



Bosideng International Holdings Limited

波司登國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3998)

SUPPLY CHAIN MANAGEMENT POLICY

1. APPLICABLE SCOPE

- 1.1 This supply chain management policy (this “Policy”) is applicable to Bosideng International Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”).

2. SUMMARY

- 2.1 A stable and resilient supply chain is highly important to the Group’s business. The Group is committed to building a responsible and sustainable supply chain, working closely with the suppliers, strictly controlling every link of the supply chain, and laying a foundation for the provision of high-quality products and services.

3. MANAGEMENT METHOD

- 3.1 The Group’s suppliers are mainly divided into three categories, including raw material suppliers, outsourced manufacturers and other suppliers. To meet the customers’ demand for high-quality products, the Group has established a series of supplier management regimes such as the Supplier Manual, the Supplier Evaluation Standards, and Key Performance Evaluation Standards for Suppliers, and has continued to make strategic efforts in supplier cultivation as well as suppliers’ appraisal and evaluation, thus driving mutual growth with our supply chain partners while ensuring the stability of our supply chain.
- 3.2 The Supplier’s Key Performance Management Assessment Management Measures list out the means of assessment and incentive measures implemented towards the suppliers. The Group regularly reports and summarizes the assessment results, and implements the incentive measures, so as to urge and encourage the suppliers to fulfill their responsibilities in regards to quality and continuously improve.
- 3.3 On the basis of ensuring that the suppliers meet the requirements of the Group, the Group focuses on promoting local procurement to promote local social and economic development.

4. PROCUREMENT OF RAW MATERIALS

- 4.1 The safety, sustainability and traceability of raw material procurement and the quality stability are important issues to the Group. The raw materials procured by the Group comprise core materials such as fabrics and down, and auxiliary materials such as lining and ribbing.

- 4.2 Down is one of the most important raw materials for the products sold by the Group, and is mainly purchased by the Group itself. The Group has established down quality standards that are stricter than the national standards, which are mainly divided into three categories namely, customer-oriented key indicators, national standard requirements and safety indicators. The expert-level laboratory of the Group is accredited by the China National Accreditation Service for Conformity Assessment (i.e. CNAS) and the International Down and Feather Bureau (i.e. IDFB). Each batch of down will undergo inspection through the SAP system, and will be sampled by laboratory personnel and tested in accordance with the relevant standards. Only the down that passes the test can be put into the storage. In order to promote and fulfill the Group's commitment to responsible procurement, and to further improve the health and safety performance of the products from the source, the Group also gives priority to purchasing bluesign® certified raw materials.
- 4.3 Apart from the stipulation that raw down must come from ducks with a breeding cycle of over 40 days or from geese with a breeding cycle of over 70 days, the Group gives priority to down suppliers that have passed the Responsible Down Standards ("RDS") certification. Throughout the entire process from duck or goose hatching, breeding, slaughtering and sales to the supply of down, such suppliers must prioritize the well-being of animals and ensure that no unnecessary harm is caused to them. The Group will gradually promote the purchase volume of RDS certification.
- 4.4 The Group strictly requires suppliers to adhere to the Group's chemical safety standards during the procurement of raw materials, ensuring environmental responsibility and product safety. The Group explicitly restricts down suppliers from using Alkylphenol Ethoxylates (APEO), a substance listed in the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL). The Group explicitly restricts the use of decomposable aromatic amine dyes in the manufacture of garment fabrics, and restricts the use of heavy metals (lead and cadmium) and flame retardants in the production of fabrics for baby and children's clothing. These regulations have been incorporated into the quality annex of the Group's procurement contracts to ensure product safety. The Group will continue to supervise and evaluate suppliers to ensure their strict compliance with relevant chemical safety standards.
- 4.5 The Group is committed to cooperating with suppliers to ensure that leather products and cotton products in the value chain meet environmental and social responsibility requirements through strict standards, regular audits and educational trainings. When it comes to the procurement of leather and cotton, Bosideng gives priority to leather/cotton suppliers that meet environmental and social standards. Leather/cotton suppliers should comply with environmental and social responsibility standards, including but not limited to: having good labor relations, management, practices and performances, having responsible and sustainable raw material certification (for example: GRS, RCS, bluesign®, GOTS, LWG, RDS, etc.), providing low-carbon raw materials and products, including raw materials or products with high content of recycled polyester, organic cotton and recycled cotton.

5. STANDARDS FOR SUPPLIERS

- 5.1 The Group issues an "Open Letter regarding Energy, Environment, Safety and Health Management" to suppliers every year, and continues to inform suppliers of our requirements in terms of energy, environment and occupational health and safety.

- 5.2 The Group's "Supplier Manual" provides that the use of carcinogenic dyes is prohibited and the emission of exhaust gas, waste water and solid waste shall pass the assessment by the local environmental authorities. The Group respects and supports workers' freedom of association. It has made it clear in the "Supplier Manual" that suppliers must respect workers' rights to freedom of association and collective bargaining, and must comply with relevant International Labor Organization (ILO) conventions. The Group has 10 considerations in terms of its on-site review of suppliers, which comprise child labor, freedom of association, health and safety assurance measures, the protection of special types of work, working hours, remuneration, employee health and safety training, social responsibility system establishment and certification, and product safety. The Group also attaches great importance to and strictly complies with the applicable laws and regulations in places where our business is operated, and forbids any immoral business conduct. We adopt a "zero tolerance" approach towards child labor, accident penalties, product safety hazards, and non-compliance with the Group's environmental, health and safety policies. In this regard, we do not cooperate with non-compliant suppliers. For those who do not meet our standards in terms of the protection of special types of work, working hours or remuneration (including overtime pay), they are required to make rectifications before the possibility for cooperation may arise. When signing a contract with a supplier, the Group also includes environmental and social responsibility related requirements into the contract.

6. SUPPLIER APPRAISAL

- 6.1 The Group attaches great importance to the environmental and social responsibility performance of our suppliers, and has introduced environmental and social responsibility management into our suppliers' appraisal and evaluation process. The Group manages and control suppliers through on-site reviews, process monitoring, online disclosures of information collection and other methods. The Group assesses the implementation of our raw materials suppliers and outsourced manufacturers on a monthly basis and urges our suppliers to comply with the supply chain code of conduct through sharing the assessment information published on the SAP platform, with our suppliers. For certain important suppliers, the Group will send its specialists to evaluate their implementation performance in accordance with the Social Accountability International 8000 Standard (SA8000) and supervise the improvement of such suppliers. The Group also ceases cooperation with unqualified suppliers according to the review results on an annual basis. When existing suppliers fail to meet the needs of the Group, we will seek appropriate replacements.
- 6.2 In order to encourage the suppliers to continuously improve their environmental and social responsibility performance, suppliers who have obtained certain certifications, such as the ISO9001 quality management system, the ISO14001 environmental management system and responsible down RDS, have a higher likelihood of passing the Group's supplier qualification certification review. In addition, to assist the suppliers in improving their ability to fulfill their responsibilities, the Group provides annual training on the Group's supply chain policy as updated on a yearly basis for suppliers.

7. FOLLOWING-UP WITH CONCERNS AND INFORMATION DISCLOSURE

- 7.1 The Group will keep focusing on the development trends of the supply chain management at home and abroad, constantly review and assess supply chain risks that may have an impact on the Group and adjust relevant work accordingly. The Group will elaborate on the practices and progress in relation to supply chain management in our annual environmental, social and governance reports.

8. CIRCULATION AND REVISION

- 8.1 The Group reserves the right to revise, alter or abolish this Policy from time to time. The Group will regularly review this Policy and make revisions when necessary. The latest version of this Policy is available on the Company's official website at <http://company.bosideng.com>.

(First version was adopted by the resolution of the board of directors of the Company on June 23, 2022; the current version was updated for the first time on December 1, 2023 and was updated and effective for the second time on November 14, 2024.)