

Zhongshan Huali Industrial Group Co., Ltd.

Responsible AI Policy

I. Purpose

This policy is established to drive the compliant integration of AI technologies across the Group's sports shoe R&D (Research & Design), production, and supply chain processes, and to uphold Responsible AI principles (fairness, transparency, security, accountability, privacy protection, etc.). Leveraging the Group's existing SAP and MES systems, it seeks to govern the entire AI lifecycle while balancing efficiency improvement and risk control, thereby supporting the Group's intelligent transformation.

II. Scope

This policy shall apply to Huali Group and all of its subsidiaries, including business processes from design and development, to procurement, production, and sales, as well as upstream/downstream supply chain partners, all employees, and stakeholders.

III. Principles

We uphold the five principles of fairness & non-bias, transparency & explainability, safety & controllability, privacy protection, and accountability & traceability. AI algorithm bias, data breaches, and technology abuse are strictly prohibited. All AI applications shall comply with ISO 42001 and the Group's business compliance requirements.

IV. Key Application Specifications and Support

- 1. R&D:** Regulate the sources of materials used in AI-generated design to mitigate infringement risks and maintain design traceability records. Provide certain support to teams that compliantly introduce AI design tools.
- 2. Production Control:** Regularly verify the algorithmic accuracy of AI applications such as visual inspection, material cutting optimization, and dynamic scheduling to avoid misjudgment. The Group's AI deployment shall guarantee local data security, and investments shall be made to retrofit the relevant equipment accordingly.
- 3. Supply Chain and Data Management:** Protect the privacy of customers and suppliers during AI-driven supply chain scheduling and risk warning processes. Establish a unified data center with standardized data protocols to ensure compliant data exchange among all subsidiaries within the Group. Build systems based on actual needs.
- 4. Talent Development:** Recruit AI talent and strengthen compliance training. Internal AI skills training shall focus on responsible AI-related standards and data security.
- 5. Human Oversight for Significant-Impact and Critical Decision-Making:** For AI applications involving significant impact or critical decision-making, a human review and intervention mechanism shall be retained to ensure that final decisions can be manually reviewed, corrected, or

overridden.

6. **Prohibited AI Applications:** The Group strictly prohibits the deployment or use of any AI systems that engage in manipulative behavior, exploitation of human vulnerabilities, social scoring, or unauthorized biometric surveillance. Any applications falling under these prohibited categories shall not be developed, procured, or deployed within the Group.

V. Compliance Assurance Measures

1. **Organizational Guarantee:** Establish an independent AI Safety and Ethics unit (Affiliated to AI Application Department) that reports directly to the CEO, responsible for coordinating AI compliance control, risk assessment, and standard implementation.
2. **Risk Management:** Conduct regular AI risk assessments, with a focus on preventing issues such as algorithmic hallucinations, data breaches, and equipment security. Establish an emergency response mechanism.
3. **Monitoring and Evaluation:** Incorporate compliance into AI project assessments. Provide additional rewards to teams with significant compliance achievements, and mandate corrective actions for any applications found to be in violation.
4. **Financial Assurance:** Prioritize support for AI projects with strong compliance and traceability. Simplify the application process and ensure that funds are dedicated to their intended purposes.

VI. Supplementary Provisions

This policy is developed with reference to responsible AI standards and the requirements of ISO 42001 , and is approved and issued by the Group's CEO. It shall take effect from the date of issuance. The Group's AI Safety and Ethics Unit is responsible for its interpretation and dynamic adjustment. Any proposals for amendment or repeal of this policy shall be submitted to the Group's CEO for approval.

VII. Communication and Reporting

We encourage all stakeholders to monitor policy compliance and report any violations. All reports will be handled confidentially, with zero tolerance for retaliation.

Group Grievance & Reporting Email: anti.corruption@huali-group.com