

C. Banner

C. banner International Holdings Limited
千百度國際控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 1028

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT
2020



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ABOUT THIS REPORT

Introduction

C.banner International Holdings Limited (“C.banner” or the “Company”, together with its subsidiaries, the “Group” or “we”) considers sustainable development as one of our most important social responsibilities. The Environmental, Social and Governance Report 2020 (the “Report”) presents the Group’s continuous effort towards sustainable development this year. Through this Report, we hope to communicate our values and beliefs in sustainable development with our stakeholders.

BASIS OF PREPARATION

This Report has been prepared in accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and the amendments thereto.

REPORTING SCOPE AND PERIOD

This Report mainly covers the business scope of C.banner and its subsidiaries, namely Meihong Footwear Company Limited, Dongguan Mayflower Footwear Corporation Limited, Nanjing Soft Garment & Footwear Co., Ltd. and Xuzhou C.banner Shoes Co., Ltd.

The period covered by this Report is from January 1, 2020 to December 31, 2020.

SOURCES OF DATA

The data in this Report are obtained from internal information systems, files and statistics, and are compiled by the Group for the preparation of this Report.

REPORTING LANGUAGE

The language of this Report is English. The Chinese version of this Report is available on the Group’s official website or the website of the Hong Kong Stock Exchange.

ACCESS TO THIS REPORT

This Report can be accessed from the Group’s official website via <http://www.cbanner.com.cn> or the official website of Hong Kong Stock Exchange via <https://www.hkex.com.hk>.

CONTACT

The Group values all stakeholders’ suggestions and comments regarding the Report and our efforts in sustainable development. We welcome all stakeholders to send suggestions and comments to ESG@cbanner.com.cn.

ABOUT C.BANNER

C.banner International Holdings Limited (stock code: 01028.HK) was founded in 1995 with the launch of its first brand – “C.banner”. The Group became listed on the Main Board of the Hong Kong Stock Exchange in 2011. After 25 years of continuous growth, the Group now operates six brands, including five of its self-developed brands and one licensed brand.

As a leading footwear brand in China, C.banner has stores in first, second and third-tier cities across China. We also operate online stores on all major e-commerce platforms. By the end of 2020, C.banner has 1,242 stores, including 1,045 proprietary stores and 197 third-party stores. The Group not only operates and manufactures its self-developed brands and licensed brands, but also exports footwear products overseas through original design manufacturing (ODM) and original equipment manufacturing (OEM). With the sale of Mayflower (Nanjing) Enterprise Limited (“Nanjing Mayflower”) in 2020, we have consolidated the production needs of Nanjing Mayflower to Suining, which saved the warehousing costs and improved our governance efficiency. Currently, the Group operates two production facilities in Dongguan and Suining, as well as a design centre in Foshan.

By adhering to the diversified brand development strategy, C.banner manages the overall operation from design and development to product sales with outstanding research and development capabilities and well-developed sales networks, thereby meeting various demands of customers. In 2020, the Group facilitated its development in online retail market and brand building to win more opportunities through multi-channel sales and continuously improve the market position of our core business.



MILESTONES OF 2020

Feb. 2020: Donation of RMB100,000 in face of COVID-19 pandemic



May 2020: Launched multi-channel sales network



Nov. 2020: Held the Second New Fashion Materials Exhibition



Dec. 2020: Hosted the third meeting of the sixth session of the members of Jiangsu Leather Association and the council expansion meeting

Jan. 2020: Established COVID-19 Task Force

Feb. 2020: Donated over 500 pairs of shoes to frontline healthcare workers in Wuhan



Jun. 2020: Established Brand Operations Centre

Sep. 2020: Launched campus recruitment



Nov. 2020: Purchase of smart cutting machines from Atom Italy



AWARDS AND CERTIFICATIONS OF 2020



**AAA Credit Rating
Company**
Suining Green Shield
Credit Services Co.



**Integrity Demonstration
Company**
Suining County Enterprise
Integrity Construction
Promotion Association



**Winner of City-wide
Enterprise Trade &
Promotion Contest**
Xuzhou Bureau of Commerce
Xuzhou Bureau of Statistics



**Member of the Standing
Committee of Jiangsu
Leather Association**
Jiangsu Leather Association



**ISO 9001:2015
Quality Management
System Certification**
Dongguan Mayflower Footwear
Corporation Limited

CHAIRMAN'S MESSAGE

Since the founding of C.banner in 1995, we have been focussing on developing our brand value, but more importantly, we are committed to playing our role in corporate social responsibility. Over the past 25 years, in addition to in-depth exploration and use of innovative materials, we have continued to expand our brand portfolio and provide our consumers with the ever-growing options of footwear through fashionable designs and the use of classic design of C. Banner. We honour sustainable industry practice and green brand development. We are dedicated to creating a sustainable future and a win-win relationship with our stakeholders by putting employees first, quality first and compliance first.

2020 was a year of adversities, yet it was also a year of opportunities. The COVID-19 pandemic has led to a sharp downturn in business activities of the traditional manufacturing industry. We have identified such time as an opportunity for corporate and strategic transformations. By addressing clients' needs and leveraging internal and external resources, we have improved the overall efficiency of the Group and attempted to maximize profit. In the age of digitization, we have enabled information integration and analysis for the whole Group and facilitated and strengthened whole-process management through the data-driven AliCloud. Conforming to the consumption trend of the times and grasping the opportunity of e-commerce, we grew our customer base by introducing livestreaming shopping, e-commerce platform and online promotion to enhance clients' online shopping experience. Joining hands with 5,876 employees, we walked the 2020 journey together and overcame the challenges this past year had posed.

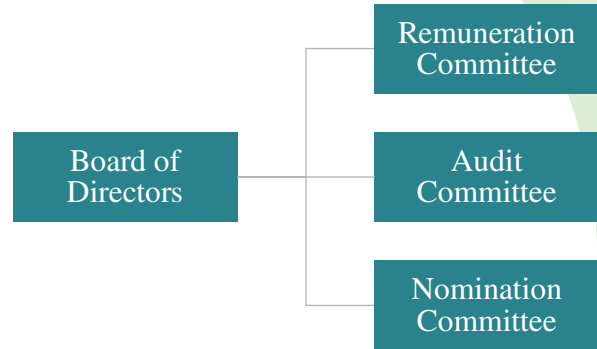
Although 2020 was a difficult and challenging year for all, we have led with our core values and had been consistent with our social responsibilities to facilitate the construction of green economic ecosystem. With the rise of the pandemic, we have made monetary contributions and material donations to the frontline workers fighting the pandemic. Our AiXin Fund continues to support our employees and family members through medical expense and tuition fee coverage. We optimize our production process, improve resource utilization efficiency, and reduce energy consumption to step up with our responsibility for environmental protection. We build on top of our bottom line of compliance and integrity and harness a clean supply chain to support the healthy development of the Group.

This Report is a summary and review of our Environmental, Social and Governance ("ESG") efforts in 2020, which fully reflects our commitment and vision to create a better future and leads us to move forward on the path of sustainable development.

Chen Yixi
Chairman

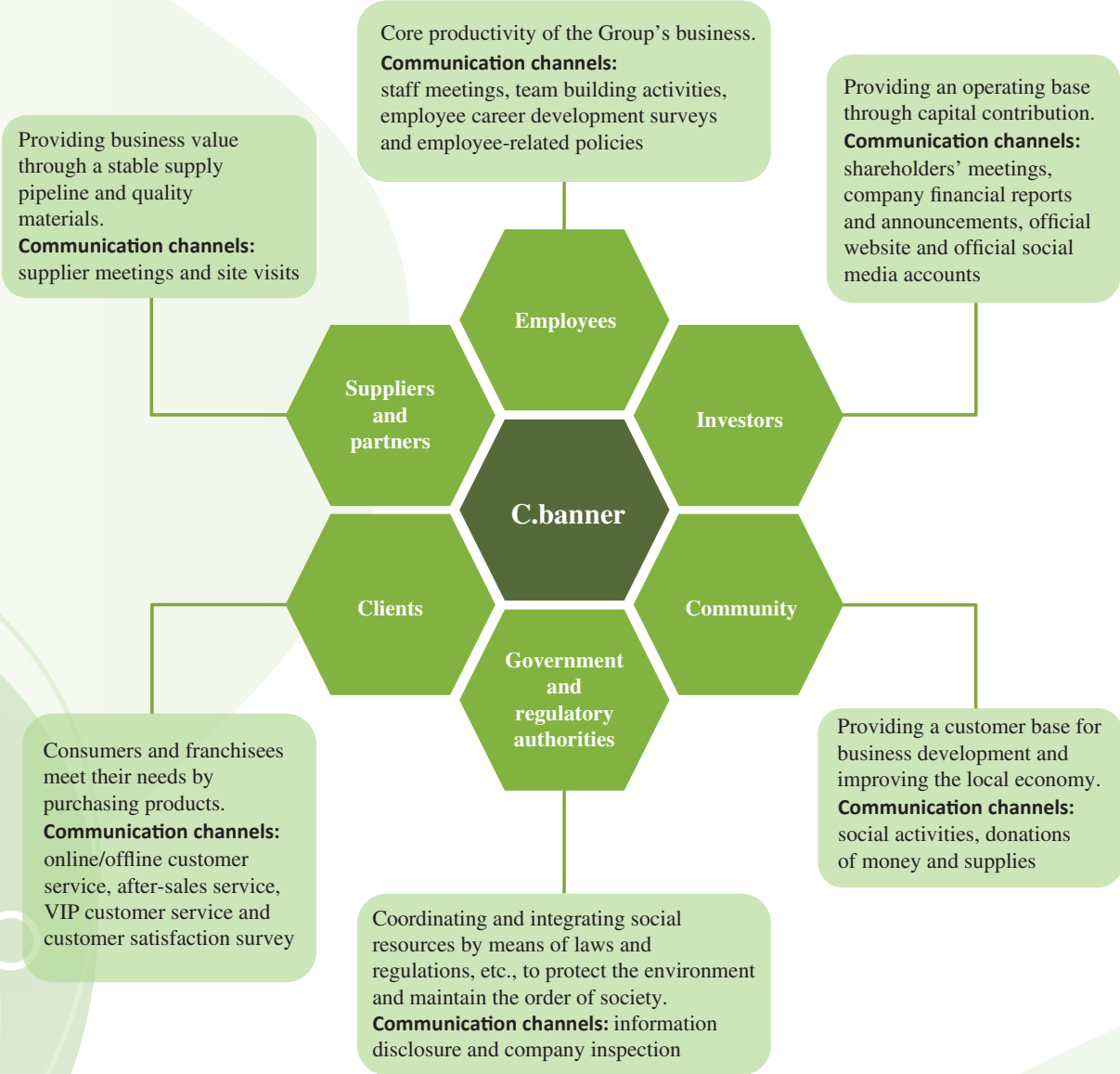
CORPORATE SUSTAINABLE DEVELOPMENT STRATEGY

A scientific, stable and effective corporate governance system is the cornerstone for promoting high-quality and sustainable development. The Board of Directors (the “Board”) is the main management and decision-making body of corporate governance. The Board of C.banner consists of nine directors, including five executive directors and four non-executive directors. A Remuneration Committee, an Audit Committee and a Nomination Committee have been established at the Board level. As the body with primary responsibility for setting up the Group’s core management system, the Board plays a key role in enhancing the Group’s governance while promoting sustainable development. At the same time, the Board is responsible for compliance management. The Group strictly complies with all local laws and regulations and the relevant policies of the Hong Kong Stock Exchange in its business operations. We maintain zero-tolerance towards violations of laws and regulations.



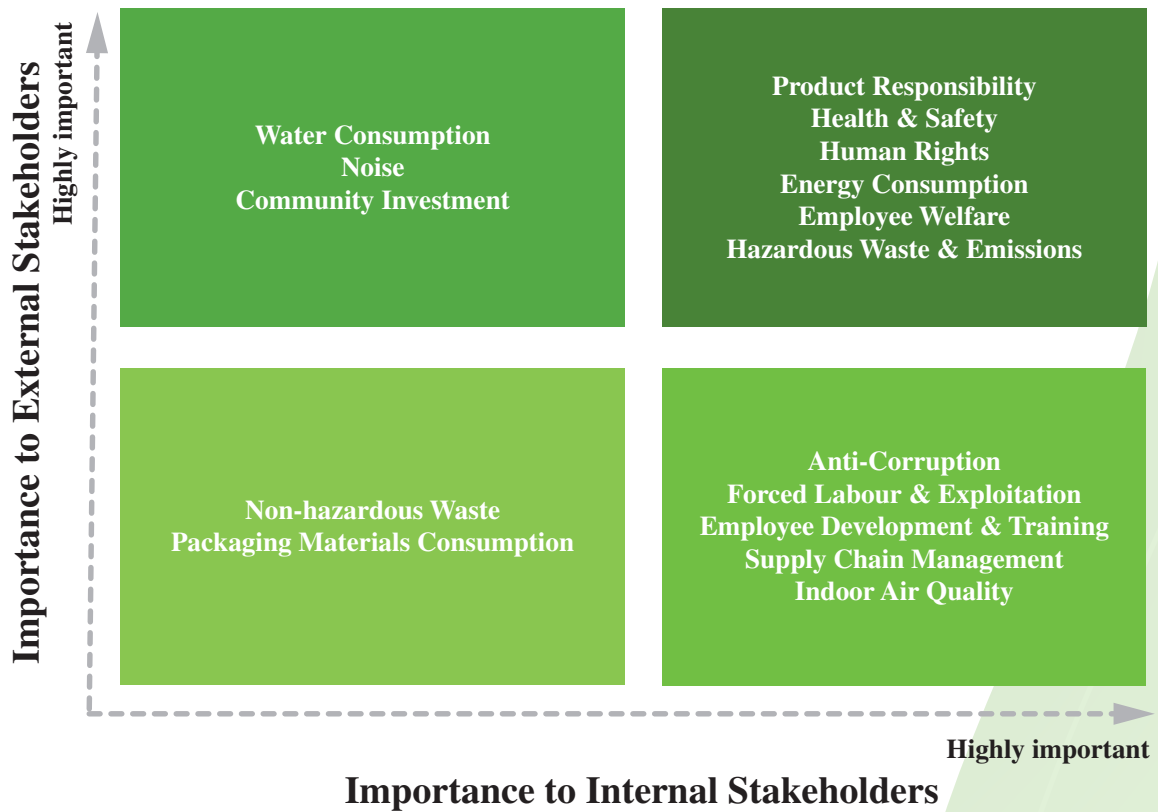
Stakeholder Communication and Materiality Assessment

Stakeholders play an important role in the Group’s development. Through internal and external research, we consider that the Group currently has six key stakeholders that are important to its sustainable development, namely the investors, employees, clients, suppliers and partners, community and government and regulatory authorities. We strive to strengthen communication with our stakeholders, share information regularly, adopt suggestions and maintain close contact through different channels. In 2020, through holding the Second New Fashion Materials Exhibition, hosting the third meeting of the sixth session of the members of Jiangsu Leather Association and the council expansion meeting, making material and monetary donations to frontline workers fighting the COVID-19 pandemic, leading our franchisee clients to online sales channels, building a fitness centre for employees, we developed a closer relationship with our stakeholders.



Stakeholder Materiality Assessment Matrix

Communication with stakeholders can reasonably ensure that the Group’s business and development directions are aligned with the objectives of stakeholders. In 2020, we made every effort to communicate with stakeholders on sustainability and invited them to complete the Sustainability Materiality Assessment Questionnaire to assess and rank the Group’s sustainability objectives. By understanding the needs of our stakeholders, the Group adopts and balances the views of all parties to set corporate objectives and enhance corporate value. We have compiled the results of the stakeholder assessment, and based on the importance of each sustainability issue, we have prepared the following matrix to showcase the issues of concern to stakeholders and the Company’s sustainability objectives.



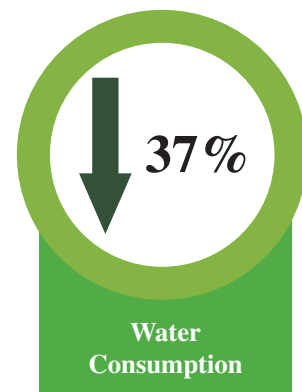
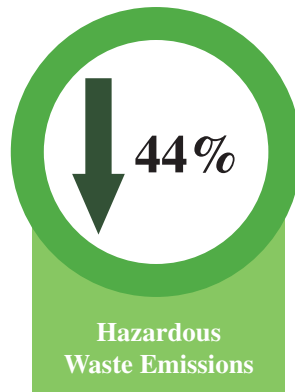
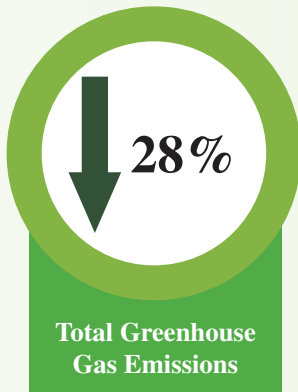
ENVIRONMENTAL PROTECTION

Despite being a long-term and challenging task, environmental protection is a crucial part for the high-quality development of corporation. As one of the leading footwear brands in China, C.banner actively fulfils its corporate social responsibility and promotes the sustainable development of both the Group and the community as a whole. We are committed to building an environmentally-friendly business, promoting the environmental protection, dedicating to energy-saving and emission reductions and laying the foundations for a green future.

We believe that by monitoring the whole process from research & development (“R&D”) to sales, we can make concerted efforts to effectively practice the “3R” (Reduce, Reuse, Recycle) environmental protection concept.

Highlights of Environmental Protection Progress in 2020

In 2020, the Group continued to practice the concept of energy saving, actively carried out energy and resource saving management, promoted green development and the harmonious coexistence between human and nature. During the year, we achieved excellent results in environmental protection through the joint efforts of the entire Group.



1

Departments and production facilities imposed lower quotas to further reduce energy consumption

2

Phased out 16% of fuel vehicles, advocated eco-friendly travelling and vehicle sharing, and promoted energy saving and emission reduction

3

Increased the investment in greening around production facilities for a green working environment

4

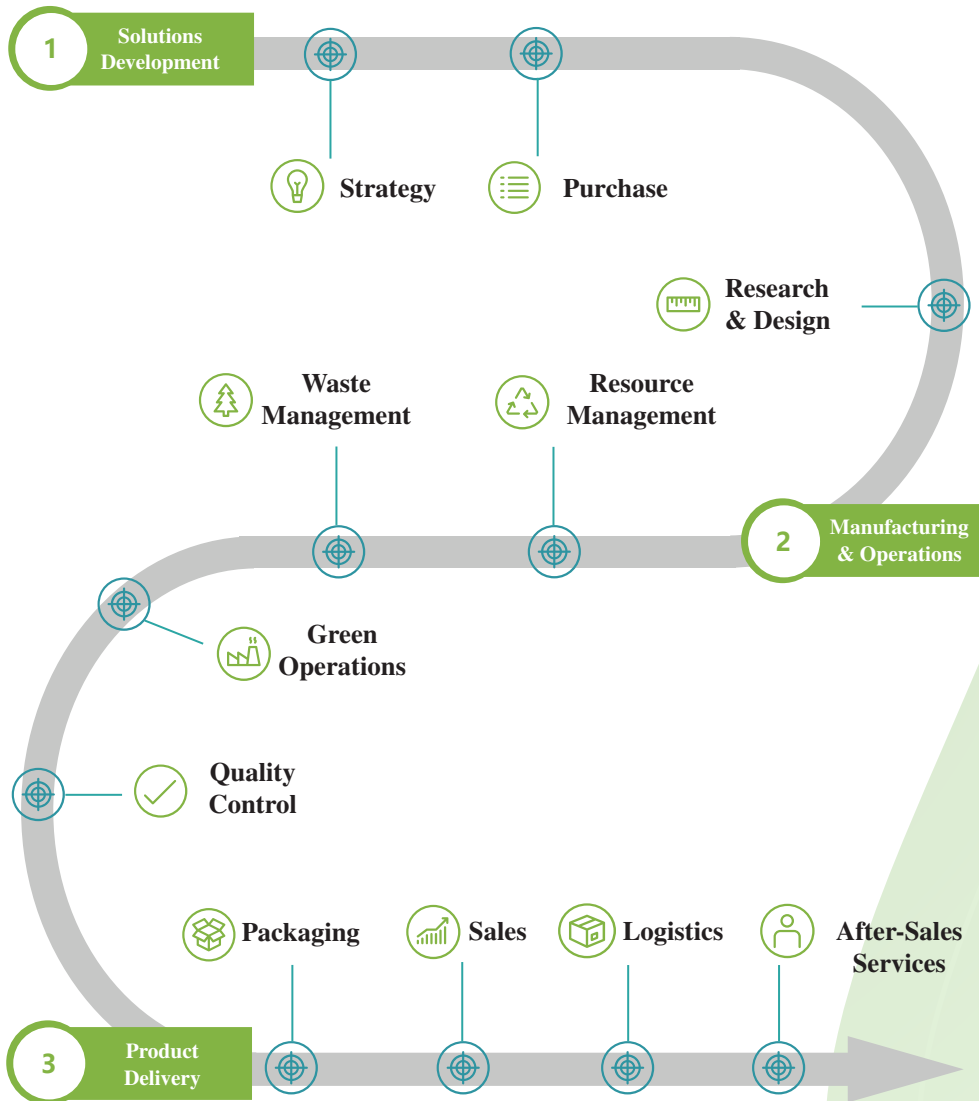
Introduced smart leather cutting equipment to optimize cutting layout and reduce material waste

5

Promoted waste sorting and provided guidance to employees on waste sorting and waste management

Comprehensive Environmental Protection Program

From the design of shoes to the sale of final products, we strengthen the environmental protection measures of our workflow with end-to-end control. We enhance environmental protection management and promote green production concepts with all-round coverage by monitoring the entire production process.



Environmental Protection Measures – Solutions Development

Energy Saving and Emission Reduction Targets

Each production plant sets an annual energy consumption quota. During the year, the plants have voluntarily reduced their energy consumption quotas, reduced electricity and water consumption, and made double-sided printing of paper mandatory. Each department has imposed clear regulations and controls on electricity consumption standards. At the same time, in order to reduce empty trips and achieve environmentally friendly travel, we are gradually selling the Group’s existing fuel vehicles and encouraging employees to share rides and travel green.

Greening in Manufacturing Facilities
In 2020, we upgraded the greening surrounding the manufacturing facilities to improve the environment by incorporating more green elements.



Suppliers Selection

We continuously assess suppliers and build a comprehensive supplier database. We focus on environmental protection compliance and give priority to contract with suppliers that share the same values. We also encourage suppliers to promote environmental protection awareness. Additionally, we visit the suppliers in person to further understand their environmental protection concepts, mechanisms, equipment and certifications, which lay strong foundations for establishing a green supply chain.

Strategy



Environmental Concepts

The Group is dedicated to raising environmental awareness among all employees. We have promoted waste management and waste sorting for proper disposal throughout 2020. At the initial stage of implementation, the Company provided guidance to employees on waste sorting.

Continuous assessment of climate impacts & timely adjustment of strategic measures

Footwear sales are closely related to the season. We closely monitor the climate and make predictions to adjust our product launch strategies in time to respond to climate phenomena such as extreme cold, extreme heat and warm winter to meet the demand of consumers.



Research

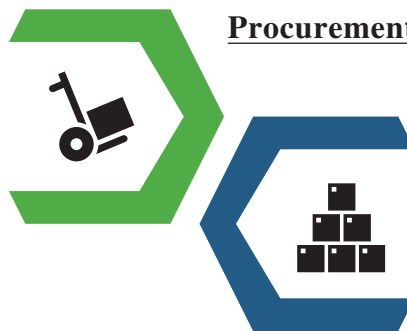


Research & Design

We firmly believe that research and design are important starting points for creating eco-friendly products. Our designers integrate environmental concepts with design, reduce waste by optimizing design and production solutions, and prioritize the use of natural materials to promote environmental protection at source of design. In the process of design sampling, we take advantage of existing materials and process of professional sampling plants to reduce the waste of resources in the process of sampling.



Procurement



Materials Selection

We have strict requirements and control on the procurement of materials. We give preference to eco-friendly materials to meet customers’ needs. From time to time, we also test the raw materials to ensure the safety and environmental characteristics. We promote the use of water-based adhesives to reduce pollution caused by adhesives.

Resource Management

We have introduced the leather cutting equipment from Atom of Italy in our factory to reduce the waste of leather materials from the source by means of intelligent optimized layout. The Company conducts standardized assessment of production consumables and rewards the best and punishes the worst. We also maintain the same environmental protection requirements in the selection of materials for store renovation. We choose E0 grade timber whenever possible for store renovation to reduce formaldehyde emission and improve the surrounding environment. We also collect and reuse water wherever possible.

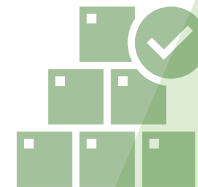


Waste Management

There were no complaints received regarding waste disposal and noise in 2020. In terms of waste disposal, we have made every effort in 2020 to promote waste sorting and recycling store renovation materials. Part of the waste is collected by the suppliers and the rest is handed over to recycling companies with relevant qualifications for disposal. In terms of wastewater and exhaust treatment, we discharge after a physical treatment process and an exhaust gas collection process to ensure that wastewater and waste gas meet corresponding standards prior to discharge.



Environmental Protection Measures – Manufacturing & Operations



Eco-friendly Operations

Due to the pandemic in 2020, we drastically reduced the number of business trips and adopted online office operation. Employees are connected through teleconferences and web conferences to realize eco-friendly office. We are deeply committed to paperless operations within the Group and have implemented mandatory double-sided printing mechanism. Compared to 2019, we phased out 16% of vehicles in 2020 through sales and other means, and promoted green travel through ride-sharing platforms.

Quality Control

We strive to design and manufacture high quality footwear. The manufacturing staff provide quality assurance through self-inspection and the Group provides quality control by random inspection to control and improve the quality of the products, extend the service life and reduce the waste of materials.

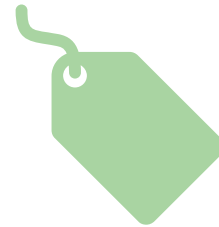
Packaging

We aim to reduce over-packaging of products. We minimize the size of packages and use single-layer packaging where possible to avoid over-packaging and reduce the amount of materials required.



Sales

We continued to explore green sales modes with technological development in 2020. We moved from printed promotional materials to using WeChat official account as a paperless way for advertising, thereby reducing paper usage and ink consumption. We are also devoting more resources to online operations through various channels, such as online shopping platforms, livestreaming platforms and short videos to turn to green sales mode.



Environmental Protection Measures – Product Delivery



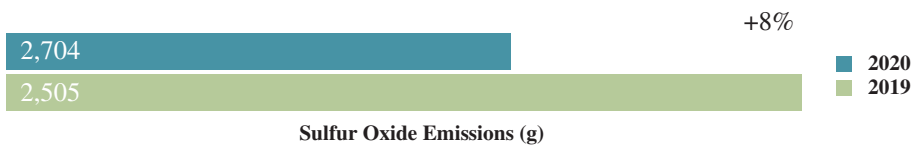
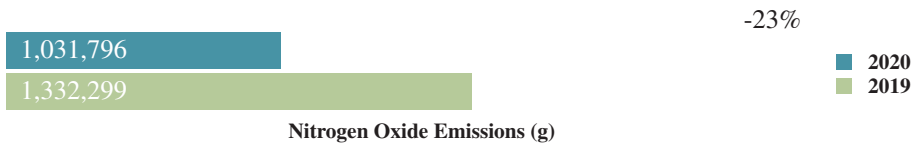
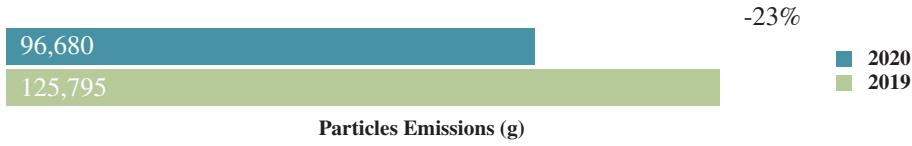
Logistics

The full implementation of the AliCloud platform in 2020 effectively helped us to manage client needs and our resources. Through the AliCloud platform, we were able to uphold the principle of delivering from the nearest warehouse to optimize physical distance, reduce logistics costs and lower emissions.

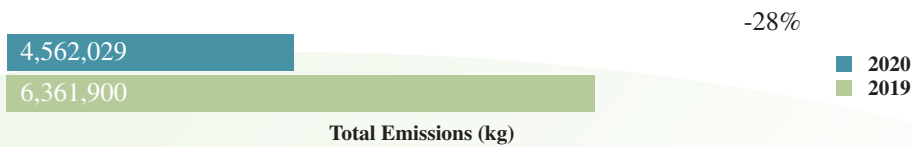
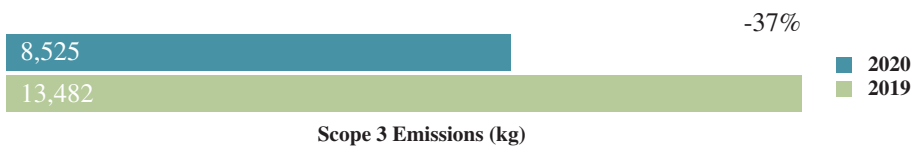
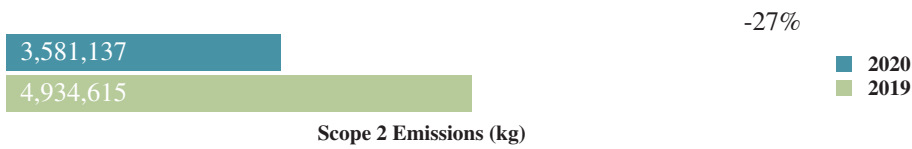
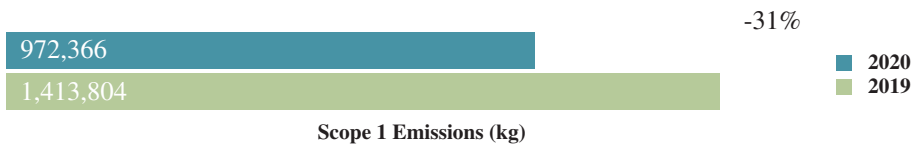
After-Sales Services

We take pride in the quality of our footwear products. We provide repair services for our customers in case of quality issues and extend the service life of our products to reduce further material wastes.

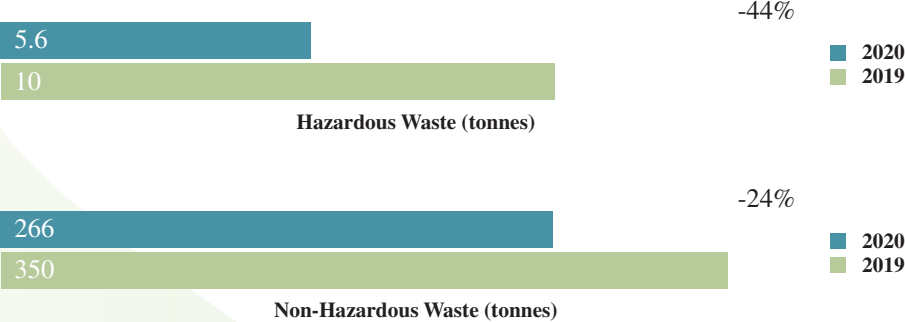
Emissions Data of 2020



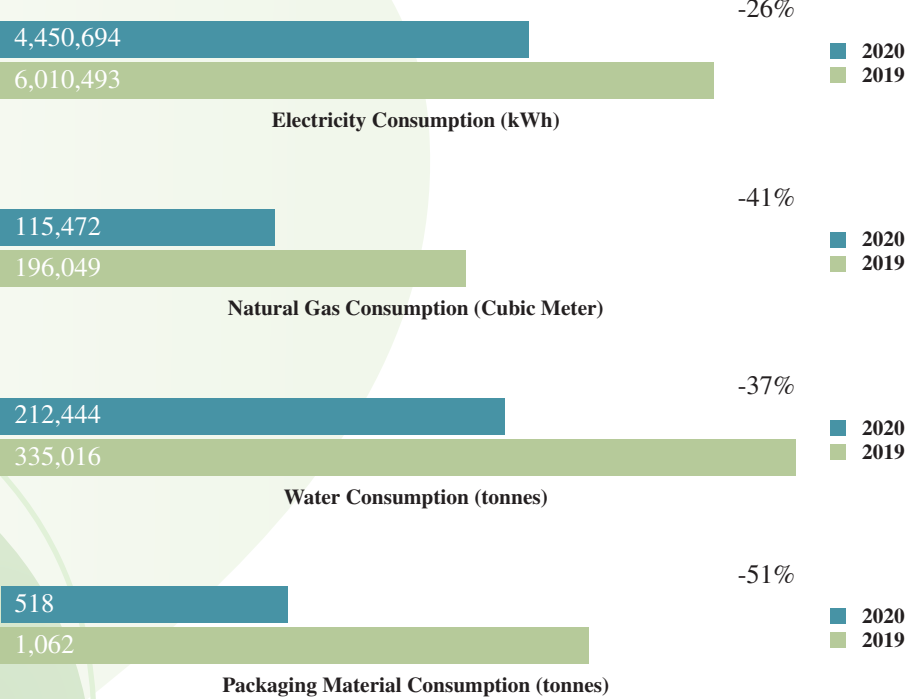
Greenhouse Gas Emissions Data of 2020



Waste Disposal Data of 2020



Resource Consumption Data of 2020



OUR EMPLOYEES

As a labor-intensive manufacturing company, C.banner always adheres to the people-oriented concept. Over the years, we have been working to stay on top of employee values, listen to demands of employees, respect employee suggestions, protect employees' rights and interests, and desire to achieve great performance with all employees.

Under the COVID-19 pandemic, we value employees' health and safety more than ever. In 2020, we set up a series of rules and regulations to ensure that employees' working environment is safe and healthy, and provided pandemic protection supplies for all employees. We also organized regular medical examinations and provided psychological counselling services for our employees, as always. In addition, for employee development, we established a free e-learning platform for our employees to expand their knowledge base in their fragmented time, and established a comprehensive promotion mechanism to ensure that each employee has a clear career development prospect. For employees who have made outstanding contributions, we provide both career development opportunities and monetary rewards to incentivize our employees and promote a stronger sense of belonging.

Employment Information

C.banner has established a sound labor system based on various laws and regulations and the requirements of regulatory authorities, and strictly abides by human rights-related regulations, bills, and international conventions. In 2020, we updated the "C.banner International Holdings Limited Employee Handbook" by adding instructions about probation management of new employees and optimizing the current procedures on equal employment, prohibition of child labor and forced labor, incremental salary and benefit packages. We were not aware of any discrimination, child labor or forced labor issues in the Company in 2020.

Non-discrimination

We have established the Non-Discrimination Management Procedure that strictly prohibits aggressive behavior of a coercive, threatening, abusive or exploitative nature, including gestures, language and physical contact.



Prevention of Child Labor

We have established the Management Procedure for Prohibition of Child Labor and require the Human Resources Department to sign a "Confirmation of Employment Conditions" with employees at the time of recruitment.



Prevention of Forced Labor

We have established the Management Procedure for Prohibition of Forced Labor to ensure that employees participate in work or labor on a voluntary basis.



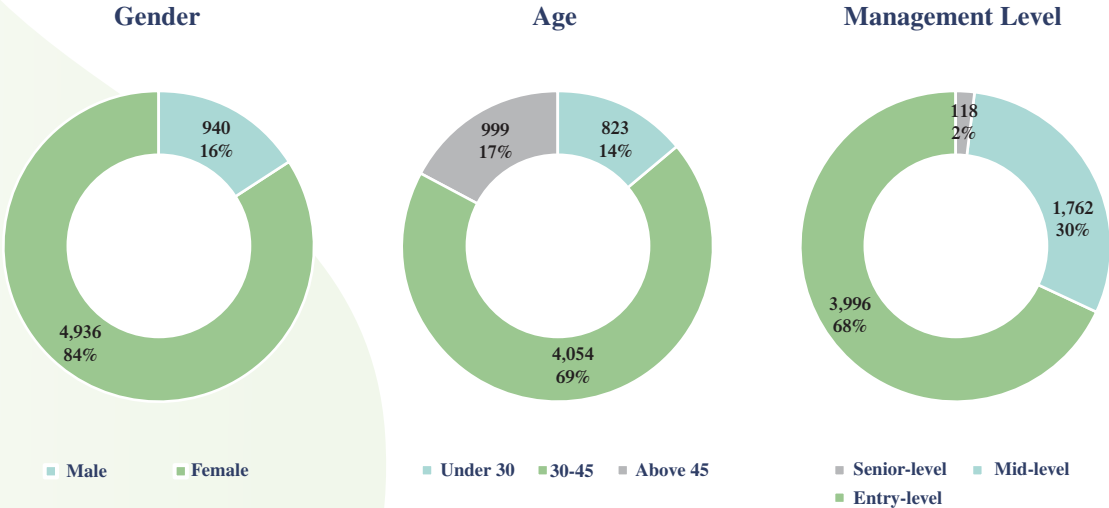
Prevention of Harassment and Abuse

We have established the Management Procedure for Prohibition of Harassment and Abuse of Workers to prohibit any form of abuse and harassment of workers.



Employee Profile Overview

In 2020, in the face of the COVID-19 pandemic and the unstable economic environment at home and abroad, C.banner adhered to the principal of diversity and inclusion, and kept improving our personnel structure and employee efficiency to maintain our competitiveness. C.banner has a total of 5,876 outstanding employees, who have made concerted efforts with C.banner and significantly contributed to the remarkable achievements of the Group while realizing their personal values there. Their dedication is indispensable to C.banner’s accomplishments.



Health and Safety

Occupational health and safety of employees will always be the top priority of C.banner. In the face of the COVID-19 pandemic, we actively responded to calls of national and local governments and implemented internal pandemic prevention and control measures. We established a Pandemic Prevention and Control Team to take charge of the procurement of protection supplies, daily inspections, employee movement monitoring, and other key pandemic prevention and control processes to ensure the safety of all employees. With our concerted efforts, we have achieved zero COVID-19 infection. In the meantime, we further strengthened the supervision of safety management systems and processes to ensure increased production safety of employees. In 2020, we also organized several safety education and training activities to increase employees’ safety awareness. We provide pre-job safety training to each new employee, and each plant offers internal health and safety training based on its own condition. We believe that giving employees the right guidance can create a healthy and safe working environment and therefore prevent dangerous incidents. In 2020, C.banner recorded zero accident mortality and no major safety accidents.

Safety Principles

C.banner's safety production management is centered on the safety production responsibility. We define the safety responsibilities of personnel at each level by formulating job responsibilities as well as relevant systems and processes. We have developed and continuously improved the "Safety Production Management System" and related operating procedures. We have also prepared the "Emergency Preparation and Response Management Procedures", which clarifies the measures and procedures for possible accidents or emergencies, and regularly arranged drills. We also conduct regular safety inspections and examinations to ensure that relevant systems are implemented in a timely and accurate manner.



Our production plants are all certified by the local safety production supervision administration as Safety Production Standardization Level 3 Enterprises (Light Industry Others), and we have also obtained the Certificate of Occupational Health Service Organization Qualification (Level B) certified by the safety production supervision administration.

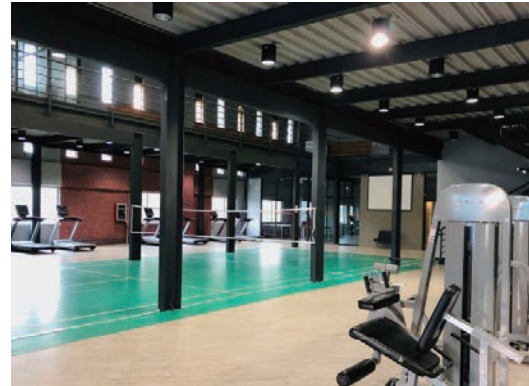
Safety Measures

We provide front-line production employees with protection supplies including PVC gloves, respirators, dust masks and earplugs that meet national requirements, and give special protection to employees in special positions who may be exposed to toxic and harmful substances. In order to reduce the injury to employees caused by industrial accidents, every production plant is equipped with emergency medical supplies and first-aid kits to ensure that injured employees can get rescue as soon as possible. For industrial accidents, we have set up standard procedures in the "Emergency Rescue Plan for Accidents", safety management personnel will conduct accident investigation, and psychological counseling will be arranged for the relevant employee.



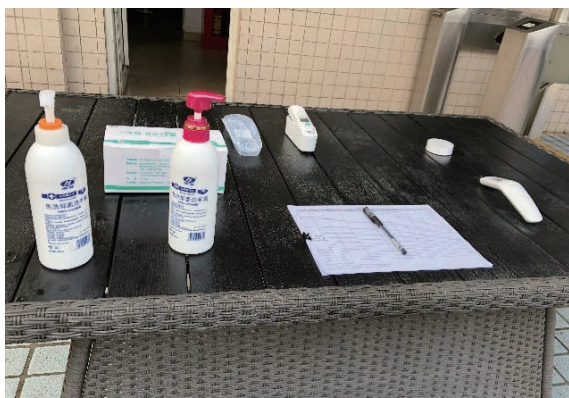
Employee Health

We always pay great attention to the physical and mental health of employees. We organize regular medical examinations each year and provide psychological services for all employees. Additionally, in order to enhance the physical fitness of our employees and enrich their spare time, we provide free access to the gym and badminton court for all employees and organize regular team building activities.



COVID-19 Prevention and Control

Upon the unexpected COVID-19 outbreak, we immediately and proactively took a series of measures as we always take employees' health and safety as our top priority. The Human Resources Department quickly developed a pandemic prevention and control plan, and led the leaders of each region to quickly establish a pandemic prevention and control team to implement pandemic prevention and control measures in our headquarters and local offices.

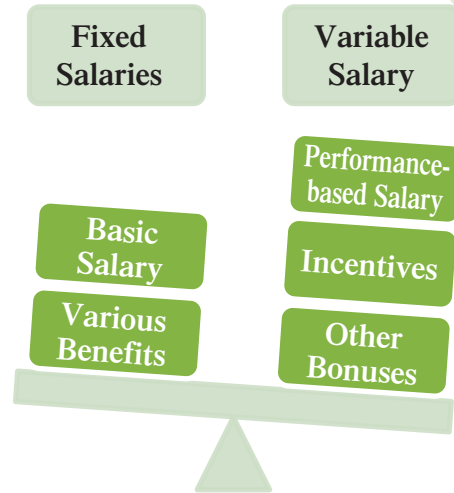


During the pandemic, while ensuring their own safety, our pandemic prevention and control team members managed to procure sufficient masks, disinfectant, medical alcohol, thermometers, and other anti-pandemic supplies through multiple channels. They conducted thorough and professional disinfections for all office areas every day on a regular basis, with key office areas being disinfected for multiple times a day. Since the gradual resumption of work from late February, we have been providing one mask to each employee a day and having employees' temperature checked and alcohol disinfections conducted by specialized personnel, through which we fully protected employees' safety and achieved zero COVID-19 infection.



COMPENSATION AND BENEFITS

In 2020, the overall compensation of the Group’s employees has shown an upward trend. The compensation system maintained a model of fixed salary plus variable salary. In order to ensure the competitiveness of the Company’s salary, we have optimized our organizational structure and increased the fixed salary of our headquarters staff. We also increased performance bonus for our franchisees and front-line sales staff through a series of incentives to maintain their work enthusiasm under the pandemic. A performance bonus is provided to employees when their business performance reaches a corresponding goal. For employees who have made outstanding contributions to the Company, the Human Resources Department will issue bonuses as appropriate.



While continuously optimizing the compensation system, we established a comprehensive leave system and social insurance system. The leave system and relevant social insurance measures for employees are specified in our “Employee Handbook”. Employees can enjoy all statutory holidays stipulated by the state, including maternity leave, 5 to 15 days of annual leave, etc. Meanwhile, by strictly following the national and local social security policies, we pay various social insurances including pension scheme, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance as well as housing provident funds for employees in a timely manner.

RECRUITMENT AND PROMOTION

We have established a complete recruitment system and four principles of recruitment to ensure the fairness and efficiency of recruitment with effective systems.

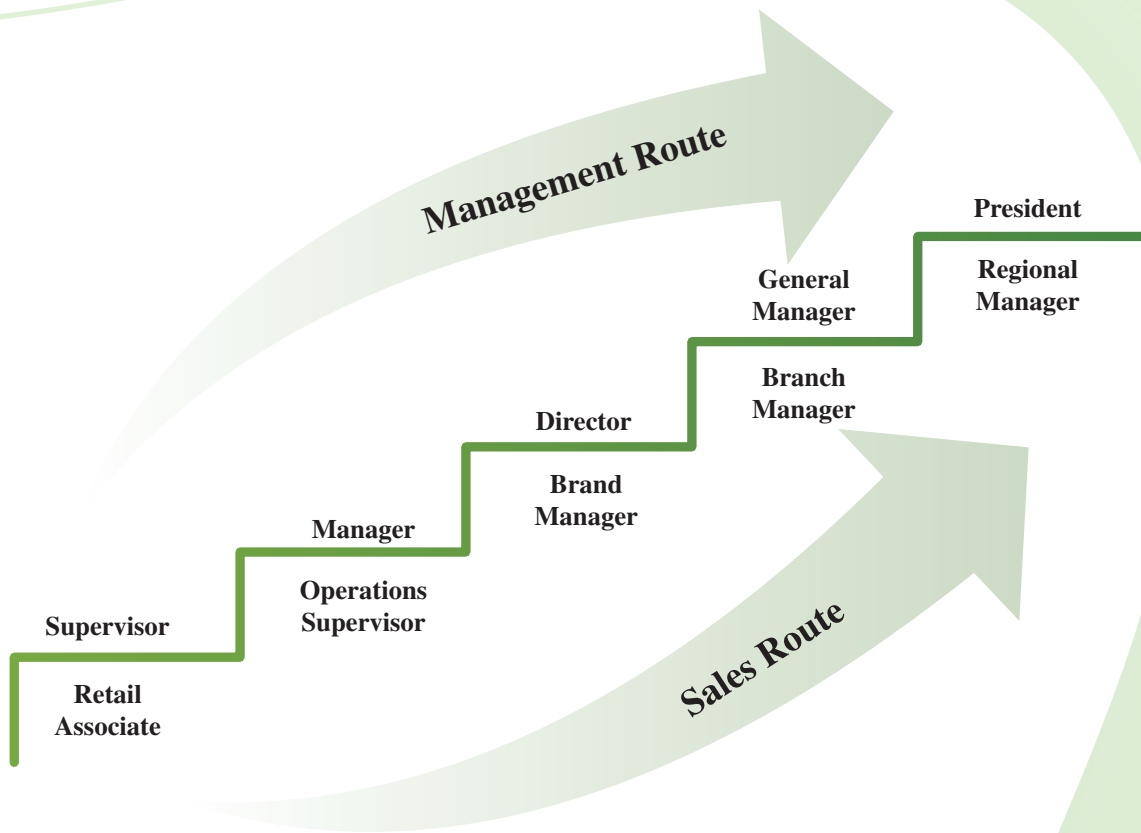
In 2020, we diversified our recruitment channels to select outstanding and suitable talents based on job requirements through multiple channels. We initiated campus recruitment and held campus recruitment seminars in various universities and colleges in Nanjing to promote our corporate culture and attract more young and creative talent. We plan to take campus recruitment as one of our future recruitment channels to maintain the vitality of C.banner.



In 2020, we continued to cooperate with well-known recruitment platforms and timely adjusted our personnel structure and recruited excellent talents based on the Company's development strategies. Under the pandemic, we met the Company's strategic deployment demand for new retail with new hires for E-commerce, livestreaming, and video production teams. For the recruitment of senior management positions, we combined headhunting platform recommendation with internal recommendation and applied a meticulous recruitment process to select the best talent for the Company.

We do our utmost to provide a smooth promotion channel for employees of different background and specialties, and help our employees plan their career development so that they can give full play to their advantages at the most suitable position. As a result, our employees are inspired to increase their work enthusiasm and efficiency, which brings higher product and service quality.

In order to fully mobilize the work enthusiasm of employees and enhance the promotion opportunities and frequency for entry-level employees, we no longer set limit on the timing of the promotion of retail associates, and they can be promoted at any time of a financial year. At the same time, we have further simplified the promotion modes and processes and expanded the scope of personnel for promotion. Our promotion channels for management staff and sales staff are shown below.



EMPLOYEE DEVELOPMENT AND TRAINING

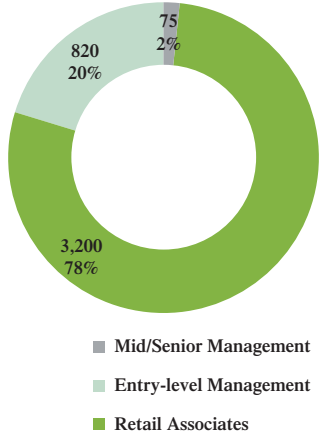
We believe providing support for employees' continuous learning and development is a key to increase our brand recognition among customers. Therefore, we continue to optimize our training system and have established and comprehensively promoted a targeted e-learning platform for employees at different positions, in a bid to improve employees' management ability and professional skills.

Our e-learning platform – Love Learning, allows employees to make use of their fragmented time and learn anytime, anywhere based on their own schedule through a cellphone. We would also invite external experts and internal outstanding employees to provide training on management, sales guidance, and other aspects, and apply a learning model which combines public courses with specialized courses to better empower talents in different fields.

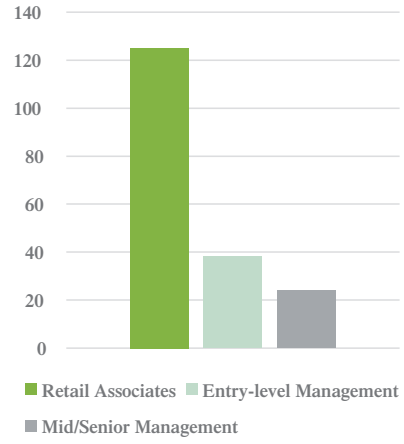
Categories	Course Classification
Retail Associate	New Staff Orientation
	New Product Training
	Sales Strategies
Entry-level Management	Service Strategies
	New Staff Orientation
	Communication Management
	Job Skill Training
Mid/Senior Management	Customized Courses
COVID-19 and Operation Resumption	Pandemic Prevention and Control
	Resumption of Operation
	Safe Operations

Love Learning Platform Training Data			
Number of Available Courses	Number of People in Attendance	Average Training Time Per Person (Hours)	Total Training Time (Hours)
253	3,427	5.5	18,930.6

Number of Trained Employees based on Position



Average Employee Training Time (hrs)



Training Cases



CORPORATE CULTURE

Internal Communications

In 2020, benefiting from the construction of win-win ecosystem of C.banner, we have communicated more effectively with our employees. We encourage employees at all levels to make suggestions for the Company's operations and management based on their work experience. For suggestions our management considers that will improve the Company's governance, they will be adopted and the proposer will be rewarded. We believe that this policy can enhance the sense of belonging and responsibility of employees, make them truly an integral part of the Company, and reflect our attention and appreciation of employees. In 2020, we continued to carry out the "Employee Career Development Survey" to encourage employees to put forward their opinions and suggestions on career development. At the same time, we continued to reasonably adjust the Company's career development plans and programs based on the results of the survey. Through the "Beauty" program in the Company's internal WeChat platform "XueYuan", we regularly publish various company news to promote our corporate culture while enhancing employees' trust and pride in the Company.

C.banner regularly holds employee meetings. As an important process to listen to employees' voices, we encourage employees to summarize the achievements of the previous year and put forward the outlook for the next year, which will help management team understand the employees' views and provide necessary support to them.

Awards and Incentives

At the beginning of each year, the Group commends the outstanding employees and teams with excellent cooperation in the previous year, and awards them with medals and bonuses. In 2020 with the unexpected COVID-19 pandemic, we were extremely grateful to front-line sales personnel for their contribution to the Company in difficult times. We have introduced an additional incentive mechanism for them, and offered additional bonuses when a certain sales goal is achieved to motivate their enthusiasm at work.

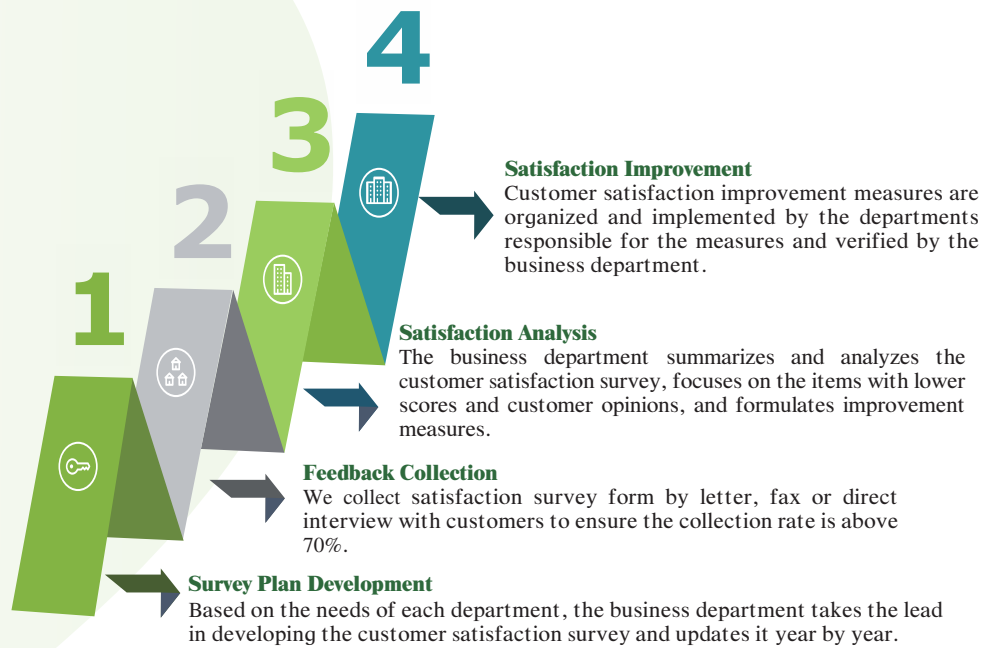


OUR CUSTOMERS

Customer Communication

Customers are the cornerstone of C.banner’s long-term development. It’s our long-standing goal to always ensure customer satisfaction. Therefore, we developed the “Customer Satisfaction Survey Procedures”. The procedures focus on the analysis and improvement of customer satisfaction, and include the specific requirements for processing customer complaints and product returns, satisfaction surveys, and measures to improve satisfaction. We also maintain long-term relationships with customers through the establishment of a membership system to provide better services.

We conduct regular customer satisfaction surveys by sending customer satisfaction questionnaires or interviewing customers, and make timely statistical analysis. In 2020, our Customer Service Department carried out the “C.banner Customer Service Survey” activity through telephone interviews. Based on summary and analysis of the data, we completed the report of “C.banner Service Experience Evaluation Data Analysis”, shared the results with relevant functional departments, and urged each department to improve accordingly. Through the analysis of projects with low customer satisfaction, the relevant departments proposed improvement measures and actively implemented them in the specific work processes.



In order to improve customer satisfaction and continue providing satisfactory services and innovative products for customers, we follow the “Regulations on C.banner Online/Offline Customer Complaint and Maintenance Treatment Process” in our daily operations. Customers can communicate directly with the customer service staff through offline channels, or reflect their opinions through our WeChat public account. In 2020, customers could continue to give feedback through the “400 Customer Service Hotline”; at the same time, due to the substantial increase in online customers, we expanded the size of the online after-sales team to specifically deal with the after-sales work of the online sales division. It greatly improves the efficiency of after-sales service of online sales and enables consumers to get more timely feedback.

Customer Privacy

Protecting customer privacy is our duty and also an important part of our customer service. In 2020, the number of members of different brands of C.banner approached nearly 3 million, prompting us to continuously strengthen the protection and prevent the loss or illegal use of customer information. The Customer Service Department is responsible for the general management of customer information, as well as the establishment and review of policies regarding customer privacy. Based on our Data Protection Policy for VIP Customers, our VIP customer information is stored in C.banner’s Customer Relationship Management (“CRM”) system and is centrally managed and maintained by the CRM Department. Terminal stores can check the VIP customer information, yet have no right to use or extract related consumption data.

Customer Rewards

To reward the customers who have always supported the C.banner brand, we launched a series of membership shopping activities for VIP customers in 2020. We provided rewards to customers through coupons, discounts, double points, and other benefits to maximize customer loyalty. In addition, our online and offline stores actively participated in various holiday promotions, rewarding loyal customers while striving to acquire new customers.



Product Quality

Quality products are the main reason why customers choose C.banner. Excellent product quality is rather important for us to attract customers and gain trust, and it is also the core element of C.banner in establishing its market position. We require our products to follow the principle of quality first in every aspect from design and development, production and manufacturing to packaging and transportation to ensure that our products can have higher durability under the premise of ensuring safety and health. For this reason, we further improved the “Quality Control System”.

We have established a strict “Quality Control System”, which specifies the applicable inspection scope, inspection rate, inspection process and inspection standards for raw materials, semi-finished products, finished products and outsourced products. We have commissioned a third-party professional testing institution to conduct quality inspection on the finished samples, and mass production should only be carried out after samples pass the inspection. Meanwhile, we assign an inspector in each external factory to conduct 100% inspection on outsourced products, in order to standardize the quality management of outsourced products and to ensure that the quality of outsourced products meets our requirements.

In addition to strict control of product quality, we have continued investing more resources in product R&D and improvement. We invested about RMB23.66 million in R&D in 2020, which includes RMB17.32 million for research personnel, RMB5.82 million for materials and moulds and RMB0.49 million for operation costs. The technical improvement enables us to make the best out of our advantages and manufacture products that meet the consumers’ demand.

Brand Promotion

To further strengthen the brand awareness of C.banner, we have made some new attempts in brand operations to enable customers to better understand C.banner. The Media Department of the Company reached out to various celebrities to seek appropriate media exposure that fits our brand positioning. We have increased the exposure of our products through celebrity outfits shooting and advertisement placement in movies to convey the latest design concept of C.banner to customers. Brand Operation Department is responsible for the supervision and selection planning. We have also promoted on social media platform based on brand promotion activities, and made livestreaming recommendation on online sales platform.

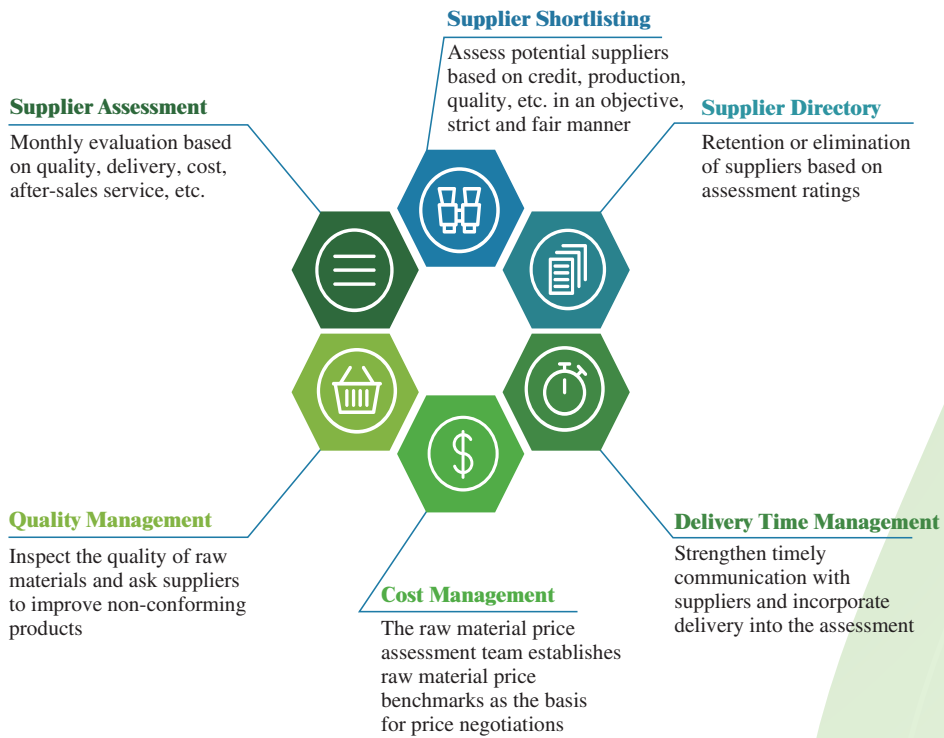


While vigorously promoting our brand building, C.banner strictly complies with the Trademark Law of the People’s Republic of China and other relevant laws and regulations. We developed the Trademark Management Provision, which regulates the internal application and approval process of trademarks and the scope of trademarks usage. There were no cases regarding violation of trademark usage within the Group in 2020.

OUR SUPPLIERS

Management Policies

Under the concept of “building a common platform for resource sharing and common development”, and to promote the cooperation between C.banner and our suppliers for a win-win supply chain, we updated and improved the “Procurement Management Procedure” and “Supplier Control Procedure” in 2020. When selecting suppliers, we choose partners who are as socially responsible as C.banner and pursue a similar concept in sustainable development. We use a standardized system to assess and manage suppliers to ensure that we obtain healthy, safe, eco-friendly and durable raw materials. In 2020, we continued the implementation of the Procurement Responsibility System, which separated execution, decision-making and management functions, and strengthened the establishment and refinement of the approval and authorization system to ensure an effective operation of the responsibility system. C.banner’s supply chain management system mainly includes supplier shortlisting, establishment and maintenance of supplier directory, cost management, delivery time management, quality management, and supplier assessment.



SUPPLIER SELECTION AND EVALUATION PROCESS

Supplier Admission and Evaluation Mechanism

C.banner conducts objective, strict and fair internal investigation on potential suppliers before establishing a long-term cooperative relationship with suppliers under relevant supplier management system, to understand the corporate culture, product quality and various management capabilities of suppliers and establish a high-quality and long-term stable cooperative relationship. The Finance Department, Merchandise Department, R&D Department, Cost Control Department, and Purchasing Department form an evaluation team, which participates in the supplier admission and evaluation process. We mainly review the following aspects that may affect the supply chain partnership:



Approved suppliers will be added to our qualified supplier directory. Meanwhile, we carry out monthly comprehensive assessment on the suppliers in the qualified directory. Our assessment items include quality, delivery time, cost and after-sales service. We assign four grade levels (namely A, B, C and D) to suppliers based on the weighted scores of assessment items which help decide whether to retain or eliminate them.

In the production process, our Quality Control Department is responsible for continuous supervision and inspection. The Quality Control Department also inspects raw materials in strict accordance with established procedures and standards to ensure the safety and performance of environmental protection of raw materials. If the inspection result is found to be unqualified, the supplier is required to implement improvement measures.

Raw Material Price Management

Led by the Group's procurement center, C.banner has set up a raw material price evaluation team, and the Finance Center, R&D Center and Merchandise Center also participate in the work of the raw material price assessment team. The assessment team is responsible for information collection and site visits to understand the real-time market prices of raw materials, and establishes benchmarks for raw material prices based on the learned raw material market conditions. This benchmark will be used as the basis for price negotiation for procurement work. The transparency and openness help us protect the interests of stakeholders while effectively controlling production costs.

Sunshine Agreement with Suppliers

In order to further maintain a healthy and stable cooperative relationship with suppliers, C.banner continued to uphold the principles of honesty, trustworthiness, integrity and transparency and re-signed a new version of the "Sunshine Agreement" with all suppliers in 2020. Higher requirements for integrity are put forward for all parties of such agreement. We adopt a zero-tolerance attitude towards corruption in the procurement process and maintain the healthy development of the supply chain system by strengthening the transparency and openness of procurement activities.

Supplier Diversity

In 2020, we were committed to further promoting the diversified development of suppliers. We encourage suppliers from different regions, different ethnic groups, different cultures, and different races to join our win-win supply chain. We believe that diversified partners can broaden our product line and supply source of innovation to the Company. At the same time, we also focus on cooperation with local suppliers, which can reduce logistics costs and improve communication efficiency while jointly promoting the local economy.



In 2020, there were over 700 suppliers in the qualified supplier directory of C.banner, ranging from raw material production, production equipment, decoration service, logistics to transportation and various other categories.

Establishment of Efficient, Economical and Convenient Supply Chain Platform

C.banner actively maintains healthy relationship with suppliers and strengthens the communication with suppliers. We held the “Second New Fashion Materials Exhibition” in the R&D Center of Nanhai District, Guangdong Province on November 25, 2020. The exhibition attracted more than 60 suppliers, with exhibits covering products of the whole industry chain, including shoe lasts, shoe-upper materials, sole materials, shoe accessories, ornaments, machinery and IT products. C.banner’s R&D team, design team, procurement team and production technology team had in-depth and effective discussions and communications with the suppliers, which greatly improved our teams’ efficiency, and widened the scope and opportunities for selecting excellent suppliers.

This exhibition initiated a unique business mode, which is an efficient, economical and convenient way for business matchmaking. The Company plans to invite not only material suppliers but also excellent suppliers of finished products to attend the exhibition in the future to jointly create a platform for business cooperation.



CORPORATE MANAGEMENT

Strengthening Internal Administration

Bribery and corruption are always strictly prohibited by the Group and we hold a “zero tolerance” attitude towards them. In 2020, the President’s Office reiterated relevant principles and regulations to all of our employees and cooperative companies. We hereby confirm that in 2020, there were no cases regarding corruption, bribery, blackmail, fraud or money laundering against the Group or its employees.

We have developed a whistleblowing system. All of our stakeholders, including employees, shareholders, suppliers and customers, have the right to report any suspected corrupt practices to us through the reporting mailbox and other channels. Meanwhile, we have adopted strict and confidential investigation procedures, and promise to protect the whistle-blowers to ensure their safety. We appoint independent auditors to conduct external audit, trying to prevent and control the occurrence of unethical practices through both internal and external audits. We also publicize relevant laws and regulations during induction training and distribution of the Employee Handbook to enhance employees’ awareness of business ethics.

Improving Corporate Governance

To strictly protect the interests of our stakeholders, C.banner continuously improves the level of corporate governance and achieves the goal of governance by establishing a strong management system. The management and employees are required to enhance the corporate value, fulfil the corporate responsibility and ensure the effective operation of the Company’s governance system. Therefore, the Company further improved its governance structure in 2020. The Board is responsible for overseeing the Group’s strategic decisions and business performance. The executive management is responsible for formulating and implementing various policies and systems. The importance of risk management and internal control in corporate governance is also the focus of our attention. The Company’s Internal Audit Department is responsible for conducting a comprehensive review of the Company’s systems and system implementation on a regular basis.

In 2020, we continued to further integrate our existing enterprise management platform into AliCloud and completed the transfer of all business centers onto AliCloud. The system includes the setting up of eight business centers (merchandise center, channel center, personnel center, membership center, order center, marketing center, inventory center and accounting service center), four business applications (DRP, POS, OMS and Omni-Channel Scenario Application), smart outlet connections (connecting brand numbers, smart retail associate, data bank), business performance statement and system connections (yonyou NC, WMS, OMS, Wuxiang Cloud CRM), which basically enables integrated business management and control of the Company.



SOCIAL RESPONSIBILITIES

We are always mindful that the Company's development is inseparable from the support and trust from the community. We have assumed our corporate social responsibilities and actively participate in social welfare activities to give back to the community. In particular, when faced with the unexpected COVID-19 pandemic, we worked hand-in-hand with our employees and the community to overcome difficulties together.

Sending Support to Hubei

We believe that as long as we are united as one, we will overcome all difficulties. In the face of the pandemic, we have quickly set up a working group to prepare donations and donated RMB100,000 to the government and provided front-line medical staff in Wuhan with necessary supplies during the fight with the virus.





AiXin Fund

As a modern enterprise with a strong sense of social responsibility, C.banner always regards charity as an important way to give back to the society. In 2020, we provided a total of RMB230,600 to 44 employees through our AiXin Fund.



Online Training

In response to the sudden outbreak of the pandemic, we strongly believe that we shall assume our corporate social responsibilities. In February 2020, all of our stores were shut down due to the COVID-19. In order to help our franchisees to get over the difficult time, we encouraged our franchisees to market on WeChat and helped them make direct delivery from our warehouse to avoid further loss of customers. At the same time, we proactively conducted training on “how to do WeChat marketing”, which is highly valued by our franchisees. In addition, we started to increase sales through livestreaming, therefore our order volumes under COVID-19 remained approximately the same as the previous year.

Promotions for In-Person Shopping

In May 2020, China saw a full resumption of production and work, and the pandemic restrictions were almost entirely lifted. Knowing the difficulties of our franchisees, we did our utmost to share their burden. Based on our strategic analysis, we decided to offer discounted prices to our franchisees, encouraged them to actively clear their inventory on the “retail promotion prices”, and helped to improve suppliers’ risk resistance capability by increasing their cash flow. With our joint efforts, we recorded a high order rate of 96% during the pandemic, an increase of 160% over the previous year.

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