



EMBRACING DREAMS, TOWARDS A BETTER FUTURE OF SUSTAINABLE DEVELOPMENT

FY2022/23 was an extraordinary year full of challenges. Due to the repeated delays of the COVID-19, the profound impact of geopolitics, sluggish world economic growth as well as the intensifying challenge of climate change, the external environment for business operations was filled with complexities and uncertainties.

Forge ahead with braveness and perseverance against all odds, and a willing heart will make a hopeful and promising future. The Group responded to China's goals of high-quality development, common prosperity and "dual carbon" and other significant strategies in an active manner, calmly coped with various uncertain and unpredictable factors and changes in market pattern and fully integrated the ESG concept into business management to promote the sustainable high-quality development of enterprises. Thus, the Group harvested glory and growth despite a tough journey. This ESG report comprehensively presents the Group's dynamic practices and phased achievements in sustainable development over the past year.

Guided by brand, taking the responsibility of development in the era full of great changes

The primary task of building a modern socialist country in all respects is to promote high-quality development. Under the strategic plan of Chinese path to modernization in the new era, the economy in China has been transforming into a high-quality development model that values both environmental and social welfare. Along with the accelerating construction of the ESG system featuring Chinese characteristics, ESG has become an innovative path for restructuring value growth.

"Only with deep roots can a tree yield rich fruit; only filled with oil can a lamp burn brightly". Bosideng stayed true to its original mission of "Warming the World", and has been pursuing long-termism and social value creation while focusing on the down apparel business for 47 years, only to deliver love and warmth to global consumers and the public and build a community of life for human and nature. We deeply recognize that ESG is a key option and action guide to measure the quality of business development. In this regard, we adhered to the development model guided by brand. Also, as a responsible down apparel expert, we explored the path of high-quality development in areas such as environmental protection, social responsibility, and corporate governance as always. This year, we put forward Bosideng's concept of "sustainable fashion" for the first time, and we believe that enterprises

should take environmental, social and economic values into overall consideration, minimize the negative impact on the environment and society during the whole life cycle of products and extend the concept of sustainability to the value chain, promoting the fashion industry to create a sustainable and magnificent future as a whole.

By actively practicing new development concepts and sustainable fashion, we have continuously improved the certainty of value growth, and are at the forefront of high-quality sustainable development in the textile and apparel industry: the Group's revenue and net profit hit record highs for five consecutive years, and the brand of Bosideng also continued to improve. During the Year, MSCI's ESG rating upgraded to the industry-leading "A" level, and it was the first time to report and obtain the "B-" rating of climate change from the Carbon Disclosure Project (CDP), which is the best rating for Chinese textile and apparel enterprises.

The construction of industry-leading ESG system achieved substantial progress

In order to maintain and ensure a high level of corporate governance, the Group has established a comprehensive and rigorous ESG governance structure to assist the Board in monitoring ESG-related matters, incorporated ESG rating criteria into its development strategies and daily operations, formulated and revised six sustainable development policies, and continued to

improve and standardize its corporate governance mechanism. We conducted a survey on the ESG material issues for nearly 1,000 stakeholders, proactively benchmarked our ESG management and operation work with the 17 Sustainable Development Goals (SDGs) of the United Nations, and formed four action sections, namely, ESG management, people positive, product positive, and nature positive, so as to continually optimize our system management and implementation of our promises with creativity and innovation.

Adhering to people positive to achieve decent work and mutual achievement

The Group focused on the well-being of employees, workers in the supply chain and communities, supported and promoted healthy lifestyles, and promoted the win-win development of employees, enterprises and society from within the Group to the supply chain and to the social level by providing decent work, promoting diversity and operating in an inclusive way, with employee satisfaction reaching more than 90%. The Group established a result-oriented appraisal mechanism and continued to implement the employee equity incentive scheme, under which a total of six tranches of equity incentives have been granted to employees, with a total of 1,319.2 million share options and award shares granted, covering 178 key employees. We have built Bosideng characteristics of endogenous talent development system, core management team, Eagle

CHAIRMAN'S STATEMENT



reserve cadres and retail talent projects, the structure of talents showed a trend of rejuvenation, specialization and modernization. At the same time, we have demonstrated our role as a leading enterprise in promoting common prosperity, adhered to the brand's warm mission, and devoted ourselves to supporting the fight against the pandemic, warming up the community and giving back to the society, benefiting a total of 1,192,000 people.

Product positive promoting innovation, efficiency and synergy

Innovation is the engine for high-quality development and the driving force to strengthening the core competitiveness of products. We are committed to performing our responsibility as an industry leader by focusing on preferred materials, R&D and innovation, quality assurance, customer services and chemicals management of the product chain. We also provide consumers with high-quality, healthy, green and safe products and services through deepening responsible procurement, R&D and application of low-carbon fabric, supply chain management, intelligent logistics, building of low-carbon stores and responsible business practices, as well as improving the quality and efficiency of single store operation and carrying out operation according to their different store models. With its accurate insight on the fashionable and diverse consumer demands, Bosideng has developed four matrixes with 10 categories of market segments, including the

new-generation light down apparel collection, outdoor collection, fashion collection and casual collection. In addition, its self-developed thermal-humid balanced technology improves the applicability of down apparel in multiple scenarios, while its recyclable light down apparel of Puff collection contributes to the recycling economy and green consumption. Currently, the Group cumulatively has a total of 606 authorized patents (including inventions, utility and appearance patents). Meanwhile, the supply chains of the Group underwent systematic planning and upgrading in terms of adopting flexible and quick response times, quality operations, scientific research technology, resource integration and cost management, to establish a model of immediately supplying Top Sellers, as the results of which, the satisfaction of high-end users reaches 96%.

Nature positive originating from the new practice of green and low-carbon development

Addressing global climate changes requires action in all-round way. The Group can tap into the huge potential of such a sustainable and renewable resource, i.e. down, for reducing carbon handprint. We promoting our journey to net zero in three directions, being improving energy efficiency in our operation and supply chain, expanding the use of renewable electricity in our operations, and using more environmentally friendly fabrics in our products, to minimize the negative impact on the environment

and society in the whole life cycle of products and extend the concept of sustainability to the value chain, so as to facilitate the whole industry to improve its sustainability. During the Year, 100% of our down apparel obtained Responsible Down Standard (RDS) certificates, while 70% of down apparel obtained the ecological textile OEKO-TEX® certificates and 48% of down apparel obtained the bluesign® certificates. Meanwhile, we are actively exploring a natural way towards carbon neutrality. Bosideng continuously fosters its carbon neutral forest project in Tonggu Naoer Gacha, Alxa Left Banner, Inner Mongolia, and also cooperates with the China Feather and Down Industrial Association to launch a key project of Towards Net Zero Emissions: A Study on the Path of High-quality and Low-carbon Transformation of the Down Apparel Industry, which explores innovative ways for the high-quality development of the down apparel industry in the context of "dual carbon", to promote the coordination of economic development and ecological conservation, as well as the harmonious coexistence of human beings and nature.

Guided by value, creating a leading example of sustainable development

The apparel industry makes life better and is one of the key driving forces behind China's rapid modernization. With the rapid recovery of China's economy and society, apparel consumption is being reshaped, and Bosideng entered a stage of robust

growth of the apparel industry in its new cycle. On the other hand, the global energy pattern and internal and external environment have undergone profound changes, and "Chinese-style carbon reduction" requires collective energy to act together, and the sustainable development of the textile and garment industry has long term implication.

"The east wind is blowing with numerous sails, and the heavy task is to be undertaken." Driven by the targets of "carbon peak and carbon neutrality" and guided by the desire to create value for users and society, we focus on the core main business from a long-term perspective, dare to do and strive for the lead in the new journey of Chinese-style modernization, accelerate the development towards the mid-to-high end of the industrial chain and value chain to better meet the needs of the people for a better life. We will vigorously promote entrepreneurship, paying attention to the materiality issues such as product quality and customers' rights protection, strengthening national brands, improving cultural confidence, privacy protection and information security, improving product innovation, employees' rights assurance, high quality employment, building up new business formats and new experiences, marketing compliance, and create long-term sustainable growth for our customers, employees, shareholders and society through our integrated leadership in ESG capabilities and the construction of sustainable fashion

capabilities as well as open innovation ecology for our brands.

Dreams come true, just because the struggle and the pursuit of dreams never stops. People's need for a better life is increasing day by day, cultural confidence, independent innovation and consumption upgrading have become a general trend, and Chinese brands have a bright future and great prospects. Bosideng will uphold the original mission of "warming the world", firmly adhere to the strategic vision of "Be the most respected fashionable and functional apparel group around the world", maintain the strategic development direction of "focusing on principal business and key brands", strengthen brand confidence, take effort to drive its growth with professionalism, move forward from a single sales scale leading to global leadership in terms of brand complexity, and strive to start a new chapter of "World Down Apparel, China Bosideng, New trend leadership"!

Strive hard and lead the world, let's look forward to the future together!

Gao Dekang

Chairman and President

July 26, 2023