

波司登
BOSIDENG

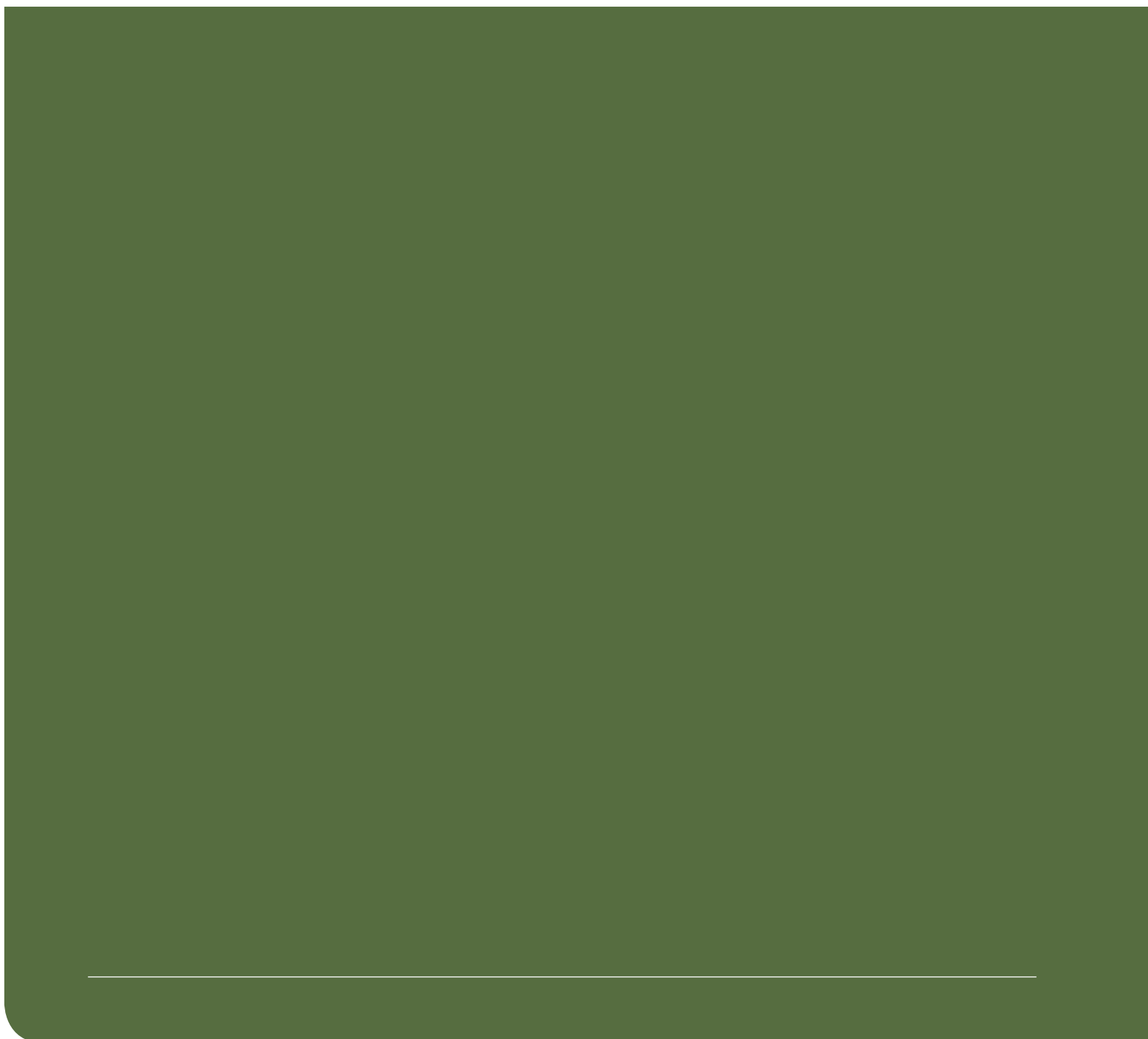
Bosideng International Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 3998



**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT
2019/20**



WE WARM THE WORLD
WE ARE BOSIDENG

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ABOUT THIS REPORT

GROUP PROFILE

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

With a focus on down apparel business, the Group is dedicated to becoming a down apparel expert widely recognized by consumers and leading the development of the industry. Currently, the Group’s down apparel brands include “Bosideng”, “Snow Flying” and “Bengen”. With these brands, the Group is able to meet the needs of different customer groups and strengthen its leading position in the PRC market. According to China Industrial Information Issuing Center (中國行業企業信息發佈中心) and the National Bureau of Statistics of China, the down apparel brands of Bosideng have maintained a significant lead in the industry in terms of sales in the PRC during the past 25 consecutive years (1995 – 2019).

Currently, the Group’s non-core business includes OEM management business, ladieswear business and diversified apparel business. The customers of 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 it a number of honors, including “China’s World Famous Brand Products” (中國世界名牌產品) and “Leading Textile Clothing Brand in China” (中國紡織服裝領軍品牌). Looking forward, the Group will maintain its focus on the core down apparel business, comprehensively upgrade its products, channels and terminal under the strategies of brand development, and strive to become the most respected functional apparel group in the world.

BASIS OF PREPARATION OF THIS REPORT

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

This Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The contents disclosed comply with the “comply or explain” requirements under the ESG Guide. 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, 2019 to March 31, 2020 (“FY2019/20” or the “Year”), we continued to engage independent third-party institutions to assist us in conducting important assessments so as to more realistically and objectively reflect the environmental and social issues which are grave concerns of the Group, and in this way, the ESG Report responds more comprehensively to the needs of stakeholders.

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

ABOUT THIS REPORT

CONCEPT OF THIS REPORT

As the leading down apparel brand in China, Bosideng has always regarded social responsibility as one of the important missions of today's enterprises. Guided by "Customer Foremost, Integrity, Motivation, Innovation, Cooperation and Responsibility" as our corporate values, we have

been committed to promoting the development of the Group and the society. To demonstrate Bosideng's commitment to social responsibility, during the Year, we continued to use the United Nations Sustainable Development Goals ("SDGs") as the theme of the ESG Report to illustrate the values that Bosideng's business has created for the society. For details, please refer to pages 14 to 15 of this Report.

ABOUT THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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



REPORTING PERIOD AND SCOPE

This Report reflects the performance of the environmental, social and sustainable development of Bosideng for the Year 2019/20. The reporting scope mainly covers raw materials procurement, outsourced manufacturing and sales of garment of branded down apparel products, OEM products, ladieswear and other products. Considering that the down apparel business is the Group's most important business segment (accounting for approximately 78.0% 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 the Group's self-operated branded down apparel retail stores (including specialty stores and concessionary retail outlets), logistics center and warehouses in mainland China, 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 major subsidiaries of the Group, please refer to the annual report for the Year 2019/20.

CHAIRMAN'S STATEMENT



PRACTICING SUSTAINABLE FASHION, CREATING MOMENTUM FOR QUALITY DEVELOPMENT

This Report is the fourth ESG report released by Bosideng International Holdings Limited, which summarizes and discloses Bosideng's ESG performance and achievements in Year 2019/20 in terms of its ESG management approach, operation management, talent management, community investment and environmental protection.

2019 was the 70th anniversary of the founding of the PRC. Against the backdrop of economic turbulence in the PRC, Bosideng kept pace with the changes of this era, worked towards the same direction as the industrial development and adhered to the strategy of leading its growth through its brand, thus taking its reputation and financial results to a new level. By integrating innovative resources worldwide, Bosideng fueled the engine of product upgrade,

and demonstrated its new social responsibility while promoting patriotic and indefatigable spirit. Despite the growth of the global economy slowing down, the "warm winter", as well as the pressure in growth that the apparel industry is currently facing, Bosideng still realized double-digit growth in revenue and profit, winning hordes of accolade for its fighting spirit that matches with the new era.

Bosideng has adhered to new development principles, centered on brand-oriented philosophy and enhanced the quality and efficiency with a concerted effort, aiming to consolidating its positioning as a down apparel expert. Meanwhile, focusing on SDGs set by the United Nations and requirements under the guidelines of the ESG Report, we continued to optimize and enhance its ESG management through integrating corporate social responsibility into our business growth and brand building. We relentlessly improved our operation transparency

CHAIRMAN'S STATEMENT

and ability to perform our social responsibilities and obligations in terms of sustainable fashion, such as green manufacturing, environmental friendliness, technology innovation, employees' welfare and circular economy, striving to be the driving force for sustainable fashion in the textile and apparel industry.

The COVID-19 outbreak since early 2020 in particular has caused the textile and apparel industry to experience an unprecedented "big test". Bosideng coordinated and conducted the tasks of pandemic prevention and control as well as the resumption of work and production, and launched a charity activity themed "300 million down apparel from Bosideng to front-line personnel in pandemic prevention" with a strong sense of social responsibility, giving warmth by donating down apparel to our dearest and most loved people. Meanwhile, the Group quickly organized equipment, raw materials and employees to produce protective clothing to safeguard front-line personnel, winning acclamation from the front-line medical staff in pandemic prevention and the society. Under the immense challenge of the pandemic, Bosideng still overcame all difficulties to enter the London Fashion Week to release a great fashion show, which galvanized guests from all over the world to chant "Stay strong, China", expressing confidence and hope of Chinese brands. We navigated through the pandemic and thrived by giving warmth. This demonstrated the responsibility and duty of Bosideng as a national brand, as well as our faithful implementation towards "Bosideng warms the world" as its corporate mission!

We must not let our vision be blocked by floating clouds. The greater the difficulty, the further will we advance. The outbreak of the pandemic and the economic "black swan event" have produced a series of disruptive changes in business models and new demands, which accelerated the ecological evolution of the apparel industry and had a profound impact on the restructuring of the global value chain. Today, a new development pattern of domestic and international "dual circulations" is rapidly taking shape, and sustainable fashion plays an increasingly important role in brand building and value creation. Therefore, an enterprise's environmental and social commitment and its ability to honor such commitment have become the internal impetus to promote sustainable corporate development. With 44 years of dedication to down apparel business, "Bosideng Warms the World" does not simply mean giving warmth to the consumers with our products,

but promoting the sustainable development of the industry and society with responsibility, duty and love. We take the initiative to connect and maintain harmonious relationships among our stakeholders, and insist on bringing sustainable development elements into every aspect of our business growth and brand establishment to create a positive impact on the natural environment and social development in our continuous endeavor to become the most respected multi-functional apparel group in the world.

The wind is strong and waves are roaring, yet we shall push forward to navigate choppy waters. 2020 is a critical year to overcome the challenges of poverty alleviation. It is also the last year for building a moderately prosperous society in all respects in China. We have come face-to-face with our whole-year task targets and the challenges of attaining sustainability in the fashion industry value chain. Bosideng will staunchly implement the "technology, fashion and green" industry as a new corporate direction and promote entrepreneurial spirit and the mountaineering spirit of climbing the peak. Bosideng will cooperate with global partners, and utilize innovation resources to enable brand upgrading, which will facilitate intelligent manufacturing, green manufacturing, new retail transformation and the digital and intelligent transformation of Bosideng. We strive to maintain a core competitiveness with high product quality and quick response and leading products in order to offer good Chinese products to consumers around the world with "quality" and "worthy" experience, while creating warm and high-quality life experiences for the public, thus achieving a sustainable future of green consumption and low carbon emissions!

Believing is the beginning of success, and success is the result of tenacity. Finally, on behalf of the board of directors of the Company (the "Board"), I would like to express my gratitude to our shareholders, business partners and customers for their long-term recognition and support, understanding and trust in the Group, as well as to all employees for their diligence, dedications and contributions. We will further strengthen brand confidence, focus on value growth, and care and nurse for people's lives. On the journey towards "century-old brand, billions of dreams," Bosideng will overcome obstacles, rain or shine, and striving for the peak!

Chairman and President

Gao Dekang

October 12, 2020

HIGHLIGHTS OF REVIEW

CORPORATE CULTURE

MISSION

Bosideng warms the world



CORE VALUES

Customer Foremost, Integrity,
Motivation, Innovation, Cooperation,
Responsibility



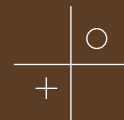
ENTERPRISE SPIRITS

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



BOSIDENG BRAND POSITIONING

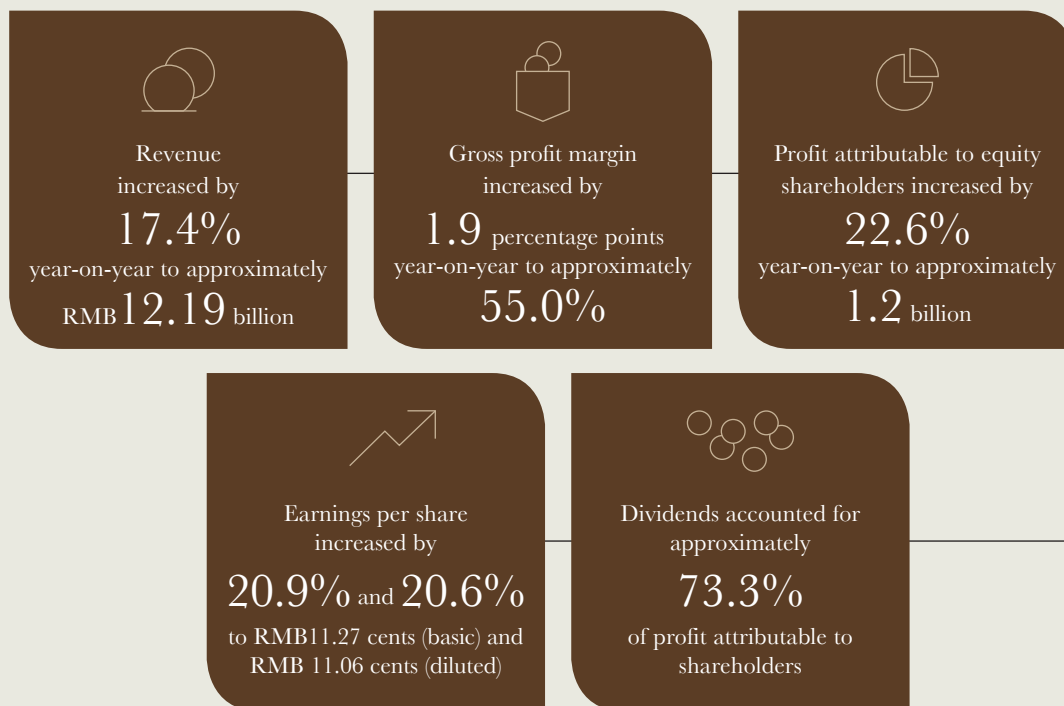
The top-selling down apparel
expert in the world



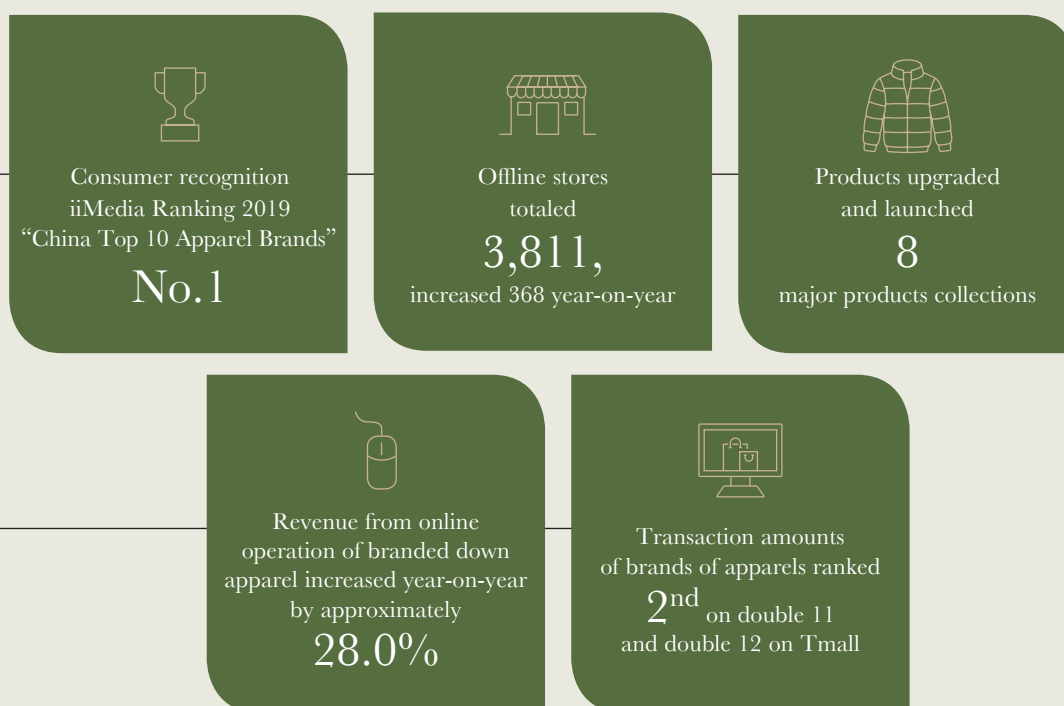
HIGHLIGHTS OF REVIEW

2019/20 ANNUAL FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE OF THE GROUP



BUSINESS PERFORMANCE OF BOSIDENG BRANDED DOWN APPAREL



HIGHLIGHTS OF REVIEW

2019/20 ESG PERFORMANCE

SOCIAL RESPONSIBILITY HIGHLIGHTS

Upgraded **3** key indicators in the down standards by reducing the level of harmful materials and enhancing environmental protection and health requirements

49% of our down obtained bluesign® certification

95% of our down obtained Responsible Down Standard (RDS) certification

95% of our cooperation suppliers passed RDS certification

Above **85%** of our raw material suppliers and outsourcing manufacturers reviewed against SA8000 corporate social responsibility standards

Follow-up report of tracking our brand health by Ipsos: Net Promoter Score (NPS) and brand reputation reaching **52** and **8.84**, respectively

Own a total of **209** patents, **23** scientific research projects, **218** technical standards, and **3** high-tech product certifications Participated in a total of **22** international standards, **9** national standards, **5** industry standards, and **3** organization standards as to drafting and revision endeavors

Total donation for the Year reaching approximately **RMB69.22 million**

Over **151,000** pieces of high-quality down apparel with a total value exceeding **RMB300 million** donated to **438** hospitals and healthcare institutions across China during the pandemic

Recognized as **an advanced private enterprise** devoted to the nationwide “10,000 Enterprises Assisting 10,000 Villages” accurate poverty alleviation project and delivered a speech on the Commendation meeting

ENVIRONMENTAL RESPONSIBILITY HIGHLIGHTS

Established an energy management system and obtained **ISO50001:2018** certification

Achieved the energy conservation target of “water and electricity consumption per working hour **lower than** the average level of the previous two years”

A photovoltaic power station with installed capacity of **1.3MW** in the park was put into use

Total photovoltaic power generation used for the Year exceeding **0.96 million KWh**

HIGHLIGHTS OF REVIEW

ACCOLADES

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

BRAND HONOR



- Awarded the title of "2019 High Quality Development Brand in China's Consumer Goods Market" by the China National Commercial Information Center.



- According to the information 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 China for 25 consecutive years (1995-2019).



- Named as "My Favorite Chinese Brand 2020" by China National Brand Network.

AWARDS OF ENTREPRENEURS



- The Central Committee of the Communist Party of China, the State Council and the Central Military Commission awarded Mr. Gao Dekang, the chairman of the Board and CEO, and Ms. Mei Dong, Executive President, with the "Commemorative Medal in Celebration of the 70th Anniversary of the Founding of the People's Republic of China".



- Mr. Gao Dekang, the chairman of the Board and CEO of the Company, was honored with the title of "Top Ten Brand Person of the Year" by China Advertising Association.

SOCIAL RESPONSIBILITY



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

- Included into "Outstanding Cases in Social Responsibility among China's Private Enterprises" by All-China Federation of Industry and Commerce.

- Awarded the title of "Advanced Private Enterprise in the National '10,000 Enterprises Assisting 10,000 Villages' Precise Poverty Alleviation Drive" by the All-China Federation of Industry and Commerce and the State Council Leading Group Office of Poverty Alleviation and Development.

OTHER QUALIFICATIONS

- The "2019 China Chengxin AAA Credit Grade Certificate" issued by China Chengxin International Credit Rating Co.



- 2020 IDFB (International Down and Feather Bureau) Membership Certificate issued by the International Down and Feather Bureau.

ESG MANAGEMENT APPROACH

ESG GOVERNANCE

The Group has established an ESG reporting leadership team, the members of which consist of the key responsible persons of the financial management center department, the investor relations department and the Board office of the Group. The primary duties of the ESG reporting leadership team include: coordinating the preparation of the ESG Report as well as making recommendations and reporting on ESG-related matters to the Board for its review and consideration. At the implementation level, each key issue has a corresponding department responsible for reporting to the ESG reporting leadership team. This Report has been submitted by the ESG reporting leadership team and approved by the Board.

To continuously build up sustainable development capabilities and improve ESG management and reporting, the ESG reporting leadership team has been maintaining close communication and exchanges with external advisors, which furthers its understanding about the development trend, the regulatory requirements and the requirements of the capital market with respect to the industry. At the same time, we also encourage the management and

the ESG reporting leadership team to participate in external training or seminars so as to continue enhancing our ESG management capability.

STAKEHOLDER ENGAGEMENT

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

In addition, through various normalized channels of communication, we strive to understand the key ESG concerns of internal stakeholders and external stakeholders (including suppliers and investors), as well as their opinions and suggestions with respect to the sustainable development of the Group.

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

ESG MANAGEMENT APPROACH

MATERIALITY ASSESSMENT

For FY2018/19, we further expanded the scope of the investigation and research on stakeholders, and conducted materiality assessment by carrying out one-on-one interviews with internal and external stakeholders and inviting them to fill out online questionnaires. To more comprehensively and

objectively reflect the issues of utmost significance to Bosideng and the stakeholders during the Year, with the assistance of independent third-party institutions, we carried out an internal review on and a benchmark analysis of the results of the materiality assessment for the previous year and made adjustments to names and priorities of issues during the Year. The specific procedures and final assessment results are as follows:

Compare Bosideng's issues for the previous year with (i) the latest ESG issues confronted by the international leading peer companies and local peer companies; (ii) local and international standards for sustainable development, including the materiality table—by industry and aspect of the Step-by-Step Guide to ESG Reporting issued by the Stock Exchange, industry issues by the Sustainability Accounting Standards Board (SASB), industry issues by the Global Reporting Initiative (GRI) and ESG-related rating criteria; and (iii) the development trend of the industry, and identify the difference between issue categorization and the type of materiality



Based on the benchmark analysis and combined with Bosideng's business nature and current operational condition, we spin off and subdivide some social issues, simplify and consolidate some environmental issues, and make adjustments to the materiality priorities of some issues so as to more comprehensively and objectively reflect the issues that Bosideng and stakeholders are concerned about at different levels



The assessment results of the materiality of the ESG issues for the Year are reviewed and confirmed by the management. The reporting framework is updated based on the assessment results to specify the disclosure highlights of the report and make the corresponding relationship between the structure and issues of the report more concise and clear

ESG MANAGEMENT APPROACH

Scope	Issues relevant to Bosideng after assessment	Categorization of materiality	Corresponding sections
Social	1. Product quality and safety	High materiality	Quality assurance
	2. Supply chain management		Supplier evaluation
	3. Procurement of raw materials		Procurement of raw materials
	4. Employment and employees' benefits		Remuneration and benefits
	5. Health and safety		Health and safety
	6. Anti-corruption		Anti-corruption
	7. Employees' development and training	General materiality	Development and training
	8. Innovation and intellectual property right management		R&D and innovation
	9. Customer service and protection of privacy		Customer service
	10. Community investment		Community investment
	11. Child labor and exploitation of labor		Labor standards
Environmental	12. Use of packaging materials	High materiality	Use of packaging materials
	13. Use of energy		Energy conservation
	14. Climate change and greenhouse gas emissions	General materiality	Energy conservation, R&D and Innovation
	15. Use of water		Water management
	16. Waste discharge		Emissions management

ESG MANAGEMENT APPROACH

In particular, the ESG issues of high materiality and how they relate to the Group's business operations are set out in the following table by materiality:



Scope	Issue of high materiality	Relationship with the Group's business
Social	Product quality and safety	Products are the Group's core competitiveness. We are committed to providing down apparel products with safety and of high quality. It is with the craftsmanship spirit throughout decades and the pursuit of excellent quality and service that Bosideng is able to establish its recognition among customers as the most preferred down apparel brand.
	Supply chain management	The Group is principally engaged in raw materials procurement and sales of down apparel products and relies on upstream suppliers on the supply of raw materials and the production of down apparel products. As such, high-quality, reliable supply chain resources and efficient, scientific supply chain management are crucial to our normal operation.
	Procurement of raw materials	Down is one of the major raw material used in the products of the Group. We use responsible and traceable down and are active in promoting the improvement of animal welfare which is not only one of the development trends of the industry but also Bosideng's important commitment to raising its brand value and international influence and leading sustainable consumption.
	Employment and employees' benefits	Employees are the most important assets of the Group. Ensuring employees' legal interests and emphasizing their benefits are not only related to whether a company can attract and retain talents, but also the key driving factors facilitating the Group's development and growth.
	Health and safety	Creating a safe and comfortable working environment is the premise for employees to work normally and boost their efficiency. The Group's business operating activities can only continue to work in an orderly manner when employees' health and safety are ensured.
	Anti-corruption	Corruption not only damages the Group's reputation, but may also cause a fatal blow to the Company's sustainable operations. The Group adheres to business morals of the highest standards and adopts a zero-tolerance attitude towards corruption.
Environmental	Use of packaging materials	The Group's down apparel products need to be protected with different types of packaging materials during logistics transportation and sales processes. We strictly control the use of packaging materials to reduce unnecessary consumption. We also recycle and reuse when practicable to reduce waste generation and minimize the impact on the environment and resources.
	Use of energy	The Group's headquarters office and retail outlets use electricity for their daily operations and the third-party suppliers the Group works with also use electricity during production. With the current increasing shortage of energy, energy conservation is a key issue that all companies should place great emphasis on. To this end, Bosideng actively promotes energy-saving measures and has been working closely with third-party suppliers to motivate them to increase their efficiency of electricity use.

ESG MANAGEMENT APPROACH


RESPONDING TO SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

As global goals, all of the 17 SDGs are relevant to our operations to various degrees. Identifying the priority of the SDGs helps the Group in identifying potential ESG risks and focusing on areas where we can contribute the most as well as providing clear guidance on setting goals and implementing future improvement. During the Year, based on

the Company's business nature, current operational condition and expectations from stakeholders, we reviewed and inspected 3 most relevant SDGs identified in the previous year. After internal evaluation and confirmation, these 3 SDGs described below remained applicable for the Year as the areas where we were able to make greatest contribution and actively bring about impact during the Year. To briefly illustrate our contribution in respect of the 17 SDGs to stakeholders, we will continue to use icons to mark the related SDGs in respective chapters.

SDGs most relevant to Bosideng	Content of SDGs	Bosideng's key initiatives responding to SDGs
	<p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> • Improve the environmental management system to reduce exhaust emissions, wastewater and solid waste discharge • Raise down selection standards and reduce harmful materials • Prioritize the purchase of raw materials with bluesign® certification • Use new fabrics and develop antibacterial down apparel • Open green medical channels to provide employees with rapid access to medical care and diagnoses • Undertake pandemic prevention and control to safeguard the health of employees and their family members • Donate down apparel to frontline medical staff fighting the pandemic and poor people
	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> • Cover the “five social insurances and one housing fund” as well as provide dorms and cafeteria for employees • Launch a Love Fund to help employees with difficulties • Improve the occupational health and safety management system • Post warning signs in workplaces for potential safety hazards (dust, noise, high-voltage electric shock, skid, etc.) • Provide internal training for on-the-job cadres, reserve directors, reserve talent and store managers and encourage employees to participate in external training • When evaluating suppliers, inspect whether there is exploitation of child labor and whether employees' working hours and compensation comply with the law

ESG MANAGEMENT APPROACH

SDGs most relevant to Bosideng	Content of SDGs	Bosideng's key initiatives responding to SDGs
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> • Use new environmentally-friendly fabrics of DuPont™ and Sorona® • When evaluating suppliers, inspect whether they complied with the laws on environmental protection and occupational health and safety • Prioritize the purchase of down certified by the Responsible Down Standard, or “RDS”, which is the RDS certification target set for down purchase • Use recyclable packaging materials and apply green adhesive technology in lieu of sealing tapes • New photovoltaic power stations in the park were put into use to increase the proportion of green energy use • Promote the use of LED lighting and reduce generation of hazardous waste • Encourage the recycling of waste paper, store decoration waste and packaging materials waste to reduce consumption of resources • Improve the environmental management system to reduce exhaust emissions, wastewater and solid waste discharge





PEOPLE MATTERS



OPERATION MANAGEMENT

With 44 years of dedication to the down apparel business, Bosideng, as a “down apparel expert”, is committed to becoming the first-choice brand of down apparel for consumers worldwide. To this end, we strictly monitor every link from raw material procurement to after-sales service, and work closely with suppliers to continuously improve the sustainability of the supply chain and improve product quality management, so as to provide consumers with high-quality, healthy, safe and environmentally friendly products and services and meet their diversified dressing combination requirement and experiences.

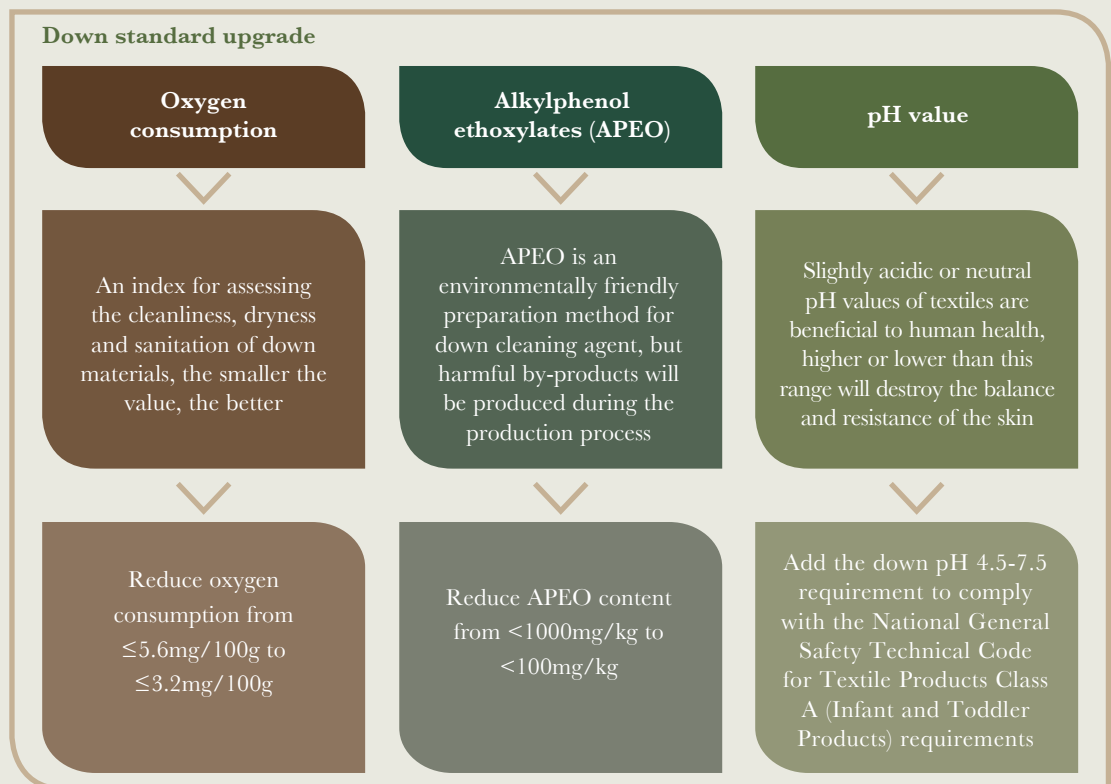
QUALITY ASSURANCE



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

comprehensive ISO9001 quality management system and have obtained the China Quality Certification.

As consumers’ awareness of product safety and environmental protection is increasing, in addition to meeting basic needs such as warmth, comfort, and durability, Bosideng is committed to creating more green and healthy products to win consumers’ (especially millennials’) interests and enhance brand value and influence. To this end, we require 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. In order to further reduce the down odor and improve the health, safety and environmental performance of final products, our down suppliers have increased the down washing process level, adopted a more environmentally friendly down detergent and improved the quality of the down washing water. During the Year, in order to make the down healthier, safer and more environmentally friendly, we upgraded the down selection and used standards to further reduce the content of harmful substances in the down and substances that have an impact on the environment. At the same time, all raw and auxiliary materials are required to strictly comply with laws and regulations, such as GB/T 14272-2011 Down Apparel, GB 18401-2010 National General Safety Technical Code for Textile Products.



We not only require manufacturers to carry out strict quality inspections and antibacterial inspections on raw and auxiliary materials and finished products, but also conduct antibacterial sampling tests on fabrics. Meanwhile, we continue to implement the three-level inspection system, stipulating that only the final finished products that pass inspection can be put into storage, and comply with the standard of the defect rate of less than 0.14% in the common product market and less than 0.07% in the high-end product market. To strengthen the quality management and control of ready-made garments, we have improved the full-process traceability of upstream 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, high-end group manufacturing licensing, and always treat quality issues and implement management and control from the perspective of users. 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, which demonstrates Bosideng's commitment to quality excellence.

Three-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”.

High-end group manufacturing licensing

A unique manufacturing team selected according to high-end quality requirements can achieve effective product traceability. Only licensed factory manufacturing lines can produce high-end products.

In addition, in terms of recalling defect products, we have formulated corresponding policies and procedures. If stores find that the defect rate of a certain product is high during the sales process, they must send the defective samples to the supply chain management department for verification. Upon verification, the supply chain management

department shall issue a recall notice and repair or dispose the product in a pollution-free way. For large batch of defective products, we have 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.

SUPPLIER EVALUATION



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

We have formulated the supplier selection criteria, the supplier cooperation manual and the performance evaluation criteria, and continuously carried out strategic supplier cultivation and supplier supervision

to drive growth together with supply chain partners. The Group’s supplier selection criteria includes factors such as supplier’s qualification, reputation, financial stability, environmental and social responsibility performance, cost, service and R&D capability.

In order to further optimize supplier resources and improve the supply chain management mechanism, during the Year, we upgraded the supplier review and access standards and supervision standards, added the supplier evaluation and incentive policies, strengthened the tripartite collaborative review, and implemented a tripartite joint access review of supply management, procurement, and raw material expert laboratory for new suppliers, and those who passed the review were included in the list of qualified suppliers.

Number of Cooperative Suppliers during the Year			
Region	Raw Material Suppliers	Outsourcing Manufacturers	Other Categories of Suppliers
Mainland China	115	220	41
Hong Kong, Macao and Taiwan regions	1	0	0
Overseas	5	0	0
Total	121	220	41

We attach great importance to the environmental and social responsibility performance of our suppliers, and have introduced environmental and social responsibility management into supplier inspection 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 issue environmental and social responsibility open letters to our suppliers every year to continue to influence suppliers. We have included 10 elements comprising 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 into the supplier on-site review standard. We adopt a “zero tolerance”

approach to child labor, accident penalties, product safety hazards, non-compliance with Bosideng’s environment and health and safety policies. Those who do not meet the requirements will be denied access. For those who are not qualified in the protection of special types of work, working hours or remuneration, 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.

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.

Supplier Evaluation

To identify and reduce the environmental and social risks in the supply chain, during the Year, we conducted on-site reviews of **300 suppliers** in accordance with the internal supplier evaluation standards. We required 45 of the 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 27 of the suppliers which failed to make improvements or had made unsatisfactory improvements. We also conducted social responsibility audits on **5 suppliers** through Sedex (Supplier Ethical Data Exchange), an independent third-party organization.

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, are more advantageous in terms of 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. At the same time, we assist suppliers to improve their ability to fulfill responsibilities by providing annual training on the Group's supply chain policy in the following year to supplier's representatives.

Supplier Training

During the Year, we conducted 6 supplier training sessions including strategic cooperation and strategy implementation factories, with a total of approximately 600 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, best quality, and most reasonable price".



A supplier meeting

In early 2020, the COVID-19 pandemic brought unprecedented challenges to the global supply chain. In the face of a sudden outbreak of the pandemic, the Group initiated multi-party collaboration and responded quickly to effectively ensure the continuous operation of the supply chain and minimize the impact of the pandemic, including:

- mechanism promulgation: issued Bosideng's supplier epidemic/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: provided financial support to all suppliers affected by the pandemic.

PROCUREMENT OF RAW MATERIALS



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

Down is one of the most important raw material for outsourcing production and is purchased by the Group itself. We have set down quality standards that

exceed the national standards, including 3 categories which are customer-oriented key indicators, national standard requirements and safety indicators. We have an expert-level laboratory accredited by China National Accreditation Service for Conformity Assessment (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 updated the down standards. For details, please refer to the section headed "Quality Assurance" in this Report. In order to improve the health and safety performance of our products from the source, we give priority to purchasing bluesign® certified raw materials, and 49% of the down raw materials purchased during the Year have obtained bluesign® certification.

As for the source of down, 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. The entire process from duck or goose hatching, breeding, slaughter, sales to the supply of the final down is based on the humanitarian protection of animals to ensure that no unnecessary damage is caused to animals. To further advance and fulfill our commitment to responsible procurement, we have set a goal regarding RDS certification, which was to achieve 90% of our products obtaining RDS certification by 2020 and such goal was achieved during the Year. 95% of the down used in our products were RDS certified down, and 95% of our cooperative suppliers have passed RDS certification. 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 compliance 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.

The Group believes that paying attention to and protecting 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.

CUSTOMER SERVICE



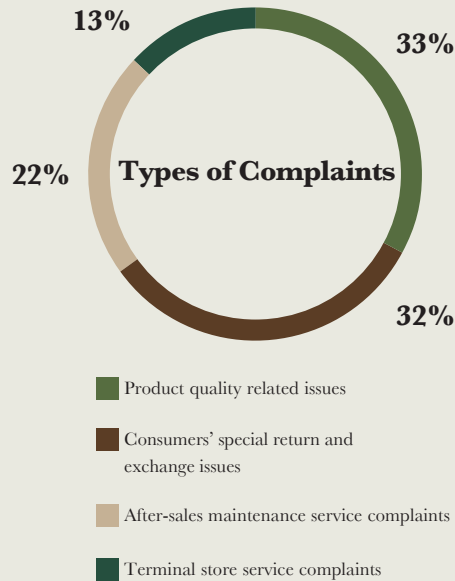
The Group strictly abides by the laws and regulations of the exporting countries and the down apparel standards, and faithfully lists the product information

in the product logo and advertising information to eliminate any false information and to avoid misleading consumers. In order to understand consumer preferences and satisfaction level with Bosideng products, the Group's brand management center collects customer feedback on products and services through annual consumer surveys to compare with that of the competitive brands. We also employ consulting firms to interview consumers on the spot to find out their evaluation of Bosideng's products and services. 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.

Besides, we have established and have continuously improved an after-sales service system that not only provides consumers with return and replacement of goods and free maintenance services within one year, but it also provides 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. In addition, we used WeChat as a social interaction carrier through the "General Membership Management" model to gain insight into consumer needs and create an online-offline marketing experience exclusively for members.

Consumer Recognition

As of March 31, 2020, the total number of our members was **over 15 million**, and according to the Bosideng brand health tracking report released by Ipsos, a third-party research organization, Bosideng's current brand recognition and top-of-mind awareness rate are both in the leading position in the entire apparel industry. Among them, the net promoter score (NPS) is as high as 52, and brand reputation is as high as 8.84. It has become the preferred down apparel expert brand in the minds of **more than 60%** of consumers. These indicators of brand health have improved compared with previous years, and the brand's recognition in the minds of consumers has become more positive.



In terms of logistics and distribution, we have extended the service time and service radius of stores and shortened the distance between stores and consumers by building an online cloud store model based on offline stores and establishing a private domain traffic pool based on stores, achieving fine, convenient and fast shopping for users. After the outbreak of the COVID-19 pandemic in early 2020, in order to protect the health and safety of consumers, we have implemented a series of protective measures. For example, internal staff must wear protective masks and undergo temperature detection and identification when entering the logistics center. In addition to the above measures, external personnel entering the logistics center must submit a path map, and those from high-risk areas must submit nucleic acid test certificates. Workplaces are disinfected and sterilized every day. All inbound postal parcels are disinfected and sterilized, and outbound products are sterilized and disinfected by means of high-temperature plastic packaging.



R&D AND INNOVATION



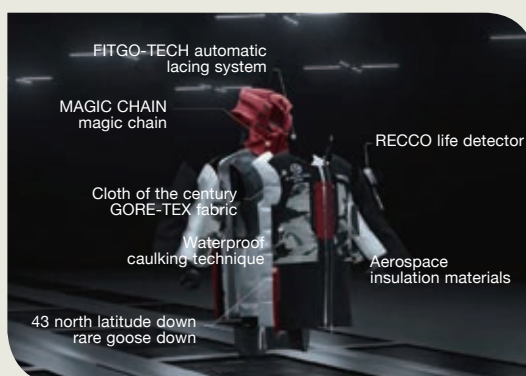
Product innovation and keeping abreast of the times are the cornerstones of Bosideng's brand development. In the 44 years since its establishment, the Group has 209 patents, 23 scientific research projects and 218 technical standards. In addition, the Company also obtained 3 high-tech product certifications. Furthermore, Bosideng has participated in the drafting and revision of 22 international standards, 9 national standards, 5 industry standards and 3 group standards, setting a leading benchmark in the down apparel industry.

Standard Formulation and Cooperative R&D Projects Participated by Us during the Year

- Participated in the formulation of the "Down Apparel Graded Quality Standard" led by China Feather and Down Industrial Association, and put forward 12 improvement opinions on behalf of the enterprise for the finalization of the standard, with the opinions adopted by China Feather and Down Industrial Association;
- Participated in the formulation of the "Technical Specification for green-design Product Assessment-Down Apparel" group standard led by China National Garment Association, and successfully initiated the project in the Ministry of Industry and Information Technology;
- Continued to carry out environmental temperature testing and research for down apparel adaptation with the Thermal Manikin Laboratory of the Soochow University; and
- Participated in the third presidential meeting of the seventh session of the China National Garment Association.

Based on keeping up with the cutting-edge technology and fashion trends in the industry, the Group paid more 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. In order to meet consumers' requirements for quality and functionality, we actively promote new technologies and techniques to empower our brand with creative designs and technological innovations. Meanwhile, we actively adopted brand-new designs and materials, such as Gore-Tex fabric, to provide consumers with more fashionable and practical clothing. The key new product collections launched during the Year included the "Mountaineering" Collection, the Milan Fashion Week Collection, the Designer Collaboration Collection, the Conqueror Collection and the Light Down Apparel Collection, etc., which became very popular among consumers.



Products under the "Mountaineering" Collection

New Environmentally Friendly Fabrics

During the Year, Bosideng adopted a new type of fabric. This type of fabric not only has certain 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 DuPont™ Sorona® 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 69% than the former during the manufacturing process; and
- The tag is made of DuPont™ Sorona® environmentally friendly materials.

At the same time, Bosideng is also aware of the worsening of climate change, especially provided that climate change may impact the sales of down apparel. Bosideng also actively advances R&D and innovation of its products. Starting from product diversity and thinness, Bosideng provides more thinner and easier-to-carry down apparel product range to satisfy the needs of different consumers in different circumstances. During the Year, we optimized the product mix, implemented the development of “thin, medium and thick integration”, appropriately increased the proportion of “thin” and “medium” down apparel products, and implemented the strategies of “quantitative post-positioning (量化後置)” and “production according to sale”. In the future, we will pay close attention to the impact that climate change may bring to the industry or the market, properly adjust product structure and enhance R&D and innovation, so that we can face incoming challenges while grasp market opportunities.

The Environmental Protection Characteristics of Down

According to a study commissioned by the International Down and Feather Bureau: As a renewable natural resource, natural down has **18 times** less impact on climate change than polyester (polyester fiber) fillings. The impact per ton of down on human health, ecosystems, resources, cumulative energy demand, and climate change is **85% to 97%** lower than polyester.

While strengthening R&D and innovation, Bosideng 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 management system, we have established clear procedures for declaration and use of intellectual property rights, so that the management, protection and use of intellectual property rights are based on rules, laws and evidence. 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 planned to carry out external technical cooperation, including trademark licensing and transfer, and to make a thorough diagnosis of the utilization of intellectual property rights in the department, so as to continuously improve the Group’s intellectual property strategy. The Group also strictly prevents and punishes infringement of the Group’s trademarks through actions such as setting up an anti-counterfeit team and cooperation with the Trade and Industry Bureau, the Public Security Bureau and other departments, thus protecting the interests of consumers and our brand reputation. During the Year, by cooperating with local market regulation authorities and copyright protection agencies, we have opened up channels for rapid patent declaration and review, stepped up efforts in protecting copyrights and patents of new apparel styles in 2019, and in cracking down on trademark infringement and counterfeit goods cases. During the Year, the Group obtained a total of 31 artwork copyright registration certificates, 7 computer software copyright registration certificates, 7 computer software product registration certificates, 29 trademark registration certificates, 4 utility new model patents and 62 design patents.

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

TALENT MANAGEMENT

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

REMUNERATION AND BENEFITS



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

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

The Group's remuneration consists of basic fixed salary, welfare allowance and annual performance bonus. The Group reviews and adjusts the salary of its employees on a yearly basis to ensure that the compensation level is competitive. Depending on the position or situation of individual employees, we also provide additional welfare benefits, such as attendance bonus, length of service allowance, high temperature fee, meal allowance, communication allowance and accident insurance. In terms of leave, we provide employees with annual leave, marriage leave, maternity leave, medical leave for work-related injuries and bereavement leave, in accordance with the national statutory leave system. In addition, after the overtime work is arranged and approved by the department, employees will be entitled to transfer leave as compensation. In order to enable employees to have a clearer understanding of their career development path, the Group has established two channels for career development in terms of management and technical proficiency. In order to evaluate and reward employees' performance fairly and impartially, the Group has established a result-oriented assessment mechanism, and 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 to basic salary and benefits, the Group also attaches great importance to listening to employees' voices and is committed to establishing a multi-faceted communication platform. Through various meetings, project discussion workshops, mobile phone online real-time discussions and other forms, our management listens to the questions and opinions raised by employees. The Group conducts employee satisfaction surveys annually to identify room for improvement. During the Year, our employee satisfaction has reached over 90%.

TALENT MANAGEMENT

In the meantime, the Group is also very concerned about the daily life of employees and strives to create a safe and comfortable living and residential environment for them. Our dormitory has family rooms to provide accommodation for employees and their families in need. We provide staff with cafeteria and shuttle buses to and from Shanghai, Suzhou and Changshu to facilitate convenience of staff travel. We are committed to helping employees solve various problems in their lives. We launched an internal charity fund, calling on employees to voluntarily donate RMB2 per person every month to help those colleagues in need and solve their urgent problems. We also view the cultivation of corporate culture as a part of workforce establishment, enriching employees' spare time and enhancing their sense of belonging and enthusiasm for work through various staff activities. During the Year, we invested approximately RMB 2.344 million of funds (FY2018/19: approximately RMB1.687 million) and held various activities to improve the corporate culture, such as Maoshan Red Base Learning and Education Activities (茅山紅色基地學習教育活動) and museum projects, all of which served as the spiritual nourishment for employees to strive for excellence and build character.



Employee Family Open Day



Food Festival



Corporate Culture Learning

TALENT MANAGEMENT

As of March 31, 2020, the Group had a total of 7,801 full-time employees, and the composition and turnover rate of the staff is shown below:

Category		FY2019/20	FY2018/19	FY2017/18
Number of employees by gender	Male employees	2,053	2,189	2,230
	Female employees	5,748	4,220	3,110
Number of employees by age	17-30	2,367	2,884	1,821
	31-50	5,247	3,416	3,217
	Over 51	187	109	302
Number of employees by employment type	Formal	7,773	6,385	4,572
	Contractual/Informal	28	24	768
Number of employees by region	Chinese employees	7,789	6,403	5,326
	Overseas employees	12	6	14
Number of employees by level	Senior management	174	Not reported	Not reported
	General management	627		
	Non-managerial employees	7,000		
Total number of employees		7,801	6,409	5,340

Category		FY2019/20	FY2018/19	FY2017/18
Turnover rate by gender	Male employees	2.5%	1.9%	6.1%
	Female employees	3.6%	3.8%	1.3%
Turnover rate by age	17-30	3.4%	0.6%	3.2%
	31-50	3.3%	5.4%	2.4%
	Over 51	7.0%	2.8%	13.0%
Turnover rate by employment type	Formal	3.4%	3.2%	3.1%
	Contractual/Informal	0.0%	0.0%	5.0%
Turnover rate by region	Chinese employees	3.4%	3.2%	3.4%
	Overseas employees	0.0%	0.0%	0.0%
Turnover rate by level	Senior management	1.7%	Not reported	Not reported
	General management	3.2%		
	Non-managerial employees	3.5%		
Total turnover rate		3.3%	3.2%	3.4%

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

HEALTH AND SAFETY



The Group is committed to providing a safe and comfortable working environment for its employees and has adopted the policy of “abiding by laws and regulations, safety first, cherishing life and giving priority to precaution”, which is in line with its daily operations. 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 OHSAS 18001 occupational health and safety management system certification. In December 2019, we have completed the certification transition and obtained ISO 45001:2018 occupational health and safety management system standards certification, which covers the design and development of down products and relevant management activities of the Group.



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, the system office has collected and evaluated occupational health and safety regulations and standards. On this basis, we revised and issued the 2019 List of Occupational Health and Safety Laws and Regulations (177 articles), in which several legal standards were added, including GB5749-2006 Standards for Drinking Water Quality, Water Quality Standards for Fine Drinking Water, Eight Provisions on Production Safety of Labor Intensive Manufacturing Enterprises and ISO 45001:2018 Standards for Occupational Health and Safety Management System. At the end of 2019, we organized department heads to carry out the management review of the occupational health and safety management system in 2019. The review results showed that all the safety and health targets set at the beginning of the Year had been reached. No major casualty accidents, fire hazards or occupational

diseases have occurred throughout the Year. Key areas of the work of occupational health and safety management carried out in 2019 included:

- preparation works in respect of transition of the Occupational Health and Safety Management System, such as planning of target indicator management program, promotion of the knowledge of standards and the preparation of Environment, Health and Safety (EHS) manuals and procedural documents, were carried out to enhance the occupational safety awareness and operational capability of employees;
- qualified companies or agencies were engaged to conduct dust inspection and noise detection in workplaces, regularly examine the safety facilities in buildings including fire-fighting equipment, elevators and anti-lightning equipment to ensure safety and reliability and clean up drinking water pools and carry out water quality testing. The test results met the occupational health and safety requirements;

TALENT MANAGEMENT

- the safety emergency management of the Group was in compliance with the laws and regulations to prevent and reduce risks and damages;
- the water and power grid in dormitory were upgraded and water supply from gas-fired boilers was cancelled, aiming to reduce energy losses due to leaks in (old) transmission piping as well as to improve safety factors;
- safety control by operating the traffic lights near the Company's entrance was carried out to avoid and control traffic risks during commuting hours;
- information-based control over external vehicles was implemented to collect information of vehicles;
- medical check for occupational diseases was provided for personnel exposed to occupational hazards in timing of pre-employment, on job, transferring posts and after resignation. During the Year, 85 personnel underwent medical check for occupational diseases and no occupational diseases was reported;
- greening the safety fences and increased the number of pond fences; and
- introduced Green Access of medical treatment to provide employees with rapid medical treatment.

During the Year, the number and rate of work-related injuries, and lost days due to work-related injuries of the Group were as follows:

Data type	FY2019/20	FY2018/19	FY2017/18
Number of work-related injuries	2	10	Not reported
Proportion of work-related injuries to the total number of employees	0.03%	0.16%	
Lost days due to work-related injuries	30	263	

In addition to continuously strengthening the Group's own safety management, the Group continued to assist third party manufacturers in improving their safety production management system, standardizing employee health and safety management and enhancing the working environment and accommodation conditions of employees during the Year. During the Year, the

largest third-party manufacturer located in Changshu has invested approximately RMB2.353 million (FY2018/19: approximately RMB6.116 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 Third-Party Manufacturers in Changshu for FY2019/20 (Unit: RMB0'000)	
ISO 45001:2018 Certification Transition Program	4.5
Equipment Repairs and Maintenance	161.6
Safety Management Personnel and Back-up Electricians' Uniform Program	5.6
Environmental Improvement of the Workplace	54.2
Medical Fee	9.4
Total Amount	235.3

During the COVID-19 pandemic, we considered the health and safety of our employees as top priority in our pandemic prevention efforts, thus we established a leading committee for pandemic prevention and control promptly to designate emergency procedures, personnel and their responsibilities regarding pandemic prevention. Based on the dynamics of the pandemic as well as industrial and regional factors, we have organized a sound prevention and control mechanism in a timely manner with comprehensive consideration and deployment from all aspects to develop corresponding plans for pandemic prevention and control and to formulate refined policies for resumption of production under the idea of “one place one policy”. Through scientific propaganda and education, repeated mobilization and guidance as well as grid-based supervision and feedback, we achieved the goal of comprehensively transmitting effective information to our employees and their families in time and eliminating the “vacuum zone for pandemic prevention”:

- pandemic prevention training was provided to employees and Bosideng Epidemic Prevention Manual 《波司登防疫手冊》 and Comprehensive Protection, Healthy You and Me 《全面防護、

健康你我》H5 manuals were prepared and published to equip employees with comprehensive and scientific knowledge of pandemic prevention;

- through the DingTalk platform, we released documents such as To All Staff of Bosideng 《告波司登全體員工書》, Staff Notice 《員工須知》 and Guidance to Staff on Personal Prevention and Control During Pandemic 《疫情期間員工個人防控工作指導》 to remind staff and their families to comply with the government initiatives of going out less and staying at home, and appease employees with notifications of work from home policy, recent institutional policies and others; and
- department heads recorded the outings and health status of department staff and their families through WeChat platform on a daily basis, realizing daily checking, confirming and reporting of all employees' health condition.

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

DEVELOPMENT AND TRAINING



The Group values employees as important assets and promotes their continuous learning and development based on core values, system requirements, training management, performance management system and promotion methods. We have set up the Training Organization Management System to standardize internal training management and have established training management standards, systems and mechanisms that conform to the Group’s strategic planning and are aligned with business operations. Our training channels are rich and diversified, including offline classrooms, online cloud schools and WeChat learning platform “Learning Club” and others, creating convenient conditions for employees to expand their expertise.

Through Bosideng Business School, we emphasize “integration, accommodation, inheritance and innovation” as our core values, and develop various training approaches for different types of talents, and continuously promote the growth and development of employees. During the Year, Bosideng Business School has increased investment in its core projects and invested a total of approximately RMB 4.276 million (FY2018/19: approximately RMB2.55 million) to hold annual corporate culture training, reserve candidate training, on-the-job cadre training and reserve director training. In particular, the corporate culture construction focused on the two core values of “customer foremost” and “innovation and creativity”, in which we highlighted the dissemination of cultural concepts and implementation of the culture. In addition to internal training, we also encouraged employees to participate in overseas training to learn new technologies, management systems and professional knowledge and skills that cannot be acquired through internal training, so that they could further contribute to the development of the Group. Relevant training expenses can be reimbursed upon approval.

Type of Employees	Key training programs of the Year
On-the-job Cadres	<ul style="list-style-type: none"> Cognitive Level Learning (including learning business management theory and brand positioning) Work practices and case outputs (including the export and promotion of decent cases together with work practices)
Reserve Directors	<ul style="list-style-type: none"> Identification of training list and launch of mobilization projects System empowerment (including the empowerment of personal and organizational performance improvement system, personal leadership and management capability system, and debriefing and evaluation on trainees’ development) Practical work applications and customized coaching (including follow-up and coaching of work practices, and debriefing and evaluation on trainees’ development)
Reserve Candidates	<ul style="list-style-type: none"> Enterprise awareness and working population learning (including meeting the business lines and understanding their training programs) First-line experience and strengthening the foundation of terminal positions (including acquiring professional knowledge and skills in each terminal positions and proficiency in stores’ operation process) First-line experience and mastering practical skills (including taking responsibilities of partial works from the traineeship independently and debriefing and evaluation on trainees’ development)
Store Managers	<ul style="list-style-type: none"> Systematic job posting and development assessment (including store manager training, shop lead instruction and comprehensive development assessment and qualifications) Continuously tracking, teaching and mentoring on-the-job trainees (including evaluating the competency of trainees during on-the-job period and providing empowerment for targeted shortcomings)

TALENT MANAGEMENT



Store Manager Training

During the Year, in order to promote growth of employees and enhance their professionalism, we have clarified the principles, objectives, assessments and incentive mechanism of talent cultivation, as well as the training methods for various types of talents. We categorized talents into types including on-the-job cadres, echelon talents, professionals and

strategic reserve talents. For various types of talents, we set up different training objectives, qualification standards, training methods, results application and development cycles. During the Year, the percentage of the Group's employees who received training and the average training hours completed by gender and employment type were as follows:

Category	% of employees trained			Average training hours completed		
	FY 2019/20	FY 2018/19	FY 2017/18	FY 2019/20	FY 2018/19	FY 2017/18
By Gender						
Male	27.6%	37%	Not reported	18	14	Not reported
Female	27.6%	23%		18	22	
By Employment Type						
Formal	27.7%	28%	Not reported	18	18	Not reported
Contractual/Informal	10.7%	13%		6	18	
By Level						
Senior management	100%	Not reported	Not reported	28	Not reported	Not reported
General management	92.2%			30		
Non-managerial employees	19.6%			12		

LABOR STANDARDS



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

We have formulated internal regulations that explicitly prohibit child labor and forced labor, and all employees must be at least 18 years old. During the recruitment process, we strictly verify the identity of the applicants. New employees are required to go to the human resources department to handle the entry formalities in person and submit identification documents. Before signing the employment contract, they are required to show the original identity card to verify the identity again. Applicants can sign the contract only if they are old enough pursuant to local regulations and their identity is correct. If false or concealed information is found, the Group has the right to terminate the employment relationship immediately. In addition to monitoring the recruitment process of the Group, we also regularly investigate the recruitment process of agencies and use the age of employees as a criterion for selecting suppliers. At the same time, we regularly investigate the existence of child labor and forced

labor by establishing a systematic post management system. If child labor or forced labor is found, we shall investigate the management responsibility of the person in charge of the human resources department and the highest person in charge of the employing unit. Legal liability may arise if the case is serious.

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

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

ANTI-CORRUPTION



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

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

In order to raise the staff’s anti-corruption awareness, we will invite local public security departments to conduct integrity training at the Group’s annual meeting every year. The Legal Affairs Department of the Group also regularly studies legal risks and prepares legal risk prevention guidelines. Relevant government personnel regularly communicates with Bosideng’s 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 anti-corruption violations.

COMMUNITY INVESTMENT

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

As Bosideng’s dedicated charity platform, Bosideng Charity Foundation has been adhering to the public welfare purpose of “passing on culture, promoting public welfare and spreading warmth”. During the Year, Bosideng Charity Foundation actively launched and supported large-scale charity activities, such as Warmth in China, Orange Love Fund, Xinai Fund, Sunset Crimson (夕陽紅), Jack Ma Rural Education Initiative (馬雲鄉村教師計劃) and National Training Project (國培計劃) of the Ministry of Education, aiming to fight poverty and the pandemic, and to establish a virtuous cycle of revitalizing industry with charity. The total amount of donations for the Year was approximately RMB69.22 million (FY2018/19: approximately RMB15.26 million), which spread the love and warmth of Bosideng across the country.

FIGHTING COVID-19 TOGETHER



Since early 2020, the sudden outbreak of COVID-19 has spread across the globe. At the most critical time of pandemic prevention and control, Bosideng, while resolutely carrying out the nation’s decisions and deployment, coordinating between pandemic prevention and control and ensuring the resumption of production, launched a charity activity themed “300 million down apparel from Bosideng to front-line personnel in pandemic prevention” with a high social responsibility. We donated over 151,000 quality down apparel with a total market value of more than RMB300 million to 438 hospitals and institutions nationwide to prepare the front-line medical personnel and workers in pandemic prevention for the cold weather.

COMMUNITY INVESTMENT



Bosideng donated over 151,000 down apparel



Donations of down apparel to medical personnel in pandemic prevention

In February 2020, despite the pressure of the pandemic, Bosideng overcame all difficulties to enter the London Fashion Week as scheduled to release a great fashion show as a Chinese brand, rooting for China with Chinese elements and expressing confidence and hope of Chinese brands.



Bosideng participated in the London Fashion Week on behalf of Chinese brands

POVERTY ALLEVIATION



Since its establishment 44 years ago, Bosideng has always been concerned about “the development of agriculture, the countryside and the farmers “by devoting itself to serving poverty alleviation. During the Year, in the Targeted Poverty Alleviation Action of “10,000 Enterprises Assisting 10,000 Villages”, Bosideng focused on supporting the targeted poverty alleviation work for poverty-stricken areas including the “three regions and three prefectures” by filing households for accurate targeting for people in need in more than 80 poor villages in Xinjiang Corps, 4 prefectures in southern Xinjiang, Linxia Prefecture, Guizhou, Nujiang Prefecture, Qinghai, Baise City in Guangxi and other places. It has also donated 30,000 winter clothes, laying a solid foundation for winning the battle against poverty and building a moderately prosperous society in all respects.

Meanwhile, Bosideng actively assisted the industry in poverty alleviation by making pair-ups in Hua County in Henan, Zhijin County in Guizhou and Huining County in Gansu to help local farmers find jobs nearby, increase their incomes and lift them out of poverty. In October 2019, Bosideng was named an advanced private enterprise in the Targeted Poverty Alleviation Action of “10,000 Enterprises Assisting 10,000 Villages” organized by the State Council’s Poverty Alleviation Office and the All-China Federation of Industry and Commerce, and made an exchange speech at the commendation meeting in which Bosideng’s representatives were cordially received by Vice Premier Hu Chunhua, demonstrating that Bosideng was highly recognized for its practical actions to offer help for China’s poverty alleviation cause.



Bosideng was named a “National Advanced Private Enterprise in the Targeted Poverty Alleviation Action of ‘10,000 Enterprises Assisting 10,000 Villages’”

During the Year, Bosideng also actively participated in the China Charity Federation’s activity of “Philanthropy Action (慈善情暖萬家)” through the “Warmth in China (情暖中國)” project for donating cold-proof clothes to 20,000 poor people in 28 prefecture-level cities in 12 provinces including Jiangxi, Guizhou, Sichuan, Tibet, Shanxi, Xinjiang, Jilin, Qinghai, Henan, Liaoning, Fujian and Gansu to convey warmth and love.

SUPPORTING EDUCATION



In order to help Liangshan cultivate outstanding school principals and teachers and let children in Liangshan receive better education, Bosideng launched the charity project of “Bosideng-Liangshan Volunteer Professional Development Plan (波司登—涼山志願者專業成長計畫)” during the Year, and planned to donate 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. Meanwhile, Bosideng has participated in the “National Training Program (國培計劃)” of the Ministry of Education and planned to donate a total of 1,500 cold-proof clothes to outstanding teachers in Liangshan Prefecture in 2019 and 2020.

Bosideng also strengthened efforts to promote the poverty alleviation cooperation between the east and the west, with focus on Guizhou Province to provide pair-up assistance with the direction of “Building Confidence and Capacity (扶志扶智)” by investing in construction of education infrastructure and carrying out various education support projects. During the Year, the Bosideng Changba Central Primary School (長壩波司登中心小學) in Sinan County, Guizhou Province jointly invested by Bosideng and the three levels of charitable organizations in Jiangsu Province, Suzhou City and Changshu City in the amount of RMB11 million (including Bosideng’s donation of RMB5 million in cash) officially commenced operation. The newly constructed teaching building and complex have a total gross floor area of over 4,500 square meters. The new campus contains a total of 18 classes and can accommodate 800 students. The teaching area covers 15 administrative villages including 5 impoverished villages, involving 650 poor school-age children from 1,119 poor families. The completion of construction of the primary school has improved the conditions of compulsory education for schools in Sinan County and greatly improved the local teaching environment.



Bosideng donated education funds to Jiangnan University

During the Year, Bosideng continued to work with the Jack Ma Charity Foundation to donate winter clothes to shortlisted and award-winning rural principals, rural teachers as well as teachers and students of Jack Ma Boarding Schools, and participated in activities such as the luncheons for selection of school principals and teachers for rural education as well as making suggestions for rural education. Bosideng also joined hands with the Jiangsu Youth Development Foundation to release Bosideng's Dream Realization Grants and distribute winter clothes to hundreds of impoverished students in Jiangsu Province through the "Xinai Fund" student assistance program, and planned to donate RMB1 million to impoverished students of Jiangnan University within five years from 2019 to 2023 for helping poor students complete their studies.

CARING THE COMMUNITY



Remaining true to our original aspiration and keeping our mission firmly in mind, Bosideng always cares about the living conditions of the elderly and the community. During the Year, Bosideng donated RMB3 million to the Suzhou Charity Federation through the "Orange Love Fund" for donating winter clothes and consolation money to sanitation workers and urban management team members fighting at the front line, especially for providing living allowances to sanitation workers with family

difficulties. To encourage more people to care for and respect sanitation workers, Bosideng also actively participated in the "Affection for Sanitation Workers • Physical Examination for Caring (情繫環衛工 • 愛心體檢)" project initiated by the Suzhou Charity Federation. The project has a three years cycle and targets to assist 6,000 frontline sanitation workers in physical examinations each year. Meanwhile, Bosideng's "Sunset Crimson (夕陽紅)" project has provided living expenses and donated materials such as books and newspapers to elderly of over the age of 60 in Kangbo Village for the 20th consecutive year to improve their quality of life and promote their physical and mental health.



Caring sanitation workers

Every clothes with warmth and every touching smile can foster warmth and beauty. In the future, Bosideng will continue to strengthen its tension and passion, make the most of effort and gather full energy, turning assistance actions into warm wings and creating more quality public welfare projects to better help fighting the decisive battle against poverty. We will accumulate majestic strength to forge ahead for the road of dream building so that all the warmth will inspire the Bosideng people to continue to overcome every challenge.

EARTH MATTERS



ENVIRONMENTAL RESPONSIBILITIES

ENVIRONMENTAL PROTECTION

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

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

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

The Group is committed to reducing its impact on the environment and other natural resources. During the Year, our business operations did not cause any major pollution or damage to the nearby air, land, water and ecological environment. The Group's policies and measures for resource use and emissions have been described in detail in the above section. Further, the Group was not aware of any major violations of environmental protection during the Year.

ENVIRONMENTAL RESPONSIBILITIES

USE OF PACKAGING MATERIALS



In order to ensure the quality and appearance of the delivered products, the Group's products are required to be transported with different types of packaging materials to protect the goods, including cartons, carrying bags, and self-sealing tapes. The Group prioritizes the use of packaging materials with environmentally-friendly features to reduce the impact on the environment and resources, and has strict control over the amount of packaging materials used. Packaging materials are delivered separately to reduce unnecessary waste by retail companies. In addition, retail companies need to return the same number of carrying bags with the goods, and the returned bags can be reused to reduce the consumption of packaging materials. Packaging materials used in the logistics center are all recyclable cartons. Reusable boxes are used for goods transit within warehouses, while recyclable cartons are used in courier packaging, and environmentally-friendly adhesive technology is adopted for sealing to completely eliminating the use of sealing tapes. For the inevitable packaging waste, we implemented the following recycling measures:

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

ENERGY CONSERVATION



The Group is fully aware that climate change will not only impact product sales and business development but is also an issue requiring our attention and participation. To achieve this, Bosideng reduces greenhouse gas emissions from daily operations by improving energy utilization efficiency, reducing energy consumption, using clean energy to contribute to the mitigation of climate change. The Group's environmental protection and energy conservation are promoted by the energy conservation and environmental protection committee headed by the vice president of the Group and the Group's energy and environmental protection office, and the annual water conservation and energy conservation targets and management plans are formulated on a yearly basis. During the Year, we not only established an energy management system and obtained the ISO50001:2018 certification thereof, but also passed the following measures and policies to reduce energy consumption and greenhouse gas emissions:

- establish an intelligent platform that monitors electricity consumption;
- achieve energy conservation by reducing the number of lighting installations per square meter in the stage of store decoration design;
- renovate the water and power grid of the dormitory, use electric water heaters in lieu of gas-fired boilers for water supply and optimize the pipelines to reduce energy consumption;
- provide shuttle transit and encourage employees to use public transportation to reduce commuting carbon emissions;

ENVIRONMENTAL RESPONSIBILITIES

- a photovoltaic power station with an installed capacity of 1.3 megawatt in the park was put into use in May 2019, and phase III of the photovoltaic power generation equipment in the park was put into use in January 2020, with the total photovoltaic power generation used exceeding 0.96 million kilowatt hours during the Year; and
- solar photovoltaic power generation equipment with an installed capacity of 1 megawatt was installed on the roof of the logistics center, which basically meets the power demand of the logistics center. All power facilities in the park use variable frequency motors, and the sensors that detect incoming materials automatically start and shut the motors to minimize energy consumption.

In 2019, we successfully accomplished the energy-saving target of “the water and electricity consumption per unit of working hours is lower than the average level in the previous two years”. In addition to internal management, we also work closely with third-party manufacturers to urge them to continuously improve their environmental protection and energy conservation performance. During the Year, the Group’s largest third-party manufacturer in Changshu invested approximately RMB0.686 million (FY2018/19: approximately RMB7.5 million) to optimize and transform energy conservation and emission reduction.

Investment in Environmental Protection and Energy Conservation by Third-Party Manufacturers in Changshu in FY2019/20 (Unit: RMB0’000)

Energy Management System Certificate	4.1
Review and Approval of ISO14001 Environmental Management System Certificate	4.5
Green Factory and Supply Chain Certification Program	60.0
Total Amount	68.6

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

WATER MANAGEMENT



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

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

During the Year, as we advocated reasonable water consumption in all chain stores, water consumption in our stores dropped significantly and the Group did not find any issue in sourcing water.

EMISSIONS MANAGEMENT



Waste Management

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

Hazardous Waste

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

ENVIRONMENTAL RESPONSIBILITIES

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

General Waste

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

Store Decoration Waste

The Group has strict management and control over the decoration process of retail stores. The Construction Manual has unified requirements for decoration design, materials used and construction quality. During the Year, we renovated 50% of our down-apparel retail stores with self-operated brands. In order to reduce the impact of the decoration process on the environment, we used low-pollution, non-toxic and harmless decoration materials that meet relevant 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. We strictly follow the Construction Manual to 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; and
- waste disposal not stipulated in the contract form, including construction decoration waste generated from outsourced projects or projects for which the Group is responsible, shall be cleaned and classified by personnel assigned by the logistics department. Those that can be recycled shall be recycled by relevant recycling units, while those that cannot be recycled shall be transported back to the local sanitation institute for harmless treatment.

Domestic Waste

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

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

Exhaust Emissions

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

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

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. The discharge of wastewater during the Year reduced by approximately 30% as compared with the previous year. In addition, part of the domestic sewage from the subsidiary of the Group, Xuezhongfei Enterprise Co., Ltd., will be reused for greening and watering after treatment.

ENVIRONMENTAL RESPONSIBILITIES

ENVIRONMENTAL KEY PERFORMANCE INDICATORS^{1 2}

Data type	Unit	FY2019/20	FY2018/19	FY2017/18
Environmental emissions				
Wastewater discharge	0'000 cubic meters	8.9 ³	12.7	12.8
Intensity	cubic meters/million RMB revenue	12.3	20.1	28.7
Hazardous waste generation	kg	48	50	13
Intensity	kg/million RMB revenue	0.007	0.008	0.003
Non-hazardous waste generation	tonnes	7,985.5 ⁴	168.7	169.5
Intensity	kg/million RMB revenue	1,103.0	26.7	38
Use of resources				
Total electricity consumption	0'000 kWh	4,732.0 ⁵	3,057.3	2,112.2
Intensity	kWh/million RMB revenue	6,536.3	4,831.8	4,739.5
Natural gas consumption	0'000 cubic meters	3.4 ⁶	8.1	13.6
Intensity	cubic meters/million RMB revenue	4.6	12.8	30.5
Gasoline consumption	tonnes	14.7 ⁷	15.5	Not reported
Intensity	kg/million RMB revenue	2.3	3.9	Not reported
Diesel consumption	tonnes	12.6	24.9	Not reported
Intensity	kg/million RMB revenue	1.7	2.5	Not reported
Total energy consumption	0'000 kWh	4,801.8 ⁸	3,194.6	2,259.3
Intensity	kWh/million RMB revenue	6,632.7	5,048.8	5,069.6
Total water consumption	0'000 tonnes	18.3 ⁹	11.9	11.5
Intensity	tonnes/million RMB revenue	25.3	18.8	25.8
Amount of packaging materials used	tonnes	6,375.7 ¹⁰	5,508.7	4,280.0
Intensity	kg/million RMB revenue	880.7	870.7	960.4

ENVIRONMENTAL RESPONSIBILITIES

Notes to the environmental key performance indicators:

- 1 The statistical scope of the environmental key performance indicators during the FY2019/20 newly added logistics center and warehouses as compared with the previous year.
- 2 All intensity data is calculated based on the total amount divided by the total revenue of the branded down apparel business and OEM management business for the corresponding year.
- 3 The reduction in wastewater discharge and intensity was mainly due to relatively less wastewater discharge from logistics center and warehouses. At the same time, all chain stores promoted reusing domestic water, reducing the use liquid detergents, and prohibiting dumping of liquid from domestic waste into drainage pipes, which in turn reduced the discharge of domestic wastewater.
- 4 The increase in the total amount and intensity of non-hazardous waste was mainly due to the fact that the data collected for the Year encompassed domestic waste and kitchen waste from the headquarters, domestic waste in stores and decoration waste (approximately 50% of our stores underwent renovated throughout the Year), and domestic waste and kitchen waste from logistics center and warehouses. In each of the previous years, data collection only included domestic waste and kitchen waste from the headquarters.
- 5 The increase in total electricity consumption and intensity was mainly due to the change in the statistical scope for the Year. At the same time, we replaced natural gas with electricity for heating in winter.
- 6 The decrease in natural gas consumption and intensity was mainly due to our replacement of natural gas with electricity for heating in winter.
- 7 In addition to electricity and natural gas, the Group also uses a limited amount of gasoline and diesel in its business operations. Gasoline and diesel consumption were added to our data disclosures for the Year. To enhance comparability, we made supplemental disclosures for the corresponding data in the previous years. The decrease in gasoline and diesel consumption for the Year was mainly due to our increased cooperation with third-party transportation companies and reduced use of our own vehicles.
- 8 Energy sources include electricity, natural gas, gasoline, and diesel. In particular, natural gas, gasoline and diesel are calculated with reference to the conversion factors in the “Guidelines for Accounting and Reporting Greenhouse Gas Emissions by Land Transport Enterprise in China (Trial)”. The increase in total energy consumption and intensity was mainly due to the change in the statistical scope for the Year.
- 9 The increase in total water consumption and intensity was mainly due to the change in the statistics scope for the Year.
- 10 The increase in the total consumption and intensity of packaging materials was mainly due to the increase in the total sales of down apparel measured by the number of pieces for the Year.

OUTLOOK

Bosideng has focused on down apparel for 44 years, and “Warming the World” is our original aspiration and mission. We will be committed as ever to warming customers by offering them healthy and safe products and comfortable user experience. We will continue to give heart-warming care for our employees, value the welfare and development of our employees, and maintain a good working environment and corporate atmosphere. We will insist on providing warmth and giving back to the society, take the initiative for community responsibility, and spare no effort to send love and warmth to people in need. While fulfilling our people-oriented and philanthropic social responsibility, we are also committed to practicing the ideal of a green eco-

civilization in a new era through our effort to improve the efficiency of resource use, reduce resource waste and waste discharge. By taking practical actions, we are living up to our commitment to sustainable development and protecting and building a beautiful homeland.

This Report is prepared in accordance with the ESG Reporting Guide under the Listing Rules. In the future, we expect to improve in more areas and provide more comprehensive and in-depth sustainable development reports for stakeholders.

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

We will continue to attach great importance to the procurement of raw materials, raise the proportion of international certifications in raw materials, continue to upgrade key indicators of down standards and deepen disclosure.

We will continue to improve the construction of the ESG governance system, enhance the Board’s supervision over ESG matters, and increase the weight of ESG risks and opportunities in the Company’s consideration of strategy formulation.

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



WATER MATTERS

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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 Group carried out an internal review and a benchmark analysis of the results of the materiality assessment for the previous year and made adjustments to names and priorities of issues to specify the disclosure highlights for important ESG issues and reporting for the Year;
- “Quantitative”: All data 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. For details, please refer to the notes following the table of the Environmental Key Performance Indicators;
- “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 disclosure of environmental key performance indicators has encompassed logistics center and warehouses 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 included logistics center and warehouses into the statistical scope of the environmental key performance indicators.

Area	Section	Notes
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.	Emissions Management
KPI A1.1	The types of emissions and respective emissions data.	Environmental Key Performance Indicators
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Energy Conservation
		During the Year, the Parent Group has submitted a greenhouse gas emissions report to the Development and Reform Commission of Jiangsu Province, the reporting scope of which covers the Group.

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Area	Section	Notes
A Environmental		
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emissions 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.	Use of packaging materials Energy Conservation Water 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).	Environmental Key Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Energy Conservation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	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 Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection

Area	Section	Notes
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.	Remuneration and Benefits
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Remuneration and Benefits
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Remuneration and Benefits
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.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training

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Area	Section	Notes
B Social		
Employment and Labor Practices		
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
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.	Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards
Operating Practices		
Aspect B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supplier Evaluation Procurement of Raw Materials
KPI B5.1	Number of suppliers by geographical region.	Supplier Evaluation
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 Evaluation
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.	Quality Assurance Customer Service R&D and Innovation
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

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Area	Section	Notes
B Social		
Operating Practices		
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
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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BOSIDENG

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