

CHAIRMAN'S STATEMENT

“ Brand Elevation, Industry Innovation

Exploring a Sustainable and High-Quality Future ”



In FY2023/24, the domestic clothing industry was under pressure on both the supply and demand sides, driven by a challenging and complex macroeconomic environment both at home and abroad, along with multiple unforeseen factors. With the stable recovery and positive development of China's economy, cultural confidence and new-type industrialization have empowered and supported domestic brands to seize growth opportunities. The textile and apparel industry has embarked on a new journey to drive the construction of a modern industrial system through innovative productivity.

The Group actively responds to important strategies such as high-quality development, common prosperity, and the “dual carbon” goals in China. We calmly face the severe tests posed by multiple challenges and fully integrate the ESG (Environmental, Social, and Governance) concept into our management practices to promote sustainable and high-quality development of the enterprise. In our ESG report for the eighth consecutive year, we respond to the expectations of stakeholders and the market regarding the Company's high-quality development.

Building a leading ESG brand with impressive results in high-quality development

With sustainable development as a global goal, it has become the “proposition of the times” and “value consensus” for Chinese enterprises to implement the new development concept in a complete, accurate and comprehensive manner, practice the ESG concept and promote sustainable development for a community of human destiny.

Adhering to the original mission of “China Bosideng, Warming the people of the World”, Bosideng Group has been focusing on down apparel for 48 years. We have been pursuing long-termism and social value creation, and delivering love and warmth to global consumers and the public. As a leading company in the industry, we are oriented to people's new demands and expectations for a better life. We adhere to the brand-leading development model, and make systematic efforts in multiple dimensions, such as products, retail and supply chain, to consolidate the core competitiveness of the brand.

We actively practice ESG concepts and sustainable fashion by incorporating our responsibilities to employees, the industry, the environment and society into our corporate strategies and development practices, so as to promote high-quality development while pursuing innovation and quality. The Group's revenue and net profit hit record highs for six consecutive years, and the Bosideng brand was ranked 462nd on the list of the “Top 500 Brands of the World”, becoming a benchmark model of high-quality growth and ESG leadership in the textile and apparel industry.

ESG management

High-level corporate governance is the cornerstone of user trust and international cooperation. In FY2023/24, the Group established a comprehensive and rigorous “1+3+X” ESG strategic framework and governance structure to further strengthen the ESG system. By conducting a survey on ESG material issues for over 1,100 stakeholders, our ESG work was advanced broadly and extensively in a coordinated manner. In addition, trainings on business ethics and anti-corruption were provided for all mid- and senior-level employees to deepen comprehensive risk management. With reference to the ESG Code of the Stock Exchange, we incorporated the Sustainable Development Goals (SDGs) of the United Nations into our ESG management practices, and promoted corporate governance and commitment in key areas such as product positive, nature positive and people positive, enhancing the confidence of our investors and consumers. In 2024, we were first selected into the Sustainability Yearbook (China Edition) published by S&P Global. Moreover, we maintained our industry-leading “A” rating appraised by MSCI ESG, and was upgraded to a “B” grade for “Climate Change Management” by Carbon Disclosure Project (CDP), both the best ratings for Chinese textile and apparel enterprises. The Company was also honored as the “China Industrial Carbon Peak Pioneer Enterprise” Excellent Practice Cases of Green and Low-carbon Development of Enterprises, and New Benchmark Enterprise Award for ESG, demonstrating its leading strength and innovative vitality.

Nature Positive

The Chinese path to modernization is realized by the harmonious co-existence of humanity and nature. Driven by the targets of “carbon peak and carbon neutrality”, the Group practiced the concept of green carbon reduction development throughout the entire value chain from raw materials, manufacturing, logistics to suppliers, to promote the green and low-carbon transformation of the industry. Our proprietary GIMs system, the industrial internet in the apparel industry, can trace all along the raw materials. Moreover, we have strengthened the innovation and development of environmental protection products and the application of new eco-friendly fabrics, greenhouse gas emissions reviews and product carbon footprint assessments, and initiated the “near-zero carbon” factories, thereby promoting comprehensive energy conservation, emissions reduction, and collaborative innovation throughout the entire process. We led and participated in the formulation and revision of industrial green technology standards, to encourage partners along the supply chain to jointly build a green manufacturing and supply system. During the Year, 100% of our down apparel obtained Responsible Down Standard (RDS) certificates, while 75% of down apparel obtained ecological textile OEKO-TEX® certificates and 58% of down apparel obtained Bluesign® certificates. We cooperated with the China Feather and Down Industrial Association to publish a study of Towards Net Zero Emissions: A Study on the Path of High-quality and Low-carbon Transformation of the Down Apparel Industry and participated in the Climate Stewardship 30-60 Net

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Zero Accelerating Plan of the China National Textile And Apparel Council to support the industry to cope with climate change. The Company had also fully initiated Phase IV of the Carbon neutral forest project, aiming to plant a total of 1,000 mu to support the ecological public welfare project of Tengger Desert Lock-edge in Alxa.

Product positive

Innovation is the primary driving force for high-quality development. We focus on preferred materials, R&D and innovation, quality assurance, customer services and chemicals management of the product chain, and launch a "store-centric, customer-value-oriented" reform of the business process with responsible business practices to provide consumers with quality products and services. We engage in the precise development of a different series of products based on consumers' preferences, behavior and traits to satisfy their needs in different scenarios, so as to drive product category innovation and expansion. Our eco-friendly zero-pressure down apparel won the German Red Dot Design Award, and new degradable fabric won the ISPO TEXTRENDS (Accelerated Eco). During the Year, we applied for 545 patents, with

971 patents registered in total. We upgraded the core competitiveness of supply chain flexibility and quick response, excellent quality, product innovation and leading resources, and built a model of immediately supplying Top Sellers. As a result, the market disability rate standard has been reduced to below 0.08% (that of high-end products has been reduced to below 0.035%). In addition, we formulated the Supplier Chemicals Control Manual to improve the requirements for the chemicals control of suppliers, and joined the Zero Discharge of Hazardous Chemicals (ZDHC) to eliminate the input and use of toxic and hazardous substances at the source by managing inputted chemicals.

People positive

We firmly believe that the long-term prosperity of an enterprise is a cornerstone of employees' happiness and growth. The Group continues to uphold the concept of people-oriented and building happiness together, as well as to build an efficient organization driven by strategy and supported by a culture/talent mechanism. Through excellent case studies, the creation of benchmark figures, the accumulation of organizational experience, cultural development and other activities, the

Group has created a comfortable and welcoming "family" culture and a working and living environment for growth, which promotes win-win development between employees, the enterprise and the society, thereby winning a number of employer branding awards. During the Year, the proportion of female management members exceeded 50%, representing an increase of approximately 1.8 percentage points over the same period of the previous year. We continued to promote the construction of Bosideng's unique internal talent development system, as well as projects for the core management team, elite reserve cadres and retail talents. Bosideng Business School invested a total of more than RMB10 million in employee training and education improvement, with the coverage rate of employee training at 100% and a total of 178,000 hours of training for our employees. We updated our remuneration and benefits system featuring high targets and industry competitiveness, and continued to implement the Employee Share Incentive Scheme, granting the seventh phase of share incentives to our employees, with a total of 589,880,000 share options and incentive shares granted, which covered 170 core employees. Meanwhile, we have been playing a leading role as a master enterprise in the industrial chain, and paying attention to guiding our suppliers to enhance their ESG responsibilities, especially in the protection of labor rights and interests. During the Year, eight supplier training sessions were conducted, covering 144 suppliers; the supplier audit coverage rate was 100%, and priority was given to cooperating with suppliers with excellent labor management. In addition, we have actively fulfilled our corporate social responsibility by promoting the well-

being of the public, contributing to the revitalization of rural areas and promoting common prosperity. As of FY2023/24, Bosideng Charity Foundation has donated more than RMB1.4 billion to the society, benefiting about 1.589 million people.

Enhancing the new quality productive forces Sustainable development for the future

The year 2024 marks the 20th anniversary of the ESG concept proposed by the United Nations Global Compact. Given the increasing efforts of ESG regulatory policies in China to promote the construction of an ESG system with Chinese characteristics, Bosideng will contribute to the construction of Chinese-style modernization and sustainable development of the world, and become the core competitiveness of Chinese brands for the future.

The Group is focusing on the important development opportunities of strengthening technological innovation, accelerating digital transformation and promoting green development. We have put forward the ESG strategic vision of "leading sustainable fashion with a consumer-oriented approach" and set the target of "achieving net-zero emissions from operations by 2038", in order to further realize the ESG development concept. Focusing on technological innovation, "dual-carbon" target and climate strategy, occupational health and safety, supply chain management and other key standard issues for the sustainable development of the industry, Bosideng will promote the construction of an ESG system, deepen ESG governance, improve ESG performance with high standards, and cooperate with all parties in building a sustainable and high-quality

development ecosystem of the brand, so as to realize long-term sustainable growth for customers, employees, shareholders, the industry and society through practical actions.

Long as the journey is, we will surely reach our destination when we stay the course. On the fresh journey full of challenges and opportunities, Bosideng Group will adhere to the original mission of "China Bosideng, Warming the people of the World" and keep "focusing on the mainstay business of down jackets and focusing on the main track of fashion and functional apparel enhanced with technology" as the strategic direction of "dual-focus" under the guidance of the strategic vision of "becoming the global leading group on fashion and functional apparel enhanced with technology", in order to accelerate to nurture and develop new quality productive forces. On the journey of enhancing people's well-being and pursuing sustainable and high-quality development target, Bosideng will strive for excellence and innovation, and unremittingly pursue greatness and leading position, in a bid to build a global leading enterprise and brand, and start a new chapter of "World Down Apparel, China Bosideng, New leading trends". Bosideng will contribute its strength to the advancement of Chinese modernization and global sustainable development!



Gao Dekang
Chairman and President
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