



**Proya**

# **Sustainable Development Strategic Plan**

(2022-2025)



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# Foreword

Sustainable development centers on intergenerational balance with regard to resource allocation. In essence, it addresses the development needs of the current generation without compromising the ability of future generations to meet their own needs. The ever-increasing environmental and social challenges our human society faces make us further examine how we can improve our actions to build a balanced relationship between humans and nature, as well as between humans and society. There is no time to lose in taking strong action.

Proya fully recognizes its responsibility to contribute to global sustainability. We have published our Sustainability Report and Environmental, Social, and Corporate Governance Report for two consecutive years. In 2022, Proya assessed its operating and development environment, social impacts and risks, as well as its opportunities. Then, undergoing extensive internal and external stakeholder research, Proya developed its first strategic plan for sustainable development under the theme "**Beauty Aspirations for a Shared Future**".

The Plan sets out Proya's three pillars of sustainable development: **sustainable business, sustainable value chain, sustainable social ecosystem**, and their corresponding sustainability goals. With sustainable business as the core and driving force, the three pillars have a ripple effect. Driven by our sustainable development transformation, we look forward to spreading our sustainability values throughout our entire value chain. We also look forward to working with all of our partners, industry associates, and consumers to create a better future and ultimately build up a sustainable social ecosystem.

The first sustainable development strategic plan is always the most important and challenging for a company. Taking our first strategic plan for sustainable development as a starting point, we will continue to accumulate experience to steadily enhance our sustainable development actions and achieve our ultimate goals.



## Sustainable business: create beauty

We are committed to creating beauty in a sustainable way. We keep developing new products through innovations, offering consumers with safe, efficacious, and sustainable products.



## Sustainable value chain: deliver beauty

We work with partners and consumers to promote sustainable development and consumption, making value chain sustainability a reality.



## Sustainable society and ecosystem: achieve beauty

We do our parts to address environmental challenges and promote social development, allowing more to live a beautiful life.

**Beauty aspiration for a shared future**



# Proya Sustainable Development Concept, Pillars, and Areas of Focus

## 1. Sustainable development concept

### “Beauty aspirations for a shared future”

With solid sustainability management at the core, we truly care about human and ecological sustainability. We create beauty with our first-class products, share it with our partners and consumers, and empower communities through it. We create countless beautiful moments to shape a better future.

The sustainable development of our planet requires joint efforts from all members of society. Proya is focused on its sustainable development transformation and is committed to working with all its stakeholders. We are passionate about spreading our sustainable development concept and leading a sustainable lifestyle so that we can work with everyone to help safeguard our planet.

Our sustainable development strategy, focusing on the theme "Beauty Aspirations for a Shared Future", expresses our aspiration to jointly build a better world.

#### Beauty aspirations

Expresses Proya's commitment to work with the value chain and society as a whole to drive the creation of beauty.

#### for a shared

Embodies "collaboration" in the common pursuit of sustainable development as a shared human goal.

#### future

Epitomizes "sustainability" indicating that the beauty Proya seeks is not short term, but eternal.





## 2. Three pillars and areas of focus



Three pillars	Areas of focus
<p><b>Sustainable business: Creating beauty</b></p> <p>We are committed to creating beauty in a sustainable way. We are continuously developing products through innovation, offering consumers safe, effective, and sustainable products.</p>	<p>Safe products</p> <p>Effective products</p> <p>Sustainable products</p>
<p><b>Sustainable value chain: Sharing beauty</b></p> <p>We work with our partners and consumers to promote sustainable development and consumption, making value chain sustainability a reality.</p>	<p>Empowering partners</p> <p>Promoting a green lifestyle</p> <p>Driving industry development</p>
<p><b>Sustainable social ecosystem: Empowering through beauty</b></p> <p>We provide support to address environmental challenges and facilitate social development so that more people can enjoy a wonderful life.</p>	<p>Supporting the development of young adults and teenagers</p> <p>Building a diverse and inclusive society</p> <p>Addressing global environmental challenges</p>

### 1

#### Sustainable business: Creating beauty

Sustainable business is the foundation of Proya sustainable development and its sustained environmental and social contribution. Therefore, the first pillar of our sustainable development is sustainable business.

Areas of focus:

Safe

effective

sustainable products

It is our products that drive the sustainable development of our business. To achieve sustainable business development, we focus on developing safe and effective products that enable our consumers to enjoy a life full of value and beauty. In addition, we focus on the transformation of our production and business models. To create sustainable products, we drive sustainable development transformation throughout our product lifecycle, which encompasses product R&D, raw material procurement, production, sales, use, and disposal.

### 2

#### Sustainable value chain: Sharing beauty

As an important part of the value chain, we deeply understand the impact that our actions have on the value chain, and thus must consider our responsibilities in the context of the entire value chain system. Therefore, the second pillar of our sustainable development strategic plan is a “sustainable value chain”. Taking our business as the foundation, we share our sustainable development concept with all our stakeholders to drive transformation across the entire value chain.

Areas of focus:

Empowering partners

promoting a green lifestyle

driving industry development

In the sustainable value chain, we focus on three stakeholders, i.e., our partners, consumers, and industry associates. We will support, encourage and lead our partners' sustainable development transformation and guide our consumers' green lifestyle. We will share our sustainable development concept, knowledge, and solutions with our industry associates to foster an industry-wide sustainable development transformation.

### 3

#### Sustainable social ecosystem:Empowering through beauty

We are concerned about the common challenges facing humanity and strive to contribute to the creation of a more sustainable social ecosystem, with our company and the value chain as a foundation. We value social inclusiveness and development, and the harmonious coexistence between humans and nature. These are our aspirations for a better society and the prerequisites and guarantees for the sustainable development of our business and value chain. Therefore, the third pillar of our sustainable development is a sustainable social ecosystem.

Areas of focus:

Supporting the development of young adults and teenagers

building a diverse and inclusive society

addressing global environmental challenges

We care very much about the development of young adults and teenagers and social equality and inclusiveness. We are committed to providing support and assistance to young people who are about to take their first steps in society. We support equal access to opportunities for all members of society so that everyone can have the chance to achieve a brighter future. At the same time, environmental challenges beyond the impact of our business is a huge concern for us, and we strive to contribute to solving some of these environmental issues.

# Proya Sustainable Development Goals

## 1. Sustainable business: Creating beauty

Overall Goals	Sub-goals
<p>By 2025, Proya will complete 100% safety, effectiveness and sustainability assessments for major new products or improved formulas. Green packaging, carbon footprint, and biodiversity conservation will be key factors in our product performance enhancements.</p> <p>By 2025, 50% of the energy Proya uses will be from clean energy, and will peak carbon dioxide emissions. Proya will achieve net zero emissions<sup>1</sup> from its operations by 2030.</p>	<p>By 2025:</p> <ul style="list-style-type: none"><li>• We will promote basic research and the development of efficacious ingredients to create more effective products, and realize the application of safer and more effective self-developed ingredients by 2025.</li><li>• All new and upgraded products from our major brands will be 100% assessed for sustainability.</li><li>• By 2025, our greenhouse gas emissions (Scope I and II) per unit of product will be 25% lower than in 2021, and our operations will reach peak carbon dioxide emissions (Scope I and II).</li><li>• We will improve packaging sustainability in multiple ways, such as reducing packaging usage, upgrading packaging materials, and recycling packaging. Based on 2021's figures, the amount of sustainable packaging materials<sup>2</sup> used as a percentage of overall packaging materials<sup>2</sup> will increase by 20% and packaging material use intensity will decrease by 15%<sup>4</sup>.</li><li>• In terms of weight, more than 70% of the palm oil derivatives we purchase will be RSPO-certified palm oil. In addition, we will further improve our traceability system for palm oil, one of the raw materials we purchase, during the planning period<sup>5</sup>.</li></ul>

Notes:

<sup>1</sup> Peak carbon dioxide emissions are defined as carbon dioxide emissions that reach their maximum in a given year and decline thereafter. Net-zero emissions refers to achieving an overall balance between greenhouse gas emissions produced by human activities and greenhouse gas emissions taken out of the atmosphere over a period of time, where the carbon dioxide emissions from an organization or society are absorbed and offset by natural and engineered means, such as afforestation, ocean absorption, and carbon capture and storage (CCS).

<sup>2</sup> Packaging materials include all materials that are used for packaging, such as finished products packaging, and boxes and their fillings used in logistics and transportation.

<sup>3</sup> Eco-friendly packaging materials are those that meet the following criteria: a) reduced use of plastics, b) use of recycled plastics, and c) use of biodegradable plastics.

<sup>4</sup> Packaging material use intensity = weight that the packaging can bear when in use / product yield.

<sup>5</sup> The Company does not directly purchase palm oil, but does engage in the purchase of palm oil derivatives. After conducting internal evaluations and consulting with experts, we have adjusted the measurement standard for this goal. Starting in August 2024, it will be based on the proportion of purchase weight rather than the proportion of purchase categories. The revised goal is more practical and will enable the Company to achieve it effectively.

## 2. Sustainable value chain: Sharing beauty

Overall Goals	Sub-goals
<p>By 2025, we will drive sustainable development transformation for all partners in our value chain<sup>1</sup> and share our sustainable development actions with our industry peers. We will disclose our product sustainability information in multiple ways to share our sustainable consumption concept with consumers.</p> <p>By 2045, we will achieve carbon neutrality across our entire value chain .</p>	<p>By 2025:</p> <ul style="list-style-type: none"><li>• All of our key partners will conduct ESG compliance assessments. We will provide ESG management support to all of our partners.</li><li>• We will encourage all of our strategic partners to reduce carbon emissions through value chain carbon emission reduction initiatives and incentives.</li></ul>

Note:

<sup>1</sup> Value chain partners include all suppliers throughout Proya's industrial chain, including but not limited to our raw material suppliers, distributors, warehousing and logistics providers, courier providers, etc.

## 3. Sustainable social ecosystem: Empowering through beauty

Overall Goals	Sub-goals
<p>By 2025, we will contribute to the growth and development of 500,000 people, including young adults, teenagers, and women.</p>	<p>By 2025:</p> <ul style="list-style-type: none"><li>• We will invest a total of RMB 12 million in social welfare projects to help build an equal and diverse society.</li><li>• We will directly influence 500,000 people<sup>1</sup> and indirectly influence 500 million people<sup>2</sup> by carrying out social welfare activities.</li></ul>

Note:

<sup>1</sup> The number of people directly influenced is the number of people directly benefiting from the projects in which they are involved.

<sup>2</sup> The number of people indirectly influenced is the number of people influenced by Proya's projects, such as the number of people influenced by online campaigns and related offline activities.

# Cornerstone of Sustainable Development: Comprehensive ESG Management

Robust business operations and sound ESG management are the foundation of sustainable company operations. Proya has profoundly integrated the sustainable development concept with company operations and development. Proya adheres to standardized internal governance to achieve high-quality development.

Proya will develop a sound ESG management structure and ESG working mechanism to achieve solid ESG management and thus ensure sustainable development.

## Management Goals

By 2025:

- Increase the diversity of the board and the percentage of female directors.
- Continuously improve customer satisfaction.
- Reduce water consumption per unit of product by 30% when compared with that of 2021.
- Maintain zero waste landfill.
- Ensure that 100% of employees undergo an average 24 hours of training.
- Ensure that business ethics training is conducted for 100% of employees.
- Conduct at least one sustainability-related employee training session per year.
- No information security and privacy breaches.
- No labor rights violations.
- No safety incidents.
- No occupational disease incidents.



# Proya Sustainable Development Planning Overview

## Beauty aspirations for a shared future

With solid sustainability management at the core, we truly care about human and ecological sustainability. We create beauty with our first-class products, share it with our partners and consumers, and empower communities through it. We create countless beautiful moments to shape a better future.



## Comprehensive ESG Management

Facilitate sustainable operations with sound ESG management to lay a solid foundation for sustainable development.