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2024 PROYA SUSTAINABILITY **REPORT**



PROYA COSMETICS CO., LTD.



About This Report

The Proya Sustainability Report 2024 (hereinafter referred to as "this Report") is the fifth sustainability report released by Proya Cosmetics Co., Ltd. It outlines the principles and performance of Proya Cosmetics Co., Ltd. in sustainability and ESG (Environmental, Social, and Governance) governance in 2024, including environmental, social, and corporate governance issues of concern to key stakeholders.

Basis for preparation

This Report is prepared in accordance with the Guidelines No.14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial) (hereinafter referred to as the "SSE Guidelines") and with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards (2021) and the United Nations Sustainable Development Goals (SDGs).

Scope of the report

Scope of organization: This Report covers the cosmetics business of Proya Cosmetics Co., Ltd. and its subsidiaries. The statistical scope of some data may vary. Explanations have been provided in the data section. For more details, please refer to the section "Appendix: Scope of the report."

The abbreviations in this Report are defined as follows:

Abbreviation	Definition
Proya, the Company	Proya Cosmetics Co., Ltd.
Skincare factory	Proya Cosmetics Co., Ltd. Huzhou Branch
Make-up factory, Zhejiang Beauty	Zhejiang Beauty Cosmetics Co., Ltd.

Data description

The data and cases in this Report are based on the actual records or financial reports generated during our operation.

The financial data in this Report is presented in CNY. If there is any discrepancy between the financial data and our 2024 annual report, the annual report shall prevail.

Reliability assurance

Proya promises that this Report does not contain any false information, misleading statements, or significant omissions. The Board of Directors of Proya assumes general responsibility for ESG management and reporting.

We have searched on the Shanghai Qingyue Credit Database for the information of Proya Cosmetics Co., Ltd. involved in this Report, and did not find any negative environmental information.

Contact us

If you have any questions about this Report or Proya's ESG governance, please don't hesitate to contact us using the following methods.

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Principles of reporting

Sustainability context

We identify material topics relevant to our business operations and of interest to stakeholders, which serve as the focus of this Report. In addition to reporting on these material topics, this Report also considers the characteristics of our business operations and the industry in which the Company operates. For details on the materiality assessment process and results, please refer to the "ESG topics materiality assessment" section.

Accuracy

We do our best to ensure the accuracy of the information in this Report. Particularly, the data caliber, calculation basis, and assumed conditions are provided for the measurement of quantitative information to ensure that calculation errors will not mislead the users of the information in this Report. For information about quantitative measurements, please refer to the "ESG Performance Data Sheet" section of this Report. The Board of Directors warrants that this Report does not contain any false information, misleading statements, or significant omissions.

Balance

This Report reflects objective facts and provides unbiased disclosure of both positive and negative information about the Company. We did not find any undisclosed negative events that should have been disclosed during the Reporting Period.

Clarity

This Report is released in both Simplified Chinese and English. In the event of discrepancies between the two versions, the Chinese version shall prevail. This Report contains tables, model diagrams and other information, which are used to help readers better understand the textual content of this Report. To facilitate stakeholders to access information more quickly, this Report contains a table of contents and an index for ESG standards.

Quantification

This Report discloses key quantitative performance indicators and aims to provide as much historical data as possible.

Comparability

This Report maintains consistency in the statistical and disclosure methods for the same quantitative metric in different Reporting Periods. If there are any changes in data collection, measurement, or calculation methods, relevant data will be retrospectively adjusted, with explanations provided in the notes to the Report. This ensures that stakeholders can conduct meaningful analyses and assess the trend of the Company's ESG performance level.

Integrity

The scope of the disclosure object is consistent with the Company's consolidated financial statements.

Timeliness

This Report is an annual report that covers the period from January 1, 2024 to December 31, 2024. We do our best to release the annual report as soon as possible after the end of the reporting year, so that stakeholders will have information they need to make informed decisions.

Verifiability

The cases and data in this Report are based on the actual original records or the 2024 annual report generated during our operation. The Company adopts the HiESG performance management system to manage its ESG data over the years. The sources of disclosed data and calculation processes are all traceable and can be used for third-party verification and inspection.

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Proya Sustainability Report 2024



Welcome to Proya

Company profile

Proya Cosmetics Co., Ltd. (hereinafter referred to as "Proya," "the Company," "we", "our" and "us") is committed to building a new Chinese cosmetics industry platform. We specialize in the R&D, production, and sales of cosmetics. Our brands include Proya, TIMAGE, Off & Relax, Hapsode, CORREC-TORS, INSBAHA, Awaken Seeds, UZERO and Anya. Our own brands cover fields such as popular exquisite skincare, makeup, body & hair, and high-efficiency skincare.

Company name:

Proya Cosmetics Co., Ltd.

Headquarters location:

Hangzhou, Zhejiang, China

Established in:

2006

Ownership and legal form:

The Company is listed on the Shanghai Stock Exchange (SSE) (Stock Code: 603605)

Main businesses:

R&D, production and sales of cosmetics

Main operating locations:

China: Hangzhou, Zhejiang; Huzhou, Zhejiang; Shanghai Japan: Kobe France: Paris

"6*N" development strategy



The core connotation of "6*N" is to enable or incubate different brands that meet different needs of different consumers based on the above six capabilities.

ESG management achievements

ESG rating achievements >

CDP thematic score

B for Climate

Note: Maintained a 'B' score for two consecutive years



MSCI ESG Ratings

BB

Note: The rating is as of the end of 2022, and has not been updated since



Wind ESG rating

AA

Note: Industry ranking of personal products III: 1/29





Sustainalytics ESG Risk Rating

28.7

Note: The lower the score, the better the performance



S&P Global ESG Score

36

Note: On par with industry average



2024 ESG honors and social recognitions >

Title of Honor	Awarding body
2024 National Green Factory	General Office of the Ministry of Indus- try and Information Technology of the People's Republic of China
Outstanding Enterprise Representative for Key Industry Social Responsibility Index in the Daily Chemical Industry	Chinese Academy of Social Sciences (CASS)
Innovative Case of Sustainable Development among Chinese and Foreign Brands	Xinhua News Agency
50 ESG Pioneers Among Listed Chinese Companies in the Yangtze River Delta	China Media Group, Financial Program Center
Wind Best ESG Practice Top 100 among Chinese Listed Companies	Wind
Top 20 in ESG Performance among A-share Listed Companies in Consumer Staples Sector	Sino-Securities Index Information Service (Shanghai) Co. Ltd
Excellent ESG Performance List of A-share Listed Companies in the Household and Personal Care Industry	Sino-Securities Index Information Service (Shanghai) Co. Ltd
Top 100 in ESG Outstanding Performance among A-share Listed Companies	Sino-Securities Index Information Service (Shanghai) Co. Ltd

2024 ESG honors and social recognitions >

Title of Honor	Awarding body		
2024 China Fragrance & Beauty Industry Sustainable Development (ESG) Practice Case	China Association of Fragrance Flavor and Cosmetic Industries		
Best ESG Awards	The 8th IRSC China Outstanding IR		
ESG New Benchmark Enterprise Award	Stock Star		
China New Growth ESG Innovation Practice List	Harvard Business Review		
The Classic 100 Zhejiang Enterprises	The Global Zhejiang ESG Conference Organizing Committee		
ESG Governance and Strategic Demonstration Award	Value Co-creation Organizing Committee		
For Good Awards Annual ESG Sustainable Development TOP 15	For Good Awards Organizing Committee		
For Good Awards For Good Enterprise	For Good Awards Organizing Committee		
Selection of Outstanding Cases for 520 Social Responsibility Day - Caring for Children Topic	CCM CSR Promotion Center (CCM)		

Chairman's Message

The year 2024 was a testament to our unwavering strategic focus and relentless pursuit of progress. It also marked the fifth consecutive year that Proya independently published the sustainability report, reflecting our proactive response to market expectations for high-quality growth.

In the global journey toward sustainability, we deeply recognize that corporate social responsibility extends far beyond product innovation and profitability. True responsibility also lies in fostering a balance between environmental preservation, social progress, and economic growth through sustainable actions. Since our inception, Proya has upheld the corporate spirit of "appreciating for what we have and being a drive for excellence", striving to be a company worthy of society's recognition, trust, and respect. This commitment aligns closely with the principles of sustainability. That's why we have made sustainability a core component of our corporate strategy. By strengthening our ESG management system, we comprehensively enhance our performance across environmental, social, and governance aspects, actively contributing to the realization of global sustainability goals.

We remain steadfast on the path of technological innovation and sustainable development. In 2024, our European Science and Innovation Center was established and put into operation, marking a significant step in Proya's global R&D system building. Through scientific research and resource integration, it will serve as a powerful driver of our sustainable growth. We actively advance sustainable product planning, optimize packaging to reduce plastic usage, strive to lower the carbon footprint of our products, and encourage consumers to engage in sustainable practices. In doing so, we aim to make a positive impact on the global environment. In 2024, Proya was honored with dual certifications as a national-level "Green Factory" and a "Future Factory of Zhejiang Province." In addition, we have actively driven digital and intelligent transformation, enhanced efficiency through smart manufacturing and energy-saving technologies. We continued to increase our investment in renewable energy and collaborate with value chain partners to advance decarbonization efforts. Our goal is to build a low-carbon, environmentally friendly circular economy, setting a benchmark for the industry.

In terms of employee empowerment and social responsibility, we recognize that a company's mission goes beyond market success. It also lies in its profound impact on society. We are committed to fostering an inclusive, diverse, and open corporate culture, creating a workplace that all employees can

unlock their full potential. Through the Proya's Public Welfare Foundation, we support women's charity initiatives, respond to earthquake relief efforts, promote education in border regions, and contribute to rural shared prosperity. We also collaborate with social welfare organizations to raise awareness about issues such as gender equality and mental health, strive to provide support for vulnerable groups, and work together to build a more just, equal, and inclusive society.

In building our ESG framework, we firmly believe that sound and standardized governance is the core of a company's sustainable development. With a focus on sustainable value, we have fully integrated ESG principles into our corporate strategy and governance system, reshaping our management philosophy. In addition, we continue to enhance transparency in corporate governance, strengthen operational compliance, and build a culture of integrity. We are also improving our risk management capabilities to ensure the long-term, healthy, and sustainable development of the Company. With persistent efforts, we aim to gradually achieve our goal of becoming "Proya of China, Proya of the World, Proya for a Century".

As 2025 marks the conclusion of China's 14th Five-Year Plan. it is also a pivotal year for Proya to ride the wave forward and forge new paths. Looking ahead, we remain committed to our mission. We will fully embrace sustainability while upholding the highest standards of corporate responsibility and ESG excellence. Anchored in our "Double Ten" strategic vision—to rank among the world's top ten cosmetics brands within the next decade—we will continue to advance China's beauty industry with high-quality development. Every step we take will be guided by respect for the planet, and every achievement will be a meaningful contribution to society.

In the name of beauty, we march toward the future!



^ Chairman, HOU Juncheng

General Manager's Message

As a member of the new generation of leadership at Proya, I am honored to stand on the shoulders of giants, preserving our profound legacy built over the past two decades, and committed to leading the company forward into the future. This Sustainability Report is more than a reflection of our commitments—it is a strategic declaration to the global market, focused not merely on growth but, more importantly, on long-term value creation. In today's complex landscape, the beauty industry is best characterized by one word—"involution". Our response is to pursue high-quality growth deeply rooted in consumer insights. Driven by four strategic pillars of Time, Space, Value, and Speed, we aim high to evolve from a CNY-10-billion enterprise into one of the world's top ten beauty groups within the next decade.

Scientific Innovation: Defining the Future Trends in Beauty

Markets are constantly evolving, but consumer demand for authentic and proven efficacy remains unchanged. In today's fiercely competitive landscape, Proya has chosen a more challenging yet sustainable path—building a moat with foundational research. From revolutionizing "peptide" technology standards to establishing a new anti-aging paradigm in China, our independently developed Advanced Firming Nourishing Series stands as proof of a truth—exceptional products endure over time. At the heart of this achievement is years of fundamental research, empowered by a deeply integrated innovation system across academia, medicine, and industry. We fully understand that real competitive advantage is not about increasing our share of voice, but about leveraging the power of science to redefine product rules. Over the next decade, our global R&D centers and international innovation platforms will focus on frontier fields such as cellular anti-aging, microbiome modulation, and synthetic biology—transforming "Chinese ingredients" into globally recognized patents. This is yet another step in our preparation, laying a strong foundation for our long-term growth and signaling a profound shift from "innovating in China" to "researching for the world".

Reframing Growth: A Multi-Pronged Approach

The concurrent rise of lower-tier markets and premium consumer demands presents both challenges and opportunities. Our answer to this divergence is a "dual-pronged approach". On the one hand, our main brand strengthens the positioning in scientific-based skincare through series like Energy Series and Advanced Firming Nourishing Series. On the other hand, we are precisely tapping into the national beauty awakening. Driven by deep consumer insights, we launch differentiated product lines. Through youthful communication and cross-scenario service models, we activate secondary markets and unlock the inclusive value of scientific skincare across a broader distribution network. This dual-track strategy, namely setting benchmarks with premium lines while capturing scale in the mass market, has enabled Proya to maintain its "bottom line" amid fierce price competition. More importantly, it is the path that sustains us through market cycles.

Globalization: Not a Choice, But a Necessity

The global rise of Chinese beauty brands requires more than scientific strength—it demands local insight. In Indonesia, now we start by understanding consumers to define their profiles and meet their differential needs. In Vietnam, we are integrating product strategies proven in China with local culture to foster a new growth ecosystem. These efforts reinforce our belief: true globalization isn't merely about exporting products, but about about integration of technology, supply chains, and culture.

Guided by the Belt and Road Initiative, Chinese companies are expanding overseas at an unprecedented pace. For Proya, taking part in this wave of outbound development marks a pivot step on its path to global ascent. As a proud torchbearer of Chinese products, Proya embodies not just its own mission, but the broader vision of China's presence on the global stage. We aim to transform from "Proya of China" into "Proya of the World." This is more than a calling of our times; it is a responsibility we embrace in the rise of Chinese brands.

To this end, we have started building an international talent pool, recruiting top professionals from around the globe. In the future, more overseas R&D centers will be established, empowering us to compete on the global stage with leading international beauty brands and earn worldwide respect for Chinese brands

Organizational Agility: Enabling the Elephant to Dance

In a rapidly changing market, the vitality of an organization determines the sharpness of its strategy. Moving forward, we will continue to cultivate a multi-brand ecosystem rooted in co-existence and synergy. By empowering the entire value chain through digital technology—from R&D and product development to marketing—we will enable the closedloop decision-making for independent unit accounting. This transformation will also turn our "business executors" into "champions of innovation". Additionally, we have established cross-functional "Growth Task Forces" to swiftly test and iterate in both lower-tier and international markets.

This highlights the strategic importance of speed. Compared with many mature multinational corporations, one of our greatest strengths lies in our agility and efficiency, which enables us to swiftly respond to market shifts and efficiently meet platform demands.

As we scale up, we remain vigilant against bureaucratic inertia, breaking down departmental silos, streamlining information flows, and maintaining our organizational flexibility. We are confident that the future competition will be won by those who can execute with efficiency, where "small teams tackle big challenges". We have implemented long-term incentive mechanisms, including equity-based rewards for executives and core team members, aligning performance targets with sustainable value creation. Empowered by our data platform and driven by our partnership system, we are building a more resilient foundation to support Proya's enduring legacy.

Beyond the Financial Statements: Respon-

Sustainability at Proya is defined as a closedloop value system, extending from the upstream responsibility to downstream outcome. Proya's green initiatives have reduced our greenhouse gas (GHG) emissions per unit product (Scope 1 and Scope 2) by 18.46% in 2024 compared to 2021—but this is just the beginning. Our public welfare campaign "It's Gender, Not Border" has reached over 100 million people, transforming equality from a marketing message into a catalyst for social diversity. As Proya continues to grow and evolve, we have invested more than CNY12 million in the past three years. We actively take on social responsibility and use philanthropy to drive positive change in the world. These efforts may not appear directly in our financial statements, but they define Proya's style as an exceptional company. In terms of value,

our aim is not simply to cut costs, but to optimize our structure—to spend the same money on activities that generate even greater value.

Going Global: The "Double Ten Strategy"

We are clear-eyed and resolute at the starting of our "Double-Ten Strategy", with a core ambition—a ten-year sprint to enter the global top ten of the beauty industry—not driven by numbers alone, but by a greater vision: to prove the world that Chinese brands can be built on scientific excellence and sustained



^ Director, General Manager, HOU Yameng

through a deep sense of responsibility. This year marks the inaugural year of this strategy, and we are striving to bring this vision into reality.

We have chosen a path that is difficult but right, fully committed to bridging the gap for China in the global top ten beauty enterprises. Our growth is fueled not only by the strategic development of our multi-brand matrix, but also by our global vision—seeking on collaboration and integration on

We have never walked this journey alone. We are deeply grateful to every partner for their trust, to every consumer for their choice, and above all, to this era for offering boundless possibilities to Chinese enterprises. Looking ahead, Proya will write its chapter in the global beauty landscape—with innovation as its pen and responsibility as its ink-delivering a uniquely Chinese answer to the world.

Deputy General Manager's Message

As the world faces increasingly urgent challenges related to climate change and sustainable development, Proya firmly believes that a company's true value extends beyond commercial success. It lies in the company's respect for the environment, contributions to society, and responsibility to the future. As one of the leading enterprises in China's beauty industry, Proya is committed to the sustainable development philosophy of "Beauty Aspirations for a Shared Future."

I. A Strong Commitment to Long-Termism and Building a Sustainable Future

The Proya Board of Directors has made climate change a key focus within its ESG (Environmental, Social, and Governance) oversight and management framework. Our functional and business departments have also made addressing climate change a central aspect of their daily operations. We have set ambitious goals for carbon peak and carbon neutrality and have clearly defined the pathway to achieve them. In 2024, the Huzhou Branch of Proya Cosmetics Co., Ltd. was honored as a "National-Level Green Factory" for its achievements in energy efficiency, clean energy utilization, and comprehensive waste management—all of which meet or exceed national standards.

II. Empowering with Science and Technology to Set a New Benchmark for Smart Zero-Carbon Innovation

In an era where digitalization and low-carbon development go hand in hand, Proya stands at the forefront of technological innovation, leveraging cutting-edge technologies such as 5G, AI, and cloud computing to revolutionize our production processes. We have obtained certification for and implemented ISO 50001 Energy Management Systems, seamlessly integrating the standards with an advanced energy management platform. This has enhanced the company's energy usage, monitoring, data collection, and analysis methods, enabling intelligent energy consumption monitoring and scheduling. Our next step is to develop a digital energy and carbon management platform. This platform will incorporate a comprehensive intelligent system that integrates multiple functions, ultimately enabling the visualization and intelligent analysis of energy and carbon data.

III. Open Collaboration to Co-Create a Green Ecosystem for the Industry

Proya has always embraced the national vision of carbon peak and carbon neutrality, accelerating the development of zero-carbon factories. In 2024, we broke ground on our Huzhou Second Manufacturing Base, which was comprehensively planned in accordance with the Zhejiang Province Zero-Carbon (Near-Zero Carbon) Factory Construction Evaluation Guidelines. The facility integrates systems that analyze various green energy sources, such as solar power, energy storage, power generation glass, and green electricity, while optimizing our energy management monitoring platform to create a smart, sustainable park.

Furthermore, carbon neutrality cannot be achieved through isolated breakthroughs alone; it requires collaboration across the entire supply chain. In 2023, we joined forces with ten strategic partners to release the "Together for A Zero Carbon Future, Beauty in Harmony" declaration, committing to reduce our carbon emissions by 2025. In 2024, we focused on gathering carbon emission data and reduction performance information from these partners. With a comprehensive carbon reduction strategy that integrates both self-driven emission reductions and cross-border collaboration, Proya is committed to pioneering innovative, cutting-edge zero-carbon technologies to drive the sustainable development of the beauty industry.

The mission of Proya is not only to create beautiful products but also to foster a beautiful world. Looking ahead, we will continue to increase investments in green and zero-carbon technologies, ensuring that every beauty product we create carries the core values of sustainability.



^ Director, Deputy General Manager, JIN Yanhua

Sustainable Planning Goals and Progress

Sustainable planning goals		2022	2023	2024	Achievement of goals	
	By 2025 • We will promote the research and the development of efficacious ingredients to create more effective products, and realize the application of safer and more effective self-developed ingredients.	We have adopted various measures such as saving energy and upgrading technology, using clean energy, and optimizing distribution routes to reduce the use of fossil energy in production and operations and cut carbon emissions.	We successfully registered the new ingredient "3,3,5-TRIMETHYLCYCL-OHEXYL SUCCIN-ATE DIMETHYLA-MIDE" with the competent authorities.	We incorporated bio- based ingredients such as sophorolipids and succinic acid into products.	Progressing as scheduled	
Sustainable business:	By 2025 • We will assess the sustainability of 100% of new products and updated products under major brands.	During the Reporting Period, the greenhouse gas emissions per unit of revenue was 12.42kg CO ₂ equivalent, down 31.69% year on year.	A preliminary product sustainability assessment system and mechanism have been established.	We completed a sustainability assessment for Proya Double Effect Brightening Essence 3.0	Progressing as scheduled	
7 AFFORMALE AND CLUM ENGINE AN	By 2025 • we aim to achieve 50% clean energy usage, and reach peak carbon emissions in our own operations. reduce greenhouse gas emissions per unit of product (Scope 1 & 2) by 25% compared to the 2021 baseline.	We took measures to trace the origin of palm oil derivatives and prioritize the purchase of RSPO-certified (Roundtable of Sustainable Palm Oil) palm oil to reduce deforestation and its impact on biodiversity.	The proportion of clean energy usage reached 53.69%, while greenhouse gas emissions per unit of product (Scope 1 and 2) decreased by 45.34% over the baseline year.	The proportion of clean energy usage reached 46.66%, while greenhouse gas emissions per unit of product (Scope 1 and 2) decreased by 18.46% over the baseline year.	Progressing as scheduled	
15 UPS DELIAND	By 2025 • We will increase the proportion of sustainable packaging materials by 20% and reduce packaging intensity by 15%, based on the 2021 baseline.		The proportion of sustainable packaging materials reached 25.47%, marking a 25.31% increase over the baseline year.	The proportion of sustainable packaging materials reached 33.88%, marking a 33.72% increase over the baseline year.	The goal for the proportion of sustainable packaging has been achieved	
	By 2025 By 2025, the proportion of purchased palm oil derivatives (weight-based) using RSPO-certified palm oil will exceed 70%. Additionally, during the planning period, we will further refine the traceability system for palm oil in raw material procurement.		The assessment of palm oil utilization in our current products was largely finalized.	The weight percentage of RSPO-certified palm oil in purchased palm oil derivatives reached 48.86%.	Progressing as scheduled	

Sustainable	Sustainable planning goals		2023	2024	Achievement of goals	
	By 2025 • All of our key partners will conduct ESG compliance assessments. We will provide ESG management support to them.	We conducted ESG training on packaging materials and raw material suppliers to deliver our Sustainability Strategic Plan and ESG management knowledge.	We evaluated the ESG performance of 264 suppliers, and conducted ESG compliance assessments for all of our key partners.	All key partners (407 in total) undergone and passed ESG compliance assessments.	Progressing as scheduled	
Sustainable value chain: Sharing beauty	We will drive all strategic partners to reduce carbon emissions through value chain carbon reduction initiatives and incentives.	We collected carbon emissions data from suppliers and distributors and encouraged them to implement energy conservation and emissions reduction	We collaborated with ten strategic partners (suppliers) to jointly release the "Together for A Zero Carbon Future, Beauty in Harmony" carbon reduction manifesto.	The total carbon emissions fell among our ten strategic partners.	Progressing as scheduled	
12 REPROSELE AND PRODUCTION AND PRODUCTION ACTION	We will drive sustainability transformation for all partners in our value chain and share our sustainability practices with our industry peers.	measures.	We co-hosted the Proya Logistics Salon to share our sustainable practices with industry peers.	We established a regular communication and training mechanism for suppliers. The training focuses on conveying ESG concept and procurement policies, analyzing international environmental protection trends and requirements, and sharing our implementation experience in sustainable management plans.	Progressing as scheduled	
	We will disclose our product sustainability information in multiple ways to share our sustainable consumption concept with consumers.		We added sustainable labels to packages and advocated for the use of refillable options, bottle recycling, and other environmental protection campaigns through multiple channels.	We partnered with "WUYUSTORY" to launch a sustainable consumption campaign. Offline 231 people took part in recycling empty bottles, collecting 317 bottles.	Progressing as scheduled	
Sustainable social ecosystem: Empowering through beauty 1 MO MENTION AND WELL SENGE	We will invest a total of CNY12 million in social welfare to build a more equal and diversified society.	We practiced concept advocacy and social welfare activities focusing on gender equality, love and caring, family responsibility, youth and growth, and mental health.	We invested a total of CNY8.6612 million in social welfare to build a more equal and diversified society. As of the end of the Reporting Period, the cumulative investment amounted to CNY10.0958 million.	We invested a total of CNY2.5887 million in social welfare to build a more equal and diversified society. As of the end of the Reporting Period, the cumulative investment for 2022-2024 totaled CNY12.6845 million.	Achieved	
4 GUALITY EBUCATION 5 GENDER EQUALITY	By 2025 • We will directly benefit 500,000 people and indirectly benefit 500 million people by carrying out social welfare activities.	We supported education and public interest areas, donating stationery, books, and CNY1 million to the "One County, One Dream" public interest project.	The social welfare activities promoted by Proya benefited 233,000 people directly and 247 million people indirectly. As of the end of the Reporting Period, 665,100 people were directly benefited, and 365 million people were indirectly benefited.	The social welfare activities promoted by Proya benefited 314,900 people directly and 108 million people indirectly. As of the end of the Reporting Period, 2022-2024 totaled 980,000 people were directly benefited, and 473 million people were indirectly benefited.	The goal of direct impact has been achieved	

Proya Sustainability Governance System

01



Sustainability philosophy

Proya upholds the sustainability concept of "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. We create countless beautiful moments to shape a better future.

Sustainability planning

The Proya sustainable development strategic plan "Beauty Aspirations for a Shared Future" is based on three pillars: sustainable business, sustainable value chain, and sustainable social ecosystem. We facilitate sustainability development based on holistic ESG management. The section "Contribution to sustainability development" in this Report summarizes the annual progress made in implementing our sustainable development strategic plan.

Beauty aspiration for a shared future



Sustainable business: Creating beauty

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



Ever-lasting beauty and sharing bliss

Corporate vision:

To become a world-class cosmetics enterprise

Corporate spirit:

Diligence, pragmatism, passion, aggressiveness, integrity, and gratitude

Core corporate values:

Responsibility, willingness to learn, high efficiency, collaboration, innovation, and



Sustainable value chain: Sharing beauty

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



Sustainable society ecosystem: Empowering through beauty

We provide support to address environmental challenges and facilitate social development so that more people can enjoy a wonderful life.

Sustainability management structure



Board of Directors

The Board of Directors is solely responsible for supervising Proya's sustainability & ESG topics, as well as developing corporate sustainability & ESG management policies and strategies, such as participating in the identification and evaluation of ESG topics. It also provides recommendations and support for necessary actions to achieve ESG goals.

The strategic committee under the board of directors

The Strategy Committee is responsible for directing and supervising the management of major ESG topics, including science and technology innovation, product quality and safety, and green packaging. The Strategy Committee regularly audits the performance of ESG topics to promote the progress of ESG goals. It also provides recommendations on necessary actions to achieve ESG goals and reports regularly to the Board of Directors on ESG management progress.

ESG Management Committee

The ESG Management Committee is composed of members of the General Manager's Office and is responsible for the promotion of the Company's ESG strategy and goals and the implementation of information disclosure. The ESG Management Committee is an independent department under the Strategy Committee and is composed of senior management members from the General Manager's Office, including the general manager. The department manages environmental, social, and governance (ESG) topics and prevents ESG risks. It also reports regularly to the Strategy Committee and to the Board of Directors on ESG work progress.

ESG Implementation Team

The ESG Implementation Team is composed of multiple internal departments related to ESG issues. The team coordinates business modules under the direction of the team leader and reports to the ESG Management Committee on ESG topics. It also provides information for decision-making and work guidance to business modules.

To further accelerate ESG management, the Company added several provisions to the Performance Management Measures and the Supplementary Provisions on Performance System. These provisions link the incentive compensation of members of the Board of Directors and senior management with the Company's sustainability & ESG management performance (hereinafter referred to as "sustainable performance"). We also developed short-, medium-, and long-term incentive payment plans to ensure that directors and executives are better motivated to perform ESG management in all aspects for a long term. In the performance assessment system of directors and executives, sustainable performance indicators weigh 8-10%, with regular performance assessments carried out.

Furthermore, we voluntarily disclose ESG (environmental, social, and governance) information through the ESG report and have engaged a professional external agency to provide ESG training to relevant departments, allowing internal employees to better understand ESG principles.

ESG topics materiality assessment

Double materiality analysis

Material topics serve as the foundation and focal point for ESG management and information disclosure. Proya identifies material topics through internal processes such as due diligence and risk management, as well as by reviewing relevant regulatory policies, rules, industry standards, market trends, and peer analysis. These topics are compiled into a material topic database. In accordance with the relevant requirements of the Guideline No. 14 for the Self-regulatory Rules of Companies Listed on the Shanghai Stock Exchange - Sustainability Report (Trial) regarding "Materiality Analysis of Topics," we conduct a double materiality analysis of these topics.

We have identified 22 key ESG topics that need attention. Both internal and external stakeholders are invited to assess these topics from a double materiality perspective, considering significance in terms of financial and impact aspects. The assessment of financial materiality factors in the likelihood of an impact occurring in the short, medium, and long term, along with the extent of its financial consequences. The assessment of impact materiality considers the probability of occurrence and the severity of the impact, including its scale, scope, and irreversibility.

Proya double materiality analysis process >



Background analysis

Based on our business operations and industry characteristics, we identify potential impacts on our Company by considering factors such as policy trends, information disclosure requirements of the exchange, and peer comparisons, ultimately establishing a list of relevant ESG topics.



Topic identification

We continuously engage in communication with stakeholders and internal and external experts to assess the materiality of the topic on our Company. This process has resulted in the identification of 22 critical ESG topics that require attention.



Materiality assessment

- We provided a stakeholder survey questionnaire to executives and financial officers, inviting them to quantitatively evaluate the financial materiality of the topics.
- We provided a stakeholder survey questionnaire to employees, suppliers, customers and others, inviting them to quantitatively evaluate the financial materiality of the topics. A total of 121 valid questionnaires were collected.
- The results from the two surveys are then used to determine the prioritization of materiality of topics.



Validation and reporting

Based on the topic materiality ranking, a double materiality matrix is developed and reviewed by the ESG Management Committee. Key findings are then highlighted in this Report.

Due diligence

We conduct sustainability-related due diligence to identify, analyze, and assess the short-, medium-, and long-term impacts of various ESG topics on the economy, environment, and society. This process also assesses the risks and opportunities these topics pose to business operations and business models, and discloses the targeted management initiatives and practices implemented by the Company.

Analysis of impact, risk and opportunity of Proya's 2024 material topics V

		Impact analysis	Analysis of risk and opportunity			
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity
1	Climate change mitigation and adaptation	Strategies to address climate change can reduce a company's carbon footprint, reduce climate-related risks, and enhance its environmental reputation. By taking measures to reduce emissions, companies can effectively respond to global climate change challenges and drive sustainable development.	Market opportunities Product and service opportunities, etc.	Corporate operations Downstream of the value chain	Medium-term Long-term	Refer to the "Climate change
			Physical risk Transition risk	Corporate operations	Short-term Medium-term Long-term	mitigation and adaptation" section of this Report
2	Energy management		Policy risk Market risk	Corporate operations	• Short-term • Medium-term	Cost savings: By building an energy management system, optimizing energy use and improving energy efficiency, companies can significantly reduce energy consumption Financial impact: While there may be upfront investment costs, in the long run, companies can lower energy expenses and enhance profitability
			• Energy efficiency opportunities	Corporate operations	• Short-term • Medium-term	Energy supply: Instability in energy supply can disrupt a company's production schedule Financial impact: This may lead to an increase in energy procurement costs and supply chain management costs, thus affecting production efficiency

	_	Impact analysis		Analysis of	risk and opp	ortunity
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity
2	Resource	rce reduce reliance on natural resources and minimize the environmental impact of a company's operations.	Resource efficiency opportunities	Corporate operations	Short-term Medium-term Long-term	Resource efficiency: The cosmetics industry has high water consumption. By upgrading equipment and adopting new technologies, companies can improve water efficiency and reduce water usage Financial impact: This may help reduce water costs and enhance profitability
3 Resource management	management		Policy risk Market risk Reputational risk	Upstream of the value chain Corporate operations	• Short-term • Medium-term	Compliance risk: The cosmetics industry is subject to strict environmental laws and regulations. Non-compliance in resource management can result in regulatory penalties and reputational damage Financial impact: This may result in regulatory fines and market share decline
		Improper handling of waste, hazardous materials, and	Resource efficiency opportunities	Corporate operations	Short-term Medium-term Long-term	Innovation opportunities: Through adopting greener production processes and equipment, companies can enhance resource efficiency and reduce waste generation Financial impact: This may help lower waste disposal costs and reduce risk of fines due to non-compliant emissions
4	Emissions and exhaust emissions during	Policy risk Market risk	Corporate operations	• Short-term • Medium-term	Compliance risk: Failure to comply with environmental laws and regulations may result in administrative penalties such as fines, suspension of production and rectification, or even criminal responsibility Financial impact: Stricter and evolving environmental laws and regulations increase compliance costs of a company in environmental protection	
5	Chemical safety and ingredient transparency	The production process of cosmetics involves a variety of chemicals, such as dyes, fragrances, preservatives, etc. Ensuring the safety of these chemicals and maintaining ingredient transparency remain key concerns for both companies and consumers.	Market opportunities Product/ service opportunities	Corporate operations	• Short-term • Medium-term • Long-term	Market expansion: As consumers become more concerned with chemical safety and ingredient transparency, companies that offer safe, transparent products are more likely to gain consumer favor Financial impact: This provides companies with market expansion opportunities, enabling them to further increase sales and market share

Analysis of impact, risk and opportunity of Proya's 2024 material topics \lor

	_	Impact analysis	Analysis of risk and opportunity			ortunity
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity
5	Chemical safety and ingredient transparency	The production process of cosmetics involves a variety of chemicals, such as dyes, fragrances, preservatives, etc. Ensuring the safety of these chemicals and maintaining ingredient transparency remain key concerns for both companies and consumers.	Operational risk Market risk Reputational risk	• Downstream of the value chain	• Short-term • Medium-term • Long-term	Safety risks: The chemical ingredients in cosmetics may pose potential health risks to consumers, such as allergic reactions or skin irritation. Any safety issues could severely damage the brand image and lead to a decline in sales Financial impact: Companies may face financial burdens such as fines, product recall costs, decreased sales, and loss of brand reputation, which may negatively impact the companies' financial positions
6	Green packaging	Plastic materials have long been essential in cosmetic product packaging because they keep products well-preserved and are easy to transport. However, the non-degradable or difficult-to-degrade substances in plastic packaging can lead to environmental pollution and ecological damage.	• Market opportunities	Corporate operations Downstream of the value chain	• Short-term • Medium-term • Long-term	Green transformation: This promotes companies to innovate in packaging materials and other aspects, and develop biodegradable and environmentally friendly products and packaging Financial impact: By developing environmentally friendly products and packaging, a company may attract more consumers, increase product sales and market share, ultimately boosting revenue
			Operational risk Market risk	Corporate operations	• Short-term	Increased cost: Green packaging materials (degradable biodegradable, FSC certified paper, etc.) often cost more than traditional packaging materials Financial impact: This may lead to higher production costs for companies
7	Responsible procurement	Supply chain environment and social risk management helps ensure that companies comply with environmental and social responsibilities within their supply chains. By actively managing risks related to environmental protection and labor rights, companies can enhance their brand reputation and build trust with consumers and investors.	Market opportunities Product/ service opportunities	Upstream of the value chain Corporate operations Downstream of the value chain	• Short-term • Medium-term • Long-term	Promote sustainability: Responsible procurement focuses on issues such as environmental protection and labor rights, contribut- ing to the sustainability of the supply chain Financial impact: This helps raise a company's social image and attract more sustainability-focused consumers and investors

		Impact analysis	Analysis of risk and opportunity					
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity		
7	Responsible procurement	Supply chain environment and social risk management helps ensure that companies comply with environmental and social responsibilities within their supply chains. By actively managing risks related to environmental protection and labor rights, companies can enhance their brand reputation and build trust with consumers and investors.	Operational risk Market risk	Upstream of the value chain Corporate operations Downstream of the value chain	• Short-term • Medium-term • Long-term	Supply chain risk: Supply chains often involve multiple countries and suppliers. Responsible procurement requires monitoring every step to ensure that all partners follow sustainability principles Financial impact: This increases the complexity and challenges to manage the supply chain, potentially leading to disruptions or higher costs		
	Ecosystem and	The beauty industry is closely related to biodiversity. Some key ingredients in beauty products, such as palm oil, wood pulp, and	Market opportunities	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Brand image enhancement Companies actively embrac- ing biodiversity conserva- tion can elevate their brand image and reputation Financial impact: This may foster consumer trust and increase market share		
8	biodiversity conservation	mica, are directly associated with deforestation and forest degradation. Overharvesting or improper extraction may lead to ecological damage and biodiversity reduction.	Market risk Reputational risk	Corporate operations Downstream of the value chain	• Short-term • Medium-term	Reputational risk: Exposure of activities that harm biodiversity and ecosystems can tarnish a company's brand image and reputation Financial impact: This may undermine consumer trust and affect sales performance		
9	Environmental compliance	The inadequacy of environ- mental compliance system may pose risks such as excessive emissions and improper waste disposal,	Market opportunities	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Market expansion: As consumers become more environmentally conscious, cosmetics companies that prioritize environmental compliance management are more likely to gain consumer preference Financial impact: This may offer a company opportunities to tap into new markets and increase market share		
y compliance management		• Operational risk	Corporate operations	• Short-term • Medium-term	Increased compliance costs Companies may need to invest significant funds in equipment upgrades, pol- lution control technologies, and waste disposal to meet environmental compliance standards Financial impact: This may increase a company's operational expenses and			

Analysis of impact, risk and opportunity of Proya's 2024 material topics ∨

	_	Impact analysis		Analysis of	risk and oppo	ortunity
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity
10	Product quality and safety	The safety and quality of products and services are directly related to consumer health and satisfaction, thus impacting a company's brand image and market share. Maintaining high standards of quality and safety can help build	Market opportunities Product/ service opportunities	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Technological innovation: Companies may develop safer and more effective cosmetic ingredients and formulations through R&D and innovation to meet consumers' high expectations for product quality and safety. This can create new growth opportunities for a company Financial impact: This may help generate new revenue streams, expand market share, and enhance brand value, thus positively affecting the company's financial position
		customer trust, enhance competitiveness, and drive long-term business growth.	Operational risk Market risk Reputational risk	Corporate operations Downstream of the value chain	• Short-term	Satisfaction risk: Poor product efficacy can reduce customer satisfaction, erode brand trust, and lead to declining sales and higher return rates Financial impact: A company may face financial losses including product recall costs and damages to brand reputation
11	Science and technology innovation Science and technology innovation and market adaptability. By continuously innovating technology and developing products, a company can meet market demands, drive business upgrades, maintain a leading position	strategy can enhance a company's competitiveness and market adaptability. By continuously innovating technology and developing products, a company can	Market opportunities Product/ service opportunities	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Development of new product lines: Science and technology innovation presents opportunities for companies to expand new product lines. By introducing new technologies, ingredients or formulations, companies can create unique, market-differentiating products Financial impact: This can help attract more consumers, boost product sales, and increase market share
		meet market demands, drive business upgrades, maintain a leading position, and elevate brand value and	• Market risk	Corporate operations Downstream of the value chain	Medium-term Long-term	Market competition risk: As technology innovation accelerates, competition in the cosmetics industry is also intensifying Financial impact: If a company fails to keep up with market trends or its innovative products do not meet consumer demands, it may face the risk of market share decline

		Impact analysis	Analysis of risk and opportunity			ortunity
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity
12	Customer service and rights	Effective customer relationship management can enhance customer loyalty, boost customer satisfaction, drive sales performance, and ensure a steady revenue stream for a company, thus ultimately strengthening the market share and competitiveness.	Market opportunities	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Enhancing brand image and reputation: By providing exceptional customer service, cosmetics companies can establish a positive brand image in the minds of consumers and build strong word-of-mouth recognition Financial impact: This can help attract more potential customers and expand market share
	protection		• Market risk	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Customer churn risk: Poor customer service or ineffective protection of customer rights can lead to customer churn Financial impact: This may result in a shrinking customer base and decreased sales for a company
13	Data security and customer privacy protection	Data security and ustomer privacy protection Data security and ustomer privacy protection If a company fails to implement adequate security measures to protect customer and employee personal information, it may face leakage of sensitive data or exposure to cyberattacks. This not only compromises individual privacy but also undermines public trust in the company's data protection capabilities.	Operational opportunities	Corporate operations	Short-term Medium-term Long-term	Technology innovation and application: Cosmetics industry companies can enhance data security and customer privacy protection through technological innovation. For example, they may leverage advanced technologies like blockchain and artificial intelligence to boost their data protection capabilities Financial impact: This may help reduce the risk of data breach and thus mitigate financial risks
			Policy risk Market risk	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Risk of data breach: Inadequate data security measures in cosmetics industry companies may result in the leakage of customer data Financial impact: This can expose a company to severe legal and financial risks
14	Industry development promotion	By engaging in partnerships and industry collaborations, companies can work alongside value chain partners to drive sustainability across the entire cosmetics industry.	Market opportunities Product/ service opportunities	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Emerging market growth: As emerging market economies expand and consumer purchasing power increases, the cosmetics market in these regions presents significant growth potential Financial impact: Companies can seize these emerging market opportunities to expand their market shares

Analysis of impact, risk and opportunity of Proya's 2024 material topics \lor

	_	Impact analysis		Analysis of	nalysis of risk and opportunity		
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity	
14	Industry development promotion	By engaging in partnerships and industry collaborations, companies can work alongside value chain partners to drive sustainability across the entire cosmetics industry.	• Market risk	Corporate operations	• Short-term • Medium-term • Long-term	Intensifying market competition: With the continuous development of the cosmetics industry, the market competition is becoming increasingly fierce, and industry players are facing competitive pressures from both domestic and international brands Financial impact: This may lead to intense competitive behaviors such as price wars and market share battles, which may adversely strain a company's financial position	
		Intellectual property protection holds significant importance for stimulating innovation, fostering eco- nomic growth, and maintain- ing market order.	Market opportunities Product/ service opportunities	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Leveraging intellectual property for international cooperation and expansion: Intellectual property serves as a vital asset for multinational corporations in international cooperation and expansion. By enhancing intellectual property management, companies can bolster their capabilities in these areas. Financial impact: Cooperation enables companies to further expand their market share	
15	property management		• Market risk	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Risks of intellectual property infringement: The cosmetics industry involves numerous intellectual property rights, including patents, trademarks, and copyrights. If companies fail to properly manage these intellectual property rights, they may face the risk of infringement by others Financial impact: This can lead to market share losses, financial setbacks, and significant legal expenses for defending intellectual property rights	
16	Employee rights and benefits	The management of employee hiring and their rights directly impacts a company's labor relations, employee satisfaction, and corporate culture. By safeguarding employees' fundamental rights, such as fair compensation, career development opportunities, and a positive work environment, companies can enhance employee loyalty and productivity, thereby strengthening their long-term competitiveness.	Market opportunities	Corporate operations	• Short-term • Medium-term • Long-term	Stimulating employees' innovative potential: When employees feel that their rights are fully protected and they enjoy generous benefits, they are more likely to vigorously engage in their work and unleash their innovative potential Financial impact: Employees' innovative achievements can generate new business growth opportunities, boosting the company's market competitiveness	

		Impact analysis	is Analysis of risk and opportunity		ortunity	
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity
16	Employee rights and benefits	The management of employee hiring and their rights directly impacts a company's labor relations, employee satisfaction, and corporate culture. By safeguarding employees' fundamental rights, such as fair compensation, career development opportunities, and a positive work environment, companies can enhance employee loyalty and productivity, thereby strengthening their long-term competitiveness.	• Operational risk	Corporate operations	• Short-term	Talent drain risk: If employees believe their rights are being violated or their benefits are inadequate, they may choose to resign, leading to talent drain Tinancial impact: Talent drain not only increases a company's recruitment and training costs but may also affect its business continuity and stability
17	Employee training and development		Operational opportunities	Corporate operations	• Short-term • Medium-term • Long-term	Advancing employee career growth: Employee training and development programs empower employees to achieve their professional goals, increase job satisfaction and develop a sense of accomplishment. This, in turn, fosters a stronger sense of belonging and dedication among employees Financial impact: Supporting employee career growth can help reduce employee turnover rates, lower recruitment and training costs, improve employees' work efficiency and quality, and ultimately boost the company's profitability
		overall improvement of workforce quality in society.	• Operational risk	Corporate operations	Short-term Medium-term Long-term	High training costs: Delivering high-quality employee training often requires significant investment in time and money, including costs for hiring expert instructors, purchasing training materials, and securing venues Financial impact: High training costs may increase a company's operational costs, impacting its profitability

Analysis of impact, risk and opportunity of Proya's 2024 material topics ∨

		Impact analysis		Analysis of	risk and oppo	ortunity
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity
18	Occupational health and safety	As part of society, beauty and cosmetic enterprises bear the social responsibility of protecting the health and safety of their employees. Strengthening employee occupational health and safety management helps the state of the safety management helps the safety management helps.	Operational opportunities	Corporate operations	• Short-term • Medium-term • Long-term	Enhancing company image: Companies that prioritize occupational health and safety can establish a positive corporate image, demonstrating their care for employees and commitment to social responsibility. This, in turn, boosts their brand value and market competitiveness Financial impact: A positive company image can attract more consumers and business partners, driving sales growth and expanding market share
		these enterprises fulfill their social responsibilities and enhance their social image and reputation.	• Operational risk	Corporate operations	• Short-term • Medium-term • Long-term	Economic losses from safety accidents: If a company neglects occupational health and safety, it may lead to frequent safety accidents Financial impact: These accidents may cause casualties and property damage, leading to significant economic losses for the company
		By organizing various social welfare activities and sup- porting community devel-	Operational opportunities	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	Expanding market share: Active participation in social welfare activities allows companies to tap into consumer markets that value social responsibility Financial impact: This market expansion leads to increased market share
19	Social welfare	opment, enterprises can	• Operational risk	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	High costs of social welfare activities: Engaging in social welfare activities necessitates a certain investment of funds, manpower, and material resources Financial impact: When the scale of social welfare activities is too large or their duration too extended, it may increase a company's operational costs

	_	Impact analysis	Analysis of risk and opportunity		ortunity	
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity
		The quality of corporate	Operational opportunities	Corporate operations	Short-term Medium-term Long-term	Improving governance structure: By refining its governance structure, a company can clarify decision-making powers and responsibilities, thereby enhancing decision-making efficiency Financial impact: This leads to reduced operational costs
20	governance not only affects shareholder and investor	• Operational risk	Corporate operations	Short-term Medium-term Long-term	Inadequate governance structure: An inadequate governance structure may lead to an imbalance of power within a company, inefficient decision-making, and even spark internal conflicts and disputes Financial impact: An inadequate governance structure and ineffective internal controls can drive up operational costs and weaken profitability	
21	Risk management is the process of identifying, assessing, and addressing risks that may impact a company's ability to achieve its objectives. Effective risk management helps minimize potential financial losses, reputational risks, and legal risks, ensuring that a company can maintain stable operations in the face of internal and external challenges while supporting long-term sustainability.	Operational opportunities	Corporate operations	Short-term Medium-term Long-term	Optimizing risk management process: By refining the risk management process, a cosmetics company can more effectively identify, assess, and respond to potential risks, thereby mitigating their negative impacts Financial impact: Optimizing the risk management process can lower operational costs and potential losses, ultimately enhancing profitability	
		• Policy risk	Corporate operations	Short-term Medium-term Long-term	Legal compliance risk: The cosmetics industry is subject to numerous regulatory laws and regulations, including those related to product quality, advertising and promotion, and intellectual property rights Financial impact: Noncompliance can lead to severe consequences such as legal proceedings, fines, or even being banned from the market	

Analysis of impact, risk and opportunity of Proya's 2024 material topics ∨

		Impact analysis		Analysis of	risk and oppo	ortunity
No.	Name of the topic	Impact description	Type of risk and opportunity	Scope of impact	Time frame ¹	Description of risk and opportunity
22	Business ethics	Adherence to business ethics, particularly anti-bribery and anti-corruption initiatives, helps maintain equitable market competition and foster a healthy	Market opportunities	Corporate operations Downstream of the value chain	• Short-term • Medium-term • Long-term	Enhancing market competitiveness: Ethical business practices are not merely a representation of corporate image but also a pivotal element in maintaining competitive advantage in the marketplace. Companies that uphold business ethics can establish a positive image in the market, earning consumer trust and preference Financial impact: Strengthened market competitiveness enables a company to expand its market share, increase sales revenue, and further consolidate its market position
		market economy.	• Policy risk	Corporate operations	• Short-term • Medium-term • Long-term	Legal risk: Companies may face legal proceedings and fines due to actions such as false advertising, infringing on consumer rights, and unfair competition Financial impact: Legal risks can increase a company's operational costs, including legal fees and compensation expenses. Additionally, legal proceedings and fines can further damage a company's reputation and image, thereby affecting its market performance and financial position

¹The time frame is defined as follows: short-term (within 1 year, inclusive), medium-term (1 to 5 years, inclusive), and long-term (more than 5 years).

Stakeholder communication

Key stakeholders and communication channels > The support and trust of our stakeholders is vital to Proya. When carrying out and promoting sustainability & ESG management tasks, Proya focuses on the demands of stakeholders and actively communicates with them on multiple channels. We respond to stakeholder expectations and demands by conducting responsible practices. We strive to achieve win-win cooperation among all parties, including shareholders, employees, and society.

Stakeholder	Topic	Communication and response
Government and regulatory agencies (The National Medical Products Administration, local governments, and others)	Climate change mitigation and adaptation Chemical safety and ingredient transparency Energy management Resource management Environmental compliance management Emissions and waste Ecosystem and biodiversity conservation Product quality and safety Corporate governance Risk and compliance	Implement energy conservation and carbon reduction initiatives and establish a systematic process for managing climate-related risks and opportunities Complete product filing and disclose product formulas to the public in accordance with legal requirements Optimize energy structure and increase the proportion of clean energy utilization Obtain water use permits and regulate water consumption in accordance with legal requirements Continuously improve the environmental management system Properly manage emissions and waste by practicing recycling and other methods of reusing, in align with institutional audit requirements Review the Company's use of RSPO-certified palm oil Enhance the product quality management system Conduct regular communication and reporting Strengthen the risk management system
Investors and shareholders (investors who have equity and debt investments in Proya)	Science and technology innovation Corporate governance Risk and compliance Business ethics	Increase investment in R&D, establish an R&D team, engage in R&D collaboration with external partners, and participate in industry conferences and seminars Publish financial reports and performance reports, and communicate with investors and shareholders through SSE e-Interactive, email, roadshows, and other means Regularly hold shareholders' meetings Conduct periodic special audits and exit audits to ensure the legality and compliance of business operations Perform business ethics and anti-corruption audits across all operational sites

Key stakeholders and communication channels >

Stakeholder	Topic	Communication and response
Consumers	Chemical safety and ingredient transparency Green packaging Product quality and safety Science and technology innovation Customer service and rights protection Data security and customer privacy protection	Conduct safety assessments on all new raw materials and disclose product formulas through announcements published on the website Enhance sustainable attributes of packaging Implement measures for product quality and safety management Adhere to a consumer-centric philosophy to continuously develop new products Provide consumers with high quality service experience Encrypt consumer information to ensure data security
Employees	Employee rights and benefits Employee training and development Occupational health and safety Business ethics	Develop an employee handbook and establish a labor union Establish a platform for talent development and shared learning Implement technical transformation projects for safety purpose, organize safety production training, and conduct occupational health examinations Continuously offer business ethics training for employees
Partners (industry associations, suppliers, distributors, etc.)	Climate change mitigation and adaptation Ecosystem and biodiversity conservation Responsible procurement Product quality and safety Industry development promotion Science and technology innovation	Establish in-depth cooperation with ten strategic partners and release a carbon reduction manifesto Prioritize the procurement of RSPO-certified palm oil derivatives Provide training and ESG assessment for suppliers Conduct quality management training and quality audits for suppliers Actively engage in industry exchanges Increase investment in R&D, establish an R&D team, and engage in R&D collaboration with external partners
Communities and the public (communities around sites of operation, public welfare organizations, and others)	Community public welfare	Volunteer activities, charitable donations, and community involvement by employees

Conclusion on materiality analysis of topics

Proya 2024 material topics matrix >

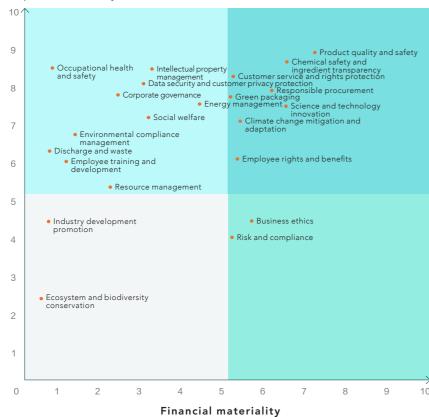
- Has both financial materiality and impact materiality
- Has financial materiality but without impact materiality
- Has impact materiality but without financial materiality
- Has neither financial materiality nor impact materiality

Topics with both financial materiality and impact materiality: Product quality and safety, chemical safety and ingredient transparency, science and technology innovation, customer service and rights protection, green packaging, responsible procurement, climate change mitigation and adaptation, employee rights and benefits **Topics with financial materiality only:** Business ethics, risk and compliance

Topics with impact materiality only: Energy management, intellectual property management, corporate governance, data security and customer privacy protection, occupational health and safety, social welfare, environmental compliance management, emissions and waste, employee training and development, resource

Topics with neither impact materiality nor financial materiality: Industry development promotion, ecosystem and biodiversity conservation

Impact materiality



List of Proya 2024 materiality topics >

No.	Dimension	Name of the topic	Has double materiality ¹
1		Climate change mitigation and adaptation	• •
2	Environment	Chemical safety and ingredient transparency	• •
3		Green packaging	• •
4		Responsible procurement	• •

List of Proya 2024 materiality topics >

No.	Dimension	Name of the topic	Has double materiality ¹
5		Energy management	•
6		Resource management	•
7	Environment	Environmental compliance management	•
8		Emissions and waste	•
9		Ecosystem and biodiversity conservation	
10		Product quality and safety	• •
11		Science and technology innovation	• •
12	Society	Customer service and rights protection	• •
13		Data security and customer privacy protection	•
14		Occupational health and safety	•
15		Employee rights and benefits	• •
16		Employee training and development	•
17		Social welfare	•
18		Industry development promotion	
19		Corporate governance	•
20	Corporate	Risk and compliance	•
21	governance	Business ethics	•
22		Intellectual property management	•

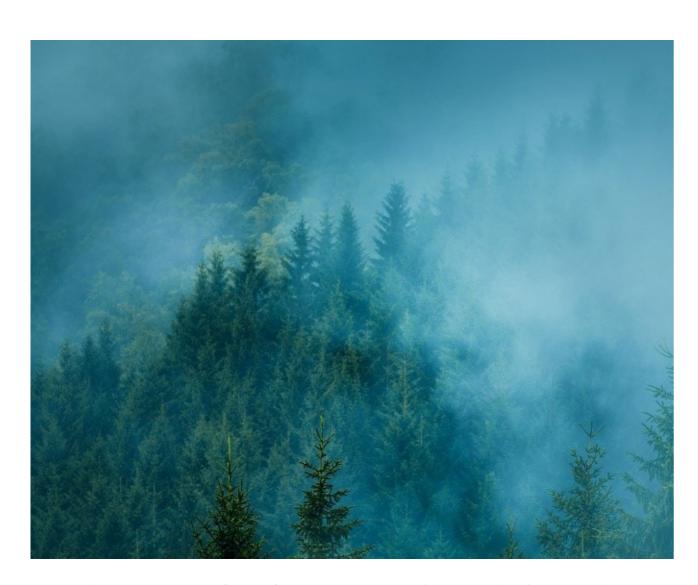
Main changes on Proya 2024 material topics >

2024 Material topics	2023 Material topics	Changes	Cause for changes	
Ecosystem and biodiversity conservation	_	New topics	New topics, in line with the requirements of the <i>Guidelines</i>	
Environmental compliance management	_	New topics	New topics, in line with the requirements of the <i>Guidelines</i>	
Data security and customer privacy protection	_	New topics	New topics, in line with the requirements of the <i>Guidelines</i>	
Customer service	Consumer education	Tonio	Expanded topic definition to include consumer education and responsible marketing	
and rights protection	Responsible marketing	Topic consolidation		
Corporate	Corporate governance	Topic	Expanded topic definition to include corporate governance and consumer rights protection	
governance	Investor rights protection	consolidation		

Note: " ● ● " means having double materiality, " ● " means having financial materiality only, " ● " means having impact materiality only, and " • "means having neither financial nor impact materiality

02

Proya Sustainability Report 2024



Proya upholds its corporate mission of "Beauty forever, wonder to share," making sustainability a key responsibility on its path forward. Based on identifying the sources of greenhouse gas emissions in the entire value chain, we extend the action of reducing our carbon footprint to product lifecycle, including the procurement of raw materials, product production, packaging, and warehousing and logistics. We take effective measures to reduce the carbon footprint of products.

Furthermore, Proya continuously promotes the concept of sustainability among consumers, engaging them in environmental protection efforts through activities such as sustainable product attribute assessments, innovative packaging designs, and empty bottle recycling programs. These efforts aim to inspire consumers' environmental awareness and integrate sustainable practices into their daily lives, fostering a collaborative journey towards sustainability between consumers and the brand.

Material topics responded to in this section

Chemical safety and ingredient transparency	• •
Green packaging	• •
Climate change mitigation and adaptation	• •
Energy management	•
Environmental compliance management	•
Emissions and waste	•
Resource management	•
Ecosystem and biodiversity conservation	•

Note: " $\bullet \bullet$ " means having double materiality, " \bullet " means having financial materiality only, " \bullet " means having impact materiality only, and " \bullet " means having neither financial nor impact materiality

SDGs responded to in this section

















Sustainable products and consumption

As the global climate crisis intensifies, the rise of green consumption is redefining market demands. Proya is dedicated to collaborating with consumers to embrace sustainable consumption practices and principles, and empower every consumer to participate in the low-carbon lifestyle transformation through innovation. To this end, Proya has developed a sustainable product attribute assessment tool, helping consumer-centric stakeholders understand the environmental impact of products. Additionally, we actively disclose this information through digital platforms, taking a significant step toward greater transparency for consumers.

Management goals

By 2025, we aim to achieve

100%

sustainable attribute assessment for new and updated products across our main brands.

Assessment of product sustainable attribute

We have developed a comprehensive "sustainable product assessment model" covering the entire product lifecycle. This model is based on relevant standards, including the National Standard of the People's Republic of China GB/T 32161-2015 General Principles for Eco-design Product Assessment and the EU Eco-Label Criteria for Cosmetic Products and Animal Care Products - User Manual, as well as best practices from leading industry peers. The assessment evaluates the sustainability performance of various products, considering factors such as resource utilization, ecological impact, and consumer health, with the goal of driving continuous improvement in product sustainability.

Product lifecycle sustainability assessment model >

Product carbon footprint assessment Product sustainability certification

Full-lifecycle Management



Sustainable research and development

Environmental impact

 Reducing negative environmental impacts through formula optimization or process upgrade

Impact on human

- $\circ\,$ Applying the principles of green chemistry
- \circ Compliance with R&D ethics

Product lifecycle sustainability assessment model >



Sustainable raw materials

Environmental impact

- o Reducing the negative impact of raw materials on the environment
- o Sustainable procurement behavior
- o Sustainable raw material certification

Impact on human

o Prohibiting use of raw materials that are harmful to human body



Sustainable production

Environmental impact

- o Saving energy and reducing consumption
- o Reducing emissions



Sustainable consumption

Impact on human

- o Presenting product information truthfully and comprehensively
- $\circ\,$ Spreading the concept of sustainable consumption



Sustainable packaging

Environmental impact

- o Reducing plastic usage and using eco-friendly materials instead
- $\circ\,$ Reducing packaging rather than overusing it
- $\circ \ \mathsf{Developing} \ \mathsf{waste-minimizing} \ \mathsf{packaging} \ \mathsf{designs}$
- \circ Using packaging materials certified for sustainable production



Sustainable warehousing and logistics

Environmental impact

- \circ Improving transport efficiency and reducing carbon emissions
- o Improving storage efficiency and reducing warehouse resource usage



Usage and disposal

Environmental impact

- $\circ\,$ Reducing resource consumption during usage
- \circ Recycle and reuse

Environmental and social impact factors in product lifecycle sustainability assessment >

Resource use	Ecological impact	Consumer health
Consumption of non-renewable energy (e.g., fossil fuels) Land resources Water resources consumption	Soil acidification Dust & particulate matter Ecotoxicity Eutrophication Global warming Ozone depletion Species richness	 Toxic and harmful substances Nuclear radiation pollution

Application of the product lifecycle sustainability assessment model >

We are gradually initiating the internal pilot and promotion of this model, employing the PDCA (Plan-Do-Check-Act) cycle framework to refine and enhance its capabilities.

We are increasing the proportion of sustainable attribute assessments conducted on both new and existing products, and continuously enhancing the sustainable attributes of new products based on assessment results.

Looking ahead, we intend to compile product assessment results into sustainability profiles and integrate them into product communications and consumer engagement. This will reinforce our brand's commitment to sustainability and promote sustainable consumption practices.

Case

Product sustainability rating assessment

The product sustainability rating is a rating system based on our "sustainable product assessment model," which comprehensively reflects the environmental impact of products after evaluating five key dimensions, including R&D and raw materials. In 2024, we assessed Proya Double Effect Brightening Essence 3.0 with an overall sustainability rating of "four stars". Moving forward, we plan to expand sustainability assessments across more product lines.

Highlights of Proya Double Effect Brightening Essence 3.0

- Removed potentially irritating alcohol to enhance skin-friendliness
- Eliminated environmentally harmful Tetradecyl Aminobutyryl Valylaminobutyric Urea Trifluoroacetate and replaced it with a more eco-friendly Albizia tree bark extract, which effectively boosts anti-glycation and antioxidant benefits
- · Phased out traditional preservative phenoxyethanol, which may be harsh on the skin
- Removed seawater from the formula to prevent potential contamination risks from nuclear wastewater incidents
- Innovative dual-chamber fresh-lock formula ensures consumers receive fresher and more active ingredients
- Eco-conscious packaging with clear recycling instructions for the plastic seal, outer
- · Refillable design allows the outer bottle to be separated, facilitating the recycling of the PP plastic inner bottle, reducing plastic usage by 70.64 tonnes during the Reporting Period
- Full ingredient transparency, with all registered ingredients displayed in the product description and user manual

Sustainable consumption

Proya prioritizes fostering sustainable consumption awareness among consumers and has integrated this into our daily operational strategies. We have implemented a series of initiatives to enhance consumer engagement and encourage the adoption of more sustainable consumption practices.

Proya's key initiatives for advancing sustainable consumption concept



Provide comprehensive and authentic ingredient information

We provide clear and accurate descriptions of product, ensuring compliance in safety and efficacy claims. In addition, we fully disclose all ingredients in the formula, with no concealment of any toxic chemicals or allergens.



Guide consumers to understand product details

We utilize channels such as the official website, self-owned social media accounts, and product packaging to direct consumers to the NMPA (National Medical Products Administration) platform for detailed product information, usage precautions, and more.



Disclose product sustainability information

We add recycling labels and reuse instructions on outer packaging to encourage consumers to recycle or dispose of packaging at recycling points, thereby extending packaging lifecycle and enhancing recycling rates. Additionally, we organize empty bottle recycling campaigns to establish a closed-loop cycle from product design and production to recycling and regeneration.



Promote scientific-based skincare and sustainable consumption

Through platforms such as our official website and self-owned social media accounts, we encourage consumers to opt for refillable options instead of purchasing original packaging. We also provide guidance on scientifically recommended dosage and usage frequency, helping consumers achieve optimal skincare results while minimizing unnecessary waste.

Additionally, we leverage multiple channels, including Weibo, rednote, and our official website, to promote refillable designs and ingredient information. By doing so, we not only enhance consumers' awareness of safe use and compliant disposal of products but also steadfastly promote the idea of sustainable consumption.

Case

Proya partners with "WUYUSTORY" to explore sustainable living possibilities

In 2024, Proya partnered with the sustainable lifestyle brand "WUYUSTORY" to launch a campaign to support sustainable living. Through interactive and experiential activities, this campaign called on consumers to recycle Proya's empty bottles, embrace sustainable lifestyles, and jointly explore more possibilities of "Sustainable Living."

The campaign was widely promoted across major social media platforms. Offline, 231 people took part in recycling empty bottles, collecting 317 bottles. This initiative effectively raised and motivated public awareness and engagement in sustainable consumption of cosmetics.

Event highlights



Joining hands with "WUYUSTORY," we launched the co-branded gift set "Discover Sustainable Living," made from GRS-certified (Global Recycled Standard) and FSC-certified (Forest Stewardship Council) sustainable paper. The entire packaging is crafted from recyclable materials.



The inaugural "Proya Empty Bottles Recycling Program" was launched at Proya's offline pop-up store "Infinite Space." The event rewarded participants with free product samples and eco-friendly gifts, inspiring more members to join and further explore the diverse possibilities of sustainable living.



The "Infinite Space" pop-up store featured three interactive stations, each representing a key step in plastic recycling and regeneration. Through hands-on experiences at these interactive stations, consumers gained deeper insight into our sustainability thinking and efforts.

Chemical safety and ingredient transparency

Governance

Guided by a sustainable product philosophy, Proya consistently monitors and evaluates the safety of cosmetic ingredients during the product development process, continuously enhancing the safety attributes of products. To ensure the safety of chemical raw materials, we have established a top-down management structure for the development of raw materials. This structure forms a management model supervised by the General Manager, with decision-making by the Exception Decision Committee and coordinated execution by various departments, comprehensively safeguarding the safety of new chemical material introductions.

Raw material development and management system >

Raw Material R&D

Establishing and issuing raw material quality review standards for the introduction of new, alternative, or reserve raw materials based on market demands and formula development needs

Procurement

Responsible for the development, selection, procurement, and commercial negotiations of raw material suppliers, etc.

Research and Development

Responsible for providing raw material requirements related to product research and offering testing and validation support prior to the introduction of candidate materials

Quality Management

Responsible for managing the quality management system of raw material suppliers, and conducting incoming material inspection

Product Development/Marketing for Each Brand

Providing product line planning and new raw material requirements

In terms of system development, we have developed the Specifications for the New Raw Material Development Process, and the Management System for Safety Testing of Innovative Raw Materials to standardize the research and development of new materials and ensure that new raw materials are developed in a compliant and safe manner.

Strategy, risk and opportunity management

Against the backdrop of global sustainable development, providing safe and environmentally friendly beauty and skincare products has become a key focus for cosmetic companies to differentiate their brands, engage in competitive differentiation, and enhance user loyalty. Simultaneously, the regulatory policies related to the safety of raw materials in the cosmetics industry are also being introduced. To effectively address current and future regulatory risks and capitalize on market opportunities, we have formulated chemical safety strategies and management goals. The product safety assurance system is divided into two stages: "raw materials" and "products." Safety evaluation is conducted for all cosmetic ingredients, and relevant management objectives are established. By enhancing the reliability and traceability of raw materials, we reduce or prohibit the use of controversial ingredients. Additionally, we improve the transparency of product ingredients to safeguard consumers' right to know.

Management goals

"By 2025, we will promote basic research and development of efficacious ingredients to create more effective products, and realize the application of safer and more effective self-developed ingredients."

Furthermore, we have established a sound chemical safety risk management procedure, regularly identifying, assessing, and addressing relevant risks to ensure the effective implementation of product safety assessment and chemical management.

Chemical safety risk identification, assessment and management process >



Retrieval

• Regularly retrieve laws and regulations, industrial standards, and relevant rules related to the safety of chemical raw materials; identify new policies as well as controversial chemical components and those of concern, update the internal list of chemicals of concern and the list of banned substances; and improve the compliance of chemical management



Review and identification

o Review chemicals of concern, identify chemicals of concern and associated products, and improve the management of chemical raw material records



Assessment

 Assess the use of chemical raw materials of concern, ensure relevant departments conduct evaluations and make decisions, and develop a plan for upgrading and phasing out formulas

Chemical safety risk identification, assessment and management process >



Adjustment

- o Strictly prohibit the usage of ingredients prohibited by laws and regulations
- o Gradually phase out and reduce the use of controversial ingredients in accordance with the ingredient upgrade program for controversial ingredients disputed in clinical research, industry policies, and market feedback
- o Update the product filing information after the adjustments

Chemical compliance management

We strictly abide by the requirements of laws and regulations such as the Guidelines for Use of Cosmetic Ingredient Data, the Safety and Technical Standards for Cosmetics and the Technical Guidelines for Cosmetic Safety Assessment. Simultaneously, we draw on authoritative data sources including the International Authoritative Index for Cosmetic Safety Assessment Data and the Information on Ingredient Usage in Marketed Products to standardize and enhance chemical safety management.

We comply with Chinese laws and regulations and relevant requirements. On this basis, we refer to the ingredients and dosages in the relevant standards of the European Union, South Korea, and Japan, further enhancing the regulatory framework for the selection of cosmetic raw materials. At the same time, adhering to the principle of "Green First," we continuously improve the application proportion of green, natural and organic raw materials in products by referring to the international reliable organic certification standards such as the COSMOS-standard, the ISO16128-1/2 Guidelines on technical definitions and criteria for natural and organic cosmetic ingredients and products.

International safety standards for important chemicals we refer to

European Commission

- LIST OF SUBSTANCES PROHIBITED IN COSMETIC PRODUCTS
- LIST OF SUBSTANCES WHICH COSMETIC PRODUCTS MUST NOT CONTAIN EXCEPT SUBJECT TO THE RESTRICTIONS LAID DOWN
- LIST OF COLORANTS ALLOWED IN COSMETIC PRODUCTS
- LIST OF PRESERVATIVES ALLOWED IN COSMETIC PRODUCTS
- LIST OF UV FILTERS ALLOWED IN COSMETIC PRODUCTS.

- REGULATION (EC) No 1223/2009 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
- REGULATION (EC) No 1272/2008 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

South Korea

• Types and Restrictions of Cosmetic Colorants

Japan

• Cosmetics Benchmark - List of Prohibited and Restricted Substances

Our chemical safety management runs through all stages from R&D to post-market, with the R&D departments of each brand primarily responsible for ensuring product safety. We have divided safety assurance system into two stages: "raw materials" and "products." The "raw material" stage focuses on the safety and sustainable attribute of new ingredients during the development process, while the "products" stage emphasizes formula upgrades and replacement plans for products.

Chemical safety management procedure >

Category	Major Initiatives
"Raw material" safety	 Prohibit the use of controversial ingredients that are identified by laws and regulations, industry standards, academic findings, and the internal list of chemicals of concern in the development of new products Develop the Management Process for New Raw Material Introduction to standardize the research and development of new materials and ensure that new raw materials are developed in a compliant and safe manner Develop the Management System for Safety Testing of Innovative Raw Materials to conduct full-lifecycle monitoring of new raw materials used in China for the first time Require suppliers of chemical raw materials to conduct safety assessments and provide toxicology test reports for chemical raw materials Focus on the natural and chemical ingredients in the formula composition, treating them equally without differentiation Conduct testing and evaluation on candidate new raw materials, with testing items including routine testing, raw material characteristic indicator testing, microbial testing, risk substance testing, and active ingredient testing

Category	Major Initiatives
"Product" security	 Systematically monitor chemicals, dynamically update the internal list of chemicals of concern, and continuously improve the management of chemical records based on prevailing laws and regulations industry policies, and the latest inquiry result of academic findings inform relevant authorities of the updated content, and promote the process of reducing chemical usage in an orderly manner For prohibited ingredients specified by law, we strictly follow regulatory requirements and implement real-time storage clearance of prohibited ingredients Gradually phase out and reduce the use of controversial ingredients in accordance with the ingredient upgrade program for controversial ingredients disputed in clinical research, industry policies, and market feedback Run tests on chemical impurities, and use chemicals with fewer impurities on the premise of ensuring product safety Set acceptance standards for raw materials, adopt a raw material shelf-life control system and set quality control indicators for raw materials including physiochemical, microbiological, and infrared spectrum fingerprint control, and guarantee the safety and effectiveness of chemicals Incorporate the compatibility test of packaging materials to identify whether there are potentially harmful substances in packaging materials that are leached by the contents of cosmetics Conduct human patch tests, eye irritation/corrosion tests using chick chorioallantoic membranes, zebrafish tests, and lactic acid tingling tests to reduce the potential adverse skin reactions caused by cosmetics in humans Disclose the list of replaced chemical ingredients and the complete formula of hero products on the official website, protecting consumers right to know about product ingredients

In 2024, the Company established a surfactant database through in vitro human research in the screening of raw materials and active substances, which laid a solid foundation for the safety of ingredients in subsequent application research. During the formula development stage, we combined internal and external resources to comprehensively verify the safety and efficacy of raw materials and surfactants, providing a scientific guarantee for product development. Additionally, we conducted safety assessments for all new raw materials, completed the information of raw materials, and ensured that the source and use of chemicals meet the regulatory requirements.

Sustainability Report 2024

No.	Name of raw materials	Progress of replacement	
1	Iodopropynyl Butylcarbamate (IPBC)	Has been phased out	
2	Mixture of CMIT/MIT and magnesium chloride/magnesium nitrate (CMIT: MIT=3:1)	Has been phased out	
3	Kojic acid	Has been phased out	
4	Avobenzone	Has been phased out	
5	Triclosan	Has been phased out	
6	Lyral	Has been phased out	
7	Imidazolidinyl urea	Has been phased out	
8	Diazolidinyl urea	Has been phased out	
9	Zinc pyrithione (ZPT)	Has been phased out	
10	Methylisothiazolinone	Has been phased out	
11	Plastic particles (polyethylene wax)	Has been phased out in rinse-off products	
12	Propylene glycol	Gradually being phased out (no longer used in key products)	
13	Paraben	Gradually being phased out (no longer used in key products)	
14	Mineral oil	Gradually being phased out (no longer used in key products)	
15	Isopropyl myristate	Gradually being phased out (no longer used in key products)	
16	Cocamide DEA	Gradually being phased out (no longer used in key products)	
17	Talcum powder	Gradually being phased out (no longer used in key products)	
18	Butylated hydroxytoluene (BHT)	Gradually being phased out (no longer used in key products)	
19	Phenoxyethanol	Gradually being replaced (no longer used in key products)	
20	Emulgator containing PEG	Gradually being phased out	
21	Artificial color	Gradually being phased out	

Chemical safety and ingredient transparency

Understanding the safety and functionality of cosmetics is an important line of defense for consumers to ensure their own safety. Through transparent ingredient disclosure and education on chemical ingredients in various forms, we help consumers better understand the efficacy of ingredients so they can make purchasing decisions more wisely.

Administrative measures for chemical safety and ingredient transparency

Ingredient disclosure

- We fully indicate product ingredients on labeling in accordance with the requirements of laws and regulations.
- We upload a complete ingredient list of products on APPs commonly used by consumers, such as "Transparent Label" and "Practical Beauty," on which we openly and transparently disclose product ingredients.
- We publish a list of replaced chemical ingredients of concern on our official website and regularly update the replacement list and progress. We also announce the method to access product ingredient records.
- We clearly explain the ingredients used, the mechanism of action, and the source in the promotion of all products.

Chemical safety indicators and objectives

Indicator	Unit	Management goals	Progress in 2024	Achievement
Promoting the research and the development of efficacious ingredients to create more effective products, and realizing the application of safer and more effective self-developed ingredients	/	By 2025, we will promote the research and the development of efficacious ingredients to create more effective products, and realize the application of safer and more effective self-developed ingredients.	Incorporated bio-based ingredients such as sophorolipids and succinic acid into products	Progressing as scheduled

Note 1: We update the list of component replacement in real time. For specific and up-to-date information, please refer to the official website.

Note 2: Raw materials numbered 5, 6, and 9 were replaced due to regulatory requirements, while the remaining raw materials were voluntarily replaced.

Green packaging

Governance

Our green packaging management and practices cover a variety of product packaging across the whole production process, including finished product packaging, intermediate packaging, and warehousing and logistics packaging. We insist on integrating the concept of environmental protection into product and packaging design, formulating the Packaging Material Management Specifications and the Sustainable Packaging Management Manual. We also set up an organizational framework led by the Planning and Operations Department, with collaborative management, execution, and supervision from the Product Development Department, Product Design Department, and other relevant departments, effectively enhancing the management level of green packaging.

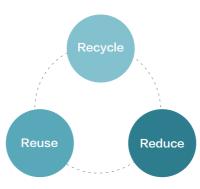
Green packaging governance structure >



Strategy, risk and opportunity management

Green packaging enhancement concept >

The new generation of consumers places greater emphasis on environmental protection and personal health, considering the environmental friendliness of products and the sustainability of packaging as crucial factors when making purchasing decisions. Therefore, the promotion of green and sustainable packaging has become a critical factor in the future development of beauty brands. To this end, Proya has established the 3R (reduce, reuse, and recycle) sustainable packaging enhancement concept. We are committed to improving the sustainability of packaging across design, procurement, production and logistics to further achieve lightweight packaging and improve the packaging utilization rate and recovery rate.



We have established a sustainable packaging management goal, aiming to minimize the materials and energy consumed throughout the packaging lifecycle while meeting safety requirements and functional needs for product packaging. Additionally, this goal focuses on utilizing more eco-friendly packaging materials to reduce the environmental impact of product packaging.

Management goals

By 2025, the proportion of

sustainable materials used in packaging will increase by 20% packag will ded

packaging intensity
will decrease by

over that in 2021.

Green packaging risk identification, assessment and management process >

Category	Description
Product positioning and demand analysis	 In the initial stage of product positioning, the packaging use of such products is determined from the perspectives of brand positioning, user portraits and product use scenarios. For example, the OR brand is positioned as a natural product, so it is considered to use reusable packaging materials.
Risk identification and assessment	Carry out special assessment, simulate consumer usage scenarios, calculate the total amount of annual packaging waste, and assess the extent and impact of this waste on the environment Conduct cost feasibility calculation to ensure that the
	increased costs associated with using green packaging will be accepted by consumers

Green packaging design

Proya takes various design measures, such as reducing packaging, improving packaging materials, and using alternative packaging and recyclable packaging, to reduce the use of disposable plastic packaging and increase the packaging recovery rate. While ensuring product quality and functionality, we formulate solutions for product lightweighting. We enhance the sustainability of packaging through simplified production processes, structural optimization, assembly optimization, and material usage improvements.

Case

Green packaging design



Each refillable option for the Firming Nourishing Soft Cream (Version 3.0) reduces plastic usage by over 100 grams compared to the original design; Also, the redesigned and upgraded packaging reduces plastic usage by over 30 grams per product



Each refillable option for the Double Effect Brightening Essence (Version 3.0) reduces plastic usage by over 30 grams compared to the original design



Each refillable option for the Firming Nourishing Essence reduces plastic usage by over 40 grams and aluminum usage by over 15 grams compared to the original design



Each refillable option for the Inaugurating Intensive Firming Cream reduces plastic usage by over 35 grams, aluminum usage by over 15 grams, and glass usage by over 170 grams compared to the original design



Each refillable option for the Inaugurating Anti-Wrinkle Essence reduces plastic usage by over 40 grams and aluminum usage by over 10 grams compared to the original design

Advocating green recycling

Multiple brands under Proya are committed to promoting packaging recycling and reuse. At the same time, in the stage of factory production and warehousing and logistics, we recycle and replace the packaging and containers used in internal logistics to reduce the use of cartons and disposable plastics while generating less packaging waste.

Case

Green recycling initiative cases

- Certain product lines of TIMAGE replaced corrugated cartons with reusable PP plastic boxes, saving a total of 5 tonnes of corrugated fiberboard.
- · Hapsode brand used glass packaging for new products to replace the original disposable plastic packaging for its new products.
- During promotional campaigns, pre-sale orders (confirmed and locked-in orders) and in-stock orders are consolidated for shipment. During the "11.11" promotion, approximately 500,000 orders were consolidated for delivery, effectively reducing packaging material waste caused by duplicate shipments.
- The green reusable containers have been used 1.25 million times, representing a 55.8% increase compared to 2023.

Use of eco-friendly paper

We have implemented systematic optimizations in advancing environmentally friendly packaging. In 2024, we continued to promote the use of Forest Stewardship Council (FSC) certified paper. The FSC advocates for environmentally responsible, socially beneficial, and economically viable forest management, ensuring that current needs are met without harming the environment.

Additionally, we continuously reduce the environmental footprint of product packaging by replacing multicolor printing with single-color printing and introducing biodegradable packaging films.

Green packaging indicators and objectives >

Indicator	Unit	Baseline year (2021)	Management goals	Progress in 2024	Achievement
Proportion of sustainable packaging materials used	%	0.16	By 2025, we aim to increase the proportion of sustainable packaging materials used by 20% compared to the baseline year.	33.88	Achieved
Packaging usage intensity	Tonnes/10,000 products	1.10	By 2025, we aim to reduce the packaging intensity by 15% compared to the baseline year.	1.29	Progressing as scheduled

Climate change mitigation and adaptation

Our greenhouse gas emissions are generated throughout the product lifecycle, with a small percentage arising from office operations.

Identified sources of greenhouse gas emissions >

Process emitting greenhouse gases	Primary energy consumed	Major greenhouse gas sources
Procurement of raw materials	Energy consumed in the production and transportation of raw materials	Scope 3 emissions generated in the production and transportation of raw materials
Production	Electricity Natural gas	Scope 2 emissions from the consumption of electricity Scope 1 emissions from the consumption of natural gas, gasoline, and diesel fuel consumed by company-owned vehicles
Product distribution	Electricity Gasoline and diesel consumed by freight vehicles	Scope 2 emissions from the consumption of electricity consumed by company-owned warehouses Scope 3 emissions generated from the third-party warehouses and freight vehicles
Product usage and disposal	<u> </u>	
Office operations	Electricity Gasoline and diesel consumed by self-owned vehicles	Scope 2 emissions from the consumption of electricity

Governance

Proya has established a top-down ESG management structure, overseen by the Board of Directors and the Strategy Committee, which is responsible for supervising ESG-related topics, including the topic of "climate change mitigation and adaptation," to ensure alignment with the Company's needs. The ESG Management Committee under the Board of Directors and the Strategy Committee is responsible for supervising and guiding the climate change plan, formulating and supervising the implementation of climate change performance objectives, and developing climate change incentive policies. It operates under the oversight of the Board of Directors and the Strategy Committee. The ESG Implementation Team under the ESG Management Committee is the core team for climate change management.

Strategy, risk and opportunity management

We have conducted a preliminary climate risk analysis and assessment with reference to the disclosure framework of International Financial Reporting Sustainable Disclosure Standard No.2 - Climate-related Disclosure ("IFRS S2") issued by the International Sustainable Standards Board (ISSB) and in combination with our business characteristics. We have identified climate risks and potential opportunities directly related to assets and operations, and have taken measures to effectively address the identified risks and opportunities.

Identification and response measures for climate change risks and opportunities \lor

Climate risks/ opportunities		Specific description	Measures	
Physical risk	Acute physical risk	Our office and production base may be affected by power outages, flood, transportation disruptions and other problems, potentially leading to work safety incidents or production halts. This could have a significant impact on the stable supply of products and severely affect our revenue in the short term.	We closely monitor weather forecasts and warning information in daily operations to stay informed about the dynamics and impact range of natural disasters, ensuring real-time monitoring and early warning preparedness. We conduct proactive inspections of production facilities, stockpile raw materials and emergency supplies to ensure operational stability and safety, minimizing the impact of natural disasters on daily business operations	
	Chronic physical risk	Climate change may lead to global warming, sea level rise and other situations, which could affect the availability of water resources essential for production and the Company's long-term revenue.	and safeguarding employee safety. • We activate the emergency response mechanism in the event of a disaster, promptly implementing initial response measures and reporting to local authorities before proceeding with necessary actions.	
Transition risk	Policy and legal risks	Since the announcement of China's carbon peak and carbon neutrality goals, we may face stricter energy and environmental regulations and policies, which are expected to increase operating costs.	We stay informed about and comply with relevant regulatory laws and policies, and standardize the working mechanisms and operational processes of business activities in accordance with regulatory requirements. We conduct annual greenhouse gas emission verifications across the Company to promptly respond to relevant requirements.	
	Market risk	The introduction of low-carbon and product carbon footprint management policies will affect the supply and demand structure of the market, and customers tend to buy low-carbon products.	 In production processes, we actively adopt low-carbon and eco-friendly technologies, continuously seeking energy-efficient and low-carbon solutions for production and operations. For packaging, we continuously advance the adoption and innovation of sustainable packaging based on the 3R principle to reduce carbon emissions. In logistics and transportation, we replace conventional fuel-powered vehicles with new energy vehicles (NEVs) and optimize the transportation process in a scientific manner to reduce resource consumption. In the supply chain, we establish deep collaborations with ten strategic partners and issue a carbon reduction declaration. 	
	Technical risks	To reduce carbon emissions, we optimize production processes, utilize renewable energy, and purchase green certificates, which may result in high technological investment costs and associated risks.		
	Reputational risk	As public attention on the low-carbon economy and climate-related issues continues to grow, we will face potential reputational risks if we fail to respond appropriately to climate change challenges.	We strengthen focus on climate change factors by promptly and accurately disclosing the climate change mitigation and adaptation measures and data through ESG reports and the Carbon Disclosure Project (CDP) report.	
Resource efficiency opportunities		We improve the usage efficiency of energy, water, raw materials, and other resources in production and operations to reduce the operating costs.	 We actively adopt green office and green operation measures, and strengthen the publicity and implementation of the theme of resource and energy conservation from the employees. We actively introduce energy-saving equipment or upgrate existing equipment with energy-saving technologies. We incorporate eco-friendly concepts into the design stage of new factory buildings to reduce resource consumption during construction and operation. We continuously promote renewable energy adoption During the Reporting Period, the rooftop photovolta power generation totaled approximately 2,562.09 MW complemented by the purchase of green certificates 7,104.00 MWh of green electricity. 	
Energy source opportunities		We use renewable energy in our operations to mitigate the impact of fluctuations in traditional energy prices.		

Identification and response measures for climate change risks and opportunities \lor

Climate risks/ opportunities	Specific description	Measures
Product and service opportunities	Against the backdrop of the transition to a low-carbon economy, the growing demand from customers for environmentally friendly products and services presents new market opportunities for our business.	We increase investment in the research, development, and adoption of innovative products and technologies. We expand possibilities for developing eco-friendly products by selecting suppliers of environmentally friendly raw materials.
Market opportunities	In the context of the low-carbon economy, our strong performance in addressing climate change is increasingly favored by the market. We are committed to improving product quality and process innovation, which not only reduces risks but also secures stable revenue.	 We launch eco-friendly products to enhance our competitiveness across various product categories. By introducing refillable designs and simplified packaging for products such as the Firming Nourishing Soft Cream and Double Effect Brightening Essence, we reduce the usage of plastic and aluminum by approximately 300 tonnes, equivalent to cutting CO₂e emissions by approximately 938 tonnes.
Resilience	We actively collaborate with industries on climate change initiatives and participate in climate-related industry exchanges to enhance our climate adaptation capabilities.	By participating in industry forums, exhibitions and other events, we actively share resources and our own practical cases with our peers, promoting technological innovation and business upgrades to better adapt to the rapidly evolving market environment.

We have established a systematic process for managing climate-related risks and opportunities, covering identification, assessment, and monitoring. This enhances our resilience to climate-related risks while uncovering potential value and opportunities within our business operations.

Identification, assessment, and management process of climate change risks and opportunities >



Identification

Identify climate-related risks and opportunities that may impact our operations, financial performance, and strategic objectives, ensuring coverage of current and anticipated impacts from climate change in legal, technological, market, and environmental aspects



Assessment

Utilize qualitative analysis to assess the severity of risks and the potential value of opportunities from short-term, medium-term, and long-term perspectives based on the identified information



Management and supervision

Regularly monitor and assess the implementation of management measures for climate-related risks and opportunities, and report to the ESG Management Committee. The ESG Management Committee, in turn, reports the management progress and execution outcomes to the Board of Directors and the Strategy Committee

Indicators and targets

Proya drives the process of climate change adaptation and mitigation by setting specific and measurable goals. Through actively implementing emission reduction and transformation plans, optimizing energy use, and strengthening environmental protection, we are committed to achieving carbon neutrality across our entire value chain and aligning with global climate change efforts.

Carbon neutrality pathway across the entire value chain >

By 2025

The proportion of clean energy will reach 50%, and carbon peak will be accomplished in business operation

Greenhouse gas emissions (Scope 1 and Scope 2) per unit of product will decrease by 25%

We will drive all strategic partners to reduce carbon emissions through value chain carbon reduction initiatives and incentives

By 2030

We will achieve net zero emissions from our operations

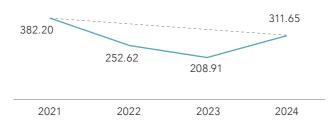
We will achieve carbon neutrality across our entire value chain

By 2045

Key performance¹>

(Unit: Kilograms of CO₂e/10,000 products)

Annual greenhouse gas emissions reduction of 6.25%



—— Actual greenhouse gas emissions per unit of product (Scope 1 + Scope 2)

---- Target greenhouse gas emissions per unit of product (Scope 1 + Scope 2)

Note 1: The Company plans to reduce greenhouse gas emissions per unit of product in a linear manner, with an annual reduction of 6.25%.

Environmental compliance management

Proya strictly complies with environmental laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Laws of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes, and the Regulations on the Safety Management of Hazardous Chemicals. We continuously optimize the environmental management system to establish a top-down environmental management structure. Furthermore, we establish a governance mechanism involving decision-making by the General Manager, supervision by the Environmental Management Committee, and execution by various departments. In doing this, we ensure the effective and continuous development of our environmental management practices and are committed to continuously improving environmental performance.

Factory environmental management system>

Quality management	Production management	Environmental management
Responsible for overseeing the production process to ensure that products comply with environmental standards and regulatory requirements from raw materials to finished goods	Responsible for the manufacturing of products and the implementation of all environmental management requirements involved in the production process	Conducting various environmental management affairs to ensure the effective implementation of environmental management measures across the entire Company

Environmental management system certification >

Company/ Manufacturing base	Scope of certification	Certification	Valid period of certification
Skincare factory	Design, development and production of general liquid unit (hair care & clean type, skin care water type, gel type), cream and emulsion unit (hair care type, skin care & clean type), and powder unit (loose powder type) cosmetics	ISO 14001:2015	February 14, 2028

We follow an environmental management policy to save energy, reduce consumption and emissions, and increase efficiency. We have established management systems tailored to our production and operations, covering all environmental impact factors, and rigorously implementing these systems across procurement, production and R&D process. Additionally, we conduct regular environmental training for employees to ensure effective control of environment-related risks.

During the Reporting Period, our use of resources had no significant impact on the environment. We paid environmental protection taxes and fees in full, and no violations of environmental protection laws or regulations occurred.

Sustainability Report 2024

	Stage	Input	Output	
Purchase		*Raw materials, energy, and water consumed in the production and operations of various suppliers	*Wastewater, air emissions, solid waste, and greenhouse gases (Scope 3) generated in the production and operations of various suppliers	
	Product ingredients and packaging	Resource: Raw materials and packaging materials	Greenhouse gas (Scope 1 and Scope 2) Waste gas: Volatile organic compounds (VOCs), nitrogen oxides (NOx), oil smoke Waste water: Chemical oxygen demand (COD), ammonia nitrogen content (NH ₃ -N) General waste: Discarded product packaging, expired products, discarded membranes and filters, sludge from sewage stations, domestic waste, and kitchen waste from canteens Hazardous waste: Hazardous reagents from laboratories, waste machine oil, waste ink, etc.	
Production	Steam generation, paste making, and heating	Energy: Natural gas		
and R&D	Air conditioning and refrigeration, production power, and lighting	Energy: Outsourced electricity, self- produced photovoltaic power		
	Product ingredient water, process media, and cleaning	Water: Municipal water supply		
Distribution a	nd warehousing & logistics	Resource: Transport packaging materials Energy: Gasoline and diesel consumed by freight vehicles; outsourced electricity used in warehouse operations ² *Energy and resources consumed in the operations of distributors	Greenhouse gases (Scope 1, Scope 2, and Scope 3) General waste: Discarded product packaging and domestic waste	
Product usage and disposal		*Water and energy consumed when consumers use products (generating hot water) *Energy and water consumed in the production and operations of waste disposal units	*General waste generated after consumers use products *Wastewater, air emissions, solid waste, and greenhouse gases (Scope 3) generated in the production and operations of waste disposal units	
Office operati	ons	Energy: Outsourced electricity and gasoline consumed by company-owned vehicles Water: Municipal water supply	Wastewater: Domestic wastewater Non-hazardous waste: Domestic waste Greenhouse gas (Scope 1 and Scope 2)	

Our Huzhou production base strictly follows the *Code for Quality Management of Cosmetics Production* for overall planning, and the environmental indicators of the clean area of the production workshop fully meet the high standards of the cosmetics industry. Through intelligent upgrades, the base has established a smart warehousing system centered on a data platform, enabling fully automated robotic operations throughout the process. This fosters a sustainable green production cycle, effectively supporting the strategic goals of cost reduction and efficiency improvement.



^ Box moving and palletizing robot

^ Automatic cartridging machine



^ Intelligent Logistics Center

Proya Huzhou Factory was recognized as "2024 National-level Green Factory," practicing the concept of green development

Proya continuously implements the concepts of digital design, intelligent production, smart management, collaborative manufacturing, green manufacturing, and safety control, achieving significant results. Proya Huzhou Factory was recognized as the "2024 National Green Factory" in the "2024 Green Manufacturing List" released by the Ministry of Industry and Information Technology of the People's Republic of China. Additionally, the factory was recognized as "Zhejiang Province Future Factory," "Intelligent Factory of Zhejiang," "Green and Low-Carbon Factory of Zhejiang," and "Huzhou Water-Saving Enterprise." These recognitions signified another authoritative national acknowledgment of our green manufacturing capabilities and the concept of sustainable development.



↑ Public list of national-level green factories and certificate of future factory

Case

Emissions and waste

Main emissions and wastes >

The pollutant emissions and wastes produced by Proya mainly come from product research and development, production and employee office activities. The Company strictly abides by the Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes and other laws and regulations. We have formulated the Sewage Treatment Management System, the Boiler Management System, the Hazardous Waste Management System and other systems to effectively control the discharge of pollutants and wastes.

Category	Major emissions/ waste	Handling method	Reference standard	
Waste water	Five-day biochemical oxygen demand (BOD ₅) 300 mg/L, chemical oxygen demand (CODcr) 500 mg/L, suspended matter 400 mg/L, ammonia nitrogen 35 mg/L, animal and vegetable oil 100 mg/L, and others	The production waste water is discharged to landscape water pools or to the outside through a consolidated water pipe after being treated by the sewage treatment station, while the domestic waste water is discharged through the municipal sewage pipelines	Integrated Waste water Discharge Standard (GB 8978- 1996)	
Waste gas	Nitrogen oxides 50 mg/m³, particulate matter 20 mg/m³, sulphur dioxide 50 mg/m³	Discharged to the outside after being treated by exhaust gas treatment and collection devices	Integrated Emission Standard of Air Pollutants (GB 16297-1996) Emission Standard of Air Pollutants for Boilers (GB 13271-2014)	
General waste	Domestic waste, cartons, tape, film, paper, etc.	Collected, and then recycled or resold	Standard for Pollution Control on Municipal Solid	
	Lined bags, expired products, waste filter membranes and filters, sewage sludge, domestic waste, canteen waste	Handed over to a qualified agency for regular treatment	Waste Incineration (GB 18485-2014)	
Hazardous waste	Hazardous reagents, waste oil, waste ink in laboratories	Handed over to a qualified agency for regular treatment	Identification Standards for Hazardous Waste General Rules (GB 5058.7-2019)	

Huzhou production base has established a complete pollutant discharge management system. The General Manager of the production base is fully responsible for formulating our pollutant discharge management strategy and major decisions. The Pollutant Emission Management Committee oversees the implementation of the pollutant emission management plan. Each department, based on its own responsibilities, implements emission reduction and improvement measures and regularly reports to senior management.

In addition, we have established a long-term monitoring mechanism to manage pollutant emissions, regularly commissioning third-party agencies to conduct tests on waste gas and wastewater, and compiling test reports. During the Reporting Period, the concentration of pollutants in our wastewater and waste gas was below the national emission limits.

Primary management measures for emissions and waste >

Category	Management measures
Waste water	Construct a waste water treatment system to ensure that the treated waste water is highly purified and recycled Install the Multi Vision COD online automatic monitoring instrument to monitor the COD content in treated water 24 hours a day A sludge pressing device is installed to effectively remove organic substances from the waste water, further improving the sewage treatment capability and ensuring class-A
Waste gas	A waste gas treatment facility for the cream production line was added to reduce the emission of dust and organic waste gas. After being used, the facility can collect 99% dust and remove 75% organic waste gas During the Reporting Period, technical upgrades were implemented for the VOC collection system, utilizing recyclable activated carbon to enhance collection efficiency During the Reporting Period, more advanced filtration technology was applied to production processes prone to dust generation, effectively reducing dust accumulation within the workshop
Waste	Log in the Zhejiang Information System Platform for the Supervision of Solid Wastes to report the amount and disposal of generated hazardous waste, enabling whole-process data tracking and risk prevention for waste management Install a sludge pressing device to reduce the amount of sludge production

Case

Proya Huzhou Factory implemented "Zero Direct Discharge of Rainwater" renovation project, significantly enhancing wastewater management efficiency

In 2024, Proya Huzhou Factory initiated a "Zero Direct Discharge of Rainwater" renovation project. By establishing a smart rainwater collection and treatment system, the factory installed smart valve systems at rainwater discharge outlets to monitor key indicators such as pH (6-9), conductivity (<1,000 μ S / cm), and ORP. The system automatically assesses whether the water quality meets standards, thereby precisely controlling the opening and closing of the valves. Currently, all three parameters at the factory comply with the required standards.

The factory installed additional equipment, including lift pumps, level gauges, and flow meters, in the initial rainwater collection pool. The level gauges provide real-time feedback on the water level in the pool, enabling employees to monitor the situation promptly. Subsequently, the initial rainwater is reused for irrigation and greening through the lift pumps. Additionally, the flow meters are equipped with data upload functionality, allowing for accurate recording of the usage of initial rainwater.

The factory also established an emergency response pool, which must remain empty under normal conditions to ensure maximum storage capacity for accident wastewater in the event of an incident. To monitor the water level in the emergency pool in real time, the factory installed level gauges and equipped the pool with lift pumps. This could ensure that, in the event of an accident, wastewater from the emergency pool can be promptly transferred to the factory's wastewater treatment station for processing and discharged only after meeting the standards. These measures can effectively prevent environmental pollution caused by accident wastewater.

Energy management

Our production, operations, and office activities directly or indirectly consume electricity, natural gas, gasoline, and diesel. Strictly following the Energy Conservation Law of the People's Republic of China and the Renewable Energy Law of the People's Republic of China, and other laws and regulations, we have formulated energy management systems such as the Power Saving Management System and the Natural Gas Leakage Emergency Plan. In 2024, additional regulations were introduced, such as the Energy Management Manual, Energy Management Team Responsibilities and Energy Saving and Consumption Reduction Control Procedure to standardize the usage of energy.

Management goals

By 2025

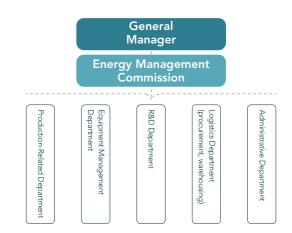
he proportion of clean energy usage will reach

50%



The Company refines the energy management system by establishing a hierarchical energy efficiency control framework. This framework relies on a three-tier collaborative mechanism, encompassing strategic decision-making by the General Manager, coordinated scheduling by the Energy Management Committee, and implementation through the division and cooperation of various departments. This approach ensures the continuous improvement of energy usage efficiency and the achievement of energy-saving goals. In 2024, our Huzhou skincare factory passed the external energy audit and obtained the ISO50001 Energy Management System certification, valid until January 2028.

Energy management structure >



Production-Related Department

Directly involving in the use and control of energy during the production process, serving as the key operational department for energy management

Equipment Management Department

Responsible for the maintenance, upgrading, and energy efficiency improvement of equipment, ensuring optimized energy utilization in equipment operations

R&D Department

Exploring energy-saving production methods and product formulations from the perspective of product and process research and development, driving technological advancements in energy management

Logistics Department (procurement and warehousing)

The Procurement Department is responsible for the procurement of energyrelated materials, while the warehousing department manages the storage and administration of these materials, jointly ensuring the stability and rationality of energy supply

Administrative Department

Managing the energy usage in office area, including the control of energy consumption for lighting, air conditioning, office equipment, etc.

In our office operations, we advocate for a green office. Proya strictly adheres to the Daily Power Saving Plan of Proya Building and the Orderly Power Consumption Regulation Plan of Proya Building, encouraging employees to turn off lights and air conditioners when leaving the company to avoid wasting energy. To minimize office power consumption, we take measures such as turning off certain air conditioners in the office area and reducing excess underground lighting on the premise of ensuing the basic needs of employees.

In the daily production, the factory advocates the concept of energy-saving and carbon-reducing production, vigorously implementing cost-reduction and efficiency-improvement initiatives. The production workshop at the Huzhou Factory strictly adheres to the orderly power consumption regulation plan. Employees are encouraged to turn off lighting and air conditioning at the end of production to avoid energy waste. By installing time controllers, all transportation equipment is charged during off-peak hours. In addition, the workshop further optimizes energy usage for bottle washers and boilers through measures such as peak shaving and valley filling, effectively reducing electricity consumption during equipment operation.

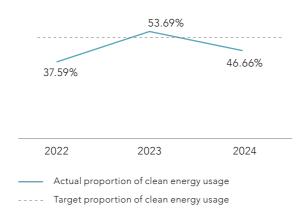
Energy-saving measures and achievements in 2024 >

Sustainability Report 2024

Main Measure	Performance
Through the energy management platform, an energy production-consumption prediction model and an energy balance model were established. Al-driven optimization and operation of the energy system were adopted to achieve refined management of equipment such as air conditioning and process cooling.	Energy efficiency increased by 5%.
All production areas implemented a strategy to automatically turn off air handling units during breaks and restart them at the beginning of work.	Approximately 3,000 kWh of energy was saved.
For bottle washing equipment in production areas, the frequency of start-ups and shutdowns was reduced during continuous operation, and the dwell time in high-temperature stages was extended to save thermal energy.	Approximately 7,500 kWh of energy was saved.
In all production areas, shrink wrapping equipment was turned off during break times, effectively reducing energy consumption.	Approximately 25,025 kWh of energy was saved.
In all production areas, the process cooling units were shut down ahead of schedule at the end of production.	Approximately 45,000 kWh of energy was saved.

Key performance

(Unit: %)



Note 1: Proportion of clean energy usage = (Outsourced electricity: Renewable energy + Solar photovoltaic power generation + Natural gas consumption) / Comprehensive energy consumption × 100%.

Resource management

The water resources we use for production and operation mainly derive from the municipal water supply, and the water source has no significant impact on the environment. We strictly adhere to laws and regulations such as the Water Law of the People's Republic of China and the Regulations on Urban Water Conservation Management. As required by regulations, we obtain water usage permits and standardize water use behavior to ensure the lawful and compliant utilization of water resources.

Management goals

By 2025

water consumption per unit of product will be reduced by 30%

compared to 2021.

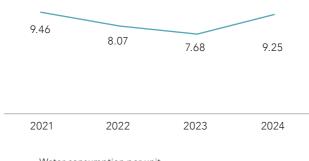
In the Huzhou skincare factory, we established the Water-Saving Management Steering Group, which is solely responsible for water-saving management work. The Group builds the evaluation, reward, and punishment mechanism for water saving, improves the water metering system, and standardizes water use behavior, continuously improving water utilization efficiency.

Main measures for resource management >

Category	Management measures	
Water recycling	 Recycling of cooling water: The Huzhou skincare factory built cooling water circulation pools in the workshop. The cooling water is reused and discharged regularly. Sewage filtration and reuse: The Huzhou skincare factory built a sewage treatment system. Through filtration treatment, the system can reuse recycled water such as toilet water and landscape pool water, reducing the amount of fresh water used. Reuse of concentrated water from the pure water preparation unit: The concentrated water produced by the pure water preparation unit is reused as toilet water and landscape pool water. Reuse of steam condensate water: Steam condensate water is collected and reused in the cleaning process, which utilizes steam waste heat and water resources. 	
Equipment upgrade	 A 50-ton water tank was installed to prevent sudden water supply interruptions from impacting the production and operations. 	

Key performance

(Unit: Cubic meters/10,000 pieces)



— Water consumption per unit

Responsible procurement

Governance

The strategic importance of a sustainable supply chain for corporate development not only pertains to environmental protection and social responsibilities, but also serves as a fundamental cornerstone in shaping corporate long-term competitiveness and brand value.

Proya's main supplier types include material suppliers, OEM (Original Entrusted Manufacture) suppliers, and ODM (Original Design Manufacturer) suppliers. The stability of these suppliers is critical to ensuring the quality of products and services, as well as maintaining stable operations. The Company strictly complies with the Civil Code of the People's Republic of China, the Bidding Law of the People's Republic of China, and other laws and regulations. We have established multiple management documents such as the Supplier Management System and the Raw Material Procurement Management System. Under the unified leadership of the Board of Directors, a supply chain management system has been implemented, involving collaboration among the Procurement Department, Raw Material R&D Department, and other relevant units. This aims to standardize supplier management processes and procurement procedures, effectively mitigating supply chain risks.

Supply chain management system >

Procurement	Raw material R&D	Price review	Quality management	Internal audit
Responsible for developing potential suppliers who can meet the demand, planning and organizing the annual review of qualified suppliers, and conducting the performance evaluation of suppliers	Responsible for developing new raw material suppliers and participate in the review of new raw material suppliers as the technical support department	Responsible for reviewing the purchase price of suppliers, supervising the compliance of the procurement process, and conducting prequalification assessments and data maintenance	Responsible for initially assessing the quality assurance capabilities of suppliers and leading on- site evaluations of production material suppliers	Responsible for overseeing and supervising the entire supplier management process and proposing rectification and optimization suggestions for identified issues that need improvement

Strategy, risk and opportunity management

Potential risks such as supply chain quality instability and safety hazards may arise in the highly competitive industry. To address this, we leverage the development direction of "new intelligent manufacturing" under our 6*N strategy to facilitate upgrades in automation, digitization, and intelligentization in terms of strategic planning. This can enable smooth data and information flows between the production and demand sides and effectively improve supply chain resilience. In terms of management strategies, we enhance supplier management by placing greater emphasis on the environment, labor, and ethics based on the existing practices of supplier admission, evaluation, assessment, and review. In terms of business model, we foster deeper collaboration with suppliers to explore green packaging and sustainable procurement, jointly driving the sustainability of the entire supply chain.

Management goals

By 2025

100%

of our key partners will conduct ESG compliance assessments. We will provide ESG management support to all of our partners.

By 2025, the proportion of purchased palm oil derivatives using RSPO-certified palm oil will exceed

70%

Additionally, during the planning period, we will further refine the traceability system for palm oil in raw material procurement

We have established a well-developed supply chain risk identification, assessment and management process to effectively control and mitigate risks. We have also conducted offline assessment for suppliers that pose higher risks, enabling effective supplier management, risk reduction, and overall supply chain efficiency improvement to strengthen the sustainability of the supply chain.

Supply chain risk identification, assessment and management process >



Questionnaire-based risk self-assessment

We distribute the Enterprise Information Request Form to suppliers and invite them to conduct risk self-assessment. The self-assessment primarily focuses on the supplier's capabilities in areas such as R&D, production, and quality management systems.



On-site risk assessment

We conduct on-site risk assessments at suppliers' operational facilities, focusing on aspects such as management systems, personnel capabilities and training, laboratory quality management, and traceability management. A summary report is ultimately compiled based on these assessments.



Risk rectification and elimination

Based on the potential risks identified in the summary report, the supplier formulates corrective measures and rectification plans, and must proceed with improvements and enhancements within a specified period to ensure effective elimination of the potential risks.

Furthermore, prior to conducting risk assessments on suppliers, we actively initiate a supplier selection process. Based on annual procurement amounts, we select suppliers that need to be included in the management and control system. We also identify suppliers with potential high risks in terms of environmental, social, and governance factors, and categorize them as key management targets.

Details of supplier screening >

Risk considerations in the supplier screening process			
Country-specific risks	Assessing whether suppliers should be included in high-risk country management based on their location		
Sector-specific risks	For raw material suppliers in the manufacturing sector that are labor-intensive, energy-consuming, and have special emissions and pollution risks in their manufacturing processes, as well as labor agencies, contractors, and on-site service providers		
Commodity-specific risks	Screening for materials that pose potential risks to the environment and human health based on the classification of raw material properties		

ESG risk considerations in the supplier screening process				
Environmental	Social	Governance	Business relevance	
Any incidents of fires, explosions, or industrial accidents resulting in severe injuries, fatalities, environmental pollution, or property damage Any penalties or work stoppages imposed by government authorities due to violations of environmental protection regulations	Any violations of labor, human rights, or occupational health and safety regulations leading to penalties or work stoppages imposed by government authorities	Any violations of company law, securities regulations, or incidents related to information security or cybersecurity	Annual procurement amount Technological and pricing advantages Capacity fulfillment and level of cooperation	

Supply chain security

To ensure the stability of supply chain quality, we have continuously standardized and promoted supplier admission, evaluation and other management measures. In 2024, we focused on refining the preliminary review process and regulations for new suppliers, and introduced a natural elimination mechanism for suppliers, thereby systematically enhancing the security and competitiveness of the supply chain. Additionally, at the beginning of each year, we develop an annual supplier audit plan. We conduct on-site audits for suppliers listed in the annual audit plan, and prepare a comprehensive audit summary report to assist suppliers in improving issues identified during the audit process.

Supplier management process >



Supplier access

Based on new requirements arising from business operations, the Procurement Department makes a request for developing new suppliers as existing resources are unable to meet the demand.

The business profiles of new suppliers are reviewed to select the most appropriate potential supplier, and then on-site audits are arranged. Suppliers are scored and then admitted according to the evaluation standards for new suppliers.



Supplier evaluation

We regularly evaluate the performance of suppliers (annually for cosmetics business suppliers and semi-annually for skincare business suppliers), which is initiated by the Procurement Department and carried out in collaboration with the Quality Management Department and the Price Review Department. During the process, suppliers are scored and graded into A, B, C, and D both on the SRM platform and through offline evaluation. The evaluation criteria mainly include product quality, delivery, price, value-added services, and ESG management.



Unqualified suppliers

Based on the results of supplier performance evaluation, D-level suppliers are considered unqualified and are required to submit a corrective action report within a specified period, followed by a secondary review. If the D-level supplier fails to pass the second review, the elimination process will be initiated, and we will terminate cooperation.



Supplier natural elimination

Suppliers without cooperation records within three years will automatically be converted into eliminated suppliers. We compile a list of suppliers to be eliminated annually, which undergoes multiple levels of approval before entering the elimination process, thereby terminating the cooperative relationship.

Sustainable supply chain

We remain committed to considering the environmental and social impacts of the raw materials we use, adhering to responsible procurement practices. Concurrently, we actively guide and support our partners in implementing ESG management, helping them to reduce their own environmental and social footprint.

To reduce the ESG risk within the supply chain, we consider environmental, labor, and ethical factors in supplier admission and review. The assessment indicators involved in this process include compliant employment, employee training, trustworthy operation, and environmental management. For suppliers with good sustainability performance, we will increase purchasing volume from these suppliers under the same conditions and prioritizes them for business cooperation opportunities.

Sustainable procurement measures >

Environmental

Prioritize the use of green and certified raw materials

- We preferentially purchase eco-friendly raw materials, including sustainable forest certified paper, palm oil, eco-friendly inks, coatings and glues.
- For raw materials originating from Africa, we give preference to producers who have signed fair trade agreements.
- Natural products are the core ingredients of Proya's products. For punarnava root extract, tara gum, and cupuacu butter, we give preference to suppliers who comply with the Nagoya Protocol.

Work with producers and suppliers to reduce environmental impact

- We work with suppliers to improve the production process and reduce the environmental impact of the manufacturing process.
- We promote the use of eco-friendly packaging materials among suppliers, enhance packaging production techniques, and adopt reusable packaging solutions to advance the concept of green packaging.
- We encourage suppliers to utilize environmentally friendly wastewater treatment materials and install exhaust gas treatment systems to reduce the discharge of pollutants.
- We support suppliers in replacing high-energy-consuming equipment and implementing rooftop photovoltaic power generation to reduce energy consumption while increasing the proportion of green energy usage.

Require suppliers to establish an environmental management system

- All suppliers are required to sign the Business Code Compliance Commitment and commit to
 establishing a complete environmental management system to improve resource efficiency,
 reduce industrial waste water, waste gases, and residues, as well as lower greenhouse gas
 emissions.
- During the development of new suppliers and the selection of new projects, priority is given to suppliers that have implemented ESG management practices.

Social

 In the Business Code Compliance Commitment, we require suppliers to commit to adhering to compliant employment practices, not employing child labor, not engaging in forced labor, and following fair and non-discriminatory employment principles.

Governance

 Suppliers must abide by the principles of integrity and transparency, and reject any form of commercial bribery

Supplier development

Proya regards suppliers as important partners, and places great emphasis on communication and interaction with them. Through initiatives such as supplier training and technical or capability coaching, we assist suppliers in building sustainable management awareness and enhancing the overall sustainability capabilities of the supply chain.

Supplier capability improvement action plan >

Category	Management measures
Supplier guidance	 For raw material suppliers and service contractors, we adopt a combination of on-site audit and document evaluation to identify potential risks. Through facility inspections, document verification, and employee interviews, we focus on key stages such as system management (e.g., ISO 14001, ISO 45001 certifications) and environmental protection management (e.g., third-party environmental testing reports).
Supplier product technology upgrading project	In order to improve the qualified rate of finished products, we have formulated clear and unified material quality standards and evaluation criteria based on product requirements. Additionally, we organize training for ODM (Original Design Manufacturer) factories to improve their quality awareness. These measures fundamentally ensure the stability and reliability of product quality, driving overall production standards toward higher quality levels.
Supplier sustainability training	We have established a regular communication and training mechanism for suppliers. The training focuses on conveying ESG concept and procurement policies, analyzing international environmental protection trends and requirements, and sharing our implementation experience in sustainable management plans. In 2024, we prioritized the alignment of our suppliers' carbon emission data collection standards with our sustainability goals.

Ecosystem and biodiversity conservation

Palm oil, one of the most widely used vegetable oils globally, serves as a critical raw material in the cosmetics industry. However, the increasing demand for palm oil may lead to extensive deforestation in some of the global biologically diverse forests and poses a threat to the habitats of endangered species. Consequently, the sustainability of palm oil has become a key focus in efforts to protect biodiversity.

We do not directly use palm oil in the manufacturing of our products, but palm oil derivatives are included in the raw materials we use. We are actively engaged in the management of palm oil derivatives by prioritizing the procurement of palm oil derivatives certified by the Roundtable on Sustainable Palm Oil (RSPO). This effort enhances the sustainability of our products and reduces their environmental impact. We have joined RSPO and are now working to gradually replace palm oil in raw materials with RSPO-certified products.

^ Skincare factory has obtained the RSPO Supply Chain Certification

In 2024, Proya's Skincare Factory achieved the Roundtable on Sustainable Palm Oil (RSPO) Supply Chain Certification under the Mass Balance (MB) model. This achievement marks a significant milestone in Proya's unwavering pursuit of sustainable development. Simultaneously, HOU Juncheng, Chairman of Proya, was invited to participate in an exclusive interview with the RSPO. Through the video, he shared Proya's efforts in advancing sustainable palm oil practices and extended his heartfelt congratulations on the 20th anniversary of RSPO. As a leading representative among RSPO's Chinese members, our collaboration with RSPO will further advance Proya's progress in sustainable palm oil practices.



 $\land \mathsf{The}\ \mathsf{Chairman}\ \mathsf{accepted}\ \mathsf{an}\ \mathsf{invitation}\ \mathsf{for}\ \mathsf{an}\ \mathsf{exclusive}\ \mathsf{interview}\ \mathsf{with}\ \mathsf{RSPO}$

Sustainable palm oil management initiatives in 2024 >

Category	Major Initiatives	
Identification and review	 Identify products involving palm oil or palm oil derivatives Review our use of RSPO-certified palm oil 	
Tracking	 Track the source of palm oil, require suppliers to provide information on the origin of palm oil as well as RSPO certification credentials, and add relevant information in the internal system to enhance palm oil record management 	
Adjustment	Gradually replace palm oil with RSPO-certified products	

Indicators and goals of responsible procurement

Indicator	Unit	Management goals	Progress in 2024	Achievement
Proportion of ESG compliance assessment among key partners	%	By 2025, all of our key partners will conduct ESG compliance assessments. We will provide ESG management support to them.	100	Progressing as scheduled
Proportion of RSPO- certified palm oil procured ¹	%	By 2025, 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.	48.86	Progressing as scheduled

Quality Innovation: Sharing Beauty with Customers



Technological innovation remains the core driving force of Proya. We continue to deepen the research in basic medical fields such as skin science, and is committed to developing new raw materials to enhance the product and brand strength of Proya. Additionally, through close collaboration with top universities, research institutions, and industry experts both domestically and internationally, Proya strengthens R&D capabilities and cultivates an excellent global research team.

We continue to enhance quality control standards, core competitiveness, and ability to respond swiftly to market changes. We are dedicated to enhancing digital capabilities by expanding digital marketing channels, delivering a superior consumer experience, and fostering greater customer satisfaction. Furthermore, we place a high priority on consumer privacy protection, implementing stringent measures to ensure data security and striving to maintain the rapid, stable, and healthy development.

Material topics responded to in this section

Science and technology innovation	• •
Product quality and safety	• •
Customer service and rights protection	• •
Data security and customer privacy protection	•
Industry development promotion	•

Note: " • • " means having double materiality, " • " means having financial materiality only, " • " means having impact materiality only, and " • "means having neither financial nor impact materiality

SDGs responded to in this section



Science and technology innovation

Governance

Proya remains committed to the development path of independent research and development, and has established an efficient, rigorous, and comprehensive governance system for research and innovation.

Since the Hangzhou R&D Center and Shanghai R&D Center were put into operation, we established the European Science and Innovation Center in Paris, France, in 2024. Serving as a communication bridge between the domestic and international beauty industries, the European Science and Innovation Center will help European suppliers better understand the needs of the Chinese market, and further enhance our global R&D system.

Global R&D and innovation governance structure >



Hangzhou R&D Center

Focusing on cutting-edge skin texture research, new raw material design and development, mula R&D and validation

Equipped with formula development, product evaluation, testing, and support teams, achieving comprehensive management from product ideation to implementation, ensuring nigh levels of professionalism and precision throughout the entire process



Shanghai R&D Center

Focusing on scalp skin texture, microecology, and hair care to conduct fundamental research applied development, and clinical efficacy

Equipped with sectors for applied research, efficacy and safety, and fundamental research, orming a comprehensive innovation chain from theoretical research to practical application, and then to safety and efficacy verification, ensuring depth and breadth in product development



European Science and Innovation Center

Focusing on anti-aging, sensitive skin care and skin whitening research, and cooperating closely with international suppliers

Focusing on the research and exploration of innovative ingredients, and leveraging Europe's advanced scientific environment and international collaboration networks to support the introduction of the world's leading new ingredient technologies for the Company

We have formulated the Stability Testing Operation Procedures, the Human Patch Test Process, the Pilot Production Process Standards and other systems to standardize the quality and safety control of product development. In 2024, we formulated the Regulations on New Product Development to standardize the new product research and development procedure, aiming to achieve procedural, standardized, and efficient R&D processes.

Strategy, risk and opportunity management

Against the backdrop of the rapid development of the global beauty industry, the power of technology is profoundly reshaping the industry landscape. In this context, cosmetics enterprises are currently facing potential risks such as intensified market competition and the loss of R&D talent. Adhering to a "consumer-centric" concept, Proya fully considers consumer needs based on dermatology, and applies this concept throughout the whole process from raw materials to finished product development, including fundamental research, formula development, physical and chemical analysis, and assessment of raw materials and product efficacy. Additionally, the Company adheres to the "6*N" strategy, focusing on a research pathway centered on fundamental research, applied research, clinical research, and external collaborations. Through innovative initiatives across product categories, we continuously launch differentiated and groundbreaking products to meet market demands.

Management goals

We will continuously increase investment in R&D

R&D development pathway >

1	\wedge
- Fundamental Research:	Applied Research:
Advance the	Develop skir
oipeline planning	and beauty
and application of	products wit
new technologies	significant
and ingredients,	efficacy, sup
continuously	texture, and
everaging cross-	effectivenes
ndustry advanced	based on ma
technologies	demand; refi
such as biological	the technolo
computation,	distribution
genomics, and	future upgra

proteomics to drive

innovation

Conduct clinical evelop skincare research and nd beauty oducts with gnificant approaches to ficacy, superior xture, and costverify the efficacy of raw materials and fectiveness finished products; ased on market mand; refine additionally, ne technology employ advanced stribution for instrumentation and statistical methods future upgrades of hero products to perform scientific analysis of clinical

research data

Clinical External Research: **Collaborations:**

Strengthen existing collaborations validation of products and partner with to explore innovative universities and research institutions to broaden and deepen new research directions leverage advanced equipment and cutting-edge technologies to enhance the value and efficiency of R&D efforts

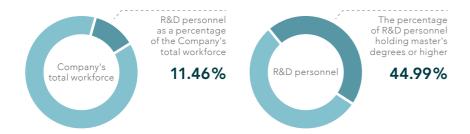
Identification, assessment, and management process of risks and opportunities in science and technology innovation >

Category	Risk	Opportunity
Identification	Conduct intellectual property novelty search during project initiation Screen supplier qualifications for raw material admission Identify risk points in production conversion	Facilitate collaboration on industry-academia-research platform demand Monitor technology through the European Science and Innovation Center
Assessment	Detect hazardous substances in raw materials Validate formula stability and compatibility Assess the feasibility of process parameters	Evaluate technical feasibility Establish a three-dimensional assessment model for raw materials: efficacy, safety, and compliance
Management	Establish a full lifecycle risk prevention and control system Optimize the R&D-production-market closed-loop Carry out stepwise scale-up test to confirm process stability	Collaborate on strategic raw material development Formulate group and national standards

R&D team development

We have a professional, diversified, and innovative R&D team comprising high-caliber professional researchers in different disciplines such as skin science, biochemistry, life science, material science, medicine, industrial design, psychology, and statistics. As a "Zhejiang Provincial Postdoctoral Workstation," we deepen the training of high-level personnel. We also take effective measures such as job rotation plans, knowledge sharing on research topics, exchanges on emerging industry technologies and achievements, and specialized R&D training to enhance research and development capabilities of R&D personnel.

R&D personnel employment in 2024 >



We continue to improve the talent incentive mechanism by setting up rewards for papers and patents to stimulate the innovation enthusiasm of R&D personnel. Concurrently, we provide opportunities and professional training for R&D personnel, including patent development projects, collaboration with universities, and professional title evaluations, thereby fully fostering their innovation enthusiasm. During the Reporting Period, we assisted 10 R&D personnel in completing the professional competence training for Cosmetic Efficacy Evaluator (Level 3).

Furthermore, we place strong emphasis on external R&D collaboration, consistently strengthening partnerships with external organizations and academic institutions. In terms of international strategic cooperation, we actively explore global R&D resources and maintain close cooperation with BASF in Germany, Lipo True (a Spanish family peptide company), and Ashland (an American special materials expert), and other global technological laboratories. During the Reporting Period, we established the "Scalp Health Joint Laboratory" in collaboration with the Shanghai Center for Systems Biomedicine at Shanghai Jiao Tong University (SJTU). Additionally, we engaged in research partnerships across various fields with esteemed institutions such as East China University of Science and Technology, University of Shanghai for Science and Technology, and Westlake University.

Key R&D achievements in 2024 >

- We developed a new grinding technology for azelaic acid with tiny particle size, addressing issues with existing azelaic acid raw materials, such as large particle size, slow dissolution rate, and limited efficacy.
- We successfully innovated sunscreen powder processing technology, significantly enhancing sunscreen efficiency and product usability. This breakthrough resolved the issues of high costs and formula limitations caused by reliance on imported sunscreen slurries, achieving cost-effective in-house production and a comprehensive breakthrough in the full-chain quality control system.
- We achieved the cutting-edge application of high-pressure microfluidization technology, enabling precise control over formula optimization at the molecular level. This allowed us to develop a premium skincare series with exceptional penetration and deep repair effects.
- Our sunscreen products adopted an advanced "Soft Film + Hard Film + Functional Powder" self-assembly system, combined with oil-in-water phase shape modification, to significantly enhance light scattering across all wavelengths. This innovation achieved dual improvements in both sun protection efficacy and water and sweat resistance.
- We established an innovative patch testing model specifically designed for sensitive skin populations within Proya, which supports the company's research and improvement of product safety.
- We published a total of 20 papers in domestic and international journals and academic conferences. Among these, the research paper titled Mitigation of retinol-induced skin irritation by physiologic lipids: Evidence from patch testing, which validates the efficacy of the core technology of our Wrinkless and Firming Series, was published in the Journal of Cosmetic Dermatology.
- We achieved significant milestone results in our analytical and testing collaboration with Hangzhou Dianzi University on two projects: liquid crystal emulsification and sunscreen technology characterization and validation. For the liquid crystal emulsification project, we submitted two high-level academic papers and one patent application. These achievements were formally recognized with the "Zhejiang Provincial Science and Technology Achievement Registration Certificate."

Recognitions and honors in technological innovation in 2024 >

- We ranked 36th in the "Top 500 Innovative High-Tech Enterprises in Zhejiang Province 2024" list.
- We were awarded the highest-level recognition by the Economy and Information Technology Department of Zhejiang as the "Zhejiang Key Enterprise Research Institute of Functional Cosmetics."
- We were awarded the "Third Prize of the 2023 Zhejiang Provincial Science and Technology Progress Award" for the project titled "Key Technologies and Applications of Efficient Separation of Complex Matrices in Biological Samples," in collaboration with multiple enterprises and universities.
- Proya R&D Center was honored with the "Outstanding R&D Team" award by the China Association of Fragrance, Flavor and Cosmetics Industries.

Reduction of animal testing

Proya is dedicated to reducing non-essential animal testing by continuously exploring and applying scientific methods as alternatives. This effort promotes animal welfare and advances the sustainable development of the cosmetics industry. In 2024, we participated in application research of the "Technical Guidelines for the Integrated Testing and Evaluation Strategies of Skin Sensitization: The '2-out-of-3 Test' Strategy" under the national key research and development project "Research on Alternative Techniques for Animal Testing in the Inspection of Cosmetics and Biological Products," hosted by the National Institutes for Food and Drug Control. This technology can replace animal testing for evaluating the skin sensitization of certain cosmetic ingredients.

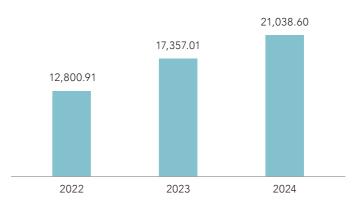


Indicators and goals of science and technology innovation

Indicator	Unit	Management goals	2022	2023	2024	Achievement
R&D investment amount	CNY10,000	We will continuously increase investment in R&D	12,800.91	17,357.01	21,038.60	
Proportion of R&D investment amount in operating income	%		2.00	1.95	1.95	Progressing as scheduled

Key performance





R&D investment amount

Product quality management

Governance

Providing consumers with high-quality, safety, high-standard and innovative cosmetics is one of our core missions. We continuously monitor and control various quality risks, implementing comprehensive quality management throughout the entire product lifecycle from research and development to production and launch. These efforts enable consumers to receive safe, reliable, and high-quality products.

Proya's skincare factory and make-up factory have established the Quality Management Department and Quality Management System Committee respectively as the coordination department of product quality. Their key responsibilities include developing quality audit plans, standardizing quality control and deviation management at all stages from production to delivery, and setting and tracking product quality objectives.



∧ Proya's Huzhou production base

Quality management system certification >

CCf Certification Scope of certification certification February 2028 Proya Cosmetics Co., Ltd. ISO 9001:2015 Zhejiang Beauty Cosmetics Co., Ltd. May 2027 Proya Cosmetics Co., Ltd. May 2026 ISO 22716 Cosmetics Good Manufacturing Practice (GMP) Zhejiang Beauty Cosmetics Co., Ltd. May 2027 US FDA CFSAN Cosmetics May 2026 Proya Cosmetics Co., Ltd. - Good Manufacturing Practice (GMP) Zhejiang Beauty Cosmetics Co., Ltd. May 2027

We strictly adhere to laws and regulations such as the Regulation on the Supervision and Administration of Cosmetics, the Code for Quality Management of Cosmetics Production, and the Safety and Technical Standards for Cosmetics. On this basis, we have established policies including the Proya Management Manual, the Deviation Control System, and the Non-conformance Corrective Action Control Procedures, continuously optimizing and refining our own quality management system.

Strategy, risk and opportunity management

Identification, assessment and management process of product quality risks >

Product quality is key to earning consumer trust and maintaining core market competitiveness. We uphold the quality control philosophy of "process control, quality and safety, and customer satisfaction," striving to balance product quality enhancement with industrial development. We implement various measures, including strengthening quality assurance management of each process, enhancing quality inspection management, continuously improving quality standards, conducting self-assessments of the quality management system, monitoring adverse reactions, and carrying out mock recalls. These measures aim to proactively address the increasingly stringent regulatory standards in the beauty industry and meet consumers' high expectations for product efficacy and quality.

Additionally, we have established a comprehensive quality risk management and control system to identify, assess, and manage potential quality risks throughout the product lifecycle.



Research and development

o Information-based system control



Procurement

- o SRM (Supplier Relationship Management) platform
- o Supplier full-lifecycle management
- o Batch-by-batch raw material testing



Production

- o Information-based system control (SAP+MES+WMS)
- o Error-proofing devices at critical control points for quality assurance



Delivery

- o Full process traceability
- o Multi-dimensional quality issue collection channels
- o Periodic monitoring of retained samples

Additionally, we have set annual product quality management goals and continuously tracked their progress. For projects that failed to meet expected targets, we have implemented specialized improvement measures to effectively enhance product quality and safety performance.

Quality control

To address potential quality management risks, we further improve our Quality Assurance (QA) and Quality Control (QC) standards, optimize the confirmation process of product production, and establish a multi-stakeholder audit mechanism involving research, development, and manufacturing teams to ensure strict quality control. We perform regular internal quality audits to identify potential quality management improvements. We have established the Validation Management System to verify the performance of formula processes, water purification systems, key emulsification equipment, and filling equipment. Also, we carry out verification work annually according to a planned schedule to ensure the adequacy, suitability, and effectiveness of quality management.

95

In 2024, we strengthened our product quality management. Through clearly defined metrics and goal systems, both our skincare and cosmetics factories ensured continuous improvement in product compliance and quality pass rates. Notably, no major product safety or quality-related incidents occurred.

Quality control at the production stage >



Raw material control

- Formulate a raw material management system, set acceptance standards, and standardize evaluation methods, and make each department strictly abide by the regulations of various documents
- Develop the Management System for Safety Testing of Innovative Raw Materials to conduct full-lifecycle monitoring of new raw materials used in China for the first time
- Adopt a raw material shelf-life control system and set quality control indicators for raw materials, including physiochemical, microbiological, and infrared spectrum fingerprint control



Packaging material control

- o Formulate the Packaging Material Management Specification and other systems
- \circ Evaluate packaging samples and small-lot trial production of packaging
- Set up an inspection plan and release products only after they pass all inspections



Manufacturing process

- Formulate process specifications in strict accordance with the production process approved by the state, and manage the production process in a standardized manner
- Develop evaluation specifications for semi-finished products and set quality control indicators such as physiochemical, microbiological, and preservative additions.
- o Sample every lot of semi-finished products and regularly re-check inventory



Packing control

- Carry out first-piece control and in-process control, and manage the quality of the packing process
- The MES system launched in 2021 collects quality data during the production process to realize real-time sharing of on-site quality information and information traceability



Finished product control

 Perform quality control of products against quality standards, including physicochemical, stability, and heavy metal inspections. Products can only be released after passing these inspections



Ex-factory inspection

- Establish the Labeling and Traceability Control Procedure in strict accordance with the requirements of laws and regulations
- Make sure production records on the labels of all delivered products are traceable, including lot number, specification, process, and inspection records

Supplier quality management

Outsourcing quality control measures >

We have established the Outsourcing Management System for OEM/ODM and other suppliers to strengthen quality control in the outsourcing process. This is achieved through quality standard formulation, on-site guidance, quality testing, and random inspections. In 2024, we achieved a 100% audit coverage rate for our ODM suppliers.

Quality standard

• We develop

complete quality control standards covering chemical ingredients, appearance, and consumers' use experiences to ensure that suppliers adhere to the standards during production.

On-site guidance • Before the first

batch of products is produced, we conduct onsite guidance to clarify standards for production management personnel and address issues related to the application of quality standards in actual production.

On-site

- When products are released by OEM/ODM suppliers, we require them to conduct quality inspections and provide the test results.

 We conduct quality
 - We conduct quality inspections to ensure that outsourced products meet our standards.

Random

 We conduct random inspections based on quality standards and perform onsite reviews in response to market feedback

Product recall

To protect the rights and interests of consumers, we have established the *Product Recall Management Procedure, Customer Complaint Management System* and other systems to immediately stop selling and recall non-compliant products already sold or in transit. Over the past four years, we did not encounter any product recall events.

During the Reporting Period, we conducted a mock recall rehearsal for a product with a simulated quality issue. Departments actively cooperated, completing internal tracking of material flow, analysis and evaluation of non-compliant products, and shipment data review for finished products within four hours. The problematic batch was transported back to the factory within seven days. This recall rehearsal fully verified the availability of *Product Recall Management Procedure*.

Indicators and goals of product quality

		Progress		
Indicator	Annual target	Skincare factory	Make-up factory	Achievement
First-pass yield of the production process	≥99%	99.46%	100%	Achieved
*Incoming inspection pass rate (raw materials)	≥99%	97.76%	99.77%	Achieved
*Incoming inspection pass rate (raw materials)	≥99%	99.21%	95.09%	Basically achieved
Acceptability of spot checks	100%	100%	100%	Achieved
Close rate of defects in management system review	100%	100%	100%	Achieved

^{*}In 2023, we introduced new raw material inspection criteria to enhance quality management requirements for raw materials.

Customer service and rights protection

Governance

Adhering to the concept of heartfelt service and sincere hospitality, Proya is committed to providing consumers with a premium customer service experience. In terms of customer service and rights protection, we have established a comprehensive customer service management system. The Product Marketing Department serves as the primary responsible department, overseeing customer service management and striving to provide comprehensive, multi-tiered support, ensuring a safe, reliable, and high-quality service experience for customers.

Product Marketing Department responsibilities >

- Formulate off-site single product marketing plans based on the brand's annual goals, including budget strategies, audience targeting, and content distribution strategies at all stages
- · Coordinate product lifecycle management by collaborating with the product development team, e-commerce team, and consumer service and research team, as well as driving product iterations/optimizations to enhance competitiveness and user satisfaction, based on real consumer feedback
- Responsible for implementing marketing strategies by engaging with consumers both online and offline, ensuring product communication and service assurance, and provide consumers with open, transparent, scientific and interesting product content, while guiding customers with different skin concerns toward suitable and science-backed solutions through the product line

We strictly abide by relevant laws and regulations such as the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Implementing Regulation of the Law of the People's Republic of China on the Protection of Consumer Rights and Interests. On this basis, we have formulated relevant management systems such as the Pre-Sales and After-Sales Handling Standards and the Quality Inspection Management Standards, continuously refining and improving our customer service management.

Strategy, risk and opportunity management

In order to achieve the management goal of continuously improving customer satisfaction, we have built a smooth online and offline customer service channel to provide consumers with pre-sale, in-sale, and after-sale inquiries, consultation, and complaint services. We regularly organize training for marketing personnel to continuously improve their professionalism and service capabilities. We also carry out regular customer satisfaction surveys and collect consumer opinions and suggestions to optimize the consumer service experience. Furthermore, we continue to invest in digital transformation, leveraging technological innovation to improve customer service quality while enhancing data security and customer privacy protection.

Management goals

By 2025

customer satisfaction will continue to improve

In our customer service and rights protection management process, we have established a systematic and comprehensive standardized framework for identifying, assessing, and managing risks and opportunities, effectively helping us address potential risks and capitalize on opportunities.

Identification, assessment and management process of risks and opportunities in customer service and rights protection >

Identification

- · Identification scope: Cover the full lifecycle of customer service (pre-sales consultation, insales transaction, after-sales support) and core scenarios of rights protection (privacy security, complaint handling, free return and exchange protection, dispute resolution, etc.)
- · Identification method: Utilize the customer VOC database (rating analysis, consultation analysis, etc.), public opinion monitoring systems, after-sales work order analysis, and customer satisfaction analysis to identify potential risks and improvement opportunities

Assessment

- · Risk assessment: Assess risks from two dimensions of occurrence probability (high, medium and low) and impact degree (financial loss, brand reputation and customer loss), and divide them into three risk levels: major, moderate and minor
- Potential revenue assessment: Assess the quantitative contribution of opportunities to customer retention rate, repurchase rate, and market share growth
- Implementation feasibility assessment: Conduct a comprehensive assessment based on technical feasibility, resource investment, and policy compliance, prioritizing opportunities with high returns and low implementation difficulty

Management

- · Risk avoidance: Establish compliance review mechanisms for webpage content and service scripts to eliminate misleading promotions
- Risk mitigation: Implement risk monitoring and firewall mechanisms to ensure customer issues are quickly, effectively, and proactively resolved, reducing the possibility of further risk expansion
- Risk transfer: Purchase relevant insurance to share part of the risk loss
- · Risk monitoring: Incorporate low-probability/low-impact risks into a risk contingency database
- · Opportunity conversion: Introduce Al-powered customer service and intelligent service monitoring systems to enhance response times while monitoring and intervening in customer and service agent interactions, including emotional states and complaint escalation, and implement policies such as 7-day unconditional return policy, allergy-free assurance and price protection services to build customer confidence

Consumer communication

Consumer communication channel indicators >

In terms of consumer communication, we build consumer feedback channels to listen to their opinions and suggestions, provide QA and after-sales services for consumers, and track them after the purchase. To collect improvement suggestions, we carry out consumer communication and collect feedback on products, services, and operations through return visits for evaluation, satisfaction surveys by phone, and other methods.





service











Offline store

Social media E-commerce

Customer

Official

Satisfaction

In terms of consumer complaints, we have established a comprehensive complaint-handling channel linking our sales, R&D, and customer service departments to timely handle consumers' feedback and questions on user experience, after-sale service, and product improvement suggestions.

Complaint handling method and procedure >



Feedback communication		Handling method
User experience	>	Customer service personnel will take the questions of users and quickly provide professional suggestions and solutions
After-sales experience	>	User needs are recorded and reported to the customer service department and other relevant departments to solve the problems encountered by users as soon as possible and maximize their rights and interests
Product improvement	>	Products are sorted and monthly reports are generated and sent to the R&D Department for product upgrades and improvements
Product quality complaints	>	Factories, R&D, and quality departments work together on troubleshooting and implement targeted measures according to problem severity to reach a consensus with consumers and maximize their rights and interests

In terms of consumer feedback, we collect consumer comments on the Tmall Customer Voice module every month and hold monthly consumer service meetings. To promptly address issues and improve internal management mechanisms, we coordinate with our sales, R&D, factory, and customer service departments to follow up on and handle consumer feedback and questions on user experience, consumer services, product optimization, and logistics service.

Customer satisfaction improvements

Initiatives to enhance consumer experiences >

By implementing a series of customer retention initiatives, we are gradually improving consumers' perception of the brand. It is evolving from being synonymous with cost-effectiveness to establishing itself as a mid-tier brand known for exceptional quality and reliable service, continuously strengthening consumer trust in our brand.

- We continuously improve the customer service team to enhance the quality of consumer support.
- We conduct periodic consumer interviews for each single product to gather feedback and suggestions, enabling continuous product and service improvements.
- During the launch of Advanced Original Relief Concentrating Essence 3.0, we
 actively promoted a sampling initiative for regular customers, along with the
 "A Letter to Those with Advanced Original Relief Concentrating Essence" campaign to appreciate long-term supporters of the brand.
- We enhanced offline counter displays with a focus on the Energy Series, allowing consumers to experience the brand's premium product line up close.
- We launched "Thank you for warming up 2024" campaign to show appreciation to brand members (the 28th of each month is the brand membership day), enhancing consumers' preference and loyalty to Proya.



↑Thanks for Heating Up 2024 campaign

We conduct annual qualitative and quantitative consumer surveys and collect consumer opinions on products, logistics, and services to learn about consumer needs. Additionally, we actively organize physical product salons and provide training for distributors on products and services, improving the offline service experience. In 2024, we integrated pre-sales and after-sales customer service management to a higher degree, helping the customer service team quickly address customer issues and reduce waiting time.

Progress and achievements of consumer experience optimization in 2024 >

	Work	Achievements	
Consumer communication	Proya • Implemented various intelligent tools to proactively and promptly address consumer concerns (e.g., automated messages for reissue, automatic refund interception for in-transit logistics issues)	In 2024, the one-time resolution rate for customer issues on Tmall reached 83.41%, an increase of 3.76% compared to 2023	
	TIMAGE • Introduced an intelligent customer service system to provide 24-hour automated responses to common inquiries, while the customer service team proactively updates customers on logistics, reissue, and other relevant information	In 2024, the one-time resolution rate for customer issues on Tmall reached 83.99%, an increase of 1.41% compared to 2023	
	Off & Relax • Customer complaints were accepted through multiple channels, including Weibo, e-commerce customer service, 24-hour service hotline, WeChat, and the official website	In 2024, the one-time resolution rate for customer issues on Tmall reached 79.54%, an increase of 5.10% compared to 2023 In 2024, the satisfaction rate of all channels reached 93.13%, including 94.94% for Tmall and 91.32% for Douyin. All-brand customer service satisfaction increased by 2.69% compared to 2023	
	Hapsode • Standardized handling procedures by collecting professional advice from customer service personnel on product experience issues, and logging after-sales concerns and ensuring relevant departments are involved in resolving them	In 2024, the one-time resolution rate reached 93%, including 88.76% for Tmall and 95.12% for Douyin The satisfaction rate of all channels reached 93.10%, including 96.13% for Tmall	
Enhancement of consumer experiences	Proya With the help of third-party organizations/software, we provided 24/7 real-time monitoring of consumer complaints and public opinion across all platforms Established a customer complaint firewall to ensure effective feedback and resolution of consumer issues through measures such as real-time monitoring of negative sentiments and launching complaint channels Implemented a customer complaint escalation mechanism to address consumer feedback more effectively, providing higher processing authority and specialized skincare knowledge to enhance the service experience for consumers	During "11.11" promotion in 2024, the platform complaints of Tmall decreased by 93% YOY, with service-related complaints (particularly unfulfilled promises) dropping 58%	
	TIMAGE • Provided personalized services, such as upgrading 7-day unconditional return policy to 15 days, offering gifts for special occasions and implementing first-order strategies, among others	• In 2024, the satisfaction rate on Tmall was 96.22%, increased by 0.80% compared to 2023	

Progress and achievements of consumer experience optimization in 2024 >

	Work	Achievements
Enhancement of consumer experiences	Off & Relax • Standardized work order classification and handling process, conducted categorized analysis of issue types, and facilitated cross-departmental collaboration to drive improvements in packaging material, order transportation routes, while also providing users with updates on issue resolution progress and achievements	In 2024, the consultation negative review rate decreased by 12.7% YOY The damage of single products decreased by 0.06%, and the delivery time of all channels shortened by 5.94 hours YOY
Improvement of customer service capabilities	Proya Through systematic personnel training and certification, the team service personnel has significantly improved their capabilities in team leading and consumer complaint handling in an all-round way, providing a better service experience for customers	In 2024, taking Tmall as an example, the satisfaction rate reached 93%, an increase of 12% compared to 2023
	TIMAGE • Strengthened training and knowledge management by organizing customer service team training sessions on product knowledge, service processes, and communication skills. Established and improved a knowledge base to enhance problem-solving efficiency and accuracy of the team	In 2024, TIMAGE conducted 269 training sessions, with a total of 3,199 participants. The total training duration was 1,629 hours, covering 100% of employees
	Off & Relax • Established a quality training system and enhanced the brand knowledge base, enabling real-time monitoring of consulting dialogues. Promptly escalated dedicated follow-up and daily review analysis for category A & B inquiry alerts and abnormal inquiries	• In 2024, built a brand training system, improved the brand knowledge base, and recorded training microcourses on brand knowledge product information, and product QA, enhancing the efficiency of team training and the professionalism of customer service

Recognition and honors related to consumer services in 2024 >

Brands	Recognition and honors in 2024		
Proya	• The Proya store on Tmall was granted the "Annual Five-Star Store" and the "11.11" Promotion Gold Medal After-sales Service awards		
The customer service team of the TIMAGE store on Tmall was hor a "Jinwangwang" team (gold team) 11 times. The store was grar "Service Innovation Pioneer" award, the "Five-Star Store" award, "Silver Bee Award for Store Functional Services"			
	TIMAGE was awarded the Red Rabbit "Star Customer Service" prize		
Hapsode	The customer service team of the Hapsode store on Tmall has beer honored as a "Jinwangwang" team (gold team) for the whole year. The store was granted the "Five-Star Store" award		
	Hapsode was awarded the Red Rabbit "Star Customer Service" prize		
Off & Relax	The customer service team of the Off & Relax store on Tmall was honored as a "Jinwangwang" team (gold team) 10 times for the whole year. The store ranked in the top 5 in the industry in terms of service experience score for the whole year, and was granted the "Five-Star Store" award		
	The Off & Relax store on Tmall was granted the "Golden Bee Award for Store Functional Services"		

Responsible marketing

We believe that the most basic customer service that we can perform is to provide consumers with genuine, accurate, and complete product and marketing information. In strict compliance with the Law of the People's Republic of China on Protection of Consumer Rights and Interests, we have established a sophisticated management mechanism to ensure the authenticity and accuracy of product marketing content.

Administrative measures for socially responsible marketing>

Guaranteed accuracy of product promotion content	Training for responsible marketing
 We establish the Product Technology Content Department, in which our R&D professionals review product descriptions to ensure the correctness and accuracy of scientific and technical content in product promotions. 	 Prior to the launch of new products, we organize training of product information accuracy for brand promotion, operations, and customer service personnel, including product texture science, product usage recommendations, etc.
We establish the Product Copywriting Review Procedure. Marketing copywriting must be reviewed by departments such as brand marketing, product development, research and development, and legal affairs. We conduct internal clinical trials and	Customer service personnel receive at least three sessions of training in product knowledge and take post-training examinations to ensure that consumers are provided with consistent product information in line with our standard product introduction.
third-party testing for the main efficacy of products during the promotion process.	During the Reporting Period, we conducted three training sessions on brand values to standardize marketing behavior. The coverage rate of responsible marketing training for product marketers and customer service personnel reached 100%.

Indicators and goals of customer service

Indicator	Unit	Management goals	Progress in 2024	Achievement
Customer satisfaction	/	By 2025, we will achieve ever-increasing customer satisfaction.	All brands including Proya, TIMAGE, and Off & Relax achieved higher customer satisfaction scores compared to the previous year.	Progressing as scheduled

Data security and customer privacy protection

We value data security and consumer privacy protection. We strictly abide by the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and other laws and regulations. Accordingly, we have developed the E-commerce Data Security Management System, the Cybersecurity Management Measures, the Information System Development Management Measures, the Data Security Management System, the Data Classification and Grading Security Management System, the Full-lifecycle Data Security Management System, and other management policies. Also, we require all employees to strictly implement these policies to ensure compliance with data security production requirements.

Management goals

By 2025, we will have



incidents of information security and privacy protection violations.

capabilities

The Company's non-independent directors and General Manager have participated in the formulation and review process of information security and cybersecurity strategies. They are directly responsible for the overall planning of information security initiatives and have appointed dedicated personnel to oversee the implementation and supervision of cybersecurity measures. To effectively identify, assess, prioritize, monitor, and manage risks related to data security and customer privacy protection, Proya has established a comprehensive risk management process.

Risk management process of data security and customer privacy protection >

Process	Description	
Identification	Data asset inventory: Identify all data types and storage locations held by the Company	
Identification	Risk identification: Regularly identify internal risks that could lead to data breaches or misuse, external data threats, and legal compliance risks	
Assessment	Risk assessment: Assess the likelihood and potential impact of each risk event, quantifying and ranking risks based on their probability and severity	
	Monitoring and review: Conduct regular technical checks using log detection systems and perform security and compliance audits on security and privacy protection measures	
Monitoring	Reporting mechanism: Establish an internal reporting process to ensure timely communication of information to relevant personnel and management Promptly report data breaches and other security incidents to regulatory authorities	
	Data security policies: Develop comprehensive security policies and customer privacy protection policies	
	Employee training: Carry out data security and privacy protection training for all employees, enhancing their security awareness	
Management	Technology upgrade: Deploy the latest security technologies and optimize data processing procedures to ensure best practices are followed at every stage	
	Emergency response plan: Establish a dedicated team to handle data breaches, develop detailed incident response procedures, and conduct regular simulation rehearsals to test and improve emergency response	

We strictly control the access to and transmission of consumer information, declassify sensitive information, and restrict data duplication and the frequency of access to consumer information. We also set permissions for the export of sensitive information so that operators cannot obtain user information. Moreover, we regularly review the existing data, tighten the access rights of the data domain, and strengthen access control of the network environment. In terms of e-commerce platform management, we strictly comply with the requirements of each platform for consumer information protection, encrypting and desensitizing consumer information during transmission to ensure information security.

To minimize the impact of unexpected incidents on business continuity, we have established multiple business continuity plans, emergency response procedures, and incident handling management mechanisms. In accordance with regulatory requirements, we conduct quarterly UPS discharge tests to ensure stable equipment operation during power outages. We also implement a data protection strategy of daily local backup and offsite data synchronization to mitigate the risk of unexpected system or data loss. Additionally, annual disaster recovery drills are conducted to verify the effectiveness of recovery mechanisms. We also regularly conduct simulated hacker attacks and participate in Hangzhou's cybersecurity offense-defense practice drills. In 2024, we had no incidents of information security and privacy protection violations.

We enhance consumers' awareness of privacy protection through internal meetings and expert-led training sessions. Additionally, in 2024, we conducted six data security compliance training sessions, covering 251 participants with a total of 4.5 training hours, strengthening employees' awareness of information security protection.

Indicators and goals of data security and customer privacy protection

Indicator	Unit	Management goals	Progress in 2024	Achievement
Information security and privacy protection violations	Cases	By 2025, we will have zero incidents of information security and privacy protection violations	0	Progressing as scheduled

Industry development promotion

Case

Industry collaboration is a key driver of continuous progress in the cosmetics sector. It plays a crucial role in enhancing supply chain efficiency, ensuring stable raw material supply, fostering technological innovation, expanding market share, and effectively addressing industry competition and challenges. Proya actively capitalizes on development opportunities by deepening our industry-university-research integration strategy. We work with partners and consumers to promote sustainable development and consumption, making value chain sustainability a reality.

In 2024, we actively carried out the collaboration of industry-academia-research and participated in industry exchanges. We collaborated with Beijing Technology and Business University to establish China's first joint corporate-university laboratory for pore research. At the 34th IFSCC International Congress of Cosmetic Science, we were invited to deliver a keynote speech, and our 13 academic papers were reviewed and accepted by the IFSCC organizing committee. Additionally, we were invited to participate in the 6th World Aging and Rejuvenation Conference in Paris, the Shanghai Beauty Expo, the Cosmetics Quality and Safety Conference, the 2024 China Cosmetics Science and Technology Conference, and the Expert Panel on Cosmetic-related Technical Documents, among other industry events.

Collaborating with Beijing Technology and Business University to establish China's first joint corporate-university laboratory for pore research

In July 2024, the inauguration ceremony of joint laboratory established by CORREC-TORS (the professional laboratory and science-backed skincare brand under Proya) and Beijing Technology and Business University was successfully held at Proya's Hangzhou R&D Center. This joint pore research laboratory will focus on addressing pore-related issues among Chinese consumers, conducting in-depth research, and leveraging scientific findings to aid product development.



Case

Collaborating with a medical institution to publish the Asian Scalp Health White Paper

In August 2024, Off & Relax partnered with the National Integrated Traditional and Western Medicine Hair Disease Medical Consortium (the "Medical Consortium") to release the Asian Scalp Health White Paper. The White Paper was authored by Dr. Yang Jianzhong, Chief Research Officer of Off & Relax, and his research team, with expert guidance and recommendations from the Medical Consortium on fundamental research and clinical data. It serves as a critical reference and instructive document for scalp and hair care solutions tailored to Asian populations.



^Asian Scalp Health White Paper

Case

Collaborating with Shanghai Jiao Tong University to establish the "Scalp Health Joint Laboratory"

In October 2024, Awaken Seeds, a brand of Proya, relying on Proya Shanghai Hair Care R&D Center, joined hands with the Shanghai Center for Systems Biomedicine at Shanghai Jiao Tong University (SJTU) to hold an offline signing ceremony and the unveiling ceremony for the "Scalp Health Joint Laboratory." Both parties engaged in in-depth discussions on future collaboration directions and reached a strategic partnership.



∧ Unveiling ceremony for the "Scalp Health Joint Laboratory"

Case

Proya appeared at the 2024 China Fragrances, Flavors and Cosmetics Industry Annual Meeting & Expo

In October 2024, Proya participated in the 2024 China Fragrances, Flavors and Cosmetics Industry Annual Meeting & Expo (CAME) at the Nanjing International Expo Center. With the theme of "Co-Creation, Win-Win, and Co-Existence," CAME brought together more than 100 powerful fragrance, flavor and cosmetics enterprises at home and abroad.

At the CAME Entrepreneurs Dialogue Forum, HOU Juncheng, Vice Chairman of the China Association of Fragrance Flavor and Cosmetic Industries and founder and Chairman of Proya, delivered a speech titled "Craftsmanship as the Foundation, Innovation as the Wings: Building the Future of Chinese Beauty Together." He shared the high-quality development journey of Proya and his vision for the future of China's beauty industry. At the expo, we were awarded the title of "Leading Enterprise in the Fragrance Flavor and Cosmetics Industry - Cosmetics."



↑The Chairman delivered a keynote speech



 \land Proya was awarded the title of "Leading Enterprise in the Fragrance Flavor and Cosmetics Industry - Cosmetics"

Diversity and Inclusion: Building a Better Society

04



Employees are the cornerstone of enterprise development. An enterprise should share the fruits of business development with its employees. We are committed to creating a diverse and inclusive corporate culture for employees and allow them to feel bliss, respect, and recognition within it. We provide a healthy and safe work environment, competitive compensation and benefits, and a robust career development system to fully unlock employees' potential.

We are committed to advancing the cause of beauty. We also focus on female beauty philosophy from inside to outside, and lead enterprises' care for women to extend from individual skincare to the society as a whole. We insist on expressing our views, share the social value of "beauty," and promote the values of mutual support, equality, and independence. By aligning with the world and embracing a shared future, we strive to help more people achieve a better life.

Material topics responded to in this section

Employee rights and benefits
Development of human capital
Health and safety
Social welfare

Note: " • • " means having double materiality, " • " means having financial materiality only, " • " means having impact materiality only, and " • "means having neither financial nor impact materiality

SDGs responded to in this section













Employee rights and benefits

Governance

A well-structured human resources management framework is a crucial foundation for the Company's sustainable growth and efficient operations. We have established a system of three-pillar model of HR management, where each function operates within its designated role while working collaboratively to ensure the comprehensiveness and professionalism of HR management.

System of three-pillar model of HR management >

Pillar	Responsibilities
Chief HR Officer (CHO)	Responsible for drafting and revising HR- related policies
Shared Service Center (SSC)	Responsible for fundamental HR services
HR Business Partner (HRBP)	Responsible for implementing recruitment and related policies on the business side

We strictly abide by the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. Accordingly, we have established and implemented the Employee Recruitment and Hiring Management System, the Compensation Management System and other regulatory documents to protect employees from any form of discrimination during the recruitment and management processes.

Strategy, risk and opportunity management

Employment risks may lead to the loss of prominent talent and harm the Company's brand image. To address this, we have established an employee rights management strategy that prioritizes the fundamental rights of all employees. This strategy explicitly prohibits forced labor and child labor, ensures reasonable working hours and overtime compensation, upholds equal pay for equal work, supports freedom of association and collective bargaining, opposes discrimination, and maintains a zero-tolerance policy for rights violations.

Management goals

By 2025, we will achieve



labor rights violations.

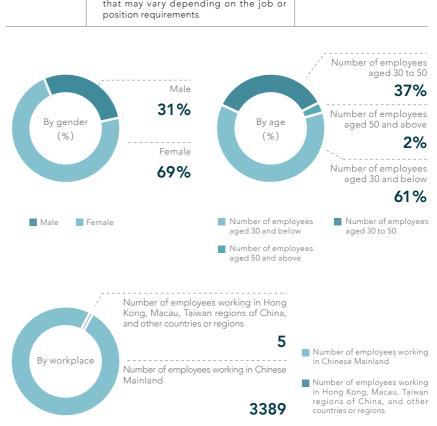
Compliance employment

In 2024, we revised and updated our Employee Handbook, which includes policies on Proya's growth and development, management systems, professional ethics, and compliance redlines. Additionally, we have explicitly stipulated anti-discrimination and anti-workplace sexual harassment policies in the Employee Handbook, and have established internal reporting channels. We maintain a zero-tolerance stance towards all discriminatory and harassing behaviors.

Policies of employment and fundamental rights of employees >

Right	protection measure	Relevant document
Recruitment	Principles: fairness, equity, transparency Ilimination of child labor: We ensure that job applicants meet the legally required minimum age for employment during the recruitment process Prohibition of forced labor: We promote flexible working hours, timely attendance recording, regular monitoring of work intensity, and work-life balance	Employee Recruitment and Hiring Management System
Dismissal	We carry out dismissal procedures in strict accordance with labor regulations	Employee Departure Management Measures
Working hours and vacations	We implement a standard working hours system, with 40 hours per week. Overtime hours can be compensated with time off upon request	Administrative Measures for Requesting Leave
	We provide paid annual leave, marriage leave, bereavement leave, and other sta- tutory holidays	
	We provide parental leave, nursing leave, and other types of leave according to local regulations	
Compensation and benefits	We have established a fair and competitive compensation system based on perfor- mance-driven principles	Compensation Management System
	We provide subsidies or allowances for transportation, travel, and other expenses that may vary depending on the job or position requirements	





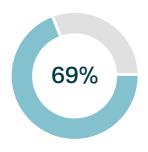
Diversity, equality and inclusiveness

We place great emphasis on workplace diversity and equal development opportunities. We have established equity and transparent recruitment processes and promotion mechanisms, providing female employees with equal employment and development opportunities. We are committed to fostering a diverse and inclusive work environment, working together to drive our sustainability.

In 2024, upon the recommendation of the Zhejiang Federation of Industry and Commerce and the evaluation and approval of the All-China Federation of Industry and Commerce, Proya's Social Responsibility Case - Embracing Green Development and Protecting Women's Labor Rights was recognized as an outstanding case of social responsibility of Chinese private enterprises (2024).

Female employment in 2024 >

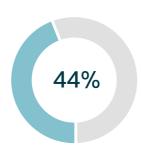
Share of women in total labor force1



Proportion of women in all management positions



Proportion of women in top management positions³





List of employee benefits >

Employee communication

An equal relationship in dialogs is beneficial for establishing an efficient work mechanism while enabling more employees to participate in the development and operations of the Company, thus enhancing their sense of belonging. In 2024, to enhance workplace communication efficiency, we implemented a new HR management system to streamline workflows. By actively soliciting and incorporating employee feedback, we continuously improved organizational management to foster an equitable and open work environment.

Employee communication channels >

Employee representative assembly

Online communication channels like DingTalk, Feishu, and OA platforms

Face-to-face communication between management and employees Employee satisfaction surveys and touchpoint surveys

Smooth employee complaint channels

Employee benefits

We attach great importance to the benefits of employees. In 2024, we completed the election of employee representatives and held an employee representative conference, focusing on discussing and enhancing employee benefits and policies. We took key initiatives, including optimizing commercial insurance packages and revising and releasing the Proya Benefit Management Measures. These efforts helped continuously improve the Company's benefit policies and enhance employee benefits.

Statutory benefits

Social insurance provident fund

Statutory holidays, annual leave, and other statutory benefits

Additional benefits

Lunch

High temperature fee

Annual travel, team building benefits, Physical checkups and commercial insurance additional leave for employees

Cash gifts for weddings and funerals, holiday gifts, birthday gifts, etc.

Special benefits

Elderly care

Specific health

Temporary accommodation arrangements

Special benefits for factory employees, etc.

Note 1: Percentage of total labor force

Note 2: Includes junior, middle and senior managers (percentage of total management positions)

Note 3: Refers to positions maximum two levels away from the CEO or comparable positions (percentage of total top management positions)

Employee care

As we continue to grow and employees have increasing needs, we are constantly upgrading our benefit system to reward our employees for their hard work. Furthermore, the labor union regularly organizes holiday events and other activities to enhance the sense of happiness and belonging among the employees working at Proya.

Employee care initiatives in 2024 >

Actions	Measures
Care for women	On International Women's Day, we presented our female employees with more than 1,700 flowers and gifts. In July 2024, we established the Proya Women's Federation and
	held our first women's conference, bringing fresh energy and momentum to women's initiatives.
Proya's charity fund	 The Proya's charity fund for employees underwent a policy and process upgrade, expanding its coverage and streamlining the application process with online approvals for greater efficiency. During the Reporting Period, we received two applications and provided a total of CNY45,000 in financial aid to employees in need.
Psychological care	To help employees manage stress during both "618" & "11.11" promotion, Proya's Public Welfare Society launched a series of healing courses. Experts were invited to guide employees in emotional release, relaxation, and stress management, allowing them to disconnect from the fast-paced work environment, tune into their inner selves, and regain energy.
Holiday events	 We curated holiday celebrations to share happiness with employees, delivering home-like warmth to them. The events we organized included presenting couplets on Spring Festival and roses on Valentine's Day.
Internal purchase benefits	We organized one company-wide multi-brand internal purchase sessions to provide employees with cost-effective products. The sales amount exceeded CNY1.7 million.
Care for employees' children	 In partnership with Hangzhou Children's Hospital, we established the Children Health Hub, providing employees with a professional child health management platform. Employees can access expert medical advice related to child health, regular health seminars, specialist consultation appointments, and guidelines for the prevention and care of common pediatric diseases.

We advocate for a balance between work and life. To support this advocacy, we implement a flexible working hours system to give employees more freedom at work. Our workplace is also equipped with leisure facilities such as a relaxation lounge and a fitness area. We encourage employees to form clubs and provide a fund of CNY150,000 per year on average for clubs. By doing this, we strive to enhance the happiness of employees, and achieve a better work-life balance.

In 2024, to further enhance employees' team-building experience and engagement, we optimized the team-building process, introduced a new team-building policy, and established a cloud document platform. This not only improved communication and collaboration among employees but also significantly boosted the efficiency of event organization and participation enthusiasm.

Cultural and sports activities for employees in 2024



Learning activity month

In September, the HR Department and Corporate Culture Department jointly hosted the learning activity month themed *Proya Growth Season*. The activity featured a series of initiatives, including KOL insight sessions, a special offline event for Teacher's Day, and the trial implementation of an internal part-time lecturer program. These initiatives aimed to foster a corporate culture that encourages learning and sharing within the Company.



History and cultural exhibition

The Corporate Culture Department organized a historical and cultural exhibition themed Twenty-One Is Even Wonderful. The exhibition showcased key artifacts representing significant turning points and events in the Company's development, offering a deeper insight into the Company's cultural essence.



Club activities

With the active support of the Corporate Culture Department, club leaders and enthusiastic members, the Company's clubs organized over 412 events in 2024, engaging more than 1,000 employees. This represented a 127% increase in activity compared to 2023. The total club-related expenditure for the year amounted to approximately CNY144,000.

Indicators and goals of employee rights and benefits

Indicator	Unit	Management goals	Progress in 2024	Achievement
Labor rights violations	Incidents	By 2025, we will achieve zero labor rights violations.	0	Progressing as scheduled

Development of human capital

Proya's high-quality development depends on the growth of talent. We see the capability enhancement of employees as a critical driver of our business development, continuously empowering employees to grow.

We place great importance on nurturing talent in schools. Therefore, we have formulated the *Management Trainee Development Program*. Each year, we visit universities to conduct campus recruitment activities, bringing new energy into the Company. We also invite industry experts specializing in raw material development and research, product design, and many other aspects to join us. This aim to create a pool of talent for enhancing our competitiveness.

Management goals

By 2025,

the coverage of training for employees will be

with the average training duration per person of **24** hours.

By 2025, we will conduct at least

1

training session related to sustainability for employees every year.

Employee training

In terms of employee training, we integrate internal and external training resources and provide personalized vocational training sessions for employees at different stages of development and with different skill enhancement requirements. In this way, we can create a fully covered training and development system for employees. Furthermore, we strictly comply with the Regulations on the Management of Professional Skills and have established the Management Procedures for the Grading and Certification of Professional Skills. This allows us to assess employees' professional skills in a standardized manner while continuously optimizing our training system.

Employee training system >

Internal training

Onboarding training

- Trainee: New employees
- Training content: Proya's history and culture, rules and regulations, and essential knowledge for employees

Professional training

- Trainee: Key personnel in the business department and management trainees
- $\bullet \ \, \textbf{Training content} \hbox{: Brand marketing planning, research and development techniques} \\$

Employee training system >

Promotion training

- Trainee: Mid-level managers
- Training content: Business mindset, management skills, leadership enhancement training

Routine training

- Trainee: All employees
- Training content: Business and management skill enhancement training

Executive study tour

- Trainee: Executive managers
- Training content: Horizon expansion and strategic thinking improvement

External training

- Trainee: All employees who have passed the exam
- Training content: Alibaba's business training course to provide employees with comprehensive business knowledge education

In 2024, we focused on building and developing the management pipeline by organizing a series of training camp activities that combined learning with practical application. These programs were designed around actual management scenarios and integrated with company-level project topics, creating a platform for employee growth and development. Moreover, we introduced the Incentive Measures for Employee Knowledge and Skills Improvement, encouraging employees to enhance their knowledge and skills without affecting their regular work. Employees who obtained higher education degrees or professional certification qualifications were rewarded with incentive bonuses.

Training camp activities >

Theme	Description
Mid- and junior- level management training camp	 Purpose: Enhance team management skills among mid- and junior-level managers though the training, equipping them with key management behaviors required at their level to better lead and guide their teams Coverage: Approximately 50% newly promoted managers, with the remaining participants being high-potential frontline managers and reserve management talent Training effect: The two sessions of the program achieved an average satisfaction score of 4.96 out of 5 and a recommendation score of 9.47 out of 10

Training camp activities >

Theme	Description		
High-potential manager action learning	 Purpose: ① Strengthen teamwork cooperation and establish the executive manager talent pipeline. ② Develop and implement plans based on objectives of "11.11" promotion, while sharing valuable experiences Coverage: 37 high-potential managers, supported by 6 mentors and 4 teaching assistants, totaling 47 participants Training design: ① Program design: conduct one-on-one interviews and research with executive managers before the project, including the Chairman, CEO, and HR Director, and make design and correction based on the current situation. ② Trainee selection: identify more than 30 participants through a multidimensional selection process. ③ Design team learning topics and assign mentors based on Proya's actual business situations 		
Director training forum	 Purpose: It aligns with the Company's strategic direction by focusing on key themes such as brand strength, internationalization, digital transformation, and leadership development. This aims to empower leaders through knowledge sharing and foster collective growth. It also helps the director-level talent pipeline gain a deeper understanding of corporate strategy and broaden their management perspective Participants: More than 80 participants, including directors and above, as well as the director talent pipeline Sharing topics: The Beauty of Crossing the Cycle, Cross-border and Global Expansion Commercialization, Digital Enterprise Practices and Applications and Leadership Promotion and Development 		

As the Company's previous training was primarily conducted in the form of internal offline learning, it struggled to meet employees' needs for flexible and personalized learning. Also, limitations in coverage and scattered resources further hindered effectiveness. To address this, in 2024, we launched Proya E-learning, a new online training platform. It provides employees with instant, efficient training and learning content, fostering continuous knowledge updates and skill development.

Advantages of the online training platform >

Advantage	Description	
Flexibility and convenience of learning	Allow employees learn at their own schedule and progress, without being limited by geographical location	
Training cost and	Expand the reach of training, consolidating various resources such as videos, documents, and online tests for a one-stop learning experience tailored to different employee groups	
efficiency	 Reuse or combine these resources into learning programs, allowing employees to review content at their own progress or engage as needed 	
Scalability of training content and format	 Introduce and expand high-quality learning resources, serving as a hub for knowledge sharing. This encourage employees to share valuable experiences and case studies, enhancing the organization's learning culture 	
	Follow up the learning progress of employees	
	 Provide personalized learning paths according to the position, experience and career goals of employees, implementing and improving the work of talent development 	

Employee performance management

We have formulated the Performance Management Measures, the Leadership Management Measures, and the Internal Competition Policies. These regulations adopt unified criteria for performance management and assessment to ensure accessible performance evaluation standards, fair procedures, as well as transparent appointment and promotion of managers at all levels.

We implement a fair and comprehensive performance management policy, aligning employees' individual work goals and performance with the Company's overall strategic objectives. On this basis, we conduct regular evaluations to assess employee performance.

Employee performance evaluation system >

Evaluation dimension	Evaluation frequency	Execution method
Organizational performance	Once per year	Annual evaluation occurs at the beginning of each year. It typically involves employee-related financial performance metrics, including sales revenue and net profit.
Critical actions	Once per year	This typically involves core business operational metrics. Employees' individual performance metrics are created after mutual confirmation between managers and employees, including average order value, repurchase rate, and operational efficiency.
Team management and talent development	Once per year	Performance metrics are defined for team management and talent pipeline development.

Employee promotion

Proya conducts employee promotion and selection aligned with corporate strategic development requirements and merit-based principles, adhering to "fairness, equity, and transparency" standards. Our multi-dimensional assessment approach incorporates 360-degree evaluations to ensure optimal allocation of incentive resources.

We have promotion channels for management-oriented and expertise-oriented employees according to the characteristics of the position. This creates vertical specialization based employees' experience, abilities, and skills, providing employees with clear career development paths. We have established a sophisticated talent review and job rotation mechanism to expand employees' knowledge and help them explore career development paths. Furthermore, we have implemented a manager feedback program to assess the leadership of key leaders in business departments with the aim of enhancing their leadership and cohesion.



Talent review

o Conduct the talent review every July and December to review the needs for job rotation



Employee communication

 \circ Understand employees' perception of their new positions and performance expectations, and reach a consensus with them



Plan development

- ODevelop the job rotation plan based on the needs of the employees and relevant departments
- o Submit the job rotation plan to the General Manager's Office for approval



Handover coaching

- \circ Prepare the handover checklist for the original position once the plan is approved
- o Assign the direct supervisor of the new position as the counselor



Performance evaluation

- \circ Set a three-month grace period, during which the original performance level and salary remain unchanged
- Conduct performance evaluation after the grace period, and determine the rank and salary based on the actual conditions

Employee incentives

To motivate and retain key talent while boosting engagement among core employees, we have implemented a long-term incentive plan, offering stock options to senior management and key personnel. The average duration of the long-term incentive plan is three years. It is also linked to both organizational and individual performance goals. Additionally, we have established a recognition system for both individuals and teams, honoring outstanding employees and teams. This initiative aims to create a measurable, diverse, and motivating recognition system.

Mechanism for selecting outstanding individuals and teams >

Frequency of selection	Year
Selection award	3 special prizes, 6 team prizes, and 12 individual prizes
Selection mechanism	Based on contribution, business development scenarios, and capability
Selection	Identification of programs -> allocation of quotas -> nomination by department -> review by the project team -> approval by the General Manager's Office -> holding of the award ceremony

Indicators and goals of development of human capital

Indicator	Unit	Management goals	Progress in 2024	Achievement
Coverage of training for employees	%	By 2025, the coverage of training for employees will be 100%, with the	100	Progressing as scheduled
Average training duration per person	Hours	average training duration per person of 24 hours.	17.51	Progressing as scheduled
Training sessions related to employees' sustainability	Times	By 2025, we will conduct at least one training session related to sustainability for employees every year.	8	Progressing as scheduled

Health and safety

Work safety

Regarding work safety, we are committed to creating a safe and healthy working environment and ensuring the physical and mental health of employees to facilitate safe production. We strictly comply with the Labor Law of the People's Republic of China and the Work Safety Law of the People's Republic of China, and establish work safety goals, striving to ensure the safety of our employees.

Management goals

By 2025, we will have



safety incidents.

We have established a sophisticated work safety management system that comprises a line of regulatory documents, including the *Production Safety Inspection* and *Potential Accident Identification and Elimination System*, the *Production Safety Education and Training System*, the *Regular Safety Meeting System*, the *Fire Safety Management System and the Factory Traffic Safety Management System*. In addition, regular safety training and fire drills are carried out to ensure workplace safety.

Work safety management structure >

Position/ department	Responsibilities
Factory general manager	Lead and manage the work safety as the principal responsible person
Production director	Assist the general manager to formulate the work safety management policy and development strategy, providing support for work safety of the Company
Safety and Environmental Protection Department/ Safety Committee	Responsible for identifying potential safety hazards and risks in the whole production process, and developing targeted countermeasures Supervise and inspect daily operation work such as work safety training, carry out work safety inspections occasionally, and hold safety management meetings, safety training and fire drills Regularly report the work progress and management achievements to the general manager and production director
Workshop safety coordinator (part-time)	Cooperate with the Safety and Environment Protection Department/ Safety Committee to promote the implementation of work safety measures and ensure strict compliance with standards Cooperate with the Safety and Environmental Protection Department/ Safety Committee to carry out safety training and fire drills

Work safety management measures >

Improve the management system

- Prevention is the key. We regularly study the dynamics of work safety, and promptly address any issues arising in production, as well as make wise and effective use of work safety funds to improve working conditions and operating environments.
- We establish a robust safety organization network, improve the accountability system for work safety positions, sign work safety responsibility agreements at each level, fully play our part in work safety management, and eliminate unauthorized commands and operations.

Work safety management measures >

Strict process management

- We strictly review and approve hazardous work to ensure that all necessary procedures are
 in place for it. We ensure that a detailed construction plan, written instructions, and safety
 protection facilities are in place before hazardous work, and regular inspections are carried
 out to identify and promptly correct any potential hazards.
- We manage work safety records in a unified manner, conduct regular supervision and inspections, and identify potential safety hazards in production.
- We have established the Emergency Response Plan for Production Safety Accidents, which specifies a complete safety incident emergency response system that covers organization, response, post-incident disposal, specialized emergency response, and on-site handling.

Enhance safety education

- We improve safety education profiles for employees. All new workers must receive three-tier safety education and training, pass the exam, and sign the *Safety Liability Statement* before taking their posts.
- We organize the "National Work Safety Month" campaign every year. By organizing safety activities, we enhance employees' safety awareness, improve their safety skills, and promote a culture of work safety.

Work safety progress in 2024 >

Initiatives	Description
Upgrade mechanical equipment safety protection	We conducted a comprehensive inspection of all production machinery, focusing on the integrity and effectiveness of guard device, such as protective barriers for moving parts and emergency stop buttons on mixers and filling machines. We replaced the damaged or aging protective parts in time to ensure employee safety during operation.
Improve the safety management system	We revised and improved work safety management policies, clarified safety responsibilities for each position, and refined operational procedures. This aimed to ensure that safety accountability was integrated into every production stage and individual employee.
Conduct emergency drills	We regularly organized all kinds of safety emergency drills, including fire evacuation, emergency treatment of chemical leakage and first aid of mechanical injury. Also, we simulated real scenarios to familiarize employees with emergency procedures and handling methods, and enhance their self-rescue and mutual aid capabilities, ensuring a swift and effective emergency response.
Third-party inspection	We invited a third-party expert team to enter the factory and conduct a 360-degree safety inspection of the factory. We completed safety responsibility system awareness training and practical implementation, establishing a comprehensive safety responsibility system.

Occupational health

We highly value the occupational health of our employees and comply with the Labor Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases. In this regard, we have established occupational health management objectives, as well as formulated and strictly implemented the Occupational Health Management System. Those documents allow us to identify occupational health risks in the production environment, and take targeted measures to ensure the physical health of employees.

Management goals

By 2025, we will have



occupational disease incidents.

Certification of the occupational health and safety management system >

Certified entity	Certification	Valid period	
Skincare factory	ISO 45001:2018 Occupational Health and Safety Management Systems	December 2024 - February 2028	

Our occupational hazards mainly include dust and VOC gases. At the beginning of each year, we formulate response plans and specific measures based on occupational hazards and conducts periodic inspections to ensure their implementation. Also, we provide comprehensive occupational hazards protection through both environmental and equipment safety protection as well as personal safety protection.

Measures for the prevention of occupational hazards in 2024 >

Measures	Results		
Optimization and expansion of VOC collection device	We conducted a comprehensive inspection and upgrade of the workshop ventilation system, adjusting the ventilation volume and air exchange frequency according to the specific characteristics of different production regions. This ensured a continuous supply of fresh air in the workshop and effectively dilute chemical odors, creating a comfortable breathing environment for employees.		
	We installed intelligent temperature-humidity control systems to precisely regulate the workshop's temperature-humidity, considering the higher demand for environmental temperature-humidity characteristics of cosmetics production. This helped prevent employees from suffering heatstroke, frostbite, or discomfort due to high temperature, high humidity or low temperature environment, while ensuring the stability of product quality.		
Upgrade of workshop ventilation and temperature-humidity control system	We conducted a comprehensive inspection and upgrade of the workshop ventilation system, adjusting the ventilation volume and air exchange frequency according to the specific characteristics of different production regions. This ensured a continuous supply of fresh air in the workshop and effectively dilute chemical odors, creating a comfortable breathing environment for employees.		
	We installed intelligent temperature-humidity control systems to precisely regulate the workshop's temperature-humidity, considering the higher demand for environmental temperature-humidity characteristics of cosmetics production. This helped prevent employees from suffering heatstroke, frostbite, or discomfort due to high temperature, high humidity or low temperature environment, while ensuring the stability of product quality.		

We prioritized employees' physical and mental health in real time through regular health check-ups and Health and Safety Month activities. Additionally, we actively conducted health training programs to ensure employees' health.

Occupational health management measures in 2024 >

Measures	Results		
Regular and	 We provided a detailed annual health check-up plan for all employees, covering basic health indicators to ensure early detection of potential diseases. 		
comprehensive health check-ups	 In consideration of the specific nature of cosmetic production position, we introduced specialized inspections for chemical exposure and trace element testing for employees potentially exposed to heavy metal ingredients, enabling prompt detection of health hazards arising from the work environment. 		
Occupational health training and consulting services	We regularly organized occupational health training courses, through internal training or inviting professional doctors and industry experts to give lectures. The contents cover safety knowledge of cosmetic raw materials, proper use of protective equipment, and the prevention and early identification of common occupational diseases.		
	 By combining theoretical instruction, case analysis, and on-site demonstrations, employees gained a deep understanding of the health risks in the workplace and the corresponding countermeasures. 		
Office environment optimization	We placed great importance on managing the office environm including but not limited to the placement of plants for purification, regular inspections of windows for ventilation, pest control management, aiming to create a comfortable environment for employees.		

We highly valued the physical and mental health of our employees, striving to foster a positive and enjoyable work environment. Additionally, we actively provided psychological support services for employees. We also actively encouraged employees to call the Echo Project helpline to receive public welfare psychological counseling on the phone. In doing this, we could help employees relieve their psychological stress promptly and maintain a healthy mental state.

Mental health care measures in 2024 >

Measures	Results		
Reasonably assess the workload of positions	During peak seasons or urgent production tasks, we took effective measures such as optimizing personnel allocation, providing overtime allowances, and offering flexible work arrangements to avoid excessive stress arising from long hours of high-intensity work by employees.		
Enhance guidance on career development planning for employees	 We provided employees with clear promotion paths and training opportunities to help them see potential for growth, boosting their work enthusiasm, and reducing anxiety caused by career uncertainty. 		

Indicators and goals of health and safety

Indicator	Unit	Management goals	Progress in 2024	Achievement
Safety incident	Incidents	By 2025, we will have zero safety incidents	0	Progressing as scheduled
Working days lost due to the work-related injuries	Day		121	Not yet achieved
Number of employees who have died as a result of work-related injuries	People	By 2025, we will have zero occupational disease incidents	0	Progressing as scheduled
Occupational disease incidents	Incidents		0	Progressing as scheduled

Note 1: In 2024, the Company experienced a total of three work-related injuries involving three employees. All incidents occurred due to traffic accidents during the employees' commutes, and we have properly addressed them in accordance with relevant management regulations.

Social welfare

While pursuing our own growth and development, we fully leverage our resources and influence to actively fulfill social responsibilities, driving societal progress through philanthropic initiatives.

Management goals

By 2025, we will invest CNY

12

million in social welfare to build a more equal and diversified society.

By 2025, we will directly benefit

and indirectly benefit

500,000 people

500

million people by carrying out social welfare activities.

Social advocacy

We uphold the corporate mission of "Beauty forever, Wonder to share" and advocate for the societal value of "Beauty." We focus on four key social topics: gender equality, mental health, youth and growth, and love and caring. Leveraging our brand influence and expertise, we issue initiatives, take action, and join hands with partners to build a better life. In 2024, the social welfare activities promoted by Proya benefited 314,900 people directly and 108 million people indirectly.

Gender equality

"It's Gender, Not Border" special campaign for International Women's Day



Start date:

March 2024

Project description:

Proya made a special video entitled We Are Just Different, which captures glimpses of women's lives, showcasing their courage in the face of "prejudice."

Project Data:

The short video We Are Just Different received more than 1.18 million view counts and over 17,000 discussions across all platforms.



Start date:

March 2023

Project description:

Starting in 2023, Proya partnered with Beijing Qianqian Law Firm to provide free legal consultation services for female workers through the "Proya Public Welfare Service" mini-program and a dedicated hotline.

Project Data:

In 2024, Proya provided a total of 116 pro bono legal consultation services for workers, totaling 1,877 minutes of consultation time.

Mental health

Echo Project youth mental health campaign



Start date:

October 2024

Project description:

Proya produced the youth mental health public service film Always A Place for Emotions to support the young people in finding a place to release their emotions naturally and peacefully.

Project Data:

The public service film Always A Place for Emotions received more than 74.3 million view counts with over 240,000 discussions raised across all platforms.



Start date:

October 2022

Project description:

Proya maintains the long-term public welfare hotline built in collaboration with the Beijing New Sunshine Charity Foundation, providing a kind and warm response to every emotional need.

Project Data:

In 2024, Proya's *Echo Project* psychological talk hotline received a total of 1,532 calls and accompanied users for 46,360 minutes.



Start date:

October 2024

Project description:

Proya launched the Welcome to Encounter ___ Echo Box campaign, setting up emotion echo boxes in 20 spots across Hangzhou. Each box holds an emotional healing book and card that can be taken away, hoping to offer a chance for temporary emotional release.

Project Data:

Proya's emotional echo boxes distributed 1,091 copies of books and collected 257 user voices.



Start date:

October 2024

Project description:

Proya hosted the Emotional Resting Place Roaming Exhibition at Tianmuli, presenting seven real emotional stories through physical installations. The immersive experience allows visitors to feel the flow and release of emotions.

Project Data

More than 4,000 people participated in the roaming show.

Project Data

• The total exposure of the project across all platforms exceeds 80 million.

Youth and growth

Firefly Project anti-school-bullying campaign



Start date:

August 2024

Project description:

Proya collaborated with the Beijing New Sunshine Charity Foundation to set up the anti-school-bullying helpline.





We introduced the third volume of the *School Bullying Prevention Guide* series, namely *A Parent's Handbook*, and engaged with schools to deliver offline parent-child educational talks; Proya supported the restart of the drama *The Flower Ate the Girl*, the award-winning work of the Young Theatre Artist's Competition of Wuzhen Theatre Festival, and launched four *Firefly Project* public welfare tours in two cities.

Project Data

- 297,000 copies of the Firefly Project Popular Science Booklet were distributed; 809 offline parent-child groups participated the campaign; more than 700 people participated in the public service drama; and more than 900 copies of the School Bullying Prevention Guide series were distributed.
- The total exposure of the project across all platforms was 109 million.

Love and caring

Mom Can Be What She Wants To Be Mother's Day special campaign



Start date:

May 2024

Project description:

On Mother's Day, Proya once again focused on the topic of motherhood, releasing a short film Do You Hear? and a series of posters called Mom Can Be What She Wants To Be. This initiative aimed to shed light on mothers who are often "silenced" in difficult situations, calling for an end to the constant advice on how they should act, and instead listening to what they say.

Project Data:

The thematic short film received more than 26.94 million view counts with over 310,000 discussions raised across all platforms.

Charitable events

In 2024, Proya continued to fulfill corporate social responsibilities through the Zhejiang Proya Public Welfare Foundation. By doing so, we contributed to the education development, regional common prosperity, women's growth, and community building. During the Reporting Period, Proya made total donations of CNY2.5887 million, with CNY1 million allocated to the Foundation. Through the Foundation platform, we organized a series of employee volunteer activities.



∧ Zhejiang Proya Public Welfare Foundation

Focusing on the development of rural areas, we worked hand-in-hand with local governments and social organizations to implement initiatives such as educational aid programs, striving to improve local living conditions and promote long-term, holistic rural revitalization.

Promoting educational development



In January, we donated CNY1 million to the Yueqing Charity Federation to support the public welfare project of the Yueqing Traditional Opera Art Heritage and Performance Center



In February, we supported the Xixi Street Xiaoge Academy to help the workers who aspire to further their education fulfill 13 wishes during the Lantern Festival.





In March, the CNY1 million donated to the Shanghai Adream Foundation in 2023 was specifically earmarked for the construction of the Fourth Primary School (a border-area school) in Funing County, Yunnan Province, to empower the local educational ecosystem.

In May, we donated shoes, school uniforms, bedding for young children, and nutritious milk to the Proya Hope Primary School, and funded the renovation of the school canteen.

In July, we donated CNY100,000 to the Yuhu Education Love Association of Wencheng County, contributing to the educational development of Yuhu County.



In August, we initiated the "Youth at Proya" public welfare study tour project. More than 70 employees were organized to participate in the "Letter to Children in Distant Areas" campaign. Furthermore, 14 employees volunteered as guardians, providing companionship to over 40 children from areas such as Xinjiang and Yunnan during and comprehensive capabilities. their visit to Proya.

In August, we arranged a research and study tour to Hangzhou for the teaching staff of Proya Hope Primary School. Through expert lectures, field visits and other activities, we provided rural schools with fresh perspectives on education, and helped teachers to improve their professional skills





In August, we brought together 18 teachers and students from Qiemo County, Bazhou, Xinjiang, to join a summer charity basketball camp in Weihai, Shandong. The initiative aimed to boost students' sports skills through the cross-regional exchanges and learning. A short film Lay Up! Youth was also made to call for public attention to children's physical education.

In October, we conducted an educational aid activity in Jingning County, Lishui City. Specifically, we initiated a CNY100,000 scholarship and grant program at Chengbei Middle School and entered into a three-year study support agreement with Shawanzhen Primary School.

Seeking innovation in community



In March, in collaboration with the Xihu District Charity Federation and the Xihu District Women's Federation, we initiated the Proya "Power of Beauty" for women's care charitable trust project. A total of 17 public welfare events were organized targeting women, children, their families, and elderly women, totally benefiting 864 individuals.

Supporting regional common prosperity





In June, we donated five hemodialysis In June, we donated goods totaling CNY machines, valued at CNY630,000, to Yue-

local dialysis patients.

50,000, such as rice, cooking oil, and quilts, ging Fifth People's Hospital located in to struggling families in Xiaojin County, Dajing Town, to assist in the treatment of Sichuan. Besides, we gifted CNY50,000 worth of items, including school bags, uniforms, and stationery, to Dege County in Garze Prefecture, Sichuan.



In September, on the occasion of the 9th China Charity Day, we donated CNY100,000 to the Xihu District Charity Federation to support Qingchuan County in Guangyuan City, Sichuan Province, supporting its steady progress in poverty alleviation.

Organizing employee volunteer activities





In August, we organized a staff donation initiative, delivering six boxes of daily and school supplies and ten sets of idle computer equipment to the teachers and students of Proya Hope Primary School.

In September, we launched a Just Cleanup themed activity. We called on employees to hike up the mountain and pick up trash on World Cleanup Day, doing our part for environmental conservation.



In December, we arranged for more than 20 employees and their families to interact with hearing-impaired individuals, studying sign language and fostering inclusive interaction between disabled and able-bodied people.

Indicators and goals of social welfare

Indicator	Unit	Management goals	Progress in 2024	Achievement
Amount of investment in social welfare	CNY10,000	By 2025, we will invest a total of CNY12 million in social welfare to build a more equal and diversified society.	The investment amount totaled CNY12.6845 million (including the appraised value of material donations) for the period from 2022 to 2024.	Achieved
Number of individuals benefiting from social welfare activities	Participations	By 2025, we will directly benefit 500,000 people and indirectly benefit 500 million people by carrying out social welfare activities.	2022-2024 totaled 980,000 people were directly benefited, and 473 million people were indirectly benefited.	Progressing as scheduled



05



Proya firmly believes that good corporate governance is fundamental to achieving enduring success. Dedicated to lawful operations, we have developed a well-structured compliance management system while maintaining stringent business standards.

Focusing on issues such as business ethics, risk and compliance, intellectual property, we enforce disciplined governance routines and procedures. In our pursuit of business growth, we also endeavor to create sustainable value for society through integrity, transparency, and ethics practices.

Material topics responded to in this section

Risk and complianceBusiness ethics	
Business ethics	
Intellectual property management	

Note: " • • " means having double materiality, " • " means having financial materiality only, " • " means having impact materiality only, and " • "means having neither financial nor impact materiality

SDGs responded to in this section



Corporate governance

We comply with the latest regulatory policies and requirements under the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Code of Corporate Governance of Listed Companies*, as well as other normative documents. Based on the Company's actual conditions, we have revised our internal rules and regulations to continuously improve our corporate governance structure and enhance the level of compliant operations.

We strictly follow the provisions of our *Articles of Association* in convening and holding shareholders' meetings, treating all shareholders equally, and providing as much convenience as possible for shareholders to attend the meetings, allowing them to fully exercise their shareholder rights.

All shareholders, directors, supervisors, and senior management personnel were diligent in carrying out their duties, exercised their rights and fulfilled their obligations in accordance with the regulations, relevant rules, and procedures. During the Reporting Period, the actual performance of our corporate governance complied with the regulatory requirements for listed companies issued by the China Securities Regulatory Commission and the Shanghai Stock Exchange. We did not receive any documents from the regulatory authorities imposing any administrative or regulatory measures on us.

Composition of the Board of Directors and convening of the Three Meetings in 2024 >

Composition of the Board of Directors and the Board of Supervisors

5 directors on the Board of Directors 2 independent non-executive directors

3 supervisors, including 1 employee representative supervisor

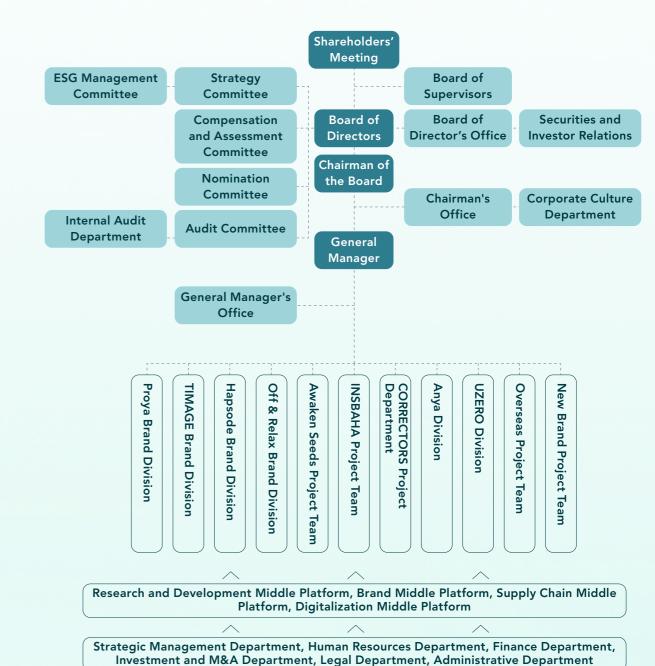
Convening of the Three Meetings

2 shareholders' meetings
10 meetings of special committees of the Board of Directors

4 meetings of the Board of Directors 4 meetings of the Board of Supervisors

A total of approximately 107 proposals and reports have been deliberated, read, reviewed or heard in the three meetings

Corporate governance structure V



Composition of the remuneration of directors and senior executives in 2024 (unit: CNY) V

	Position	Fixed Salary		Variable Compensation		Total Annual	Facility	
Name		Base Pay	Position Pay	Allowances and Other Compensation	Sustainability Performance Bonus	Annual Bonus	Compensation	Equity Compensation
HOU Juncheng	Chairman of the Board of Directors	240,000.00	240,000.00	660,000.00	310,000.00	1,701,110.00	3,151,110.00	0.00
HOU Yameng ¹	Director, General Manager	150,000.00	150,000.00	158,000.00	120,000.00	688,042.60	1,266,042.60	0.00
JIN Yanhua ²	Director, Deputy General Manager	120,000.00	120,000.00	420,000.00	270,000.00	2,084,040.00	3,014,040.00	2,694,547.05
WANG Li	Deputy General Manager, Board Secretary, and Chief Financial Officer	120,000.00	120,000.00	650,000.00	270,000.00	1,772,971.64	2,932,971.64	3,464,417.63
FANG Yuyou ³	Director, General Manager	180,000.00	180,000.00	519,000.00	240,000.00	1,419,236.13	2,538,236.13	0.00

We have established a well-developed compensation and incentive system for our directors and senior executives. ensuring their interests are closely aligned with those of shareholders. The remuneration for our directors and senior executives consists of fixed salary and variable compensation. The amount of variable compensation is determined by their annual performance. Particularly, we include corporate sustainability performance as an indicator of variable compensation, and link the remuneration of directors and executives with the progress of sustainability performance. This approach truly propels the achievement of our sustainable development goals.

Note 1: The term of office of General Manager HOU Yameng for the Reporting Period was from September 13. 2024 to December 31, 2024.

Note 2: The term of office of Director JIN Yanhua for the Reporting Period was from September 13, 2024 to December 31, 2024.

Note 3: The term of office of Director and General Manager FANG Yuyou for the Reporting Period is from January 1, 2024 to September 12, 2024.

Information disclosure and investor communication

We attach high importance to information disclosure. Guided by laws such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China, as well as related regulations, we have formulated a set of information disclosure policies, including the Information Disclosure Management Policy and the Insider Information Registry Management Policy. Besides, we periodically revise documents like the Information Disclosure Standards and the List of Related Parties, fostering a compliant and efficient information disclosure system. We actively organize directors, supervisors and senior executives to study the Company Law, the Securities Law, new rules on duties and responsibilities of independent directors and share repurchase, ensuring their actions align with information disclosure requirements.

We rigorously fulfill our information disclosure responsibilities, guaranteeing that our information is disclosed truthfully, accurately, completely, and timely. We also actively promote voluntary disclosures to boost the quality of our disclosure practices. During the Reporting Period, we completed the disclosure of periodic reports and interim announcements in a compliant and efficient manner, ensuring the validity and consistency of information disclosure. In this period, we did not face any regulatory penalties arising from improper information disclosure.

Measures to enhance the quality of information disclosure in 2024 >

Initiatives	Description
Optimizing the content of voluntary disclosures	We actively disclosed information crucial for investors' value analysis and decision-making, and incorporated industry and business-related details in our annual reports and semi-annual reports
Enhancing the readability of disclosed information	We presented our business data and operational highlights using visual formats such as "quick-glance" infographics, "video summaries," and PPT slides with graphics and text
Standardizing the approval processes of information disclosure	In the OA system, we set up processes for information disclosure approval, application for establishing new entities/making investments/modifying corporate structures, entrusted asset management application, and guarantee application. These processes were designed to ensure effective oversight of external investments, guarantees, and related-party transactions

We are committed to giving equal opportunity to investors. To further protect the rights and interests of small- and medium-sized investors, we have formulated the Investor Relations Management Policies of Proya Cosmetics Co., Ltd. In addition, we actively communicate and interact with investors through various channels such as telephone, email, the SSE E-Interactive platform, performance briefings, investor surveys, and online forums, aiming to enhance investors' understanding and trust in the Company.

Investment communication channels >



Telephone

Email





Performance briefing

SSE E-Interactive

Investor survey

In 2024, we actively communicated and interacted with investors through diverse performance briefings and investor exchange events. In addition, we kept expanding our communication channels with investors by operating investor relations accounts on professional financial platforms such as WeChat Official Account, WeChat Mini Program, Eastmoney, Hithink RoyalFlush, and Snowball.

Investor communication performance in 2024 >

Issued periodic announcements

Issued interim announcements

58

Conducted investor surveys and communication activities both online and offline

9

Received institutional investors

Social recognition for our information disclosure and investor communication performance in 2024 >

Awarding body	
Shanghai Stock Exchange	
China Association for Public Companies	
The Securities Times	
The Securities Times	
Comein	
The 8th IRSC China Outstanding IR	
Hithink RoyalFlush	
Snowball	

While striving for rapid and steady growth in both scale and financial benefits, we never forget to provide reasonable returns to investors based on our profitability and the needs for production, operation, and development. Therefore, we implement a prudent dividend distribution policy that guarantees stable and continuous dividends, and rewards shareholders frequently.

Year	Dividends Per 10 Shares (CNY) (Tax Included)
2022	8.7
2023	9.1
2024	11.9

We value our reputation, comply with commercial credit rules, and safeguard the legitimate rights and interests of creditors as bestowed by laws, regulations, and our Articles of Association. The "social contribution per share" reflects the comprehensive value created by the Company for society and stakeholders. Our social contribution per share over the past three years is as follows:

Year	2022	2023	2024
Social contribution per share (CNY) (tax included)	7.18	7.38	9.06

For more information on corporate governance, please refer to the "Corporate Governance" section of Proya's 2024 Annual Report.

Risk and compliance

Governance

The Board of Directors is the highest decision-making authority for comprehensive risk management. We have established an Audit Committee under the Board of Directors and implemented an internal audit system. The Internal Audit Department, a subordinate department of the Audit Committee, is responsible for monitoring the establishment and implementation of the internal control policy and ensuring the accuracy and completeness of financial information. The Internal Audit Department is accountable to, and reports its work to, the Audit Committee.

Proya strictly abides by laws and regulations such as the Company Law of the People's Republic of China, the Measures for the Supervision and Administration of Cosmetics Production and Operation, and the Standards for Cosmetic Efficacy Claim Evaluation, and has formulated internal rules and regulations such as the Internal Audit Management Policies and the Internal Control Application Guidelines. In 2024, we updated the Proya Advertising Material Compliance Review Process Guidelines and refined 10 additional corporate policies, continuously elevating our risk control and compliance management standards.

Strategy, risk and opportunity management

We fully recognize that a robust risk management and internal control system is crucial for promptly identifying and addressing potential risks, as well as achieving high-quality sustainable development. Building on the risk governance structure, we have developed a systematic process for risk identification, assessment and monitoring. Additionally, we have set up the Internal Audit Department to strengthen the oversight and resolution of internal and external risks, ensuring low-risk operations and enabling high-quality and rapid advancement.

Management goals



major risk incidents



lawsuits or major administrative penalties due to improper competitive behavior

Risk management process >



Risk identification

 Collect internal and external information to ensure that the scope of risk identification covers all aspects of strategies and operations, and identify risks by brainstorming, flow chart analysis and other methods



Risk assessment

 Set the assessment criteria for the possibility of risk occurrence and the degree of impact, and use methods such as risk matrix, quantitative analysis to measure the severity of risks



Risk prioritization

o Rank risks according to their assessed severity, while incorporate urgency as a factor to refine prioritization

Risk management process >



Risk monitoring

Build a monitoring system covering financial, market and other indicators, and employ IT systems and internal audit tools to track risks



Risk management

 Formulate strategies for risk avoidance, mitigation, acceptance, and transfer, and set up a task force to implement measures, allocate resources, and assess management outcomes

We prioritize proactive risk management in our overseas expansion, identifying emerging risks such as geopolitical challenges, cultural differences, and local competition, and implementing strategies to secure the stability and growth of our international business.

Strategies for managing emerging risks >

Strategy	Specific description
Diversified market strategy	TIMAGE has successfully entered the Japanese market and the Taiwan region of China; Proya and Hapsode are targeting Southeast Asian regions such as Malaysia and Indonesia; We have also established a French subsidiary in Europe and launched the European Science and Innovation Center to diversify geopolitical risks.
Set up overseas project group and localization team	Through profound cross-cultural exchanges, we harness their cultural strengths to deeply comprehend and tailor our approach to the local market, bolstering our team's cross-cultural communication and cultural awareness, thereby ensuring the precise conveyance of brand messaging.
Focus on the development of overseas compliance system	The Legal Department focuses on the development of overseas business and has established an Overseas Compliance Team to support business growth. The team leader, a member of Hangzhou's compliance expert panel, was involved in drafting the Hangzhou Enterprise Overseas Operations Compliance Management Guidelines and oversees their internal execution.

Our Internal Audit Department regularly conducts special audits and off-office audits to strengthen the legality, compliance, and authenticity of our business activities. Rigid inspections are in place for key areas such as contract performance and related transactions. We also take measures to promptly address any violations or breaches, thereby promoting continuous improvement in our business processes and operational systems. In 2024, the Internal Audit Department completed 16 internal audit projects, covering all business units and subsidiaries. This effectively prevented risks associated with our operations and business processes.

Compliance operations

We are dedicated to operational compliance, strictly observing legal requirements, regulatory rules for listed companies, and the critical standards of internal policies. Our Legal Department is centered on four legal areas: civil and commercial matters, e-commerce compliance, intellectual property, and investment and financing. Embracing a professional, meticulous, and functional operational model, we have transitioned from a "preventive" to a "strategic" legal approach.

In 2024, we initiated an intelligent upgrade of our compliance control system. The new system was officially launched during the Reporting Period, significantly enhancing our operational efficiency and fostering better cross-departmental collaboration.

Compliance review process >

Process of contract review management

- Focus on guarantees, related party transactions and other violations of mandatory laws and regulations to ensure operational compliance
- Conduct compliance review in accordance with the *Proya Information Disclosure Standards*, *Proya List of Related Parties* and applicable regulatory and legal standards
- When necessary, coordinate with the Securities Department of the Board of Directors, the Finance Department and the Price Review Department for joint assessments to manage transaction risks
- Use SOA System for contract approval management

Process of advertising material review

- Focus on compliance with the Advertising Law, Anti-Unfair Competition Law, Personal Information Protection Law, Consumer Rights Protection Law, public order and good morals, as well as positive value orientation
- Apply to compliance reviews for product-related materials intended for public release across
 the Company's brands, such as brand advertising materials, product detail pages, event home
 page posters, video scripts, DM (direct mail) advertising leaflets, brochures, customer service
 scripts, live-streaming scripts, and marketing SMS

In addition, we have introduced initiatives such as issuing legal internal publications, building a knowledge base, conducting themed promotional activities, providing Legal seminars, and participating in peer-to-peer legal exchanges and training programs. These efforts aim to deepen compliance awareness among relevant departments and personnel, foster a culture of compliance, and promote unified and standardized legal affair management across all brands.

Compliance management initiative >

Initiatives	Achievements
Publishing the legal journal <i>Proya Law</i>	 We released four editions of the bimonthly Proya Law, providing employees with updates on recent legal developments, civil and commercial legal cases, and intellectual property infringement cases, thereby raising their legal literacy and awareness of intellectual property rights.
Building a knowledge database	We systematically analyzed and collected the laws and regulations, departmental rules, regulatory FAQs, and educational materials from regulatory authorities that are pertinent to our business. We also have established a "Cosmetics Industry Laws and Regulations Knowledge Base" on Feishu for easy access and reference.
Themed promotional activities	We held a yearly "Integrity and Compliance" themed week campaign. The event offered a range of activities, such as "Integrity and Compliance Seminars" targeting all employees, special compliance-focused training for senior executives (including directors) and director-level managers, and interactive sessions like "I Represent Integrity" games and prize-winning quizzes.
Legal seminars	We conducted two e-commerce compliance training sessions and two special training seminars on compliant employment.

Standardized Governance: The Cornerstone of Sound Operations

Compliance management initiative >

Initiatives	Achievements		
Legal seminars	We organized one training program focused on the new Company Law for staff members in the Finance Department, Internal Audit Department, and Investment Department.		
ū	We organized one training program focused on the new Company Law for employees at the director level.		
	Members of the Legal Department voluntarily participated in 27 industry exchanges and learning activities.		
Peer-to-peer	 The Legal Department actively organized members to participate in offline training sessions to enhance their professional expertise. They attended 22 external free training events in total. 		
legal exchanges and training	 The Legal Department actively participated in the formulation of relevant industry standards, engaged in industry-related activities, and carried out sharing and learning sessions. They were involved in drafting the Hangzhou Enterprise Overseas Operations Compliance Management Guidelines (issued), totaling five times. 		

Tax administration

Tax administration system >

We have established and continually enhance the tax administration system, assuring that our tax administration solution is appropriate for the Company's development stage, business size, operational model and external factors, and is aligned with the Company's development strategy. We remain dedicated to lawful tax obligations, and prudently manage tax expenditures, thereby safeguarding against tax risks and continually refining our tax administration practices.

Strategic level

Planning on tax strategy, optimizing tax cost and creating value

Developing the Company's tax administration strategy under the guidance of corporate and financial strategic plans, defining tax administration objectives, and formulating scientific and reasonable tax planning solutions

Support Layer

Ensuring the continuity and growth of tax functions.

Responsible for building the tax organizational structure and a dedicated tax team, establishing and refining tax-related policies and processes, and managing tax documentation

Tax Risk Management Level

 $\label{thm:mitigating} \mbox{Mitigating tax risks to support the Company's stable growth}$

Responsible for evaluating tax risks, issuing early warnings, carrying out tax self-checks, addressing tax audits and inspections, fostering positive tax-related relationships, etc.

Daily Tax Operations Level

Facilitating the day-to-day execution of tax activities

Responsible for tax registration and cancellation, tax calculation and declaration, tax payment, tax policy collection and dynamic management, tax analysis and reporting, etc.

We have developed a robust tax risk management framework. While focusing on tax compliance metrics such as the accuracy of tax filings, the timeliness of tax payments, and the efficiency of tax registrations, we also regularly assess the potential tax risks and timely risk warnings through process analysis, financial analysis and comparative analysis. These measures effectively guarantee the compliance of the Company's tax operations. In 2024, we recorded no tax compliance breaches.

Tax risk assessment process >

01	02	03	04	05
Determine the object and scope of assessment	Collect relevant information and data	Select ap- propriate risk assessment methods and indicators	Conduct risk assessment and analysis	Prepare ris assessmen report

Countermeasures for tax risks >

Measures	Description				
Creating risk warning mechanism	Set risk warning indicators and thresholds, and trigger timely alerts when indicators surpass the predefined thresholds Establish a risk warning information system to enable real-time monitoring and early warning of risks				
Formulating contingency plans	Formulate tailored contingency plans for potential tax risks, and detailing response steps and role assignments Conduct regular emergency drills to improve the ability to deal with tax risks				
Strengthening internal controls	Build strong internal tax control system by standardizing processes and improving risk prevention and mitigation strategies Increase oversight and control of key links such as financial accounting, invoice management and tax declaration				
Maintaining good communication with tax authorities	Monitor updates in tax policies and the work requirements of tax authorities, and align operations with tax authority expectations Engage in proactive dialogue with tax authorities to address and resolve tax-related challenges efficiently				

Risk and compliance indicators and objectives

Indicator	Unit	Management goals	Progress in 2024	Achievement
Major risk incidents	Cases	Zero major risk incidents	0	Achieved
Lawsuits or major administrative penalties due to improper competitive behavior	Cases	Zero lawsuits or major administrative penalties due to improper competitive behavior	0	Achieved

Business ethics

Governance

We have set up a complete anti-corruption governance framework. The Strategic Committee under the Board of Directors leads the prevention of commercial bribery, the ESG Management Committee oversees the process, and the Corporate Governance Team under the ESG Management Committee ensures implementation.

The Board of Directors, as the leadership body for the Company's commercial bribery prevention, is mainly responsible for guiding departments to enhance internal control systems and regularly monitoring the implementation of anti-commercial bribery measures. The ESG Management Committee serves as the supervisory body for the Company's commercial bribery prevention efforts. Its primary responsibilities include organizing the creation and refinement of policies and procedures, and conducting regular meetings on commercial bribery and corruption governance.

We uphold business ethics and resolutely comply with applicable laws and regulations, such as the *Bidding Law of the People's Republic of China* and the *Criminal Law of the People's Republic of China*. Also, we have developed policies, including the *Management Measures for Anti-Commercial Bribery* and *Anti-Corruption and the Code of Conduct for Integrity*, to ensure high integrity standards. In addition, we have formulated and published the business philosophy manual, *Proya's 32 Articles*, motivating employees to strive for excellence by embracing the virtues of "honesty, integrity, and trustworthiness."

Strategy, risk and opportunity management

Our Internal Audit Department regularly evaluates risks associated with business ethics. To address corruption risks identified, we implement measures such as periodic audits, whistleblowing systems, and integrity training programs. We also consistently enhance supplier integrity management to create a fair and equitable business landscape.

Management goals

By 2025,

the coverage rate of business ethics training for all employees will reach 100%



incidents of commercial bribery or corruption

We have developed an audit plan for front-, middle-, and back-office operations. We plan to conduct a business ethics and anti-corruption audit throughout our entire business processes and all operational points every three years. The focus is on areas of high business ethics risks, such as compliance audits for contract signing, financial audits, and verification of sales rebates and discounts. The purpose is to ensure the effectiveness of our anti-corruption and business ethics management. We assess the risk level based on the audit results, and then develop further corrective and re-audit plans as necessary to minimize risks of corruption and unethical business practices.

Well-established reporting channels

We have a multi-level supervision and reporting mechanism. For internal reports, we have established the *Employee Monitoring and Reporting Management Policies*. For expert reports, we maintain diversified reporting channels such as the hotline and email. We adopt a serious approach toward all reports, which are investigated under the leadership of the Internal Audit Department.

Employee reporting and handling process >



Registe

• The Internal Audit Department has a reporting officer to record all reported cases.



Accept

- The Internal Audit Department holds an internal discussion to verify the investigation conditions and severity of the case.
- Severe cases are reported to the Deputy General Manager, the General Manager, the Chairman, or the Audit Committee.



Form an investigation team

- The head of the Internal Audit Department forms the investigation team and appoints the leader for investigation.
- All functional departments, business units, and subsidiaries assign personnel and participate in the investigation if so required.



Investigate

- The investigation team leader starts the investigation work.
- The investigation should be completed within 30 days from the date of receiving the report. It can be appropriately delayed for no more than 90 days if scheduling an audit is difficult or major obstacles exist.



Report

- The investigation team prepares a report and submits it to the General Manger's Office for review and approval, so the case can be handled according to company regulations.
- \circ Significant cases need to be reported to the Audit Committee and the Board of Directors.
- Cases violating national laws are handed over to judicial organs.

Whistleblower protection measures >

- Report-handling personnel strictly maintain confidentiality regarding the whistleblower's
 information and the specific content of the reported case. The investigation proceeds without
 revealing the identity of the whistleblower.
- Unless otherwise agreed by the whistleblower, the name, department, and contact information of the whistleblower are not disclosed under any circumstances.
- Report-handling personnel who violate confidentiality regulations or improperly perform their
 duties will be punished severely based on the severity of the situation and its consequences.
 Where it constitutes a crime, they will be handed over to judicial organs.
- No individual or organization is allowed to obstruct or suppress the whistleblower for any reason, or take any form of retaliation against them. Those who retaliate against the whistleblower or their family members, once verified, will be punished severely in accordance with the relevant regulations of the Company. Where it constitutes a crime, they will be handed over to judicial organs in accordance with the law.
- Where a reported case is proven to be true, those who caused the violator to be duly punished
 and losses of the Company to be recovered or reduced will be commended or rewarded
 according to the Company's regulations as suggested by the Internal Audit Department. In
 order to protect the whistleblower, the reward approved by the general manager should be
 issued in a confidential manner unless the whistleblower agrees otherwise.

Throughout 2024, we held a legal promotion event on the new *Company Law* and the *Amendment (XII)* to the *Criminal Law* for director-level managers, a "Integrity Promotion Initiative" compliance-themed week campaign for all staff and ongoing business ethics training for suppliers. All efforts are made to foster a transparent, fair, and ethical business environment.

Supplier integrity management

In terms of procurement from suppliers and brand partnerships, we require all suppliers of raw materials and packaging materials to sign the *Business Code Compliance Commitment*, and brand promotion partners to sign the *Cooperation Agreement in Integrity*, while asking them to strictly adhere to anti-corruption and anti-bribery principles. We also clarify the definitions of commercial bribery and penalties for violations in procurement contracts. Suppliers who violate our anti-corruption principles will be blacklisted. If a supplier's actions constitute a crime, the supplier will be handed over to the competent state organ to investigate their criminal liabilities.

Anti-unfair competition

We are committed to eliminating unfair competition practices such as false publicity, market monopoly and infringement of other party's trade secrets. We strictly abide by laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China, the Advertising Law of the People's Republic of China and the Zhejiang Province Anti-Unfair Competition Regulations. Internally, we have also set up a compliance audit process for advertising materials (see the aforementioned "Compliance review process" for details).

We conduct reviews on information disclosure practices, including secret-related meetings and academic publications, to protect our trade secrets. We also strictly combat unfair competition such as the imitation of Proya's hero products. In 2024, we filed 3 new legal cases and closed 15 previous cases, defending the packaging and design rights of our hero products and safeguarding the rights of the Company and consumers.

Business ethics indicators and objectives

Indicator	Unit	Management goals	Progress in 2024	Achievement
Employee business ethics training coverage	%	By 2025, the coverage rate of business ethics training for all employees	100	Progressing as scheduled
Board member attendance rate in anti- corruption training	%	will reach 100%	100	
ncidents of commercial oribery and corruption	Cases	"Zero incidents of commercial bribery or corruption"	0	Achieved

Intellectual property management

We strictly comply with the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Rules for the Implementation of the Patent Law of the People's Republic of China, and have developed a line of intellectual property management regulations including the Intellectual Property Management Regulations. In 2024, we released the Trademark Management Measures, the Patent Management Measures, and the Copyright Management Measures, strengthening the framework for intellectual property management and fostering its lawful application.

We have established a robust intellectual property management system to strengthen our intellectual property protection efforts by means of intellectual property planning and management, risk monitoring and control, process and system development, professional talent development, and informatization tool availability, thereby effectively safeguarding the Company's legitimate rights and interests.

Key measures and achievements in intellectual property protection >

Initiatives	Description	Performance
Confirmation of intellectual property rights	In the process of an R&D project, measures are be taken to protect innovative outcomes and pursue intellectual property rights confirmation, including registration, filing, application, and other necessary steps. We collaborate with professional law firms to enhance our capabilities in international intellectual property protection.	In 2024, we applied for 64 new patents, filed 182 new trademarks, and were granted 25 patents of various kinds, 126 newly registered trademarks, 11 copyright registrations and copyright deposits. Overseas registered trademarks cover more than 80 countries and regions.
Intellectual property awareness training	We have established an Intellectual Property Training and Publicity Fund to carry out intellectual property training and publicity annually and organize "4.26 Intellectual Property Day Publicity Event." We continuously publicize internal intellectual property compliance guidelines such as the Proya Compliance Guidelines for Audio and Video Production and Release, so as to raise awareness of intellectual property protection and compliance among all staff members. We consistently release the internal journal Proya Law, providing updates on recent legal developments, civil and commercial legal cases, and intellectual property infringement cases, thereby raising their legal literacy and awareness of intellectual property rights.	In 2024, we organized 6 intellectual property training sessions, including 4 sessions provided by external experts and 2 internal sessions on legal affairs. The topics involved 6 topics, such as "patent mining and key considerations in the cosmetics sector" and "Aldriven acceleration of the R&D process."

Key measures and achievements in intellectual property protection >

Initiatives	Description	Performance
Intellectual property rights protection and enforcement	We work with professional intellectual property service providers and legal firms to launch dedicated rights protection initiatives. We file lawsuits against counterfeiting, imitation, and trademark infringement, adopting a comprehensive and multi-layered strategy to defend our brand's legal interests.	In 2024, we made notable strides in brand rights protection. TIMAGE initiated 217 new IP rights protection cases, with 172 cases already resolved; Hapsode initiated 44 new cases, with 46 cases successfully settled; and OR initiated 22 new cases, with 19 cases concluded.

While protecting our own intellectual property rights, we also pay attention to the risk of intellectual property infringement. We have built a comprehensive IP risk control mechanism, dedicated to cultivating a business environment that respects intellectual property.

Intellectual property risk prevention and control mechanism >

- When initiating a research and development project, we search for and review related intellectual property. Any project that may infringe on the intellectual property of others will be subjected to a one-vote veto.
- Before we initiate a new research and development project, proceed with new product development activities, and import or export new technologies and products, we must conduct intellectual property checks and searches to ensure there is no risk of infringing on others' intellectual property rights.
- We set uniform criteria regarding the use of trademarks, software, fonts, images and music across different business units to eliminate potential risks of intellectual property infringement.

Intellectual property honors >

- Hapsode has been listed in the second batch of key trademark protection list in Hangzhou.
- Off & Relax is listed in the third batch of key trademark protection list.

ESG Performance Data Sheet and the Related Notes

Environmental data¹

Disclosure Item	Unit	2022	2023	2024
Env	vironmental complia	nce management	,	
Number of incidents involving penalties for violating environmental protection laws and regulations	Incidents	0	0	0
The amount of significant administrative penalties imposed by ecological environment agency and other relevant organs for environmental incidents during the Reporting Period	CNY10,000	0	0	0
	Energy manag	gement		
Comprehensive energy consumption	Tonne of standard coal equivalent (SCE)	2,561.55	2,889.61	3,841.18
- Natural gas	Cubic meters	368,936.00	397,113.82	453,649.20
- Gasoline	Liters	52,620.00	86,678.73	67,531.47
- Diesel	Liters	39,903.00	69,948.07	94,484.26
- Outsourced electricity: non-renewable energy	Megawatt-hours	12,131.08	9,409.49	15,110.44
- Outsourced electricity: renewable energy	Megawatt-hours	1,800.00	6,121.42	7,104.00
- Solar photovoltaic power generation	Megawatt-hours	2,038.99	2,197.53	2,562.09
Comprehensive energy consumption per unit of revenue	Tonne of SCE/ CNY1 million	0.40	0.32	0.36
	Resource mana	agement		
Total water consumption	Cubic meters	253,488.70	272,865.52	343,585.15
Water consumption per unit of revenue	Cubic meters/ CNY10,000	0.40	0.31	0.32
Total consumption of recycled water	Cubic meters	13,000.00	19,000.00	19,000.00
Proportion of recycled water in total water consumption	%	5.13	6.96	5.53
Total consumption of packaging materials ²	Tonnes	29,606.21	41,005.70	47,855.74
- Consumption of sustainable packaging materials	Tonnes	2,083.32	10,442.88	16,213.94
Consumption of packaging materials per unit of revenue	Kilograms/ CNY10,000	46.37	46.05	44.40
	Emissions and waste	management		
Total waste gas emissions ³	Cubic meters	16,080,000.26	38,376,000.26	54,600,000.52
Total waste gas emissions per unit of revenue	Cubic meters/ CNY10,000	25.18	43.10	50.66
- Industrial waste water discharge ³	Cubic meters	20,219.00	24,329.00	32,298.00
- Chemical oxygen demand (COD) discharge	Kilograms	1,016.00	1,160.00	1,600.00
- Biochemical oxygen demand (BOD) discharge	Kilograms	172.00	242.00	250.00

Disclosure Item	Unit	2022	2023	2024
ı	Emissions and waste	management		
- Ammonia nitrogen (NH3-N) discharge	Kilograms	104.40	60.00	160.00
Industrial waste water discharge per unit of revenue	Cubic meters/ CNY10,000	0.03	0.03	0.03
Total waste	Tonnes	1,268.61	1,639.33	2,178.62
- Total amount of general waste ⁴	Tonnes	1,267.63	1,638.79	2,177.78
- Total amount of hazardous waste ⁵	Tonnes	0.98	0.58	0.84
Discharge of general waste per unit of revenue	Kilograms/ CNY10,000	1.99	1.84	2.02
Discharge of hazardous waste per unit of revenue	Grams/CNY10,000	1.53	0.65	0.78
Clim	ate change mitigation	on and adaptation		
Total greenhouse gas emissions (Scope 1, Scope 2) ⁶	Tonnes of CO ₂ e	7,933.90	7,420.89	11,579.15
- Scope 1 greenhouse gas emissions ⁷	Tonnes of CO ₂ e	1,015.54	2,054.66	2,730.48
- Scope 2 greenhouse gas emissions ⁸	Tonnes of CO ₂ e	6,918.35	5,366.23	8,848.67
Greenhouse gas emissions (Scope 1, Scope 2) per unit of revenue	Kilograms CO ₂ e/ CNY10,000	12.42	8.33	10.74
Scope 3 greenhouse gas emissions	Tonnes of CO ₂ e	/	88,194.52	107,692.26

Note 1: The 2022 data covers Proya's headquarters (office and R&D) and Huzhou production base (skincare and make-up factories). The 2023 data encompasses Proya's headquarters, Huzhou production base (skincare and make-up factories), and includes all major operational sites of Proya's cosmetics business except regional sales offices. The 2024 data expands the accounting scope of the parent company Proya Cosmetics Co., Ltd. beyond the previous year. For details, please refer to the Carbon Footprint Verification Results of Proya Cosmetics Co., Ltd.

Note 2: Total consumption of packaging materials includes primary packaging, secondary packaging, and packaging accessories. Since 2023, due to the growth of the Company's business, the use of packaging materials has increased.

Note 3: In 2023, the waste gas treatment facility for cream production at the skincare factory was officially put into operation, resulting in an increase in waste gas emissions. This equipment effectively collects waste gas and dust generated during the production process, reducing dust and organic waste gas emissions. In 2024, with the opening of the fourth workshop and the cafeteria, the Company experienced a further increase in the generation of waste gas and waste water.

Note 4: In 2023, the Company refined statistics on general waste to include household waste, general production waste, and recyclable waste such as cardboard boxes, plastic sheets, and plastic buckets. In 2024, an increase in sales led to a surge in the use of packaging materials due to returns of e-commerce products, subsequently resulting in an increased generation of general waste.

Note 5: In 2024, the increase in hazardous waste is attributed to the factory changing the replacement cycle for recyclable activated carbon from every six months to every quarter. Note 6: In 2024, the Company conducted an inventory in accordance with ISO 14064 and passed the verification. See "Carbon Footprint Verification Results" section.

Note 7: In 2021-2022, Scope 1 emissions were calculated based on the carbon emissions from gasoline, diesel, and natural gas. The calculation method followed the *Guidelines on Enterprises Greenhouse Gas Emissions Accounting and Reporting - Power Generation Facilities* (Revised Version 2022) issued by the Ministry of Ecology and Environment. In 2023, the Company refined Scope 1 carbon emission inventory to include emissions from gasoline, diesel, natural gas, fire extinguishers, and air conditioning refrigerants. Additionally, due to an increase in the consumption of gasoline and diesel, the Scope 1 carbon emissions also rose. The calculation factors for Scope 1 in 2023 were based on the relevant factors from the *IPCC Guidelines for National Greenhouse Gas Inventories*.

Note 8: Scope 2 emissions are calculated based on the carbon emissions from electricity sourced from the grid, while the electricity generated from the Company's photovoltaic systems and purchased green electricity are excluded. The greenhouse gas emission calculation method follows the *Guidelines on Enterprises Greenhouse Gas Emissions*Accounting and Reporting - Power Generation Facilities (Revised Version 2022) issued by the Ministry of Ecology and Environment. The formula for calculating Scope 2 greenhouse gas emissions is: national grid electricity consumption * national grid average emission factor. For 2022 and 2023, the national grid average emission factor of 0.5703 tCO₂/MWh, as specified in the Notice on the Management of Greenhouse Gas Emission Reporting for Power Generation Enterprises from 2023 to 2025 was used. For 2024, the emission factor used is 0.5856 tCO₂/MWh.

Innovation-driven data

Disclosure Item	Unit	2022	2023	2024
Number of R&D personnel	People	229	322	389
- Number of individuals with a master's degree	People	69	126	159
- Number of individuals with a doctoral degree	People	4	8	16
Proportion of R&D personnel ¹	%	7.21	10.84	11.46
R&D investment amount	CNY10,000	12,800.91	17,357.01	21,038.60
R&D investment amount as a percentage in operating income	%	2.00	1.95	1.95
Number of patent applications during the Reporting Period	Incidents	/	/	64
Number of patents granted during the Reporting Period	Incidents	/	/	25
Number of valid patents during the Reporting Period	Incidents	/	/	229
Number of invention patents applied to the main business	Incidents	/	/	123

Note 1: [Calculation method] Proportion of R&D personnel = Number of R&D personnel/Total number of employees at the end of the period*100%. Note 2: [Calculation method] R&D investment amount as a percentage in operating income= R&D investment amount/Operating income*100%.

Product and customer responsibility

Disclosure Item	Unit	2022	2023	2024
Number of complaints received regarding products and services	Incidents	2,120	3,925	2,729
Complaint resolution rate	%	100	100	100
Number of incidents involving violations of laws and regulations related to health and security in products and services	Incidents	0	0	0
Total number of incidents involving violations of laws and regulations in marketing activities (including advertising, promotion, and sponsorship) ¹	Incidents	0	3	0
Total number of incidents involving violations of regulations on product and service information and labeling as well as voluntary principles	Incidents	0	0	0

Disclosure Item	Unit	2022	2023	2024
Number of incidents involving violations of regulations related to customer privacy protection	Times	0	0	0
Percentage of revenue generated from online sales	%	91	93	95

Note 1: In 2023, two subsidiaries, Meiligu and Ningbo Tangyu, respectively received administrative penalties from local market regulatory authorities during the International Women's Day promotional campaign. The violations involved unintended mass SMS advertisements sent via third-party tools due to erroneous audience targeting, constituting "unsolicited advertising." The Company's relevant departments have conducted comprehensive reviews and optimized SMS marketing approval procedures to prevent recurrence. In addition, in the course of product promotion on certain e-commerce platforms, Meiligu inadvertently omitted required labeling text, resulting in a violation of "misleading advertising that could deceive consumers" as determined by the local market regulatory authorities. The Company's relevant departments have conducted comprehensive reviews and implemented corrective actions, including strengthened marketing content review and supervision mechanisms to prevent recurrence of similar incidents.

Supply chain management

Disclosure Item	Unit	2022	2023	2024
Total number of suppliers ¹	Companies	730	791	976
- Number of suppliers from the Chinese Mainland	Companies	724	782	968
- Number of suppliers from Hong Kong, Macau, Taiwan, and other countries or regions	Companies	6	9	8
Proportion of suppliers receiving environmental, labor, and ethics assessments ²	%	30.41	33.38	41.70
Proportion of suppliers having passed environmental, labor, and ethics assessments ³	%	95.05	100	100

Note 1: The data of suppliers in 2022 covers suppliers of materials and services in the production stage as well as suppliers involved in offline sales, but excludes suppliers related to brand marketing. In 2023, we further refined our statistical caliber. The statistical data of suppliers covers suppliers of materials and services in the production stage as well as suppliers involved in offline sales and brand marketing, but excludes brand ambassadors and KOLs.

Note 2: Proportion of suppliers receiving environmental, labor, and ethics assessments = Number of suppliers receiving environmental, labor, and ethics assessments / Total number of suppliers (end of the Reporting Period) × 100%.

Note 3: Proportion of suppliers having passed environmental, labor, and ethics assessments = Number of suppliers having passed environmental, labor, and ethics assessments / Number of suppliers receiving environmental, labor, and ethics assessments \times 100%.

Employee data¹

	Disclosure Item		2022	2023	2024
	Emplo	oyee employme	nt		
Number of employ	ees ²	People	3177	2,971	3,394
By gender	Male	People	751	877	1,052
By gender	Female	People	2,426	2,094	2,342
	30 and below	People	1,408	1,584	2,079
By age	30 to 50	People	1,723	1,338	1,268
	50 and above	People	46	49	47
	Working in the Chinese Mainland	People	3,177	2,971	3,389
By work location	Working in Hong Kong, Macau, Taiwan regions of China, and other countries or regions	People	0	0	5
By job grade	Junior employees	People	2,875	2,596	2,919
	Mid-level managers	People	285	358	460
	Senior managers	People	17	17	15
Number of penaltic laws and regulation	es for violating labor and employment ns	Incidents	0	0	0
Number of new em	ployee hires	People	/	/	1,100
By gender	Male	People	/	/	299
by gender	Female	People	/	/	801
	30 and below	People	/	/	942
By age	30 to 50	People	/	/	158
	50 and above	People	/	/	0
	Lower-tier/Junior managers	People	/	/	227
By job grade	Mid-level managers	People	/	/	13
	Senior managers	People	/	/	1
Percentage of vacant positions filled by internal candidates (internal recruitment)		%	/	/	5
Average hiring cos	t/FTE	CNY10,000	/	/	0.26

	Disclosure Item	Unit	2022	2023	2024
	Fem	nale employment	t		
Proportion of wome	n in the total labor force (%)	%	76.36	70.48	69.00
	en in all management positions, d-level and senior managers (% of total ons)	%	/	/	60.10
	Proportion of women in junior (first-level) management positions (% of total junior management positions)	%	/	/	64.10
By job grade	Proportion of women in top management positions, defined as maximum two levels away from the CEO or comparable positions (% of total top management positions)	%	/	/	44.00
	Proportion of women in management positions in revenue-generating functions (e.g. sales) as a percentage of all such managers (excluding support functions such as HR, IT, legal, etc.) (%)	%	/	/	53.40
By function	Proportion of women in STEM-related (Science, Technology, Engineering, Mathemetics) roles as a percentage of total STEM roles (%)	%	/	/	68.10
	Occupati	onal health and	safety		
Number of workday	s lost due to occupational injury³	Day	0	0	121
Number of employerelated injuries	es who have died as a result of work-	People	0	0	0
Number of contract result of work-relate	or's employees who have died as a d injuries	People	0	0	0
Lost-Time Injury Fre	quency Rate (LTIFR) - Employees	%	0	0	0.44
Investment amount insurance ⁴	of employee's work-related injury	CNY10,000	70.47	91.34	101.53
Coverage rate of en	nployees' work-related injury insurance	%	/	/	100
	Employee tr	raining and deve	lopment		
Coverage of training	g for employees ⁵	%	46.27	90.51	100
By gender	Male	%	27.96	74.12	100

	Disclosure Item	Unit	2022	2023	2024
	Employee tra	aining and devel	lopment		
By gender	Female	%	51.94	97.37	100
	Junior employees	%	44.31	89.14	100
By job grade	Mid-level managers	%	64.91	100.00	100
	Senior managers	%	64.71	100.00	100
Average duration	of training received by employees ⁶	Hours	17.40	18.04	17.51
D 1	Male	%	8.53	14.30	18.01
By gender	Female	%	20.15	19.61	17.28
	Junior employees	Hours	18.05	17.76	17.59
By job grade	Mid-level managers	Hours	11.51	20.47	17.37
	Senior managers	Hours	5.76	10.09	4.9
Employee turnove	r rate ⁷	%	28.83	43.86	22.22
D 1	Male	%	29.16	22.01	26.90
By gender	Female	%	28.73	53.01	20.11
	30 and below	%	34.16	36.49	28.72
By age	30 to 50	%	25.01	53.44	12.30
	50 and above	%	8.70	20.41	2.13
	Working in the Chinese Mainland	%	28.83	43.86	22.25
By work location	Working in Hong Kong, Macau, Taiwan regions of China, and other countries or regions	%	0	0	0
	Lower-tier/Junior managers	%	/	/	2.40
By job grade	Mid-level managers	%	/	/	5.20
	Senior managers	%	/	/	1.90
Total training sper	nd for employees	CNY10,000	/	/	264.96
Average training s	pend per employee	CNY	/	/	780.67

Note 1: Unless otherwise specified, all employee headcount data in this table reflects figures at the end of each year.

Note 2: Employee data exclusively cover full-time staff under labor contracts as of the end of the Reporting Period, excluding dispatched workers and part-time personnel.

Note 3: During the Reporting Period, the Company experienced a total of three work-related injuries involving three employees. All incidents occurred due to traffic accidents during the employees' commutes, and we have properly addressed them in accordance with relevant management regulations.

Note 4: This amount does not include work-related injury insurance premiums for the BA staff at physical stores nationwide under the Proya brand, as well as a small number of off-site employees. However, the Company has arranged for a third-party service agency to pay the full work-related injury insurance premiums on behalf of these employees. Note 5: Coverage of training for employees = Number of employees in this category trained during the Reporting Period / Total number of employees in this category. Note 6: Average duration of training received by employees = Total duration of training for employees in this category / Total number of employees in this category. In 2022, the training duration does not include anti-corruption training. In 2023, we adjusted the statistic scope of employee training to include the data of anti-corruption training. Note 7: Employee turnover rate = Number of employees in this category who left during the Reporting Period / Total number of employees in this category (end of the Reporting Period).

Social welfare

Disclosure Item	Unit	2022	2023	2024
Amount invested in community welfare ¹	CNY10,000	143.46	866.12	258.87
Amount of charitable donations	CNY10,000	143.46	850.14	257.28
Total duration of employee volunteer services ²	Hours	285.00	765.00	1,263.00

Note 1: Investments in community welfare include funds and materials donated by Proya to various community philanthropic and charitable activities. The slight decrease in the actual investment amount in public welfare in 2022 was attributable to the Company's strategic realignment of our charitable investment focus and the suspension of some offline charitable activities due to external factors. Our involvement in community undertakings returned to normal in 2023, leading to an increase in the investment amount.

Note 2: Since 2022, we have partnered with communities to organize employee volunteer initiatives, coupled with active advocacy by both the Foundation and Company. Therefore, the total duration of employee volunteer services increased year on year.

Business ethics

Disclosure Item	Unit	2022	2023	2024
Number of corruption lawsuits filed against the issuer or its employees and already concluded during the Reporting Period	Incidents	0	0	0
Coverage of anti-corruption training for directors	%	100	100	100
Average duration of anti-corruption training received by each director	Hours	1.50	3	2.5
Coverage of anti-corruption training for employees	%	100	100	100
Average duration of anti-corruption training received by each employee	Hours	2.50	3.02	1.50

Honors and social recognitions

Honors and Awards We Received in 2024		
Title of Honor	Awarding body	
ISO 50001:2018 Energy Management System Certification	Bureau Veritas	
RSPO Supply Chain Certification	Bureau Veritas	
Best Practice of Investor Relations for Chinese Listed Companies	China Association for Public Companies	
Most Admired Enterprise for 2023-2024	The Economic Observer	
China's Top 100 Happy Enterprises – Top 30 Outstanding Employers	The Economic Observer	
2024 Digital Transformation "Pioneer" of China Light Industry	China Light Industry Information Center	
2024 Exemplary Case of Intelligent Drug Regulation	Center for Information, NMPA	
Upgraded & Innovative Consumer Goods Guide (Light Industry, 11th Edition)	China National Light Industry Council	
Upgraded & Innovative Consumer Goods Guide (Light Industry, 11th Edition)	China National Light Industry Council	
Dingli Support Award from Zhejiang International Chamber of Commerce for the Private Sector	Zhejiang International Chamber of Commerce for the Private Secto	
Outstanding Contribution Award from Zhejiang International Chamber of Commerce for the Private Sector	Zhejiang International Chamber of Commerce for the Private Secto	
2024 Zhejiang Top 100 Fastest Growing Enterprises	Zhejiang Enterprise Confederation / Zhejiang Entrepreneurs Association / Zhejiang Federation of Industrial Economies	
Third Prize of 2023 Science and Technology Progress Award of Zhejiang Province	Department of Science and Technology of Zhejiang Province	
Leading Enterprise of Private Economy Headquarters in Zhejiang Province in 2024	Economy and Information Technology Department of Zhejiang	
2024 Zhejiang Private Enterprises Digital Transformation "Trend Setter" List	Zhejiang Digital Economy Society	
Zhejiang Key Enterprise Research Institute	Economy and Information Technology Department of Zhejiang	
Hangzhou Key Trademark	scjg.Hangzhou.gov.cn	
Hangzhou Listed Companies' ESG Strategy and Philanthropy Impact Ranking Top 20 Pioneers	Hangzhou Charity Federation / Hangzhou Civil Affairs Bureau	
2024 Hangzhou Top 100 Enterprises in Comprehensive Competitiveness	Hangzhou Federation of Industrial Economies, Hangzhou Enterpris Confederation, Hangzhou Entrepreneurs Association	

Honors and Awards We Received in 2024		
Title of Honor	Awarding body	
2024 Three-Star Headquarters Enterprise in Hangzhou	Hangzhou Municipal Committee of the Communist Party of China and Hangzhou Municipal People's Government	
2023 Hangzhou "Kunpeng Enterprise" (One-Star)	Hangzhou Municipal Committee of the Communist Party of China and Hangzhou Municipal People's Government	
2024 Huzhou "Golden Elephant" Enterprise	Huzhou Municipal Committee of the Communist Party of China and Huzhou Municipal People's Government	
2024 Huzhou Top Taxpayer	Huzhou Municipal Committee of the Communist Party of China and Huzhou Municipal People's Government	
2024 Outstanding Contribution Award – Golden Prize	Wuxing District People's Government of Huzhou City	
2024 Top 10 "Mu Jun" Efficiency Award – First Prize	Wuxing District People's Government of Huzhou City	
2024 Outstanding Member Enterprise in Common Prosperity Work of Xihu District Federation of Industry and Commerce	Xihu District Federation of Industry and Commerce in Hangzhou	
2024 Outstanding Member Enterprise of Xihu District Federation of Industry and Commerce	Xihu District Federation of Industry and Commerce in Hangzhou	
Xihu District "Three New" Training Center	Xihu District Federation of Trade Unions	
Governing Council Member of Xihu District Platform Economy Development Alliance in Hangzhou	Xihu District People's Government (Market Supervision)	
Vice President Unit	Yueqing Charity Federation	
Charity Outstanding Contribution Award	Yueqing Charity Federation	
Outstanding Party Building Collaborative Unit	Working Committee of the CPC Liuxia Subdistrict, Xihu District, Hangzhou	
2024 Key Innovative Leading Enterprise at Xihu District	The People's Government of Xihu District, Hangzhou	
China Beauty Brands TOP 100 (1st)	chinabeauty.cn	
China Beauty Brands TOP 100 (45th)	chinabeauty.cn	
China Tianma Award of Investor Relations for Listed Companies	The Securities Times	
2024 Forbes China Brand Value Series Selection - Top 50 Annual Best Brands	Forbes China	
2024 Meiyi BEAUTY China Good Product Skincare Award	The 28th China Beauty Expo (CBE)	

Honors and Awards We Received in 2024		
Title of Honor	Awarding body	
2024 Meiyi BEAUTY China Awards - Base Makeup Category Champion	The 29th China Beauty Expo (CBE)	
2024 Meiyi BEAUTY China Awards - Best Hair Care Product	The 30th China Beauty Expo (CBE)	
Market Leadership Certification: Leader in China's Vitamin C (AM) & Retinol (PM) Skincare Category for 3 Consecutive Years	Frost & Sullivan	
Market Leadership Certification: Market Leadership Certification: Top Sales Performance in China's Vitamin C (AM) & Retinol (PM) Skincare Category for 3 Consecutive Years	Frost & Sullivan	
Outstanding Exhibiting Brand	Organizing Committee of the First Chinese Style Beauty & Makeup Lifestyle Festival	
Outstanding Exhibiting Enterprise	Organizing Committee of the First Chinese Style Beauty & Makeup Lifestyle Festival	
Member Unit of the Enterprise Anti-Fraud Alliance	Member Unit of the Enterprise Anti-Fraud Alliance	
Member Unit of the Sunshine Integrity Alliance	Member Unit of the Sunshine Integrity Alliance	
Top 10 Beauty Brands in Zhejiang Province	Zhejiang Health Products and Cosmetics Industrial Association	
2023 Excellence in Gathering Strength Award (Tencent Music Public Welfare "Let Emotions Speak" Campus Music Public Welfare Project)	China Advertising Association/Tencent Ads/ TME Commercial Advertisements	
2024 Tencent • Beauty Awards - Marketing Innovation Award	Tencent Ads	
2024 China Cosmetic Summit Bluerose Awards "Annual Influential Listed Companies"	Cosmetic Observer	
2024 China Cosmetic Summit Bluerose Awards "Annual Star Comestic Product"	Cosmetic Observer	
2024 Tmall Beauty Awards • Annual China Brand Award	Tmall	
2024 Tmall Beauty Awards ● Annual Top Brand Award	Tmall	
2024 Tmall Beauty Awards • Annual Store Live-streaming Partner Award	Tmall	
2024 Tmall Beauty Awards • Annual Top Single Product Award	Tmall	
2024 Tmall Beauty Awards • Annual Lotion and Cream Award	Tmall	

Honors and Awards We Received in 2024		
Title of Honor Awarding body		
2024 Tmall Beauty Awards • Annual Top New Product Award	Tmall	
2024 Tmall Beauty Awards • Annual Facial Mask Award	Tmall	
2024 Tmall Beauty Awards ● Annual Contour Award	Tmall	
2024 Tmall Beauty Awards • Annual Young People's Choice Award	Tmall	
CBE • Hurun China Beauty Pioneering Brands 2024 TOP 50	Hurun China Rich List/CBE	
Certificate of Love	Shanghai Adream Charitable Foundation	
An AA rating from Sino-Securities ESG Ratings	Sino-Securities Index Information Service (Shanghai) Co. Ltd	
Leading Enterprise in the Fragrance Flavor and Cosmetics Industry - Cosmetics	China Association of Fragrance Flavor and Cosmetic Industries	
2023 Brand of China Cosmetics Industry (Sunscreen)	China Association of Fragrance Flavor and Cosmetic Industries	
Member Unit of Anti-Infringement and Anti-Counterfeit Alliance (Unit)	China Anti-Infringement and Anti-Counterfeit Center of Industry-University-Research Collaboration Association Anti-Infringement and Anti-Counterfeiting Alliance	
Top 100 Chinese Listed Companies by Value	The Securities Times	
2024 China's Top Formula ● Anti-Wrinkle and Firming Essence of the Year	China's Top Formula Organizing Committee	
2024 China's Top Formula ● Most Popular Award	China's Top Formula Organizing Committee	
2024 Zhejiang Entrepreneurs Classic China-Chic Brand TOP50	Zhejiang Entrepreneurs Magazine	
2024 Annual Influential Brands	36Kr Future Consumption	
Outstanding Exhibitor of China Fragrances, Flavours and Cosmetics Industry Expo	China Association of Fragrance Flavor and Cosmetic Industries	
2024 Top 500 China Domestic Consumer Brands (79th)	iiMedia Research	
2024 National Consumption Creativity Cases (Green Consumption)	People.cn	
2024 China Cosmetics Industry Top 100	Cosmetic Newspaper	

Honors and Awards We Received in 2024		
Title of Honor	Awarding body	
2024 Best-Selling Cosmetics Products in China under the Essence Category	Cosmetic Newspaper	
2024 Super Growth Brand	Cosmetic Newspaper	
2024 Best-Selling Cosmetics Products in China under the Cream/Lotion Category	Cosmetic Newspaper	
2024 Super Growth Brand	Cosmetic Newspaper	
2024 Best-Selling Cosmetics Products in China under the Makeup Category	Cosmetic Newspaper	
2024 Shanghai Securities News Golden Quality Award for Sustained Growth	Shanghai Securities News	
Listed Companies Selection – Best Institutional Coverage	Comein	
2024 Top 10 Most Promising Legal/Compliance Teams	WELEGAL	
Quality Output Award of the Year for 2nd Outstanding Legal Professionals	L-COUNCIL	
Annual Gold List of Snowball - Annual Listed Companies with Brand Power	Snowball	
Annual Selection of Hithink RoyalFlush Listed Companies - Investor Relations Elite Award	Hithink RoyalFlush	
2024 Top 30 Best Internal Control Award for Zhejiang Public Companies	Zhejiang University School of Management, Zhejiang University Institute of Finance and Accounting, Academy of Global Zheshang Entrepreneurship, Zhejiang University, The Listed Company Association of Zhejiang, Zhejiang Association of CFO	
Best Information Disclosure Award	The 8th IRSC China Outstanding IR	
ESG Governance and Strategic Demonstration Award	Value Co-creation Organizing Committee	
For Good Enterprise	For Good Awards Organizing Committee	
Year-End ESG Sustainable Development TOP 15	For Good Awards Organizing Committee	
Best ESG Awards	The 8th IRSC China Outstanding IR	
Outstanding Case for Caring for Children Topic	520 Social Responsibility Day Lead Partner of Syntao	
Wind Best ESG Practice Top 100	Wind	

Honors and Awards We Received in 2024		
Title of Honor	Awarding body	
An AA rating for 2024 Wind EGS Rating	Wind	
2024 Classic 100 Zhejiang Enterprises	Zhejiang Entrepreneurs Magazine	
2024 Top 20 in ESG Performance among A-share Listed Companies in Consumer Staples Sector	Sino-Securities Index Information Service (Shanghai) Co. Ltd	
2024 Top 100 in ESG Outstanding Performance among A-share Listed Companies	Sino-Securities Index Information Service (Shanghai) Co. Ltd	
ESG New Benchmark Enterprise Award	Stock Star	
2024 China Fragrance & Beauty Industry Sustainable Development (ESG) Practice Case	China Association of Fragrance Flavor and Cosmetic Industries	
CDP Climate Change Questionnaire with Grade B in CDP Score	Carbon Disclosure Project (CDP)	
Outstanding Enterprise Representative for Daily Chemical Industry Social Responsibility Index	Chinese Academy of Social Sciences (CASS)	
Innovative Case of Sustainable Development among Chinese and Foreign Brands	Xinhua News Agency	
2024 Outstanding Enterprise Representative for Key Industry Social Responsibility Index in the Daily Chemical Industry	Chinese Academy of Social Sciences (CASS)	
50 ESG Pioneers in the Yangtze River Delta	China Media Group	
National-Level Green Factory	The Ministry of Industry and Information Technology of the PRC	

Indicator Index

Index for Guidelines No. 14 of Self-Regulatory Rules of Companies Listed on the Shanghai Stock Exchange - Sustainability Report (Trial)

Disclosure Requirements	Report Sections, Other Notes
The 21 topics set out in the SSE Guidelines	
Address climate change	Climate change mitigation and adaptation ESG Performance Data Sheet and the Related Notes
Pollutant emissions	Environmental compliance management ESG Performance Data Sheet and the Related Notes
Waste treatment	Environmental compliance management ESG Performance Data Sheet and the Related Notes
Ecosystem and biodiversity conservation	Responsible procurement
Environmental compliance management	Environmental compliance management ESG Performance Data Sheet and the Related Notes
Energy utilization	Environmental compliance management ESG Performance Data Sheet and the Related Notes
Water resources utilization	Environmental compliance management ESG Performance Data Sheet and the Related Notes
Circular economy	Green packaging ESG Performance Data Sheet and the Related Notes
Rural revitalization	Social welfare ESG Performance Data Sheet and the Related Notes
Social contribution	Social welfare ESG Performance Data Sheet and the Related Notes
Driven by innovation	Science and technology innovation ESG Performance Data Sheet and the Related Notes
Ethics in science and technology	Science and technology innovation
Supply chain security	Responsible procurement ESG Performance Data Sheet and the Related Notes
Equal treatment to small and medium-sized enterprises	As of the end of the Reporting Period, the balance of accounts payable (including notes payable) did not exceed CNY30 billion, accounting for no more than 50% of the total assets, and the enterprises within the scope of consolidated financial statements were not required to disclose overdue payments with SMEs in the National Enterprise Credit Information Publicity System.

Disclosure Requirements	Report Sections, Other Notes	
The 21 topics set out in the SSE Guidelines		
Safety and quality of products and services	Product quality management Customer service and rights protection ESG Performance Data Sheet and the Related Notes	
Data security and customer privacy protection	Data security and customer privacy protection	
Employees	Employee rights and benefits Development of human capital Health and safety ESG Performance Data Sheet and the Related Notes	
Due diligence	Materiality assessment of ESG topics	
Stakeholder communication	Materiality assessment of ESG topics	
Anti-commercial bribery and anti-corruption	Business ethics ESG Performance Data Sheet and the Related Notes	
Anti-unfair competition	Business ethics ESG Performance Data Sheet and the Related Notes	
Тор	pics we voluntarily disclosed	
Chemical safety and ingredient transparency	Chemical safety and ingredient transparency	
Industry development promotion	Industry development promotion	
Corporate governance	Corporate governance	
Risk and compliance	Risk and compliance	
Intellectual property management	Intellectual property management ESG Performance Data Sheet and the Related Notes	

Index for GRI Sustainability Reporting Standards (2021)

Terms of Use

Proya Cosmetics Co., Ltd. reports information in this GRI Index according to GRI standards for the period from January 1, 2024 to December 31, 2024.

Reference to GRI 1

GRI 1: Foundation 2021

GRI Standards	Disclosure Item	Report Section
	2-1 Organizational details	Welcome to Proya
	2-2 Entities included in the organization's sustainability reporting	About This Report
	2-3 Reporting period, frequency, and contact point	About This Report
	2-4 Restatements of information	About This Report
	2-6 Activities, value chains, and other business relationships	Welcome to Proya Customer service and rights protection Responsible procurement ESG Performance Data Sheet and the Related Notes
	2-7 Employees	Development of human capital ESG Performance Data Sheet and the Related Notes
GRI 2: General	2-9 Governance structure and composition	Sustainability management structure Corporate governance
Disclosures (2021)	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability management structure Corporate governance
	2-13 Delegation of responsibility for managing impacts	Sustainability management structure Corporate governance
	2-14 Role of the highest governance body in sustainability reporting	Sustainability management structure
	2-16 Communication of critical concerns	Stakeholder communication
	2-17 Collective knowledge of the highest governance body	Sustainability management structure
	2-19 Remuneration policy	Sustainability management structure Corporate governance
	2-22 Statement on sustainable development strategy	Sustainable development plan Sustainability management structure

GRI Standards	Disclosure Item	Report Section
	2-23 Policy commitments	Chairman's Message General Manager's Message Deputy General Manager's Message
	2-24 Embedding policy commitments	Chairman's Message General Manager's Message Deputy General Manager's Message
	2-25 Processes to remediate negative impacts	Risk and compliance
CDI 2. Carrand	2-26 Mechanisms for seeking advice and raising concerns	Risk and compliance
GRI 2: General Disclosures (2021)	2-27 Compliance with laws and regulations	Environmental compliance management Product quality management Responsible procurement Employee rights and benefits Development of human capital Health and safety Social welfare Corporate governance Risk and compliance
	2-29 Approach to stakeholder engagement	Materiality assessment of ESG topics
	3-1 Process to determine material topics	Materiality assessment of ESG topics
GRI 3: Material Topics (2021)	3-2 List of material topics	Materiality assessment of ESG topics
	3-3 Management of material topics	Materiality assessment of ESG topics
	201-1 Direct economic value generated and distributed	Corporate governance
GRI 201: Economic Performance (2016)	201-2 Financial implications and other risks and opportunities due to climate change	Climate change mitigation and adaptation
	201-3 Defined benefit plan obligations and other retirement plans	Employee rights and benefits
GRI 203: Indirect	203-1 Infrastructure investments and services supported	Social welfare
Economic Impacts (2016)	203-2 Significant indirect economic impacts	Social advocacy
GRI 205: Anti-	205-2 Communication and training about anti-corruption policies and procedures	Business ethics
Corruption (2016)	205-3 Confirmed incidents of corruption and actions taken	Business ethics
	301-1 Materials used by weight or volume	ESG Performance Data Sheet and the Related Notes
GRI 301: Materials (2016)	301-2 Recycled input materials used	ESG Performance Data Sheet and the Related Notes
	301-3 Reclaimed products and their packaging materials	ESG Performance Data Sheet and the Related Notes
	302-1 Energy consumption within the organization	ESG Performance Data Sheet and the Related Notes
GRI 302: Energy (2016)	302-2 Energy consumption outside the organization	ESG Performance Data Sheet and the Related Notes
	302-3 Energy intensity	ESG Performance Data Sheet and the Related Notes

GRI Standards	Disclosure Item	Report Section
GRI 302:	302-4 Reduction of energy consumption	Environmental compliance management
Energy (2016)	302-5 Reductions in energy requirements of products and services	Environmental compliance management
	303-1 Interactions with water as a shared resource	Environmental compliance management
	303-2 Management of water discharge-related impacts	Environmental compliance management
GRI 303: Water and Effluents (2018)	303-3 Water withdrawal	ESG Performance Data Sheet and the Related Notes
, ,	303-4 Water discharge	ESG Performance Data Sheet and the Related Notes
	303-5 Water consumption	ESG Performance Data Sheet and the Related Notes
	305-1 Direct (Scope 1) GHG emissions	ESG Performance Data Sheet and the Related Notes
	305-2 Energy indirect (Scope 2) GHG emissions	ESG Performance Data Sheet and the Related Notes
601.005	305-3 Other indirect (Scope 3) GHG emissions	ESG Performance Data Sheet and the Related Notes
GRI 305: Emissions (2016)	305-4 GHG emissions intensity	ESG Performance Data Sheet and the Related Notes
	305-5 Reduction of GHG emissions	ESG Performance Data Sheet and the Related Notes
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant waste gases	Climate change mitigation and adaptatio
	306-1 Waste generation and significant waste-related impacts	Environmental compliance management
	306-2 Management of significant waste-related impacts	Environmental compliance management
GRI 306: Waste (2020)	306-3 Waste generated	ESG Performance Data Sheet and the Related Notes
	306-4 Waste diverted from disposal	ESG Performance Data Sheet and the Related Notes
	306-5 Waste directed to disposal	ESG Performance Data Sheet and the Related Notes
GRI 308: Supplier	308-1 New suppliers that were screened using environmental criteria	Responsible procurement
Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible procurement
	401-1 New employee hires and employee turnover	ESG Performance Data Sheet and the Related Notes
GRI 401: Employment (2016)	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESG Performance Data Sheet and the Related Notes
	401-3 Parental leave	Employee rights and benefits
	403-1 Occupational health and safety management system	Health and safety
	403-2 Hazard identification, risk assessment, and incident investigation	Health and safety
GRI 403:	403-3 Occupational health services	Health and safety
Occupational Health and Safety (2018)	403-4 Worker participation, consultation, and communication on occupational health and safety	ESG Performance Data Sheet and the Related Notes
	403-5 Worker training on occupational health and safety	Health and safety
	403-6 Promotion of worker health	Health and safety

GRI Standards	Disclosure Item	Report Section
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety
GRI 403: Occupational	403-8 Workers covered by an occupational health and safety management system	Health and safety
Health and Safety (2018)	403-9 Work-related injuries	ESG Performance Data Sheet and the Related Notes
	403-10 Work-related ill health	Health and safety
GRI 404:	404-1 Average hours of training per year per employee	ESG Performance Data Sheet and the Related Notes
Training and Education (2016)	404-2 Programs for upgrading employee skills and transition assistance programs	Development of human capital
GRI 405: Diversity and Equal Opportunity (2016)	405-1 Diversity of governance bodies and employees	ESG Performance Data Sheet and the Related Notes
GRI 406: Non- discrimination (2016)	406-1 Incidents of discrimination and corrective actions taken	Employee rights and benefits
GRI 408: Child Labor (2016)	408-1 Operations and suppliers at significant risk for incidents of child labor	Employee rights and benefits
GRI 409: Forced or Compulsory Labor (2016)	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee rights and benefits
GRI 413: Local Communities (2016)	413-1 Operations with local community engagement, impact assessments, and development programs	Social welfare
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Responsible procurement
(2016)	414-2 Negative social impacts in the supply chain and actions taken	Responsible procurement
GRI 416: Customer	416-1 Assessment of the health and safety impacts of product and service categories	Product quality management
Health and Safety (2016)	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	ESG Performance Data Sheet and the Related Notes
	417-1 Requirements for product and service information and labeling	Product quality management Customer service and rights protection
GRI 417: Marketing and Labeling (2016)	417-2 Incidents of non-compliance concerning product and service information and labeling	ESG Performance Data Sheet and the Related Notes
	417-3 Incidents of non-compliance concerning marketing communications	ESG Performance Data Sheet and the Related Notes
GRI 418: Customer Privacy (2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Performance Data Sheet and the Related Notes

Index for the United Nations Sustainable Development Goals (SDGs)

SDGs	SDGs Tier 2 Targets	Report Section	
1 NO POVERTY	Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	Social welfare	
3 GOOD HEALTH AND WELL-BEING	Target 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.	Social welfare	
4 QUALITY EDUCATION	Target 4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.	Social welfare	
	Target 4.7: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.	Social welfare	
5 GENDER EQUALITY	Target 5.1: End all forms of discrimination against all women and girls everywhere.	Social welfare	
G CLEAN WATER AND SANITATION	Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated waste water and substantially increasing recycling and safe reuse globally.	Environmental compliance management	
¥	Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	Environmental compliance management	
7 AFFORDABLE AND CLEAN ENERGY	Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.	Environmental compliance	
- \overline{\ove	Target 7.3: By 2030, double the global rate of improvement in energy efficiency.	management	
	Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	Employee rights and benefits	
8 DECENT WORK AND ECONOMIC GROWTH	Target 8.7: Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.	Employee rights and benefits Responsible procurement	
	Target 8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Employee rights and benefits Health and safety	

SDGs	SDGs Tier 2 Targets	Report Section
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	Environmental compliance management
	Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.	Science and technology innovation
10 REDUCED INEQUALITIES	Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	Social welfare
11 SUSTAINABLE CITIES AND COMMUNITIES	Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	Environmental compliance management
	Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.	Environmental compliance management
12 RESPONSIBLE CONSUMPTION	Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Green packaging Environmental compliance management
AND PRODUCTION	Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	About This Report
	Target 12.8: By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	Responsible procurement
13 ACTION	Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Climate change mitigation and adaptation
14 LIFE BELOW WATER	Target 14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.	Green packaging
15 LIFE ON LAND	Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.	Responsible procurement
16 PEACE, IUSTIDE AND STRONG INSTITUTIONS	Target 16.5: Substantially reduce corruption and bribery in all their forms.	Business ethics

Appendix: Scope of the report

No.	Company name	Included in This Report
1	Proya Cosmetics Co., Ltd.	Yes
2	Proya Cosmetics Co., Ltd. Huzhou Branch	Yes
3	Proya Cosmetics Co., Ltd. Shanghai Branch	Yes
4	Hangzhou Proya Trade Co.,Ltd.	Yes
5	Hanna Cosmetics Co., Ltd.	Yes
6	Anya (Huzhou) Cosmetics Co., Ltd.	Yes
7	Yueqing Laiya Trading Co., Ltd.	Yes
8	Huzhou UZERO Trading Co., Ltd.	Yes
9	Mijing Siyu (Hangzhou) Cosmetics Co., Ltd.	Yes
10	Zhejiang Meiligu Electronic Commerce Co., Ltd.	Yes
11	Huzhou Chuangdai E-commerce Co., Ltd.	Yes
12	Hangzhou CORRECTORS Trade Co., Ltd.	Yes
13	Hangzhou Gloris Trading Co., Ltd.	Yes
14	Hapsode (Hangzhou) Cosmetics Co., Ltd.	Yes
15	Hapsode Co., Ltd.	Yes
16	Huzhou Yuefuti Trading Co., Ltd.	Yes
17	Hong Kong Keshi Trading Co., Ltd.	Yes
18	SPARK (HK) INDUSTRIAL CO., LIMITED	Yes
19	Hong Kong Zhongwen Electronic Commerce Co., Limited	Yes
20	HONGKONG XUCHEN TRADING LIMITED	Yes
21	Hangzhou TIMAGE Image Design and Art Co., Ltd.	Yes
22	Ningbo TIMAGE Cosmetics Co., Ltd.	Yes
23	Hangzhou TIMAGE Cosmetics Co., Ltd.	Yes
24	Ningbo Keshi Trading Limited	Yes

No.	Company name	Included in This Report
25	Zhejiang Beauty Cosmetics Co., Ltd.	Yes
26	Japan OR	Yes
27	Ningbo Tangyu Trading Co., Ltd.	Yes
28	Hangzhou Weiluoke Cosmetics Co., Ltd.	Yes
29	Hangzhou Oumisi Trade Co., Ltd.	Yes
30	Proya (Hainan) Cosmetics Co., Ltd.	Yes
31	Singuladerm (Hangzhou) Cosmetics Co., Ltd.	Yes
32	Proya (Zhejiang) Cosmetics Co., Ltd.	Yes
33	PROYA PTE. LTD.	Yes
34	PROYA BEAUTY MALAYSIA SDN. BHD.	Yes
35	PROYA EUROPE SAS	Yes
36	Ningbo Jingzhe Cosmetics Co., Ltd.	Yes
37	Hangzhou Proya Commercial Management Co., Ltd.	Yes
38	Hangzhou Yizhuo Culture Media Co., Ltd.	Yes
39	Hangzhou Tielexin Aini Catering Management Co., Ltd.	No
40	Hangzhou Luxiaotie Fitness Co., Ltd.	No
41	Proya Europe SARL	No
42	Shanghai Zhongwen Electronic Commerce Co., Ltd.	No
43	Huzhou Niuke Technology Co., Ltd.	No
44	Xuzhou Boya Technology Co., Ltd.	No
45	Hong Kong Wanyan Electronic Commerce Co., Limited	No
46	Ningbo Proya Enterprise Consulting Management Co., Ltd.	No
47	BOYA (Hong Kong) Investment Management Co., Limited	No
48	Xuzhou Laibo Information Technology Co., Ltd.	No



Greenhouse Gases Verification Opinion

is awarded to

PROYA COSMETICS CO., LTD.

Bureau Veritas Certification (Beijing) Co., Ltd. was engaged to conduct an independent verification of the greenhouse gases (GHG) emissions reported by PROYA Cosmetics CO., Ltd. for the period stated below. This verification opinion applies to the related information included within the scope of work described below.

Boundaries covered by the verification:

- · Verification site name: PROYA Cosmetics CO., Ltd.
- Verification site address: PROYA Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China
- Reporting period covered: 01/01/2024 to 31/12/2024

Organizational boundaries: Activities and facilities of PROYA Cosmetics CO., Ltd. under operational control approach. (Refer to annex)

Reporting boundaries: Direct GHG emissions generated in R&D and sales of cosmetics, production of general liquid unit (hair care & clean type, skin care water type, gel type), cream emulsion unit (hair care type, skin care& clean type), powder unit (loose powder, pressed powder) cosmetics, wax-based unit products and related management activities within Proya Cosmetics Co., Ltd. and its subsidiaries and production factory's organizational boundaries, as well as significant indirect greenhouse gases emissions

Emissions data verified under reporting boundaries:

- Category 1: Direct GHG emissions: 2730.48 tCO2e
- Category 2: Indirect GHG emissions from imported energy (location-based): 11920.27 tCO₂e Indirect GHG emissions from imported energy (market-based): 8848.67 tCO2e
- Category 3: Indirect GHG emissions from transportation: 7520.74 tCO2e
- Category 4: Indirect GHG emissions from products used by organization: 97083.88 tCO₂e
- · Category 5: Indirect GHG emissions associated with the use of products from the organization: 3087.64 tCO2-e
- · Category 6: Indirect GHG emissions from other sources: Non-significant indirect emissions and not quantified

Total quantified emissions(location-based): 122343.01 tCO2e

Total quantified emissions(market-based): 119271.40 tCO2e

Limitations and exclusions: Excluding other non-significant indirect GHG emissions

GHG verification protocol used to conduct the verification:

- ISO 14064-1:2018 Greenhouse gases Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
- ISO 14064-3:2019 Greenhouse gases Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

Level of assurance:

· Reasonable assurance

GHG verification methodology:

Certification body address: Room 02, 9 / F, West Office Building 1, Oriental Economic and Trade City, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing, China. 100738

Further clarifications regarding the verification scope of this opinion may be obtained by consulting the organization.

To check this opinion validity please call: +86 10 59683663 or +86 20 83073800



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· Interview for relevant personnel;

- · Review of the documentary evidence;
- Evaluation of the methodology and information systems for data collection, aggregation, analysis and review;
- · Audit of sampled sites and data to verify source.

Verification conclusion:

Based on the verification process and findings, the GHG emission data in the GHG inventory report from PROYA Cosmetics CO., Ltd. is in compliance with ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

Statement of independence, impartiality and competence:

Bureau Veritas Group is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 190 years' history in providing independent assurance services.

No member of the verification team has a business relationship with PROYA Cosmetics CO., Ltd. and its directors or managers beyond that required by this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

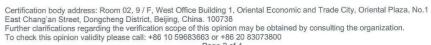
Bureau Veritas Group has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

Lead verifier: Huijie Huang No.: EMI25672310GZ

Version No.: No.1

Verification date: 10-11/03/2025 Issue date: 01/04/2025

Signed on behalf of Bureau Veritas Certification (Beijing) Co., Ltd.







VERIFICATION OPINION GREENHOUSE GASES EMISSIONS Annex

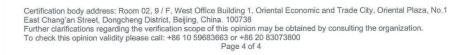
Code	Company name	Address	Reporting boundaries
HQ	Proya Cosmetics Co., Ltd.	PROYA Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China	
1	Hangzhou Proya Trade Co., Ltd.	Room 1501, Building 1, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China	
2	Proya Cosmetics Co., Ltd. Shanghai Branch	6th Floor, Building 28, Phase 5, Science and Technology Park, No. 1355 Caobao Road, Minhang District, Shanghai City, China	
3	Zhejiang Meiligu Electronic Commerce Co., Ltd.	13th Floor, Building 1, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China	Direct GHG emissions generated in
4	Mijing Siyu (Hangzhou) Cosmetics Co., Ltd.	Room 1502, Building 1, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China	R&D and sales of cosmetics and related management activities within the organizational boundaries of Pelaya Cosmetics Co., Ltd. and its subsidiaries, as
5	Hapsode (Hangzhou) Cosmetics Co., Ltd.	Room 1001, Building 1, No. 588 Xixi Road, Xihu District, Hangzhou City,Zhejiang Province, China	well as significant indirect greenhouse gases emissions
6	Singuladerm (Hangzhou) Cosmetics Co., Ltd.	Room 1101, Building 1, No. 588 Xixi Road, Xihu District, Hangzhou City,Zhejiang Province, China	
7	Hangzhou CORRECTORS Trade Co.	6th Floor, Building 1, No. 588, Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China	
8	Hangzhou Yizhuo Culture Media Co., Ltd.	11th Floor, Building 1, No. 588, Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China	
9	Hangzhou Oumisi Trading Co., Ltd.	Room 601, Building 1, No. 588, Xixi Road, Xihu	

Certification body address: Room 02, 9 / F, West Office Building 1, Oriental Economic and Trade City, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing, China. 100738
Further clarifications regarding the verification scope of this opinion may be obtained by consulting the organization.
To check this opinion validity please call: +86 10 59683663 or +86 20 83073800
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		District, Hangzhou City, Zhejiang Province, China	
10	Hangzhou TIMAGE Cosmetics Co., Ltd.	Room 602, Building 1, No. 588, Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China	
11	Hangzhou TIMAGE Image Design & Art Co., Ltd.	No. 313, 314 and 315 Shops, 3rd Floor, PROYA Meifan Plaza, Building 1, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China	
12	Proya Cosmetics Co., Ltd. Huzhou Branch	No.16, North Guodao Road, Shangqiang Industrial Park, Huzhou City, Zhejiang Province, China	Direct GHG emissions generated in production of general liquid unit (hair care & clean type, skin care water type, gel type), cream emulsion unit (hair care type, skin care & clean type), powder unit (loose powder type) cosmetics and related management activities within Proya Cosmetics Co., Ltd. Huzhou Branch's organizational boundaries, as well as significant indirect greenhouse gases emissions
13	Zhejiang Beauty Cosmetics Co.,Ltd	Building2, No.55, Guanze Road, Daixi Town, Wuxing DIstrict, Huzhou City, Zhejiang Province, China	Direct GHG emissions generated in manufacture of cosmetics, including general liquid unit (skincare lotion, gel, hair cleaning and care), cream and emulsion unit (skin cleaning and care, hair conditioner), powder unit (loose powder, pressed powder) and wax-based unit products and related management activities within Zhejiang Beauty Cosmetics Co., Ltd.'s organizational boundaries, as well as significant indirect greenhouse gases emissions.



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INDEPENDENT ASSURANCE STATEMENT

Objectives of Work

Bureau Veritas Certification (Beijing) Co., LTD ("BUREAU VERITAS") has been engaged by Proya Cosmetics Co., Ltd. (hereafter referred to as PROYA) to conduct an independent Assurance of its PROYA 2024 Sustainability Report (the "Report"). This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the report are the sole responsibility of the management of PROYA. Our sole responsibility was to provide independent assurance on the accuracy of information included.

Scope of work

The assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (V3) Type 2 assurance. The scope of work included:

- Data and information included in PROYA 2024 Sustainability Report for the reporting period 1 January - 31 December 2024;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Assurance Principles and AA1000 Assurance Standards
- Inclusivity
- Materiality
- o Responsiveness
- Impact
- Evaluation of the Report against the principles of Materiality, Accuracy, Completeness, Balance, Clarity and Comparability, as defined in the GRI Sustainability Reporting Guidelines;

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by PROYA) and statements of future commitment;
- Financial data and information that has been audited by a third party.

The levels of AA1000 assurance are as follows:

Report Section	Level of Assurance
Organization Governance	High
Product Responsibility	High
Employee Responsibility	High
Environmental Responsibility	High
Social Responsibility	High

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Level of assurance: Reasonable Assurance

Assurance standard

- AA 1000 AP (2018) & AA 1000 AS (V3)
- 2. International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)"), developed by the International Auditing and Assurance Standards Board:
- GRI Sustainability Reporting Standards, published by the Global Reporting Initiative
- Self-regulatory Guidelines for Listed Companies on Shanghai Stock Exchange No.14-Sustainability Report (Trial)

Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

- Interviews with relevant personnel of PROYA;
- Review of documentary evidence produced by PROYA;
- Audit of performance data, tracing and checking the sample data according to the sampling principle;
- Site visits to PROYA Hangzhou headquarter;
- Review of PROYA data and information systems for collection, aggregation, analysis and review:
- Review of stakeholder engagement activities of PROYA by review the outcomes and approaches used by PROYA;

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of non-financial Reports, based on current best practice in independent assurance. The work was planned and carried out to and concluded based on reasonable, rather than absolute assurance, as determined by Bureau Veritas.

Assurance Conclusion

On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data included in the Report are accurate, reliable and free from material mistake or misstatement:
- The Report provides a fair representation of PROYA's activities over the reporting period;
- The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over PROYA's performance and status during the reporting period;
- PROYA has established appropriate systems for collection, aggregation and analysis of relevant ESG information:
- PROYA has processes in place for consulting and engaging with its key stakeholders in a structured and systematic manner.
- The Report properly reflects the organisation's alignment to and implementation of the AA1000AS (V3) principles of Inclusivity, Materiality, Responsiveness and Impact in its operations. Further detail is provided below;

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Alignment with the principles of AA1000AS (V3)

PROYA has processes in place for engaging with a range key stakeholders including clients, suppliers, investors, government officials, representatives from a range of NGO's and industry associations and has undertaken a number of formal stakeholder engagement activities covering a range of topics such as Organizational Governance, Product and Service, Employee Rights, Energy and Environmental Management, Supply Chain Management, community and so on.

Materiality

The Report addresses the range of environmental, social and governance issues of concern that **PROYA** has identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns. The material issues disclosed in the report and the relevant data and information are of Materiality.

Responsiveness

PROYA is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decisionmaking.

PROYA takes responsibility for the governance, environmental, and social issues involved in its operational activities, as well as the positive and negative impacts it brings. The company conducts appropriate quantitative monitoring and evaluation of the impacts of these material issues, and based on the results of performance monitoring, adopts relevant continuous improvement measures.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Environmental and Occupational Health and Safety, Social Responsibility with more than 190 years history in providing independent assurance services. Members of the assurance team have no interests or conflicts of relationship with PROYA. We have conducted this Assurance independently and impartially. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities.



Director of Greater China Region

Bureau Veritas Certification (Beijing) Co., LTD

Co., LTD 2025/04/18 Luguoqiang

Assurance Team Leader

Bureau Veritas Certification (Beijing)

31/03/2025-02/04/2025

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