

Precautionary Measures for Workplace Health and Safety

Management System

As far as occupational safety and health management is concerned, in addition to meeting the relevant laws and regulations at the business location of the Company and customer requirements, a series of management regulations for all units to comply with on basis of FLA Workplace Standards advocated by international Occupational Safety and Health Management System standards (ISO 45001 Occupational health and safety management systems) and Fair Labor Association (FLA) are made to fulfill management and avoid hazards.

The ISO 45001 occupational safety and health management system implemented in the Company's footwear manufacturing factories in 2021 has been externally verified, accounting for 51.6% of the total number of factories. The occupational safety and health management system covers a total of 320,000 employees formally employed in offices, shoe factories, as well as non-employee areas related to factory operations such as outsourcing companies, contractors and suppliers. Meanwhile, a total of 1,893 employees, including 314 occupational safety and health management personnel and 1,579 ESH partners, have been appointed as the dedicated personnel accountable for occupational safety and health management to oversee and maintain the day-to-day operations of the Company. Employees of the Company refer to regular employees, and non-employees refer to contractors, dispatched personnel, security guards and janitors, etc.

Every factory and administrative center of the Company has established an "Environmental Energy, Safety and Health Committee" ("ESH Committee" in short) and held regular meetings to review safety and health-related management issues by each unit in the form of a fixed organization. By formulating various safety and health management standards, each unit is able to promote the improvement of ESH affairs and periodic review on management affairs relevant to ESH, and a safety and health management performance system is established to track management performance. In addition, an Accident Management System is established to help focus on the prevention mechanism of major occupational safety risks through data analysis.

According to the Company's Regulations Governing Environmentally Friendly Energy & Safety and Health Committee Management, the Committee shall be composed of at least seven members, including the chairman, one director general, one officer and at least four members. The chairman shall be the highest supervisor of each unit or an alternate designated by the highest supervisor, and shall be a permanent member who cannot be replaced without special reasons. The Director General is headed by the Director of Sustainable Development ("SD"), and the officer shall be served by the responsible person of Environment, Safety and Health ("ESH"). If the unit does not have an ESH staff responsible for

preparation, the officer conducting relevant ESH affairs will become a director. The Director General and the Directors are regular and cannot be replaced without special reasons.

The factory's ESH Committee members shall be appointed or selected from the supervisors and employees of each unit. The members shall contain at least four members with a majority of the seats taken by labor delegates, and the members shall be appointed or selected at least every two years. In case of vacancies due to the resignation and reassignment of committee members, the vacancies must be filled within one month. In addition to the management and dedicated windows, the ESH Committee is composed of representatives of workers on site, accounting for about 80.0% of the membership. Through the ESH Committee, the management continues to pay attention to and track related issues

Spontaneous ESH Management

In terms of the self-management system of environmental safety and health, dedicated units and personnel (or ESH personnel) in charge of environmental safety and health have been furnished in factories. By periodic inspections on the implementation of fire protection, safety and health protection management in the production workshop, the authority management personnel of the relevant violations will be informed for immediate handling; ESH specialists of various business divisions and ESH units of each regional administrative center make specialized inspections on customers or implementations as required by local regulations or internal management provisions. The head office also arranges annual non-periodic project audits as necessary, and systematically track defects for pursuit of effective implementations concerning relevant improvement measures with a view to continuously improve various safety and health management issues.

The main issue and guideline with respect to occupational safety and health is to reduce the occurrence of occupational diseases among employees and to maintain a good and safe working environment with employees. The Company is gradually implementing hardware improvement and software management in accordance with internal plans, promoting enhanced standardized management from management downwards and implementing self-directed improvements among all employees at the grassroots level, while continuously improving the workplace environment and reducing workplace hazards and risks.

In 2020, the ESH Partner was implemented in the factories of Indonesia, whose results were later shared in parallel promotion to factories worldwide in 2021. The employees are therefore strengthened in their correct perception over hazards and attitude toward safety. Starting from our ESH Partnership, we attempt to, by osmosis, influence the employees on site to become aware that the discovery of unsafe circumstances in the production environment as well as the proactive report of such will be the correct safety conduct leading to protection of colleagues and free from punishments by supervisors on site. Establishing safety awareness may strengthen the employees in the awareness of safety in the

environment at which they're-situated, allowing them to discover the safety issues and protect themselves, meanwhile learning that leaving an unsafe environment will not lead to any punishment by the Company. In addition, they may tackle the safety concerns at a timely manner and create a safe environment in joint with colleagues and have they equipped with the safety awareness.

In 2021, with senior supervisors held accountable, defects found in the line walkthrough can be improved more effectively, and the same accident can be reduced through one-to-many safety promotion and accident reminders. The top-down system has been brought into play to make safety management of the workshop more diversified. Meanwhile, through the dual aspects of hardware and software, resources are concurrently contributed to gradually constructing safety culture of the Company.

Management Measures Performed in 2021

- (1) **Safety and Health Management Personnel Training:** Since 2016, the Company has held training for specialized safety and health management personnel by founding ESH School starting with basic training and moving on to advanced training in 2019. Through periodic internal training and testing, the Company will continue to strengthen the professional knowledge and practical operation of relevant personnel. In 2021, to improve the risk identification ability of specialized safety and health management personnel in administrative centers and business divisions in various regions, the Company initiated the advocacy and educations with regards to management regulations centering consistency. The Company is also committed to other statutory or better-than-statutory periodic training programs covering 320,000 regular employees at all sites, including new/incumbent safety and health education training, special operator training, first aid training, fire-fighting training, etc. ESH restricted equipment safety management to evaluating and analyzing the effectiveness of training through post-training testing and satisfaction surveys. Due to the global outbreak of COVID-19, to avoid cluster infection, the Company has established a before-post training program centering high-risk production machines, which is a mandatory program to be taken by operation and repair personnel in specified materials. As of 2021, a total of 23 high-risk production machines have been incorporated as the designated machines for training, and currently 66,224 employees engaged in operation/repair of high-risk machines have received the training and passed the test. The completion rate of designated personnel reached 100%.
- (2) **ESH Restricted Equipment Safety Category Management:** The Company's risk management and control, and the source management and acceptance mechanism control of key machinery and equipment procurement are increased year by year based on the machinery risk classifications to improve the safety of existing machines. Starting from 2020, the focus of occupational safety and health is to strengthen "machine safety" and "management measures". Within the scope of "machine safety", the Company initiated its source and acceptance control of the first batch of

newly purchased machinery and equipment in 2015; in 2021, the eighth batch of the machinery and equipment covered by the control come in three types. From 2015 to 2021, a total of 42 types of mechanical equipment are covered by such control. As for the improvement of existing equipment, the Company promoted the rectification of existing machinery and equipment in 2018 and, as of 2021, 18 types of existing equipment have been improved in safety with remarkable results. In 2021, the number of employment injury cases caused by machinery and equipment has decreased by 16.3% compared to 2020. Efforts of “Management Measures” concern promotion of training and certification system for machinery and equipment operation and maintenance personnel by carrying out on-site supervisors’ walkthrough for the safety and health inspection system, implementing the campaign cumulative number of days without occupational disasters. In 2021, the Company promoted ESH Partner and Top-Down projects to its business locations worldwide. Meanwhile, through the dual aspects of hardware and software, resources are concurrently contributed to gradually constructing safety culture of the Company.

- (3) **Audit and Management Mechanism:** Internal safety and health audit of the Company is carried out through the annual compliance KPI audit, which includes safety and health, fire safety, environmental management, energy management and human rights risks management, with onsite inspections of relevant activities and documents at the factories of business locations. For target factories under audit, the factories already engaging in production have been selected, with the internal employees employed via official hiring and non-employees incorporated. Concerning the results from such audit, factories will be allowed to prepare in advance the countermeasures based on risk items at various locations and to establish the holistic ad hoc actions. In 2020, the focus was shifted to the practical application of on-site risk identification for ESH specialists, with an expectation to continuously improve the daily implementation and management of ESH internally. In 2021, due to the impact of COVID-19, the focus was shifted to the infrastructure of ESH personnel, on-site walkthrough by ESH Partnership and ESH personnel in joint for risks inspection, which the supervisors perform checks on high-risk areas in priority based on the map of risks at each factory areas created and perform further tracking and improvement to fulfill independently the ESH inside the factory.

Occupational Health Service and Promotion

The Company is committed to promoting a healthy life of employees and helping employees to change their living habits and furthermore achieve an ideal state of health. In addition to periodic employee health checkups and hierarchical management in accordance with laws and regulations, the Company also provides general health checkups to employees in Mainland China preferable to the laws and regulations. In the meantime, albeit the fact there are no relevant laws and regulations in Myanmar, the Company still provides physical examinations for special health hazards to special operators. Health

checkup information of employees are protected under relevant confidentiality measures, accessible only by the employee him/herself, the unit SD and the unit HR staffs. In addition to health checkups, the Company also organizes health promotion activities from time to time including painting, composition, lecture, massage and various stress relief measures as well as classes for muscle building and body fat reduction and medical consultation to actively address workplace-related health risks, in the meantime, large sports events joined by employees including soccer matches, running and tug of war are held to fortify employee health at workplace. Although affected by the COVID-19 pandemic in 2021, and various regions are unable to organize various health promotion activities in accordance with the existing annual plans, we still strive to assist employees in living healthy lives under the restrictions of group management.

In order to strengthen employee health management, the Company has established at its overseas business locations medical institutes for appropriate services to employees. In addition to professional medical team as residents, basic medical facilities and equipment are in place for timely treatments on wounds and injuries and professional medical consultation so as to safeguard the health of the employees; furthermore, the Company has established on its internal website a "Health e-Go" service platform, which covers a wide range of services including health promotion activities information explanation, health education information sharing (self-care, special health education, workplace maternal health...etc.), medical care room service and information of on-site service by physicians, employee health Q&A, etc., as the all-over care for employee health. Information of health promotion lectures, events and programs held in 2021 were announced on the "Health e-Go" service platform, open for employee registration. In addition, the events are linked to questionnaire survey for instant feedback on employee satisfaction so as to ensure event quality and effects.

Occupational Disease Risks Prevention

For the prevention and management of occupational disease risks, the Company adopts the principle of prior management of high-risk job positions. The assessment of high-risk positions is carried out by two aspects, including the relevant work types and positions defined by the national laws and regulations in the area where the factory is located, and the exposure position confirmation. High-risk work groups, such as high-noise work area-roughing area, organic solvent work area-screen printing area, etc.

For internal management, the first priority is pre-employment hazard factor promotion, environmental management at the work site, and employee occupational health checkups. In order to provide employees with a safe, hygienic and healthy working environment, the working environment is regularly monitored in accordance with local laws and regulations, including: chemical exposure, hearing, lighting, etc., to improve the areas with abnormal measurement results, and provide appropriate personal protective equipment. At the same time, an annual plan is prepared every year for internal measurement,

and an internal measurement training course is provided to strengthen the professional ability of the measurement personnel, and improve the prevention management performance of early detection and reasonable improvement of abnormal areas.

According to the internal management and control mechanism, the Company does not have cases of fatal occupational diseases. A total of 5 cases of occupational disease judgments concerning occupational hearing loss abroad was reported in Vietnam, and as follow-up actions, the Company carried out job replacement and continuous tracking in accordance with local laws and regulations, and conducted employee interviews from time to time. To adapt to the situation, The Company will continue to provide personal protective equipment and strengthen training for employees in the same position, adopting the concept of regional prevention and control to limit the areas with high noise exposure.

On the other hand, the prevention of knowledge about employment injuries in high-risk positions will be arranged every year to strengthen employees 'preventive management measures, such as the use of personal protective equipment. Meanwhile, the Company established medical units in the main production areas or cooperate with local hospitals for hosting periodic health lectures or advocacy of general health education knowledge.

Occupational disease prevention adheres to the preemptive prevention, continuous care, and gradually implements the tracking mechanism. The Company will arrange workers at high-risk to conduct occupational health inspections and other measures. Follow-up medical procedures; every month, the execution status of the relevant medical examination operations in the factory and the results of the re-examination of abnormal persons will be tracked in order to detect abnormal cases early and give appropriate assistance. If it is found that the retest results are still abnormal and employees involved in occupational disease identification, they will first be transferred to non-contact hazard source positions, and the final confirmation of the position will be made after the occupational disease identification results. Relevant occupational disease assessments all apply for assessment process according to law, and if employees themselves submit assessment to local government agencies, they also provide necessary employee in-service information in accordance with local laws and regulations. According to the control methods of occupational diseases in various regions, the filing and closing of the case are tracked, and the tracking of replacement positions is implemented, and the measurement of the operating environment and the provision of personal protective equipment for high occupational risk positions are carried out.