, with an intensity of 1,172.7 kg/million RMB revenue and 0.013 kg/0.1 billion RMB revenue respectively. In particular, the significant reduction of hazardous waste is due to the fact that we have changed the disposal pattern of hazardous waste from the previous disposal on a cumulative basis to disposal in the current year, that is, from FY2020/21, all the hazardous wastes disposed are generated in the current year.

	FY2020/21	FY2019/20	FY2018/19
General waste (tonnes)	11,452.0	7,985.5	168.7
Intensity (kg/million RMB revenue)	1,172.7	1,103.0	26.7
Hazardous waste (kg)	1.3	48	50
Intensity (kg/0.1 billion RMB revenue)	0.013	0.663	0.790

7. ENVIRONMENTAL PROTECTION

General Waste

Decoration waste: During the Year, the Group continued to renovate its self-operated down-apparel retail stores. In order to strictly control the whole decoration process, we have formulated a "Construction Manual", which has unified requirements for decoration design, materials use, construction process and other processes. We used a large number of low-pollution, non-toxic and harmless decorative materials that meet the national quality standards. During the renovation, we used water-based eco-friendly paint, diatom mud and other non-polluting materials. For glue adhesives, stone and other materials, we used brands whose products emit less toxic and harmful gases to reduce the potential environmental risks of decoration waste as much as possible. We strictly deal with decoration waste, including: the contracted decoration project stipulates in the form of a contract that the contractor shall be responsible for the harmless treatment of decoration waste; decoration waste not stipulated in the contract form, including construction decoration waste generated from outsourced projects or self-operating project, shall be cleaned and classified by personnel assigned by the logistics department. Among them, those that can be recycled shall be recycled by relevant recycling units, while those that cannot be recycled shall be entrusted to the local sanitation institute for harmless treatment.

Kitchen waste: The Group has a staff canteen at the headquarters. We have strengthened procurement management to avoid purchasing excessive food materials, and reduce kitchen waste generation from the source. We have designated garbage can for food collection, and entrust sanitation service companies for subsequent processing. For the kitchen waste generated from the kitchen processing process, we have set up a designated waste truck in conjunction with the local sanitation station, which is responsible for regularly transferring the waste to the waste transfer station for harmless treatment.

Operational waste: The Group has vigorously promoted waste reduction measures in the office area. We have set up collection areas for recyclable waste such as paper and fabrics in each office area of the headquarters. We have also implemented a paper management and control mechanism, requiring departmental approval for matters that require a large amount of copying or printing, and control by the printing room to prevent paper abuse; meanwhile, the logistics center and digital operation center have conducted paperless operation and office. We have arranged full-time cleaners to collect the domestic waste generated by various departments on a daily basis, and transport it to the local waste transfer stations by the local sanitation offices for harmless treatment.

Hazardous Waste

The hazardous waste generated by the Group is waste acid generated from the decoration or operation of the headquarters and retail stores. We have an environmental operation management system and assign the logistics department to manage hazardous waste. The logistics department is responsible for collecting and determining qualified disposal units of hazardous wastes, signing entrusted disposal contracts with such units, transferring hazardous wastes to such units for disposal according to specifications and obtaining disposal information. In addition, our system office regularly collects hazardous waste disposal information and reports to government agencies through the Suzhou Hazardous Waste Management System. During the Year, in order to strengthen the standardization of hazardous waste identification and improve the hazardous waste monitoring system and management, the logistics department completed the rectification of hazardous waste warehouses in accordance with the hazardous waste management regulations, and implemented projects, supervised project quality and environmental management at the same time.

7. ENVIRONMENTAL PROTECTION

7.4.2 Wastewater Discharge

The operation of the Group does not produce industrial wastewater. The discharged wastewater is mainly domestic sewage, 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. During the Year, Xuezhongfei, a subsidiary of the Group, has completed the sewage take-over project. During the Year, the Group discharged a total of 132,000 cubic meters of wastewater, and the wastewater discharge intensity was 13.5 cubic meters/million RMB revenue.

	FY2020/21	FY2019/20	FY2018/19
Total (0'000 cubic meters)	13.2	8.9	12.7
Intensity (cubic meters/million RMB revenue)	13.5	12.3	20.1

7.4.3 Exhaust Emissions

The exhaust gas emissions within the scope of the Group's statistics are primarily from self-owned vehicles used in daily operations. The cargo transport of the Group was completed by the entrusted

third-party logistics companies, and relevant exhaust gas emissions generated are not included in the scope of the Group's statistics. We conduct exhaust gas inspections on self-owned vehicles every year to ensure that the national emission standards are met.

	FY2020/21	FY2019/20	FY2018/19
SOx (kg)	0.5	0.5	0.8
NOx (kg)	124.6	136.3	168.6
PM (kg)	12.1	13.2	16.2

7. ENVIRONMENTAL PROTECTION

ENVIRONMENTAL KEY PERFORMANCE INDICATORS

Data type	Unit	FY2020/21	FY2019/20	FY2018/19
Exhaust emissions				
SOx	kg	0.5	0.5	0.8
NOx	kg	124.6	136.3	168.6
PM	kg	12.1	13.2	16.2
Greenhouse gas emission				
Scope 1	tonnes CO ₂ e	139.9	165.3	313.5
Scope 2	tonnes CO ₂ e	38,954.3	28,870.2	18,652.6
Total	tonnes CO ₂ e	39,094.2	29,035.5	18,966.1
Greenhouse gas emission intensity	tonnes CO ₂ e/million RMB revenue	4.0	4.0	3.0
Waste discharge				
General Waste discharge	tonnes	11,452.0	7,985.5	168.7
General Waste discharge intensity	kg/million RMB revenue	1,172.7	1,103.0	26.7
Hazardous wastes	kg	1.3	48.0	50.0
Hazardous wastes intensity	kg/0.1 billion RMB revenue	0.013	0.663	0.790
Wastewater				
Wastewater discharge	0'000 cubic meters	13.2	8.9	12.7
Wastewater intensity	cubic meters/million RMB revenue	13.5	12.3	20.1
Energy consumption				
Gasoline	tonnes	15.1	14.7	24.9
Diesel	tonnes	11.3	12.6	15.5
Natural gas	0'000 cubic meters	3.4	3.4	8.1
Electricity	0'000 kWh	6,384.9	4,732.0	3,057.3
Total consumption	0'000 kWh	6,457.1	4,801.8	3,194.6
Energy intensity	tonnes/million RMB revenue	6,612.2	6,632.7	5,048.8
Water consumption				
Water consumption	0'000 cubic meters	26.8	18.3	11.9
Water consumption intensity	cubic meters/million RMB revenue	27.5	25.3	18.8
Packaging materials				
Packaging materials	tonnes	7,831.4	6,375.7	5,508.7
Packaging material intensity	kg/million RMB revenue	801.9	880.7	870.7

OUTLOOK

Sustainable development, ESG management, climate change and other concepts are increasingly incorporated into the daily operation and management of an enterprise. By upholding our original aspiration and mission of “Bosideng Warms the World”, Bosideng will be committed as ever to not only warming customers with products, but also warming all of our stakeholders with actions in every aspect. We will continue to lay emphasis on product quality, and develop a responsible supply chain, thereby offering consumers safe and quality products and convenient and comfortable experiences; we will continue to attach importance to the interests, well-being and development of employees, and maintain a good working environment and team atmosphere, thereby delivering employees sense of happiness and sense of belonging; we will continue to take an active part in public welfare and charitable activities, and develop a characteristic public welfare brand, thereby bringing support and help to the groups in difficulties; and we will also continue to actively take energy saving and emission reduction measures in response to climate change, and exert strict control over emissions to minimize damages to the environment, so as to protect the clear water and green mountains on our planet.

In addition, during the Year, we have also continued to improve the ESG management structure, and established a sustainable development steering group, which has laid a solid foundation for our practicing of sustainable development in a more systematic, comprehensive and effective manner in the future.

This Report is prepared in accordance with the ESG Reporting Guide under the Listing Rules of the Stock Exchange. In the future, we expect to improve in many areas and provide more comprehensive and in-depth ESG 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.
- continue to improve the construction of the ESG governance system, take the establishment of a sustainable development steering group as an opportunity to enhance the Board’s supervision over ESG matters, and formulate the overall ESG strategy and policy of the Group.
- continue to attach great importance to the procurement of raw materials, upgrade key indicators of down standards, raise the proportion of certified raw materials, and try to disclose the procurement proportion of various raw materials.
- respond to social attentions on climate change-related hot topics and the national policies on carbon peaking and carbon neutrality, and identify our own risks and opportunities from climate change, trying to formulate measures for carbon emission reduction.
- respond to the new requirements of the ESG Reporting Guide by strengthening the collection, sorting and disclosure of social and environmental key performance indicators with an aim to present more comprehensive and accurate information on ESG indicators.

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The ESG Report was prepared in compliance with the disclosure requirement of “comply or explain” and the following reporting principles:

- “Materiality”: The report conducted the research and assessment for the issues to which the stakeholders paid attention and targeted to disclose against these issues;
- “Quantitative”: All information in this Report comes from relevant statistical reports and company documents, and the standards and methods used in the calculation of some environmental key performance indicators (total energy consumption) have been reported;
- “Consistency”: The statistical methods for the disclosure of the environmental and social key performance indicators in this Report are consistent with those in the previous year. The scope of environmental key performance indicators has encompassed the information of carbon emission as compared with the previous year; and
- “Balance”: This Report fairly reflects the environmental and social performance of the Group for the Year.

Reporting scope: In addition to the headquarters offices and self-operated stores, the logistics center and warehouses are also where the Group’s operations are mainly located and are directly managed by the Group. In order to more objectively and comprehensively demonstrate the impact of business operations on the environment and environmental management performance, the Group continued to include logistics center and warehouses into the statistical scope of the environmental key performance indicators last year.

AREA		SECTION
A Environmental		
Aspect A1 Emissions	General Disclosure Information on: (a) the policies; and (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.	Climate-related issues and management Emissions management
KPI A1.1	The types of emissions and respective emissions data	Emissions management
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Climate-related issues and management Environmental key performance indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions management 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).	Emissions management Environmental key performance indicators
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emissions management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions management
Aspect A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Resource management
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).	Resource management Environmental key performance indicators

HKEX “ESG REPORTING GUIDE” CONTENT INDEX

AREA		SECTION
A Environmental		
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource management Environmental key performance indicators
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resource management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Resource management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resource management Environmental key performance Indicators
Aspect A3 Environment and Natural Resources	General Disclosure Policies on minimising the issuer’s significant impact on the environment and natural resources.	Environmental policies
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental policies

HKEX “ESG REPORTING GUIDE” CONTENT INDEX

AREA		SECTION
B Social		
Employment and Labor Practices		
Aspect B1 Employment	General Disclosure Information on: (a) the policies; and (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.	Employee compliance Welfare and caring
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region. Employee compliance
KPI B1.2	Employee turnover rate by gender, age group and geographical region. Welfare and caring	
Aspect B2 Health and Safety	General Disclosure Information on: (a) the policies; and (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
	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	
Aspect B3 Development and Training	General Disclosure Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Training and development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management). Training and development
KPI B3.2	The average training hours completed per employee by gender and employee category. Training and development	
Aspect B4 Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Employee compliance
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor. Employee compliance
KPI B4.2	Description of steps taken to eliminate such practices when discovered. Employee compliance	
Operating Practices		
Aspect B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Procurement of raw materials Supplier management
	KPI B5.1	Number of suppliers by geographical region. Supplier management
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. Supplier management	

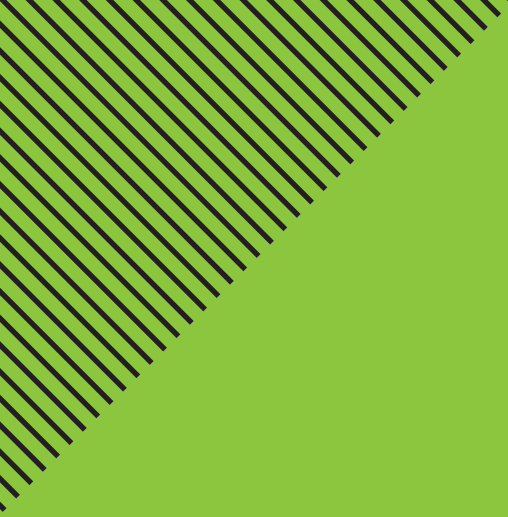
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AREA		SECTION
B Social		
Aspect B6 Product Responsibility	General Disclosure Information on:	
	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	R&D and innovation Quality assurance Customer service
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	R&D and innovation
KPI B6.4	Description of quality assurance process and recall procedures.	Quality assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer service
Aspect B7 Anti-corruption	General Disclosure Information on:	
	(a) the policies; and (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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption

HKEX “ESG REPORTING GUIDE” CONTENT INDEX

AREA		SECTION
B Social		
Community		
Aspect B8 Community Investment	General Disclosure 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





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