Proya Cosmetics Co., Ltd.
Biodiversity Conservation Policy

1. Introduction

Proya Cosmetics Co., Ltd. ("Proya" or the "Company") values biodiversity conservation and is committed to minimizing the impact of its operations on the ecological environment. This policy is established to protect biodiversity and maintain ecological balance.

2. Scope of the Policy

The policy applies to Proya and its subsidiaries and branches included in its consolidated financial statements. It covers the Company's production and operations, products and services, etc. Furthermore, the Company requires suppliers, service providers, contractors, and other key business partners to actively comply with the policy or equivalent policy requirements.

3. Responsibilities

Board of Directors: Bear overall responsibility for and oversee the Company's biodiversity conservation-related matters, setting management directives and strategies.

ESG Management Committee: Ensure the Company’s compliance with relevant regulations and standards, including biodiversity conservation laws and international conventions. Responsible for communication and collaboration with stakeholders (e.g., government agencies, non-governmental organizations, communities) to jointly promote biodiversity conservation and sustainable development.

4. Related Measures

4.1 Net Positive Impact (NPI) Objective

The Company supports international conventions such as the UN *Convention on Biological Diversity* (CBD) and the *Kunming-Montreal Global Biodiversity Framework* adopted at the UN Biodiversity Conference (COP15). The Company aims to achieve a Net Positive Impact (NPI) on biodiversity – stabilizing the biodiversity impact generated by its value chain by 2030 and achieving the restoration and net improvement of natural ecosystems by 2050, fulfilling the vision of harmonious coexistence with nature.

4.2 Adherence to the Mitigation Hierarchy

In response to global biodiversity loss and ecosystem degradation, the Company upholds the principles of respecting nature and prioritizing protection, strictly observing ecological red lines. When operating near Key Biodiversity Areas (KBAs), the Company will rigorously follow the Mitigation Hierarchy:

- **Avoid:** Avoid operating in Key Biodiversity Areas wherever possible.
- **Minimize:** Where avoidance is not entirely possible, take necessary measures to minimize impacts on ecosystems.
- **Restore:** Where human disturbance has caused ecosystem damage, the Company will implement restoration/rehabilitation measures to return the ecosystem to its original state.

- **Offset:** Where impacts on ecosystems cannot be avoided, the Company will implement offset measures.

4.3 Promoting Value Chain Commitment

The Company commits to avoiding operations by its value chain (including its own operations, upstream – suppliers, raw material procurement, and downstream – logistics, distribution) near globally or nationally significant biodiversity areas. These areas include but are not limited to UNESCO World Heritage Sites, Ramsar Sites (Wetlands of International Importance), IUCN protected areas, and National Parks.

The Company actively engages in dialogue and collaboration with stakeholders, including government agencies, non-governmental organizations, local communities, and supply chain partners. Through supplier management, employee training, ecological restoration, and other measures, it seeks to reduce potential impacts on biodiversity. Furthermore, the Company prioritizes cooperation with suppliers possessing sustainable certifications to promote biodiversity conservation throughout the value chain.

4.4 Biodiversity Risk Assessment

The Company will reference methods such as the Taskforce on Nature-related Financial Disclosures (TNFD) LEAP approach, the Integrated Biodiversity Assessment Tool (IBAT), and the WWF Biodiversity Risk Filter to gradually establish a systematic biodiversity risk assessment process. This process will be integrated into the Company's overall risk management framework to identify biodiversity risks in key geographical areas within the value chain, covering own operations, adjacent areas, upstream supply chain, and downstream activities.

4.5 Increasing Use of RSPO Certified Palm Oil

While Proya does 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) to enhance product sustainability. Concurrently, the Company conducts palm oil traceability efforts, requiring suppliers to provide information on palm oil origin and RSPO certification status. This information is incorporated into internal systems to improve palm oil record-keeping and manage environmental impact reduction.

The Company has joined the RSPO and is now working to gradually replace palm oil in raw materials with RSPO-certified products. The Company has set a weight-based procurement target for use of RSPO-certified palm oil:

- 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.

4.6 Stakeholder Engagement

The Company will gradually enhance biodiversity conservation awareness among employees, consumers, suppliers, partners, and other stakeholders through training and external communication activities, promoting collective efforts towards biodiversity conservation across the entire value chain.

5. Others

The policy is formulated and interpreted by the ESG Management Committee under the Strategic Committee of the Board of Directors.

Any matters not covered by the policy shall be handled in accordance with relevant laws, regulations, rules, and normative documents.

The policy shall come into effect from the date of approval by the Board of Directors, and its applicability shall be evaluated every three years or in the event of fundamental changes.