

Proya Cosmetics Co., Ltd.

Environmental Protection Policy

1. Introduction

Proya Cosmetics Co., Ltd. (hereinafter referred to as “Proya” or “the Company”) adheres to the concept of sustainable and circular development. To reduce greenhouse gas emissions during its operations, mitigate the impacts of climate change, and effectively lower the discharge of wastewater, waste gas, and solid waste through the implementation of management and technical measures, the Company has specially formulated the policy.

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, distribution and logistics, waste management, due diligence, mergers and acquisitions, and more. Furthermore, the Company requires suppliers, service providers, contractors, and other key business partners to actively comply with the policy or equivalent policy requirements.

3. Responsibility

Board of Directors: Responsible for the overall oversight and supervision of the Company's environmental protection matters, as well as formulating environmental management policies and strategies.

The Strategic Committee under the Board of Directors: Responsible for guiding and supervising the Company's environmental management, conducting regular reviews of environmental performance, providing recommendations on action measures required to achieve environmental goals, and regularly reporting management progress to the Board of Directors.

ESG Management Committee: Accountable for the Company's overall environmental performance, regularly reporting to the Board of Directors and the Strategic Committee under the Board of Directors on environmental performance management and the implementation of the policy, and providing recommendations to facilitate decision-making and oversight by the Board of Directors and the Strategic Committee.

4. Relevant Measures

4.1 Ensuring Regulatory Compliance

The Company strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Water Law of the People's Republic of China*, and the *Energy Conservation Law of the People's Republic of China*, and other laws and regulations, regularly monitor newly enacted laws and regulations to ensure the company's operations remain lawful and compliant.

4.2 Addressing Climate Change

4.2.1 Actively Reducing Product Carbon Footprint

Enhancing production processes: Actively adopt low-carbon and green technologies, and continuously explore low-carbon and energy-efficient solutions for production and operations.

Launching green packaging: Based on the 3R principles (Reduce, Reuse, Recycle), continuously advance the innovation and application of sustainable packaging to lower carbon emissions from packaging.

Green transportation: Replace traditional fuel-powered vehicles with electric vehicles while scientifically optimizing transportation processes to reduce resource consumption.

4.2.2 Energy Conservation and Emission Reduction

Enhancing energy management efficiency: Through the energy management platform, an energy production-consumption prediction model and an energy balance model were established. AI-driven optimization and operation of the energy system were adopted to achieve refined management of equipment such as air conditioning and process cooling.

Implementing energy-saving technical upgrades: By adopting measures including technological retrofits, process optimization, and equipment upgrades, to improve production efficiency and reduce energy consumption.

Promoting clean energy: Set targets for the proportion of clean energy usage, continuously promote the use of renewable energy, and reduce the consumption of fossil fuels.

4.3 Reducing Environmental Impact

4.3.1 Setting Environmental Management Targets.

In order to continuously enhance environmental management and performance, the Company is committed to constantly improving environmental protection targets and metrics to continuously monitor the company's environmental management level, thereby reducing the impact of its operations on the environment.

4.3.2 Strengthening Environmental Management

Continuously establish and upgrade the environmental management system, enhance the level of environmental management, formulate environmental policies and targets, and ensure the implementation of environmental protection measures.

4.3.3 Reducing Pollutant Emissions

Strictly monitor the emission of wastewater, exhaust gas, and solid waste from production and operation process, and reduce the impact on the environment by promoting clean production, improving production technique, and reducing the use and emission of harmful substances.

4.3.4 Conducting Environmental Research

Increase investment in research of environmental protection technologies, develop low-carbon and environmentally friendly products, and reduce the environmental impact of products.

4.3.5 Conducting Employee Training

Regularly conduct environmental training, popularize environmental laws and regulations, the Company's environmental management systems, and knowledge of pollutant and waste management, and CO₂ emission reduction to all employees, enhance their environmental awareness and the level of operational standardization, and enable them to actively identify and prevent potential environmental risks in their daily work, avoiding and reducing the occurrence of environmental related accidents.

4.3.6 Environmental and Social Responsibility

Actively fulfilling social responsibility, participating in environmental public benefit activities, promoting environmental protection concepts, and increasing social attention to environmental issues.

4.4 Working Together with Suppliers and Partners to Protect the Environment

4.4.1 Prioritizing Use of Green and Certified Raw Materials

We preferentially purchase eco-friendly raw materials, including sustainable forest certified paper, palm oil, and eco-friendly inks, coatings and glues, etc.

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*.

4.4.2 Working with Producers and Suppliers to Reduce Environmental Impact

Work with suppliers to improve the production process and reduce the environmental impact of the manufacturing process.

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.

Encourage suppliers to utilize environmentally friendly wastewater treatment materials and install exhaust gas treatment systems to reduce the discharge of pollutants.

Support suppliers in replacing energy intensive equipment and implementing rooftop photovoltaic power generation to reduce energy consumption while increasing the proportion of green energy usage.

4.4.3 Requiring Suppliers to Establish Environmental Management Systems

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 those with well-established ESG management systems.

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.