

FAQs – Supply Chain Management

4. How does Bosideng ensure suppliers' compliance with the labor management standards? Does it apply both internal audits and third-party audits?

Yes. Bosideng employs a combined approach of internal and external audits to actively conduct supplier evaluations. Labor condition risks are incorporated into on-site supplier evaluation criteria, with particular focus on working hours and wage issues. Through rigorous evaluation and oversight mechanisms, we ensure suppliers adhere to relevant laws, regulations, and our Group's requirements.

Regarding internal audits, our internal auditors conduct regular performance evaluations and on-site inspections of suppliers. The audit scope encompasses labor compliance, environmental protection, 6S management, health and safety, personnel management, confidentiality requirements, and non-compliance handling, aiming to continuously enhance supplier operational quality and labor conditions.

We also engage third-party agencies to conduct social responsibility audits, benchmarking against international standards such as the Workplace Conditions Assessment (WCA) to comprehensively evaluate suppliers' labor management practices (covering wages and benefits, occupational safety, etc.). For suppliers that do not meet the requirements during evaluation, we will grant a rectification period of 15 to 30 working days and closely monitor their rectification progress and results. To date, 46% of our key suppliers have undergone third-party social responsibility audits, including the analysis and evaluation of living wages.

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