

2022

# Corporate Social Responsibility Report

Root in China, Grow in the world





# Contents

1. Leadership Speech.....	P3
2. Shoetown Group Introduction .....	P6
3. Operation Management .....	P9
4. Employee Development.....	P11
5. Health & Safety.....	P19
6. Environment.....	P29
7. Charity .....	P41

# About This Report

## 1. Reporting Period

This report focuses on the results of activities in 2021 (from January 1, 2022 to December 31, 2022). It also includes some data continuing from the past as well as more recent ones.

## 2. Organization Covered in this Report

This report including all factories in Shoetown China and Shoetown Indonesia.

## 3. Publication

This report is an annual report, and this is the 8<sup>th</sup> CSR report published by Shoetown Group.

## 4. Reporting Data

The data used in the report comes from the company's internal documents and statistical reports. Unless otherwise noted, the amounts in this report are measured in RMB.

## 5. Reference Guidelines

The preparation of this report refers to the G4 version of the "Guidelines for Compiling Reports on Sustainable Development of the Global Reporting Initiative", taking into account both Chinese standards and international standards.

## 6. Report Accountability

Shoetown Group guarantees the authenticity and reliability of the information disclosed, and guarantees that there are no false records, major omissions or misleading statements in the report.

# About This Report

Stakeholders	Government	Global Environment	Customers	Employees	Local Communities	Suppliers
<b>Focused issues</b>	<ul style="list-style-type: none"> <li>• Legitimate operation</li> <li>• Comply with taxation law</li> <li>• Environmental friendly</li> <li>• career opportunities</li> <li>• Industrial development</li> </ul>	<ul style="list-style-type: none"> <li>• Resource &amp; energy management</li> <li>• Recycle and reuse</li> <li>• Waste water and solid waste treatment</li> <li>• Environmental charity activities</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Product security</li> <li>• Product delivery</li> <li>• Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Harmonious working environment</li> <li>• Occupational health and safety</li> <li>• Employees communication</li> <li>• Employee training and development</li> </ul>	<ul style="list-style-type: none"> <li>• Charity Volunteer Activities</li> <li>• Safety public welfare</li> <li>• Education of environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance management</li> <li>• Supplier evaluation</li> </ul>
<b>STG Performance</b>	<ul style="list-style-type: none"> <li>• Economic Contribution</li> <li>• Compliance</li> <li>• Management</li> <li>• Zero strike, zero lawsuit</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental management structure</li> <li>• VOC management system</li> <li>• Clean manufacturing</li> <li>• Environmental activities</li> </ul>	<ul style="list-style-type: none"> <li>• Quotation</li> <li>• Order system</li> <li>• Solar energy</li> <li>• Green Package Project</li> <li>• Adhere to product security strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of employee rights</li> <li>• Career development system</li> <li>• Safe and healthy working environment</li> <li>• Multiple communication channel</li> <li>• Training System</li> <li>• Caring for employees</li> </ul>	<ul style="list-style-type: none"> <li>• Volunteer activities development</li> <li>• Humanitarian care</li> </ul>	<ul style="list-style-type: none"> <li>• Establish supplier management system</li> <li>• Provide training for supplier</li> </ul>

1

# Leadership Speech

## COO Speech

Shoetown Group is committed to become a “world-class lean factory” and continues to create maximum value for customers, employees, and society with “quality, speed, and innovation”. “Root in China, Grow in the world” is our strategy to expand business.

### **Safety Culture at Anywhere Anytime**

Shoetown Group strives for providing a safe and harmonious working environment. “All accidents can be prevented, I am responsible for my safety and others”. In 2022, Shoetown continued to deepen the establishment of safety culture and achieved zero work-related fatality. Due to epidemic, various safety activities had used online training, and various safety projects had continued to be carried out in various factories to help employees build up awareness of safety culture. In 2022, all factories in Shoetown Group have completed the self-assessment of safety culture maturity. From 2022 to May 2023, Guangdong Qingyuan Jintan, Hunan Kaisheng, Hunan Kaixiang, Shoetown Tangerang Indonesia, Shoetown Ligung Indonesia and Shoetown Kasokandel Indonesia achieved CoSMA level 3 with brand customer calibration. In order to deepen the safety culture and connect more closely with the Group's operations, Shoetown Group joined the Transformational Leadership Program to receive assessment and training from IOSH UK, strengthen the awareness of safety culture from the Group's leadership, and passed the second level of the project.

### **People-oriented with Harmonious Relationship**

Employees are the most important property for corporate. Based on the people-oriented business philosophy, we are committed to providing a safe, healthy, happy and harmonious working environment. All factories in group maintained zero lawsuit and zero strike, and continued to conduct EWB survey. In 2022, there were 3 new factories have completed EWB survey. So far 9 factories have carried out research and followed up action plan. In addition, through “Shoetown Academy” program, it brings various training courses to all employees to support their career development with increasing recognition to factory. In 2022, Shoetown officially released group gender equality, diversity and inclusion policy and Shoetown Tangerang passed IBCWE (Indonesia Business Coalition for Women Empowerment), Gender Reporting Framework Level 4 certification. With continuous focus on talent development and transparent communication channels building up, compared with 2021, the turnover rate decrease by 10% in China factories; while the absenteeism rate in Indonesian factories decreased 26.32%.

## COO Speech

### Protect the Environment is Protect the Planet

Shoetown Group has formulated relevant targets for energy and waste, and implemented in each factory. In 2022, our China and Indonesia factories completed 41 energy projects, saving a total of 2.25 million Kwh with 1622 carbon reduction. In addition, we continued to promote the use of renewable energy and build up on-site solar PV program. In August 2022, Shoetown Hunan has completed Phase 3 on-site solar PV program with 0.83 MW loading capacity. So far, Shoetown Group has installed totally 10.89 MW loading capacity which mainly located in China factories. During 2022, Shoetown Group has generated a total of 9.22 million kWh of electricity with reducing carbon emissions by 5,654 tons. We will continue to maintain this momentum to produce renewable energy to fulfill Shoetown environmental commitment. At the same time, Indonesian factories officially joined the local Renewable Energy Certificate project (REC), purchasing a total of 35.21 million kWh of geothermal energy in 2022. Besides, Shoetown Group joined CDP program and has disclosed greenhouse gas data on the platform for two consecutive years and achieved C grade.

For the waste generated in the manufacturing process, we have intervened from the product development stage to improve the utilization rate of pattern efficiency which can provide favorable conditions for the subsequent production process. In addition, we kept tracking and monitoring of waste disposal volume to find opportunities for waste reduction, especially for product defect rate control which was also an important project for factories. What was more, Shoetown also cooperated with suppliers to adopt more environmentally friendly packaging during transportation. In 2022, Shoetown China factories promoted a total of 7 suppliers to use green packaging, such as to use recyclable plastic pallet instead of carton pallet and to use woven bags instead of plastic bags, which contributed about 46 tons of solid waste.

Looking forward to the future, Shoetown Group will continue to uphold the commitment to talent development, environmental protection and deep interaction with community to increase the competitiveness. Shoetown Group will continue to fulfill social responsibilities and use reasonable profits to feed back to society.

*Shoetown Group COO  
Jim Chang*

2

Shoetown Group  
Introduction



## Shoetown Group Introduction

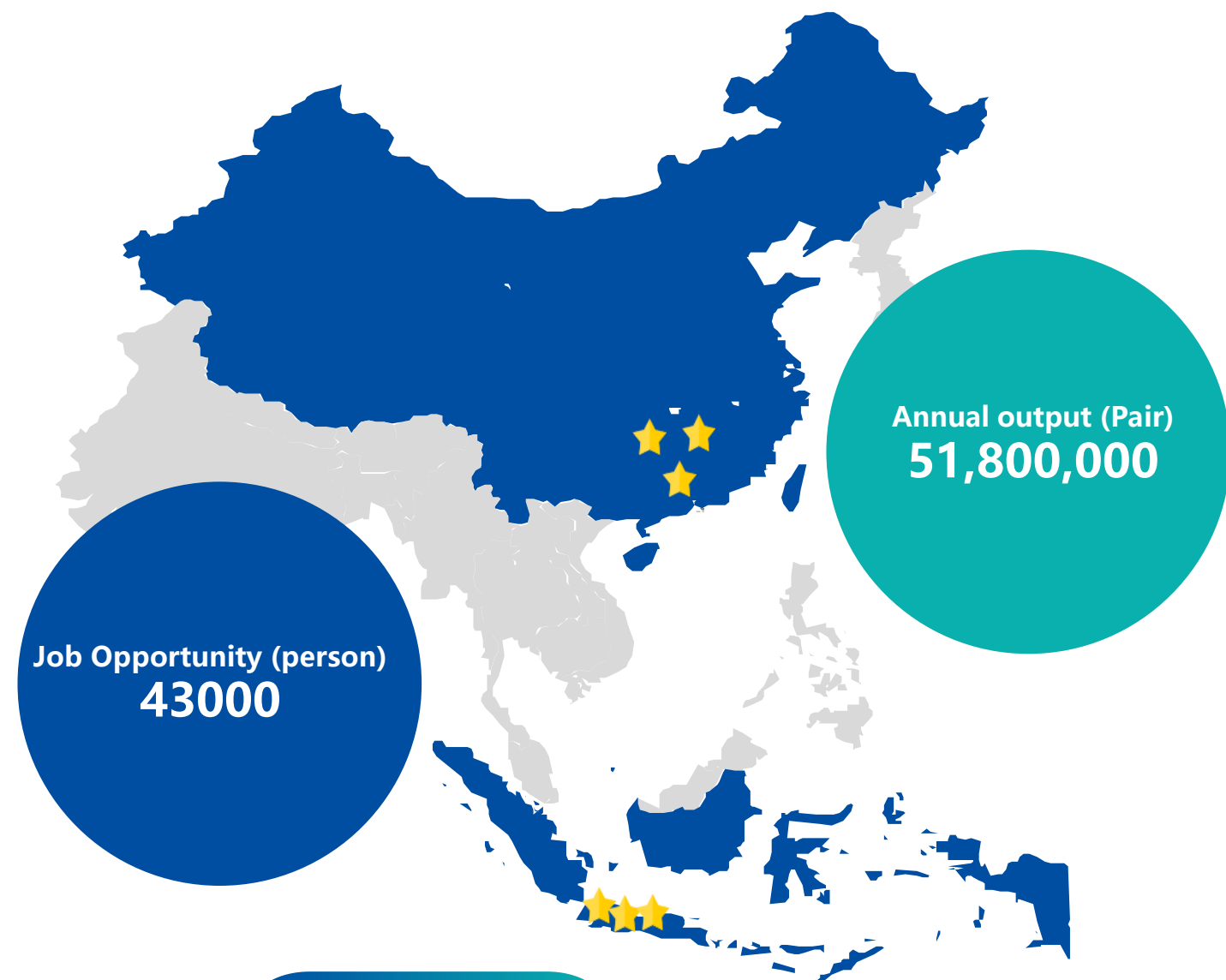
In 1987, the president of Shoetown Group, Ron Chang, has established Guangrong Footwear Co., Ltd. (the predecessor of Shoetown Footwear Co., Ltd.) in Guangzhou City. It is a large-scale Sino-foreign joint venture shoe manufacturer specializing in the production of well-known international brand sports shoes. It is the brand's first contract factory in mainland China. Shoetown Group has its owned Product Creation Center which provides strong backing for footwear manufacturing and also provide a solid foundation for the steady development of the group in the future.

After having a solid foundation in China, Shoetown Group began to expand its business to Indonesia because of the demographic dividend and economic growth. In 2015, it joined forces with a senior local shoemaking group to formally become an international group. At the same time, In order to increase group capacity, in 2017, a new factory for the future capacity growth was built in West Java, Indonesia. Facing the future, Shoetown Group is full of confidence, but always insists on rooted in China and grow in the world!

## Group Factory Information

Region	Factory Name	Establish Time
China	QING YUAN CITY SHOETOWN FOOTWEAR CO.,LTD	1987
Indonesia	PT ADIS DIMENSION FOOTWEAR	1989
China	JIANG XI GUANG YOU SHOETOWN FOOTWEAR CO., LTD	2007
China	PING XIANG CITY GUANG XUAN FOOTWEAR CO.,LTD	2007
China	QING XIN GUANG JIAN SHOETOWN FOOTWEAR CO., LTD	2009
China	SHOETOWN HUNAN FOOTWEAR CO.,LTD	2011
China	YONG ZHOU KAIXIANG SHOETOWN FOOTWEAR CO.,LTD	2011
Indonesia	PT. SHOETOWN KASOKANDEL INDONESIA	2014
Indonesia	PT SHOETOWN LIGUNG INDONESIA	2017
China	QING YUAN CITY LIAN NAN YAO NATIONALITY AUTONOMOUS COUNTY RONGFANG FOOTWEAR	2019
China	ZHANJIANG CITY LEIZHOU GUANGSHENG FOOTWEAR	2022

## Shoetown Group Introduction



Shoetown Group started in Xiaoping Village, Guangzhou City in 1987. From a small factory with a daily production of 300 pairs of shoes, today, it has become a multinational production group with many sourcing bases which impacts local economy. All Shoetown factories around the world play an important role in local development, at the same time, they are significant taxpayer and the key support enterprises from government. Both Shoetown China and Indonesia have brought a lot of employment opportunities, and raised local resident's living standards.

3

# Operation Management

## Operation Management

Shoetown Group has deeply cultivated in China, and has continued to move forward more than 30 years. In order to enhance group competitiveness, Shoetown continues to optimize its organizational structure and core technical capabilities, and set up its business strategy. In addition to continuing its traditional advantages, it has been seeking a new path to suit current development. “Root in China, Grow in the world” is new path of Shoetown strategy. From the management of a single independent factory, to the establishment of the group headquarters, and the coordination of the operation of the group’s 11 factories, Shoetown needs to develop a correct and clear group strategy and ensure that the strategy is fully implemented in each factory. Every year, Shoetown carries out various group-level projects to optimize the group-level and factory-level processes, making management efficiency, and at the same time, making the capabilities of each factory consistent. Only when the group strategy is correct, the operation is efficient, and the capabilities of each factory are consistent, Shoetown can be more flexible in production and maximize the advantages and competitiveness. In 2022, Shoetown Group launched the group-level project-128 project - Digital Pyramid, New Flagship Factory and Octopus Program, which will take the group management to a higher level by integrating and optimizing system data, establishing a new flagship factory and deepening the octopus operation model..

Shoetown not only focuses on production and operation, but also on sustainable development of people and the environment. Shoetown has established a sustainable development department since 1997, caring for employees, ensuring compliance with laws and regulations, and continuously improving the working environment of employees to protect the health and safety. At the same time, in order to reduce the impact on the surrounding environment, air emission, waste water and waste are properly managed and treated, and monitored regularly. In addition to fulfilling compliance requirements, Shoetown has continuously deepened projects beyond compliance and fulfilled its social responsibilities as a leading local enterprise.

4

# Employee Development

# 1. Employee Demographic

Shoetown Group has 11 factories across China and Indonesia. Among them, there are 5 footwear factories and 6 upper factories. In China, there are a total of 3 footwear factories and 5 upper factories, while in Indonesia, there are 2 footwear factories and 1 upper factory. The total number of employees in the group exceeds 43,000, with approximately 53.40% of employees in Indonesian factories and approximately 45.70% in Chinese factories.

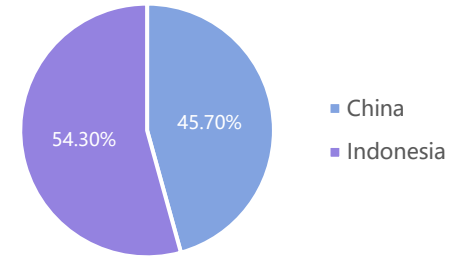
For a more in-depth analysis of the gender ratio at Shoetown Group in 2022 and 2021, the following observations can be made: The number of female in the China region has slightly increased, while it has slightly decreased in the Indonesian region. Overall, in the China factories, women are significantly more than men, while in the Indonesia factories, the gender distribution is more balanced.

To promote gender equality within Shoetown Group, we also focus on the percentage of women in leadership positions. In team leader and junior management roles (Group Leader/Supervisor), the percentage of female leadership in the China region exceeds 50%, significantly higher than in the Indonesia region. In the Indonesia region, the percentage of female leadership remains between 26% and 50% from team leader to senior management. However, in China region, once entering senior management, the percentage of female leadership significantly decreases. These data are important for us to monitor the development of gender equality within the group.

Compared to 2021, the average age at Shoetown Group has remained relatively unchanged. In China region, the average age is the same for both male and female, increasing by 1 year compared to 2021. In Indonesia region, the average age of men has increased by 1 year compared to 2021, while the average age of female remains the same. Overall, the employees in the Indonesian region are still relatively young.

In 2022 HRM KPI, we noticed that due to order adjustment, turnover rate in Indonesia factories was slightly higher than absenteeism rate. This resulted in an overall turnover rate for the entire group to reach 1.91%. However, compared to 2021, other indicators show a downward trend, indicating that the current action plans proposed by various factories are still effective in controlling HRM KPIs.

STG Employees in Region



STG Gender Ratio

Region	2022 Ratio	2021 Ratio
China	1: 5.86	1: 5.67
Indonesia	1: 0.93	1: 0.96
Group	1: 1.69	1:1.78

Female Leadership Representation

	Team Leader	Junior Management	Middle Management	Senior Management	Top Management
China	>50%	>50%	26% - 50%	13% - 25%	<13%
Indonesia	26% - 50%	26% - 50%	26% - 50%	26% - 50%	<13%
Group	N/A	N/A	N/A	26% - 50%	26% - 50%

STG Average Age

Region	Male Age	Female Age	Average
China	45	45	45
Indonesia	27	25	26
Group	39	38	38

2022 HRM KPI

Region	Turnover Rate	Absenteeism Rate
China	1.95%	0.08%
Indonesia	1.85%	1.80%
Group	1.91%	0.66%

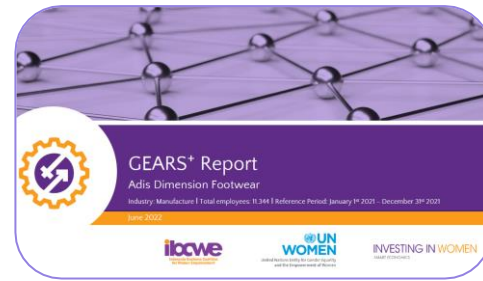
## 2. Employee Diversity & Equity & Inclusion

Shoetown Group solemnly commits to providing a happy and harmonious working environment for all employees. We pledge to adhere to local laws and regulations, brand code of conduct and code leadership standards, and we strictly prohibit the use of forced labor, child labor, and homeworkers. We ensure that there is no discrimination in the formulation and implementation of policies and systems based on factors such as race, color, gender, nationality, age, religion, marital status, sexual orientation, disability, political opinion, ethnic origin, or participation in employee organizations that are unrelated to work. We respect the dignity of every employee and strive to create a work environment free from any form of harassment and abuse, explicitly prohibiting any physical, verbal, psychological, or gender-related harassment and abuse. Furthermore, Shoetown Group places a high emphasis on promoting gender equality and women's rights. We commit to complying with international conventions and local laws and regulations related to the protection of women and employee rights, including the International Labour Organization Convention No. 190 (Elimination of Violence and Harassment in the World of Work), International Labour Organization Convention No. 111 (Discrimination in Employment and Occupation), and support for CEDAW (Elimination of All Forms of Discrimination Against Women) and other conventions. We have formulated gender equality policies and action plans, pledging not to discriminate based on gender in recruitment, training, promotion, and salary evaluation, emphasizing equal pay for equal work, and working diligently to create a gender-equal working environment. We actively engage in gender equality-related activities, protect the rights of pregnant female employees, provide lactation rooms, additional rest time, and maternity and paternity leave benefits as required by local regulations, ensuring that employees receive appropriate care and support.

In 2022, Shoetown Group released the "Shoetown Group Gender Equality, Diversity, and Inclusion Policy," which emphasizes compliance with ethical and legal responsibilities, the pursuit of gender equality, diversity, and inclusion, and a commitment to providing equal and fair treatment, ensuring equal treatment of rights, benefits, obligations, and opportunities. To achieve this goal, Shoetown Group has raised the performance of all factories in gender equality, diversity, and inclusion through various means and has outlined guiding principles.

Shoetown Group's Tangerang factory in Indonesia achieved the fourth level - Leading Practice in the "Gender Reporting Assessment" conducted in 2022 in collaboration with the Indonesian Business Coalition by Women Empowerment (IBCWE), UN Women (the United Nation Entity for Gender Equality and The Empowerment of Women), and Investing in Women.

Every year, Shoetown Group's focused factories use the Gender Equity Self-Diagnostic Tool developed in collaboration with brand customers and the International Finance Corporation (IFC) to diagnose the current status of gender equality initiatives and progress. In 2022, Shoetown Group factories in Qingyuan China, and Tangerang Indonesia, achieved Level 4 certification thresholds (self-diagnostic tool scores of 71 points or higher, with 100% achievement of critical enablers), while other factories also reached Level 3, with scores higher than in 2021.



**FY23 Gender Equity Self-Diagnostic Tool Result**

Region	Factory	Level
China	Qingyuan	Level 4
	Hunan	Level 3
	Jiangxi	Level 3
Indonesia	Tangerang	Level 4
	Majalengka	Level 3

### 3. Employee Diversity & Equity & Inclusion

Shoetown Group has always been committed to respecting and embracing diverse religions and cultures. We recognize the unique and rich cultural traditions and religious beliefs in different regions and countries. In order to support this diversity, we have established facilities and resources in various factories and workplaces to meet the different religious needs of our employees.

In the Indonesian region, we have set up prayer rooms (Musholla) and small prayer rooms to facilitate daily prayers for Muslim employees during work breaks. These facilities not only provide a peaceful place but also reflect our respect and understanding of our employees' religious beliefs. Our goal is to ensure that all employees feel comfortable and respected in the workplace, regardless of their religious beliefs.

Furthermore, Shoetown Group encourages employees to share their cultural traditions and festival celebrations. During various holidays and festivals, we often organize celebration events to allow employees to celebrate, learn about, and experience each other's cultures. This not only promotes teamwork and interaction among employees but also emphasizes the importance of cultural diversity. For example, in addition to Indonesian colleagues wearing traditional batik every Friday, our expatriates also join in. During significant religious festivals such as Eid al-Fitr, Halal Bihalal, and Indonesia's Independence Day, the factories also arrange corresponding celebration activities.

To further support cultural and religious diversity, we provide multicultural training. These training programs are designed to help employees better understand and respect the differences between cultures and promote inclusivity and mutual understanding in the workplace. We believe that by strengthening employees' cross-cultural awareness, we can create a more inclusive and harmonious work environment, which contributes to employees' happiness and work efficiency.

In summary, Shoetown Group is dedicated to promoting the values of respecting and embracing diverse religions and cultures globally. We believe that by actively supporting and advocating these values, we can build a diverse and harmonious work community, promote employee growth and development, and contribute to the success of the group.





## 4. Employee Career Development

Shoetown Group regards every employee as a valuable asset and places a high emphasis on their career development. To this end, we have established the Shoetown Academy, which provides comprehensive training courses and a wealth of learning resources. We continuously optimize the promotion and performance assessment mechanisms to ensure that promotions and performance evaluations align with the group's talent development goals.

The training philosophy of Shoetown Academy is "Learning by Doing," where 10% involves instructor-led teaching, 70% comprises practical hands-on experience, and 20% includes instructor guidance. This diversified approach to training enables employees to learn how to apply their acquired knowledge to their work effectively. Shoetown Academy offers eight major training courses, including Orientation training, New employee skill training, Pre-TL training, Pre-GL/VSS training, Pre-QC GL/VSS training, manager training camp, annual training programs (covering professional skills, health and safety, management knowledge sharing, personal growth and development, life skills, and more), as well as department core function courses. In addition to course materials, we also record training videos and combine in-person and online training to enhance employees' absorption of training content.

Each training course or specialized program is developed by taking into account various factors such as company policies, departmental needs, HR data analysis, employee feedback, and gender-specific requirements. To ensure that course design and training materials align with the company's actual situation, Shoetown Group continuously updates and optimizes training materials, certifies internal training instructors, and conducts assessments of training outcomes to maximize the effectiveness of the training.

Furthermore, since 2015, Shoetown Group has gradually introduced online interactive platforms for employees, offering online training in the form of engaging challenges, tasks, and games. In 2022, in addition to factories with existing online platforms, the Tangerang factory and Qingyuan upper factory in Shoetown have also successfully launched their online interactive platforms for employees. These platforms are continuously developed with various functions to facilitate smoother two-way communication.

NO.	Shoetown Academy	Training Material	Training Types
1	Orientation training	PPT	In-class training & online training
2	New employee skill training	PPT/ skill practice video & SOP	In-class training
3	Pre-TL training	PPT/ training video	In-class training & online training
4	Pre-GL/VSS training	PPT/ training video	In-class training & online training
5	Pre-QC GL/VSS training	PPT/ training video	In-class training & online training
6	Manager Training Camp	PPT/ training video	In-class training & online training
7	Annual training programs	PPT/ training video	In-class training & online training
8	Department core function training	PPT/ training video	Online training



## 4. Employee Career Development

In order to ensure that the group's standards are proliferated across all factories, Shoetown Academy proliferated its training programs to the factories in Indonesia in 2022. This proliferations included updates to courses like the Pre-GL/VSS training, Pre-QC GL/VSS training, and the establishment of programs like in-class manager training camp. In total, 14 waves of training courses were conducted. This effort aimed to provide employees in all factories with opportunities to receive high-quality training. This not only helps in cultivating more excellent middle-management leadership but also enhances the overall performance and competitiveness of the entire organization. It is part of Shoetown Group's commitment to continuously develop outstanding middle-level managers.

Furthermore, starting from 2021, to establish Shoetown Academy's own library of footwear-related knowledge, various functional departments gradually began recording core functional training courses in both Chinese and English. In 2022, these courses started being shared across all group factories. Apart from the factories in China, the Indonesian factories also received these resources gradually. These courses play a crucial role in assisting department heads in training new employees and providing specialized knowledge within their departments.

Regarding the standardization of the promotion system, we not only continuously optimize existing promotion standards but also replicate these standards across all factories as per Shoetown Group's requirements. This ensures that employees in different regions and factories have access to fair and consistent promotion opportunities. For those factories that are introducing Shoetown Group's promotion standards for the first time, we provide support and guidance to help them smoothly implement these standards. Continuous improvement and calibration of these standards are carried out to ensure the smoothness and fairness of the promotion process. In 2022, approximately 70 managers successfully completed their promotions using the optimized promotion standards for middle-management leadership.

Shoetown Group will continue to be committed to the standardization of training and promotion systems, ensuring that our employees achieve success in their careers and contribute to the sustainable development of the organization. We believe that through ongoing efforts and improvements, we can establish a work environment full of opportunities and challenges that inspires employees to continuously grow and develop.



## 5. Employee Voice Understanding

Shoetown Group places a high emphasis on the voices and rights of its employees because we understand that this is crucial for enhancing employee engagement and strengthening the company's business competitiveness. To achieve this goal, we have established diverse, equal, and open communication channels to ensure seamless two-way communication with our employees. Over the past few years, Shoetown Group has been committed to continuously seeking more effective ways of conveying opinions. We have not only established online employee interaction platforms but also gradually expanded these platforms to different factories to interact more swiftly with employees. Apart from the factories that have already set up online platforms, two more factories have recently joined, allowing employees to conveniently interact with management, provide suggestions and raise issues, and receive professional and prompt feedback.

Additionally, we also focus on offline interaction platforms, including regular public opinion surveys, employee engagement and wellbeing surveys, democratic forums, and various factory-wide meetings. These activities facilitate in-depth communication between leadership and employees, enabling the voices of employees to be fully heard. Furthermore, employees can directly express their opinions through channels such as the President's suggestion mailbox, email, phone, labor unions, human resources departments, direct leadership, and more. We consistently adhere to confidentiality principles to ensure the high confidentiality of all complaint handling processes, and employees can choose to remain anonymous, with no tolerance for retaliation afterward.

Shoetown Group collaborates with brand customers and has been promoting the Engagement & Wellbeing Survey since 2015, extending it to all key factories. Through this survey, we gain a deep understanding of employees' feelings and needs, committing to continuous improvement of the work environment. Survey results serve as the foundation for improvement plans, helping us analyze the root causes of issues and develop effective action plans to enhance employee well-being and engagement.

Shoetown Group actively listens to its employees' voices, establishing diverse communication channels to ensure that employee needs are addressed and resolved. This contributes to creating a pleasant work environment, boosting employee job satisfaction, and ultimately improving the company's performance and business competitiveness. We will continue to uphold employee rights and promote a happy and harmonious labor-management relationship.



## 6. Employee Welfare Focus

Shoetown Group regards every employee as a valuable partner and believes that work-life balance is crucial for their happiness and productivity. Therefore, we are committed to creating a "work and life harmony" workplace, which means an environment that takes into account the well-being of employees while promoting vitality and creativity. We understand that employees need time to spend with their families, pursue personal interests, and maintain physical and mental health. Thus, we encourage employees to have enough free time outside of work to achieve a balance between work and life.

Every year, Shoetown Group plans a diverse range of activities, which include not only celebrating holidays but also team-building events for employees. Our goal is to design these activities based on the needs and preferences of our employees to promote teamwork and communication among them. By participating in these activities, employees can feel more deeply the warmth and care that Shoetown Group has for them, as well as our commitment to a people-centered corporate culture.

We emphasize not only the work of employees but also their quality of life. We encourage employees to take good advantage of their annual leaves and provide family support policies to meet the needs of employees at different stages of life. Additionally, we offer health and well-being programs to ensure the physical and mental health of employees, enabling them to stay vibrant while working.

Shoetown Group aims for a harmonious labor-management atmosphere, which means we are dedicated to maintaining positive labor-management relations. We have established open communication channels, encouraging employees to provide suggestions and feedback, while actively listening to their voices. We believe that a good labor-management relationship contributes to improved work efficiency and employee satisfaction, thereby enhancing the company's competitiveness.

We are committed to creating a work environment that values both work-life balance and a people-centric corporate culture, while emphasizing a harmonious labor-management atmosphere. We believe that this culture will contribute to the happiness and growth of our employees, as well as enhance Shoetown Group's competitiveness in the market. We will continue to pay attention to the needs of our employees, constantly improving and developing to ensure they have a pleasant and meaningful work experience at Shoetown Group.



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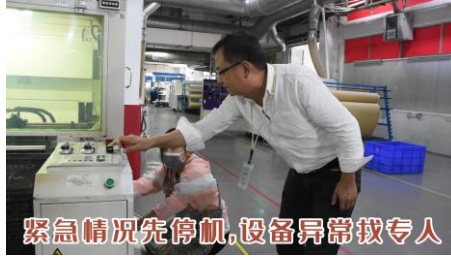
# Health & Safety



# 1. Workplace Safety And Hygiene Management

## 1.1 Health And Safety Policies

Shoetown group firmly believes that health and safety are essential to group 's success. We are committed to providing a safe and healthy working environment for our employees, suppliers and contractors, visitors and communities. We believe that workplace accidents are preventable and strive to continuously improve safety. In 2022, we established a group-level health and safety committee, which is composed of the directors of the group' s RSC, human resources, business, finance, control, chemical and other departments led by the chief operating officer of the group, which is further conducive to fully integrating safety into the strategic development process and integrating it with the business and safety management system. The group sets a long-term health and safety operation strategy and annual health and safety performance targets and regularly reviews the achievements, establish effective safety production systems such as accident reporting, hazard investigation, emergency response, and the implementation of good practices, build up a safety culture, and improve the level of safety production. At the same time, Shoetown group issued the "Shoetown group Health and Safety Statement" , with the vision of "Zero incidents, zero injuries and zero environmental impact" and the mission of "Create Healthier and safer workplace for all employees" . In order to make it much clearer and easier for our employees to understand health and safety, we have formulated 10 golden rules of health and safety in our health and safety statement, and various of events were held at the group factories to socialize the statement, which has enhanced the employee' s understanding to health and safety.



## 10 Golden Rules

1. Report hazards and incidents.
2. Use PPE correctly.
3. Always follow safety protocols and obtain a permit before work.
4. Ask for approval to remove safety devices.
5. Use emergency stop devices and ask professional for support during an emergency.
6. Drive safely, no mobile when mobile.
7. Always keep clear emergency route.
8. Ask for approval to enter restricted area and hot work.
9. Provide lockout and tag-out for an electricity and a mechanical isolation.
10. Attend emergency drills and safety training.



# 1. Workplace Safety And Hygiene Management

## 1.2 Health And Safety Management

### 1.2.1 Professional HSE Team

In order to better implement the group 's health and safety statement, Shoetown group established a group-level health and safety committee in 2022. The Committee is an important channel to improve working conditions at all group factories and provides a platform for key group leaders to work together on health and safety issues. An effective committee can help prevent injuries and illnesses at work, raise awareness of health and safety issues among all employees, management teams, and top leadership, as well as develop strategies to make the workplace safe and healthy.

Each group factory is equipped with HSE committee and a professional HSE team. The group health and safety strategy is deployed and implemented by them. They assist related departments to comply with local laws and regulations and the health and safety requirements of brand customers, provide guidance and assistance, and conduct monthly inspections to each department to reduce health and safety risks in the workplace. In addition, the factory HSE team is also responsible for receiving irregular audits from government, brand customer, third-party audit companies, as well as the implementation of their standards, continuously promoting and improving internal management, and making the workplace healthier and safer.

### 1.2.2 Health Facilities

In accordance with the requirements of local laws and regulations, Shoetown group factories have set up clinics for factories which as required by local law, and equipped with qualified medical teams, and facilities according to the number of employees, to provide basic work accident treatment, health and medical protection for employees. The doctors in the clinic carry out health topic training or activities to employees every year to increase their health knowledge and awareness.



# 1. Workplace Safety And Hygiene Management

## 1.2.3 Canteen Management

It is our duty to ensure the hygiene and health of our employees, and Shoetown group has set up canteens in each factory that comply with local regulations and customer hygiene requirements. From the procurement, receiving, storage, processing, cooking and distribution of food, hygiene requirements are strictly implemented. Food service employees are required to undergo medical examinations and obtain qualified health certificates in accordance with local regulations, and all areas of the canteens are regularly cleaned and disinfected. In 2022, there were no incidents of food poisoning in Shoetown group factories.

## 1.2.4 Drinking Water Management

In order to provide employees with safe drinking water, Shoetown group has formulated a drinking water management policy, and invite third-party qualified companies to conduct regular testing of factory drinking water as per required by local regulations and customer requirements, and replace the filter element of the water dispenser on regular basis to ensure drinking water safety.

## 1.2.5 Health Measures during Covid-19 Period

Each factory of Shoetown group complies with the local government 's epidemic prevention and control policy, implements the initiative of the local health department to encourage employees to take Covid vaccines, and organizes employees to be vaccinated. During the pandemic, every factory required employees to wear masks, maintain social distancing, and regularly disinfect workplaces to protect the health of employees. At the same time, each factory carried out epidemic knowledge promotion and training to enhance employees' awareness of epidemic prevention, so that employees can have a good hygiene habit whether they are in the company or at home.





## 2. Health And Safety Capability And Awareness Enhancement

Shoetown group conducts health and safety training topics to new employees, current employees, special personnels and health and safety related departments to enhance their health and safety ability, knowledge and awareness. In 2022, there were 9,634 new employees trained on health and safety-related topics, with an average training time of 60 minutes/person; 238,000 of current employees were trained, with an average training time of 106 minutes /person; 21,083 special personnels participants were trained, with an average training time of 34 minutes / person / time. In addition to training, each factory also conducted various of health and safety related activities to raise employees ' awareness every quarter. In 2022, total person time of the group participated in health and safety-related activities was at 123,000.

Target participants	Necessary training topics
New employees	General HS knowledge (including fire safety, near miss, PPE usage, machine safety, emergency action)
Special personnel	Electrical safety / maintenance safety, electrical safety / pressure vessel safety / maintenance safety, electrical safety / maintenance safety / machine operation safety, welding safety, forklift safety, elevator safety, material handling safety, machine operation safety (machine name must be noted), first aid Process, chemical management knowledge training, WSF training etc
Current employees	General workplace safety, health and safety law and regulation, occupational health hazard, mental health, work injuries and diseases, environmental risk control, environmental factors, risk factors, identification, determination and control of hazards, HSE inspection standard, knowledge of fire prevention / fire extinguisher usage / escape skills / emergency measures, chemical related knowledge: chemical hazards, MSDS etc.



## 3. Health And Safety Projects

### 3.1 Transformational Leadership Program (TLP)

TLP is a project led by brand customer, partnership with British consultant company IOSH, aiming at driving manufacturing partners develop predictive, agile and risk resilient management system. As one of brand' s strategy partners, Shoetown explores more advanced safety management system with customer. Shoetown arranged 12 group participants leadership team to join in the program and they have obtained completion certification. Based on the report issued by IOSH, the group headquarter also issued a action plan and put it into action, and completed the online questionnaire Business Assurance Tool (BAT). The BAT tool gives us a self-assessment capability to understand our current state of maturity. According to the result of assessment, we had made action plans to close the gap between current performance and our stated ambition, and continue to improve in the journey of safety.

### 3.2 Culture of Safety Maturity Assessment (CoSMA)

The “Culture of Safety Maturity Assessment” (CoSMA) tool is a tool used to assess factory leadership engagement and accountability, management systems and processes, and organizational skills and enhance HS team capabilities, aiming at fostering a mature culture of health and safety. With the vision of “Zero incidents, zero injuries and zero environmental impact” , and the brand customer' s support, as of May, 2023, there were 7 Shoetown factories had achieve CoSMA level 3, of which 4 are from China factories, and 3 from Indonesia factories. The rest of 2 focused factories has finished self-assessment and have passed 3rd party safety perception survey and waiting for customer calibration.



Brand customer calibration



## 3. Health And Safety Projects

### 3.4 Machine Safety

Improving the machine safety operation awareness and training of the group's factory employees is one of the group's health and safety priorities, and machine safety is the key to ensuring employee safety and reducing workplace injuries. There are five requirements for a safe machine: machines that have obtained third-party safety certification, on-site risk assessment, job hazard analysis, safety standard operations, and work instruction training. Only when all of these five requirements are met can a machine be defined as a safe machine. Since launched the machine safety project in 2018, Shoetown group has carried out a machine safety plan for medium and high risk prioritized machines. As of FY23 Q3, the achievement rate of safe machines of Shoetown was 85.74%, and 8 of the 9 focused factories have completed or exceeded the target of FY23, and 2 factories in China has achieved 100% of safe machine.



Machine improvement activity

### 3.5 Workplace Safety Facilitator (WSF)

Workplace Safety Facilitator (WSF) program is one of the culture of safety projects which launched by brand costumers, its deploy process is to select employees from production line as WSF, they will be trained by HSE department in classroom with one safety topic every month, and then WSF will deliver peer-to-peer safety conversations on safety topics in production line. These WSF promote, train health and safety knowledge to their peers, they are the key teams of safety culture building. The goal of the program is to have one facilitator per 100 employees, and by FY23 Q3, all Shoetown factories WSF ratio has met the target of 1%, group average was at 2.17%.



## 3. Health And Safety Projects

### 3.6 Industrial Hygiene (IH)

Industrial hygiene is the art and science of anticipating, recognizing, evaluating and controlling hazards within the workplace. These hazards might be biological, chemical or physical agents that could result in injury or illness, or affect the well-being of workers or the surrounding community. Shoetown group firmly believes that health and safety are essential to the company's success. In February 2022, brand customer launched the IH project, target was by the end of the FY23 Q4, each focused factory has at least one health and safety personnel equipped with Lv1(IH awareness) and Lv2(IH basic principles) capabilities in the IH Skills Maturity Matrix, that is, to complete the training of level 1 and level 2 knowledge.

Shoetown group actively response to customer requirements, promotes IH projects to provides a healthy and safe work place for employees, and already achieved the target by May 2023. For the 9 focused factories, 6 from China, and each factory have at least 1 HS personnel has the certificates issued by local Occupational Health Association which was equivalent to Lv1 & Lv2 on the IH Skills Maturity Matrix. 3 Indonesian factories had completed Lv1 & Lv2 knowledge training and obtained certification of completion.



## 4. Health And Safety Capability And Awareness Enhancement

### 4.1 Internal Audit

Shoetown group factory strictly implements the provisions of local laws and regulations and customer requirements, and accepts third-party audits entrusted by customers. In terms of internal management, each factory conducts monthly health and safety inspections to ensure that on-site execution meet standards. In addition, in order to continuously improve the management capability of factory HS personnel, strengthen internal management and maintain a healthy and safe workplace in the factory at all times, we have formulated an internal audit policy, and the factory conducts internal audit and cross-factory audit in accordance with the provisions of the policy. In 2022, Shoetown factories carried out totally 53 self-audits, 15 cross-audits, the findings have been 100% improved.



### 4.2 Supplier Audit

Suppliers are important partners. Shoetown group requires suppliers to comply with local laws and regulations to provide their employees with a healthy, safe and hygienic workplace. In order to better help suppliers improve the environment, health, safety, labor and other related issues of the factory and reduce the risk of the supply chain, Shoetown set up a supplier compliance audit policy, and the factory compliance team uses the SHAPE\* tool provided by the customer to conduct on-site certification of new suppliers.

We also conduct annual audits of current key suppliers using our customers' third-party audit tools. The audit results are green and red grades. In 2022, Shoetown group carried out a total of 15 supplier audits, of which 13 results were green and 2 were red. The audit results have been communicated to the suppliers, and they were urged to make improvement in time.



\*SHAPE: Safety, Health, Attitude of Management, People, Environment)



## 5. Health And Safety Awards

Shoetown group adheres to the safety culture of "zero accidents, zero injuries and zero environmental impact" as the North Star and is committed to establishing a world-class health and safety working environment. In 2022, Showtown Tangerang received the Responsible Care in Covid -19 and Covid-19 Prevention Program Award from local governments, Showtown LiGung and Kasokandel won the provincial and national GP2SP\* award issued by the health department, and Showtown Jiangxi in China won the "Nanchang Occupational Health Demonstration Enterprise" award.



\*GP2SP: Healthy Productive Women Workers Movement





Environment

# 1. Environment Management System

## 1.1 Environment Strategy

Shoetown Group actively implements the green management strategy, adheres to green production and operation, promotes green transformation and development. In addition, Shoetown continuously improves the environmental management system and the accountability system, regulates corporate behavior, with committing to establishing a long term mechanism for green development.

Through practical exploration and innovation, Group implements energy saving and environmental protection target setting and strengthens environmental protection publicity, conducts supervision and inspection, what's more, to strictly enforces responsibility assessment of energy saving and environmental protection targets completion, so as to promotes overall environmental performance.

We are committed to improving resource utilization efficiency, reducing pollutant emissions, fulfilling social responsibilities, enhancing green competitiveness, and promoting the harmonious development of enterprises and nature by strengthening environmental protection, energy conservation and emission reduction management.

## 1.2 Green Product

In terms of material procurement, Shoetown Group has paid attention to the environmental impact from the beginning of procurement. In the selection of raw materials, we abide by the RSL prohibited substances list specified by the customer to ensure that all materials have passed testing reports. Before mass production, Shoetown will conduct tests on high risk colors and materials to ensure that materials which may cause harm to humans or the environment are not used in the production process and finished shoes. If there is any does not meet the customer's requirements, it immediately requests the manufacturer to replace it with qualified materials, and at the same time to check the abnormal conditions of production and shipment, and report to the customer for disposal at any time.

In addition, Shoetown Group strictly requires suppliers at all levels to improve environmental performance, and clearly requires suppliers to comply with national laws, regulations, practices, decrees or standards related to environmental protection, occupational health and safety. In addition, suppliers are required to meet the national regulations on the recycling rate of shoe materials and prohibited substances, and control environmental risks from the source.

Through the implementation of energy saving and emission reduction projects, Shoetown will continuously reduce pollutant emissions and reduce resource consumption. In 2022, there is no environmental pollution incidents Shoetown Group.



# 1. Environment Management System

## 1.2 Green Product

Shoetown Group has set up chemical use strategies from the group headquarters to each locations, and is committed to using environmentally friendly chemicals. All products are rigorously tested one by one for the volatility of organic compounds of chemicals before being introduced into mass production. At the same time, through cooperation with manufacturers, continuous testing can replace oil-based chemicals to increase the proportion of water-based chemicals used. In 2022, Shoetown footwear average consumption of volatile organic compounds of shoes is 10.07g/pr, a decrease of 0.06 g/p from 10.13 g/pr in 2021.

In addition, we have identified that ozone-depleting substances (ODS) used in factories are mainly added to air-conditioning equipment, refrigerators, and refrigerants used to cooling machines during the production process. Its main component is R-22 and a small amount of R-410a and R-404a. In 2022, Shoetown China total emissions of ozone-depleting substances was 1.65 tons, 4.07% decreased compared to 2021. Shoetown will continue to work hard to replace R-22, which is currently the most used refrigerant, with environmentally friendly refrigerants with low ozone depletion potential (such as R-404a). In 2022, the use of environmentally friendly refrigerants (HFC-134a, HFC-404A, HFC-410A, HFC-32) in in China factories will account for 34% of the total refrigerant use.

## 1.3 Waste Source Reduction

Shoetown pays great attention to reduce waste at the beginning of product creation stage, controlling the source of waste at the front end, reducing changes in the mass production stage, and maximizing the utilization rate of materials, so as to reduce waste generation. In 2022, a total of 68 waste reduction improvement cases were received in development stage, involving basketball model, football model, autoclave model, tennis model, sample shoes, etc., and a total of 63,224kg of waste was reduced.

## 1.4 IPE Program Implementation

Shoetown Group actively implements the green management strategy, uses green procurement to drive green production, promotes more manufacturers to practice green supply chains, and more effectively transforms environmental information into large-scale pollution reduction, creating a green and environmentally friendly living environment.

In 2022, Shoetown actively promoted suppliers to join IPE. At present, 116 manufacturers have joined the IPE project. The types of suppliers include: raw material suppliers, chemical suppliers, logistics suppliers, energy solid waste processors, wastewater processors, hazardous waste processors, etc., which mainly located in following provinces: Guangdong, Guangxi, Hunan, Jiangxi, Fujian and other regions. Shoetown will also supervise suppliers at all times, follow up on IPE issues, supervise their rectification, and disclose relevant information in a timely manner.



## 2. Industrial Tool

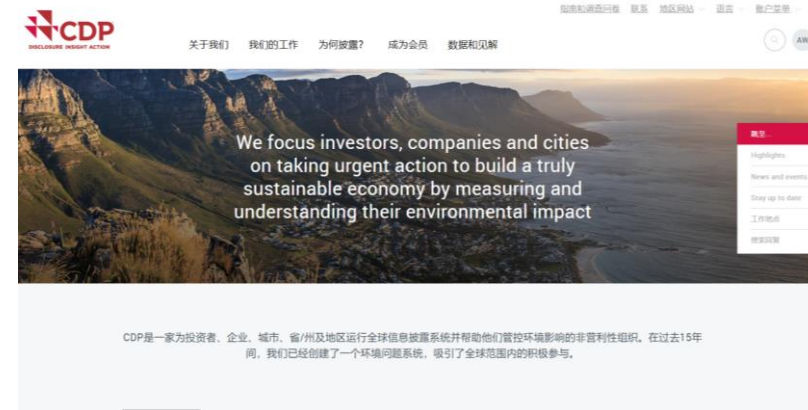
### 2.1 FEM Implementation

All locations in Shoetown Group joined HIGG INDEX FEM (Facility Environmental Module) industry tool from 2020. In 2022, a total of 11 locations in China and Indonesia have undergone FEM 2021 verification, and the average score has increased by 11 pts compared with previous year. On the basis of the good results, Shoetown has increased its efforts in promotion and assisted more cooperative manufacturers to join FEM. Shoetown Sustainability headquarter conducts FEM training for manufacturers in 2022, and promote suppliers to use the Higg FEM evaluation tool to evaluate the environmental performance of factories. At present, 47 manufacturers (raw material suppliers, chemical suppliers, and subcontractors) have joined the FEM evaluation tool. In the future, more manufacturers will have a deeper understanding of compliance, environmental protection, energy and other aspects. Let's contribute more to the environment together.



### 2.2 Science-based Target Index (SBTi\*)

In order to alleviate global warming and reduce the pressure of carbon emissions, Shoetown Group officially committed to the WRI\* organization in 2021 to make a scientific carbon emission target and promise to reduce carbon emissions. As of 2030, Shoetown Group promises that its carbon emissions will drop by 46.2% compared with 2019, and officially submit and disclose the group's carbon emission data through the CDP platform on July 26, 2021, and continue to disclose carbon emission data in 2022. Shoetown has been awarded C grades in the two consecutive years of disclosure. We are honored to take action to protect the earth! This is the beginning of the journey of carbon neutrality and Shoetown will continue to make improvements in renewable energy, energy consumption, and increase energy efficiency to protect the earth and the future of sports!



\*SBTi: science based target index

\*WRI: world resource institute

## 3. System Certification

### 3.1 ISO System Certification

Shoetown Group regards environmental sustainability as an important part of the corporate sustainable development strategy, and pays attention to fulfilling the responsibility of corporate environmental protection, and actively implements the concept of environmentally friendly and resource-saving development.

Currently, Shoetown Qingyuan, Shoetown Hunan, Shoetown Jiangxi and Shoetown Tangerang are all certificated with ISO 9001, OHSAS 18001 and ISO 14001. Through these systems, factories can implement ISO standards to achieve energy saving and consumption reduction, optimize costs, improve corporate image, strengthen quality management, and improve corporate efficiency, at the same time, to enhance customer confidence and expand market share What' s more, obtaining ISO certification has become an entry permit to break international green barriers and enter the European and American markets It has gradually become one of the necessary conditions for the organization of production, business activities and trade transactions In addition, ISO can help optimize the management of the internal quality structure of corporate, saving the energy and cost of the production service management review of each process, which can make the product invincible in the quality competition.

### 3.2 GREEN FACTORY – Shoetown Indonesia

"Green Factory" is a project initiated by the Indonesian government to encourage enterprises to protect the environment and reduce the use of natural resources. In 2022, Shoetown Tangerang factory and 66 other factories won the Level 5 Green Factory award. Since 2016, Shoetown Tangerang factory has won the highest level of five-level green factory for 7 consecutive years and is the only shoe manufacturing enterprise in Indonesia that has won this award.

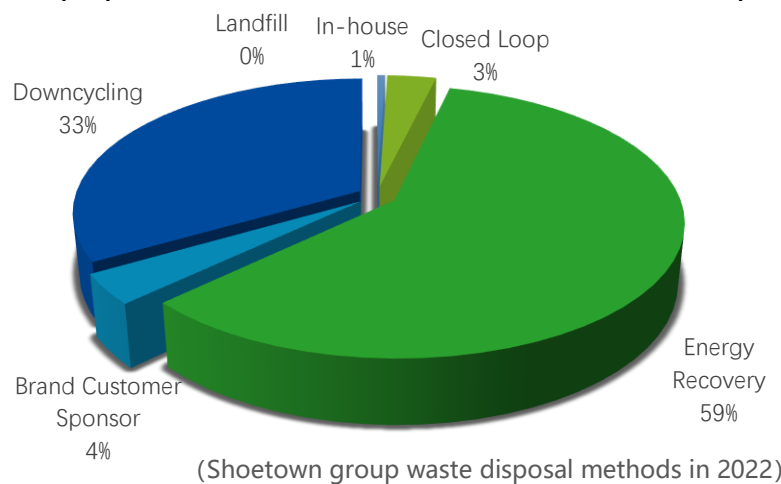
At the same time, in January 2023, JCS was announced as the company that won the PROPER (Environmental Performance Assessment Program) award again, with a BLUE (Comply) rating from the Indonesian Ministry of Environment and Forestry. This is the 4th consecutive award since 2018. This award is the implementation of the Shoetown Group's mission to become a reliable partner and profitable company through sustainable and revolutionary resources to produce premium products."



# 4. Waste Management

## 4.1 Group Waste Management Expenditure

Group factories are equipped with waste recycling center while all solid wastes are properly classified and collected before disposal to improve the recyclability and manageability of wastes. The solid waste treatment methods in the factory include in house recycling, closed loop, customer sponsored programs, local downcycling, and energy recovery. Currently, Shoetown Group China and Indonesia manufacturing bases have fully achieved 'ZERO' landfill, and they have worked hard to increase the recycling rate of waste together with the brand. On the basis of waste compliance management, Shoetown strives to carry out a series of waste reduction projects, such as promoting the use of green packaging by suppliers, establishing a data collection system for bottom defects, and reviewing waste in the product trial stage. In 2022, Shoetown Group spends 11 million RMB on environment expenditure.



## 4.2 Group Waste Management

### 4.2.1 Green Package

Shoetown Group implement green packaging project together with brand customers. With local material suppliers, reusable environmental protection boxes will be used to distribute among factories and suppliers, and the use of disposable paper bags and plastic packaging will be phased out. In 2022, Shoetown China has promoted 5 suppliers to use green packaging, reducing carton solid waste by 31 tons; while in Indonesia, it has promoted 2 suppliers to use green packaging, reducing 15 tons of cartons.



## 4. Waste Management

### 4.2.2 Recycling

In addition to reducing the generation of waste at the source, Shoetown Group also strives to carry out a series of recycling projects for the waste that has already been generated. After a series of efforts, communication and cooperation with NIKE, recyclers and other departments for textile laminated foam recycling project. Shoetown Guangdong factory and Hunan factory in China have successfully recycled, transferred and loaded. These two factories recovered a total of about 27 tons of textile laminated foam, which increased the solid waste recycling rate of the factory. The Indonesia region is also working hard to develop local downstream recycler resources, looking for more opportunities to increase recycling rates. In 2022, the Indonesian factory has developed four new waste downstream recyclers, which will increase the recycling of rubber, Phylon, and laminated foam waste respectively, greatly increasing the total amount of downstream recycling. At the same time, through active communication with vendors, closed-loop recycling of specific wastes is carried out to increase the recycling value.



### 4.2.3 Bottom Defect Data System

In order to better control the generation of bottom defective products and reduce the bottom defective waste, Shoetown Group began to implement the bottom defective tracking system in 2019 to improve through data-driven. In 2022, Shoetown upgraded and improved the system which to expand attention to quality, productivity and sustainable development, and can realize real-time data demonstration. Production digitization is a trend, and it is also the direction of Shoetown Group to continuously improve the system, collect relevant data through the platform, and realize intelligent management and data-driven improvement.



## 5. Energy Management

### 5.1 Management Strategy

Shoetown Group focuses on integrating the concept of green energy saving into every production session including innovation, procurement, production, transportation, and recycling, and strives to create a green product life cycle, promote technical and management energy saving to reduce energy consumption during operation. In the research and development stage, we are committed to process adjustment and process integration, striving to steadily promote energy-saving process innovation and achieve energy-saving goals; in the procurement process, according to the company's "Energy Management Work System", adhering to the concept of energy conservation at the source, requires suppliers to carry out energy-saving procurement to try to purchase high-efficiency and energy-saving facilities or equipment when purchasing. During the production process, Shoetown regards energy-saving and emission reduction as its core task, and actively carries out various tasks to deal with global warming, reduce energy consumption, and improve energy-saving awareness.

From the group's sustainable development strategy and five-year long-term energy & carbon goals, to the specific implementation of relevant energy projects in factory, Shoetown aims to achieve green production through the way of increasing income and reducing expenditure, increasing energy consumption rate, using renewable and clean energy and reduce carbon emissions.

### 5.2 Energy Saving Project

Shoetown Group reduces energy consumption, carbon emissions and environmental impact by promoting various energy-saving projects and identifying various improvement opportunities in production areas. The energy-saving projects implemented in group include motor upgrade, replacement of energy-saving air compressors, waste heat recovery of air compressors, installation of oven curtains to prevent heat dissipation, LED replacement of energy-saving lamps, gas-to-electricity and air spray air-saving projects.

Beside projects, Shoetown also popularizes the basic energy saving knowledge to its employees and conveys good energy saving habits, for example, the adjustment of air conditioning temperature, brightness control of working positions, shutdown of idle machines and other measures were taken. It helps employee have further understand and attach importance to energy saving and environmental protection, thus affecting the life concept and build up environmental culture.

41 cases

Energy Saving Project

2,257,017 kWh

Energy Saving

1,622 ton

Carbon Emission Reduction

2022 Energy Performance

# 5. Energy Management

## 5.3 Renewable Energy

### 5.3.1 Onsite Solar PV Program

Shoetown Group is committed to protecting the environment, reducing carbon emissions, and actively responding to customer energy policies and directions. In order to achieve 2030 carbon target together with customers, Shoetown Group factories actively promote renewable energy projects, and solar PV projects is one of the key priority. In August 2022, Shoetown Hunan factory completed 3rd phase rooftop solar project with 0.83MW loading capacity and successfully connected to the grid for power generation. At present, the entire Shoetown Group has a total installed capacity of 10.89MW, mainly distributed in Chinese factories. During 2022, Shoetown rooftop solar power generated a total of 9,226,705KWH, reducing carbon emissions by 5,654 tons.



### 5.3.2 Indonesian Renewable Energy Certificate (REC)

REC Contract with Indonesia PLN

As part of action to reduce carbon emission and prevent earth from global warming, Shoetown Tangerang and Shoetown Manalenka sign partnership with PLN (Indonesia electricity producer) to purchase Renewable Energy Certificate (REC) and use green electricity for energy source in factory. This REC has been recognize internationally and audited by system tracking from APX TIGRs in California. This Renewable Energy Certificate came from Kamojang Geothermal with ZERO carbon emission. Starting from January 2022, it procures 80% and 50% electricity usage respectively from Kamojang Geothermal. Shoetown Group will continue to be committed to global carbon emission reduction targets and take on the mission of building a green enterprise. As of December 2022, the Indonesian plant has purchased a total of 35,211,000kwh of REC, reducing a total of 26,806 tons of carbon emissions.



## 6. Water Management

### 6.1 Fresh Water

Shoetown Group implements the country and brand 's grand vision of sustainable development, and is committed to water saving, reduction of water loss and improvement of water efficiency. Fresh water consumption is one of the indicators that sustainability daily management focus. If there is any abnormality in water consumption, it will be reported in time to find out the reasons, explore water saving opportunities, and implement improvement projects. At the same time, all main shoe factories in group have built waste water treatment plant. Waste water is discharged or reused for toilet flushing after the self built sewage treatment station meets the standards. At present, In 2022, Shoetown Group has achieved 36% reclaimed water, among which Tangerang factory has realized 100% of wastewater recycled and not discharged outside.

### 6.2 Waste Water Management

Shoetown Group strictly control the operation status of the waste water treatment plant station, and strive to promote the discharge of wastewater comply to standard. It implements first level discharge standard of "Comprehensive Wastewater Discharge Standard " in China, while the highest local wastewater discharge standard in Indonesia factory.

## 7. Environment Activities

Shoetown Group strives to impact community to create a sustainable society, and takes actions to beautify the home we live on. In 2022, various energy-saving and environmental protection activities have been held in different group locations to increase the publicity and education of environmental protection laws and regulations, promote the transformation of employees' thinking, establish environmental protection awareness, actively promote environmental protection for all, and create a good atmosphere of caring for the ecological environment.

### 7.1 Planting Trees

On March 12, 2022, Shoetown Guangdong factories carried out tree planting activities with theme of ' Sow a green seed today, and gain a blue sky and green planet tomorrow' . This activity raised everyone's awareness of protecting the beautiful environment of their homes, and advocated the concept of energy saving and carbon reduction, making the environment more beautiful.





## 7. Environment Activities

### 7.2 Environmental Awareness Increased

In order to let employees know more about Shoetown environmental protection strategy and encourage everyone to actively participate in what they can do to protect the earth's environment, Shoetown has launched a series of environmental protection knowledge competitions and publicity activities.

#### Shoetown Guangdong Location

On October 2022, Shoetown Guangdong Qingyuan factory organized production departments to hold environmental knowledge contest with the theme of "Promoting Ecological Civilization and Building Green City". A total of 27 participating teams participated in the event. After fierce competition, five winning teams were finally drawn. Through this activity, the concept of safety and the environmental knowledge in daily work have been improved and popularized. At the same time, the relationship between employees can be improved through this event.



#### Shoetown Hunan Location

Shoetown Hunan factory was invited by Qiyang Ecological Environment Bureau, Yongzhou City, Hunan Province, to participate in the June 5th Environmental Day promotional activity with the theme of "Building a Clean and Beautiful World" at Baizhu Lake Square in Qiyang.

Shoetown Hunan factory, as a representative of the factory, specially customized a large display board for this promotional activity, printed a large number of leaflets and distributed them to the public. Through publicity activities, more people in the society can learn about environmental protection-related topics, and at the same time, it also demonstrates the factory's efforts and contributions in environmental protection..



## 7. Environment Activities

### Shoetown Jiangxi Location

In response to the theme of global climate change and resource shortage, and energy conservation and environmental protection, Shoetown Jiangxi factory carried out a series of environmental protection activities in 2022, such as Environmental Protection Awareness Month, Energy Saving and Environmental Protection Knowledge contest, Community Environmental Protection publicity, lime the trees for antifreeze and insect protection, among which the number of participants in the knowledge contest was as high as about 2,000, and more than 240 gifts were distributed at the same time. Through the activities carried out, all employees are called on to participate in green actions to be pioneer in "Green, Energy Saving, Environmental Protection"!



### Shoetown Indonesia Location

Every year on the Earth Day, Shoetown Indonesia factory organizes a series of activities to celebrate Earth Day and raise employees' awareness of protecting the earth, such as holding a Q&A session on site, distributing promotional leaflets, and encouraging employees to post photos related to Earth Day on social media to expand the community Influence. At the same time, factory actively to response government activity and impact community, such as planting trees, joined local environmental activity, etc.



7

Charity

# 1. Education Charity

Shoetown group knows community support is very critical for sustainable development, therefore adhere to the culture of “people first” , Shoetown group makes every effort to contribute to the development of the community and maintain good community relationship. In 2022, Shoetown group China and Indonesia factories invested a total of more than 170,000 yuan in education to support the schooling of employees’ children and employee development in the form of scholarships. In addition, the Indonesian factories also donated food, living and learning supplies, traffic safety and oral hygiene materials to kindergartens and high schools. Totally more than 400 students were benefited.



Visited kindergarten and donated food, traffic safety and oral hygiene materials



Sponsored scholarship to talented children of employee



Donated for Quran Recitation Competition



Sponsored scholarship to talented children of employee



Educational collaboration with Pramita (UNPRI)

## 2. Humanity Caring

In 2022, the world was still under the influence of the Covid-19 Shoetown group strictly abided by local epidemic prevention policies and carried out humanity caring activities. China and Indonesia factories paid 15 visits to financial challenging employee homes, 81 families were benefited; 1 visit to orphans, 8 were benefited, and 4 visits to the elderly, 50 were benefited.

On March 22, 2022, the Serang of Indonesia was hit by flood; On November 23, 2022, an earthquake hit Cianjur area of West Java Province, causing many casualties and a large number of economic losses. Shoetown Indonesia carried out fundraising after the flood and earthquake, visited the affected employees and victims, brought them donations, clothing, medicines, blankets and other items, and sent clinic doctors to provide free medical services.



Visited employee families



Visited employees with prolonged illness



Visited orphans



Awarded outstanding handicapped employees



Prayed, fundraised for Serang flood victims



Prayed, fundraised, visited Cianjur earthquake victims



### 3. Health Charity

Shoetown factories actively promoted health and safety knowledge in the community, carried out free medical consultations, free physical examinations, and blood donation activities, to improve the health and safety knowledge and physical health of employees and communities, and promote a healthy life in the community. In 2022, the Shoetown factories carried out 7 waves of free medical consultations and free physical examinations for employees, benefiting more than 5,700 employees; held 12 blood donation activities, and more than 1,100 employees participated.



Community obesity socialization



Blood donation



Free breast & cervical cancer screening



Free Glucose, Uric Acid and Cholesterol Checks



Cooperated with hospital to provide free ultrasound check for pregnant employees



Free Gynecological check



Free high pressure, glucose check



Health counseling, provision of food & vitamins for toddlers and pregnant women

## 4. Other Donations

Adhering to the original intention of giving back to the society, although still affected by the epidemic, Shoetown group actively participated in many local charity projects and activities by donating cash and materials. In 2022, the Group's direct social donations exceeded 1.5 million yuan. The Indonesian factory donated 23 sheep to the local community on celebration of Eid al-Adha.



Donated for Guangdong Poverty Alleviation Day



Goat donation to celebrate Eid al-Adha



Donation for Nationalism Activity



Donated to participate in local Bazaar Activities



Provided marketing, coaching, capital assistance to women making Rengginang Senja\* in local village



Donation for local Humane Funding Month activities



Donate to construction of mosques and religious facilities



Donate football to support competition activities

\* Rengginang Senja is a processed product of glutinous rice with red shrimp paste.



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Root in China, grow in the world