

# 2025

## SUSTAINABILITY REPORT



Add: Proya Building, No.588 Xixi Road, Xihu District, Hangzhou,  
Zhejiang Province, China

E-mail: [proya-group@proya.com](mailto:proya-group@proya.com)

Tel: +86-571- 8735 2850

Web: [www.proya-group.com](http://www.proya-group.com)



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PROYA COSMETICS CO., LTD.

Beauty Aspirations for a Shared Future

## About the Report

The 2025 Sustainability Report of Proya Cosmetics (hereinafter referred to as the "Report") is the sixth sustainability report issued by Proya Cosmetics Co., Ltd. (hereinafter referred to as "Proya Cosmetics"), which elaborates on the principles and performance of sustainable development and ESG governance of Proya Cosmetics in 2025, including ESG issues of concern to key stakeholders.

## Preparation Basis

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"), the *Guide No.4 for Self-Regulatory Supervision on Listed Companies of the Shanghai Stock Exchange—Compilation of Sustainable Development Reports*, and the *Appendix C2 Environmental, Social and Governance Reporting Code of Main Board Listing Rules of Hong Kong Exchanges and Clearing Limited (HKEX)*, with reference to the *Global Reporting Initiative (GRI) Standards (2021)* and the *United Nations Sustainable Development Goals (SDGs)*.

## Scope of the Report

**Organizational Scope:** This Report covers the cosmetics business of Proya Cosmetics and its affiliated companies. The statistical range of some data is different from this, as explained in the Data Description section. For details, please refer to *Appendix: Scope of the Report*.

The abbreviations in the Report are defined as follows:

Abbreviation	Definition
Proya Cosmetics/the Company/We	Proya Cosmetics Co., Ltd.
Huzhou Factory	Huzhou Branch of Proya Cosmetics Co., Ltd.

## Data Description

The data and cases in the Report come from the Company's original operational records or financial reports.

The financial data in the Report are all in CNY. In case of any discrepancy between the financial data and the Company's 2025 annual report, the latter shall prevail.

## Reliability Guarantee

Proya Cosmetics undertakes that there are no false records, misleading statements, or material omissions in this Report. The Board of Directors of Proya Cosmetics bears overall responsibility for ESG management and reporting.

Regarding Proya Cosmetics in this Report, no negative environmental information was found in the Shanghai Qingyue Credit Database.

## Contact Us

For inquiries regarding this Report or the ESG governance of Proya Cosmetics, please contact us through the following means.

**Address:** 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China

**Email:** proya-group@proya.com

**Tel.:** +86-571-8735 2850

**Website:** www.proya-group.com

## Report Preparation Principles

### Sustainable Development Context

The Company has identified material issues related to operations, which are of concern to all stakeholders, as the focus of this Report. This Report focuses on the characteristics of the Company's industry and business while reporting on material issues. The process and results of the issue materiality analysis are detailed in the "ESG Materiality Assessment" section of this Report.

### Accuracy

This Report ensures the accuracy of information as much as possible. For the calculation of quantitative information, the Report has explained the data sources, calculation basis, and assumptions to ensure that the calculation error range will not cause misleading effects on information users. Quantitative information is detailed in the "ESG Data Performance Table and Notes" section of this Report. The Board of Directors guarantees that the Report contains no false records, misleading statements, or major omissions.

### Balance

The content of this Report reflects objective facts, and both positive and negative information related to the Company are disclosed impartially. During the reporting period, there were no negative events that should have been disclosed but were not disclosed.

### Clarity

This Report is published in simplified Chinese and English. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail. This Report includes tables and model diagrams to help stakeholders better understand the text content in this Report. To facilitate quicker information access for stakeholders, this Report provides a table of contents and an index of ESG standards.

### Quantification

This Report discloses key quantitative information and, to the extent possible, historical data.

### Comparability

This Report keeps the statistical and disclosure methods of the same quantitative disclosure item consistent in different reporting periods; for any methods of data collection, measurement, and calculation that have been changed, the Report has retrospectively adjusted relevant data and explained the adjustment and reasons in the notes, so that stakeholders can conduct meaningful analysis and evaluate the development trend of the ESG data level of the Company.

### Completeness

The scope of disclosure objects in this Report is consistent with that of the Company's consolidated financial statements.

### Timeliness

This is an annual report covering the period from January 1, 2025, to December 31, 2025. The Company has tried its best to issue this Report as soon as possible after the end of the reporting year, providing timely information for stakeholders' decision-making.

### Verifiability

The cases and data in this Report are from the Company's original operational records or the 2025 annual report. The Company currently uses the Feishu Online Document platform to manage ESG data over the years. The disclosed data sources and calculation processes are traceable, which can be used to support external assurance inspections.

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## Overview of Proya Cosmetics

### Company profile

Proya Cosmetics Co., Ltd. (SSE Stock Code: 603605) is committed to building a new domestic cosmetics industry platform, mainly engaged in the R&D, production, and sales of cosmetic products. The Company has brands such as PROYA, TIMAGE, Off&Relax, HAPSODE, CORRECTORS, INSBABA, Awaken Seeds, UZERO, and ANYA. The Company's own brands have covered the cosmetics fields such as mass exquisite skincare, makeup, personal care, and highly efficacious skincare.

#### Company name:

Proya Cosmetics Co., Ltd.

#### Head Office Location:

Hangzhou, Zhejiang Province, China

#### Time of Establishment:

2006

#### Ownership and Legal Form:

The Company is listed on the Shanghai Stock Exchange (stock code: 603605)

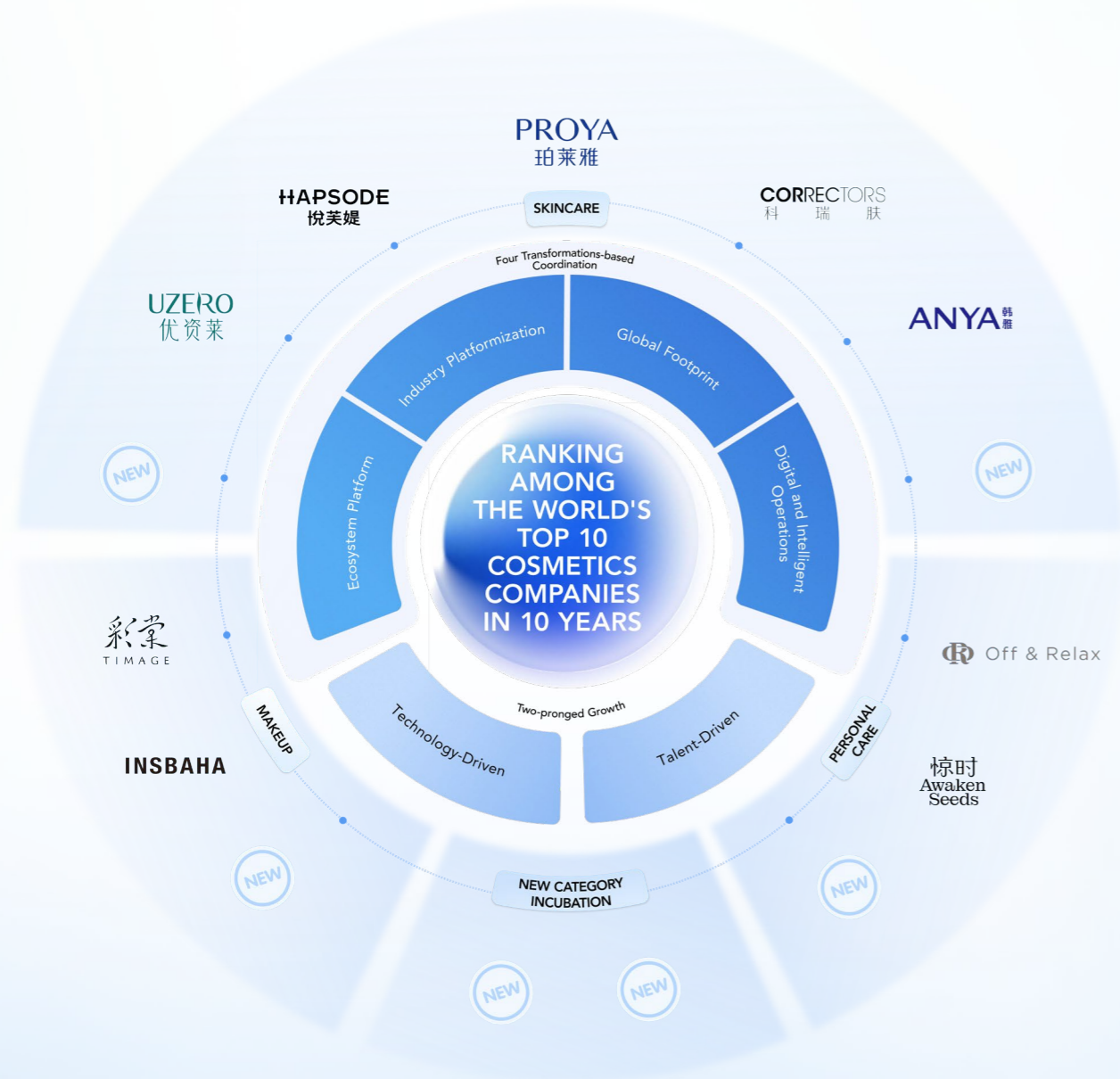
#### Main businesses:

R&D, production, and sales of cosmetic products

#### Main Locations of Operations:

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

## Development Strategy



The core strategic direction of the "Double Ten" Strategy: Building the future growth framework through "four transformations-based coordination"; Two-pronged growth model strengthens the strategic foundation.

## ESG Management Results

ESG Rating Results >

### CDP thematic Score

B for Climate

Note: B rating for three consecutive years



### S&P Global ESG/CSA Score

57/56

Note: Higher than the industry average



### Wind ESG Rating

AA

Note: Ranked first among 29 enterprises in the personal care III category by comprehensive score



### Sino-Securities ESG Rating

AAA

Note: Ranked second among 19 enterprises in the personal care industry.



### CSI ESG Rating

AAA

Note: Ranked second among 256 enterprises in the household and personal care industry.



ESG Honors and Social Recognition in  
2025 >

Honor Title	Issuer
Outstanding Enterprise Representative for Social Responsibility Index in the Daily Chemical Industry in 2025	Chinese Academy of Social Sciences (CASS)
2025 Sustainable Development (ESG) Practice Case Set of the Fragrance Flavour and Cosmetics Industries in China	China Association of Fragrance Flavour and Cosmetic Industries
Proya Cosmetics Future Factory	Department of Economy and Information Technology of Zhejiang
Advanced Intelligent Factory of Zhejiang in 2025	Department of Economy and Information Technology of Zhejiang
First Batch of Typical Cases of AI-Empowered Manufacturing in Zhejiang Province in 2025	Department of Economy and Information Technology of Zhejiang
Powerful Intellectual Property Enterprise in Hangzhou in 2025	Hangzhou Municipal Administration for Market Regulation
Wind Top 100 ESG Best Practices of Chinese Listed Companies	Wind
Top 20 A-Share Listed Companies in ESG Performance in the Household and Personal Care Industry	Sino-Securities Index Information Service (Shanghai) Co., Ltd.
Top 100 A-Share Listed Companies with Outstanding ESG Performance	Sino-Securities Index Information Service (Shanghai) Co., Ltd.

ESG Honors and Social Recognition in  
2025 >

Honor Title	Issuer
Top 50 Best Practices in Corporate Governance (G) of A-Share Listed Companies	Sino-Securities Index Information Service (Shanghai) Co., Ltd.
50 Chinese ESG Pioneers Among Listed Companies in the Yangtze River Delta	Financial Program Center of China Media Group (CMG)
2025 Top 100 Listed Companies in ESG (The 19th Listed Company Value Awards)	Securities Times
Enterprise Brand in "Her Responsibility" of "Running Flow: Female Public Welfare 30+"	China Philanthropist
100 Classic ESG Cases of Zhejiang Enterprises in 2025	ESG Research Center of Zhejiang Enterprise Think Tank
Top 100 Listed Companies in Zhejiang with Best ESG Performance in 2025	Zhejiang Association for the Promotion of Corporate Social Responsibility CCXGF
Growth Enterprise with ESG Strategy and Philanthropic Impact Among Listed Companies in Zhejiang Province	Zhejiang Association of Small and Medium Enterprises
Excellent ESG Award	The 9th IRSC China IR Annual Awards
Sustainable Product Innovation Award	The 10th Value Co-Creation
Excellent Case in "Female Influence" & Internet Popular Case of Social Responsibility Day on May 20	CCM CSR Promotion Center

## Chairman's Message

**Time flies, but we continue to persevere with unwavering dedication.** The year 2025 was a key year for us to implement our “Double Ten” strategy and embark on the journey of international development, marking the successful conclusion of our first Sustainable Development Strategic Plan period (2022–2025). Over the past three years, we have systematically transformed a grand blueprint of sustainable development into an implementable, quantifiable, and traceable ESG practice system, and we have achieved outstanding results in international sustainability ratings: Our S&P Global ESG Score increased from 36 to 57, marking a qualitative breakthrough; our CDP Climate Change Rating has remained B for three consecutive years, showing steady performance. This achievement is not the end, but a new starting point for us to move towards sustainable development with higher quality and standards.

**In terms of green and low-carbon development,** as a cosmetics company, we have always adhered to the important concept of coexistence and common prosperity between man and nature, deeply integrated the green development philosophy into every stage, including product R&D and supply chain management, and continuously improved the full-chain green management system. We carried out climate change scenario analysis for the first time, systematically identified and assessed climate risks and potential financial impacts, and formulated climate transition strategies to comprehensively improve our climate resilience; we worked with 10 strategic partners to reduce carbon and build a green and low-carbon industrial ecosystem; at the same time, we conducted the carbon footprint certification of PROYA Double Effect Whitening Brightening Mask to fill the gap in carbon management throughout the life cycle of our products and set a practical example for green transformation in the industry.

**In terms of technological innovation,** we adhere to the original aspiration of “building products useful for users” and provide consumers with safe and efficient cosmetic products, pursuing the beauty of both technology and quality. In 2025, we built a global R&D system and won the IFSCC 2025 Top 10 Papers of Basic Research Award for our cutting-edge research on mitochondrial anti-aging, becoming the sole Chinese cosmetics company to receive this award in the year; we made breakthrough in the innovation of raw materials and completed the filing of Bicyclic Octapeptide-68, the first new bicyclic peptide material registered in China; guided by the “Digital China” strategy, we deepened our full-link digital transformation; our 5G intelligent factory was successfully rated as an advanced intelligent factory and in-

cluded in the national tiered cultivation system for intelligent factories, becoming one of the first cosmetics factories in Zhejiang Province to win this honor. Driven by technology and digital transformation, we are committed to setting a new benchmark for high-quality development in the industry.

**In terms of public welfare practice,** we uphold kindness and our original aspiration, consistently convey warmth to every corner where it is needed, and strive to realize people-centric development. We firmly believe that education is a beacon that illuminates the future. Since the sponsorship for Proya Hope Primary School in 2007, we have continued this original aspiration and guardianship for 18 years. In 2025, the Proya Foundation launched the “Love for Moms” initiative to support the mental well-being of new mothers, building a solid support network with professional strength and warm care. This year, we rushed to assist the earthquake-stricken areas in Xizang and provided special support for fire rescue in Hong Kong. We worked together with our compatriots, practicing the idea that when disaster struck, help came from all sides. All these efforts are vivid interpretations of our corporate mission: Beauty Forever, Wonder to Share. We not only create beautiful products but are also committed to benefiting more people. At the same time, we continue to help our employees grow and empower our partners. We urged our key partners to undergo the ESG compliance assessment, making diversity, inclusiveness, and shared responsibility a distinctive background for our high-quality development.

**In terms of standardized governance,** we always believe that excellent corporate governance is a cornerstone for our stable and long-term development. Adhering to the business principles of transparency, compliance, and integrity, we continuously improve our governance system and strengthen risk management to ensure our steady development. In 2025, we started our IPO process at HKEX, leveraged the capital market to further improve our ESG governance structure, and deeply integrated ESG indicators into the whole process of our decision-making and business management while strictly abiding by the bottom line of compliance operations. As a leading Chinese cosmetics company, we constantly demonstrate our development resilience based on our advantages and solid responsibility practices, creating long-term value for all stakeholders while moving forward with determination to become “Proya of China, Proya of the World, Proya for a Century”.

**The fruitful results in 2025 have laid a solid foundation for us**

**to implement the “Double Ten” strategy.**

Looking back, the successful conclusion of the first Sustainable Development Strategic Plan period would not have been possible without the concerted efforts of all colleagues in forging ahead, as well as the trust and support of investors, partners, and all sectors of society. For six consecutive years, we have adhered to transparent information disclosure, fully presented the quantitative achievements of various tasks, accepted social supervision with a frank attitude, and effectively shouldered the responsibility of a listed company.

**The year 2026 marks the beginning of China's 15th Five-Year Plan period and is a crucial year for Proya Comestics to launch a new strategic round of sustainable development.** Standing at a brand-new starting point, we continue to promote the deep integration of ESG concepts with our development, taking the cosmetics business as our wings to set out on a long journey. We are committed to making continuous efforts in green and low-carbon development, technological innovation, public welfare practice, standardized governance, and other fields. Relying on our international expansion and capital market empowerment, we will balance high-quality development with social value creation, so that we can achieve growth while fulfilling our responsibility.

**We are ready to work with partners from all sectors for a better, fairer, and more sustainable future!**



^Chairman, HOU Juncheng

## General Manager's Message

In the context of complex and changing times, how to achieve long-term steady development is a core proposition for every manager. Proya Cosmetics, in this key year for practicing the “Double Ten” strategy with over 20 years of brand history, fulfilled its future-oriented commitments with sustained and pragmatic actions. This Report is both a review of our responsibility practice in 2025 and a reaffirmation of our strategic vision to global markets—we will firmly move towards the goal of ranking among the world’s top 10 cosmetics companies in 10 years.

**With technological innovation as the foundation,** we continue to deepen dermatological research around real efficacy and scientific verification, promoting the connection between basic scientific research and application. In 2025, our research on mitochondrial anti-aging and recombinant collagen won the IFSCC 2025 Top 10 Papers of Basic Research Award, becoming the sole Chinese cosmetics company to receive this award in the year; in the same year, we jointly built an innovation research platform with the West China Hospital of Sichuan University and the School of Pharmacy of Zhejiang University, explored the integration of synthetic biology and AI with Bota Biosciences, and strengthened the collaborative innovation ecosystem with DSM, Ashland, and other global partners. Through long-term and stable investment, interdisciplinary integration, and international cooperation, we strive to build scientific research capabilities that can stand the test of time, so that technological innovation can truly become our endogenous power for long-term development.

**With digital transformation and AI as our second growth curve,** we continue to push our organization to shift from the experience-driven model to the data-driven model. In 2025, we held the Digital Tool Application and AI Innovation Competition, promoted digital cooperation, and provided strong support for the “Double Ten” strategy through both internal and external joint efforts. Starting from 2026, we will systematically promote digital transformation and AI-empowered development, focus on knowledge accumulation, scenario-based application, and process optimization, and turn high efficiency into consensus and innovation into habit. Under the framework of compliance and long-termism, we will deepen the use of AI in key scenarios such as R&D, supply chain, marketing, and business management, upgrading “tool application” to “capability reconfiguration.”

**With brand building as the fulcrum,** we emphasize structural optimization and in-depth development of single products in the three major fields of skincare, makeup, and personal care, and continuously strengthen the synergy between product ex-

cellence and brand power. Our main brand, PROYA, has topped the Tmall Beauty Transaction Amount List for three consecutive years. Meanwhile, we have enhanced our multi-brand matrix: TI-MAGE has risen in the foundation market, Off&Relax has made a breakthrough in the high-end personal care market, INSBABA has formed an advantage as an emerging cosmetics brand, and HAPSODE and CORRECTORS have expanded their presence in niche markets. We firmly believe that only by always taking consumer value as the core and accumulating brand assets with long-termism can we achieve more resilient and sustainable high-quality growth.

**Guided by a global vision,** we steadily promote our IPO process on HKEX to lay the foundation for linking global resources and building international capabilities. We understand that true globalization is not only about market expansion, but also the systematic output of technical systems, supply chain collaboration, compliance management, and organizational capabilities. In the process of promoting internationalization, we are gradually realizing a strategic transformation from “going abroad” to “integrating into the world,” so that our brands rooted in China are not only seen but also deeply understood, fully trusted, and chosen in the long term.

**Building on the foundation consolidated by organizational construction and responsibility governance,** we promote standardized and transparent governance. We have sorted out the core competencies required by key tasks, assigned them as performance indicators to posts and individuals, and incorporated key actions into incentives and assessments for the next three years to ensure the closed-loop implementation of our strategic goals. At the same time, we have improved green production and resource efficiency, embedding responsibility requirements into process mechanisms. We will also continue to respond to social concerns, deepen long-term public welfare in the fields of women’s development, educational support, and psychosocial health, upgrade our efforts from single investments to systematic empowerment, and align our responsibility practice with our long-term value.

The year 2025 was not only the key year for the “Double Ten” strategy but also the ending year of the first Sustainable Development Strategic Plan period. The journey ahead may be challenging, but we always believe that Chinese brands can rise with hardcore technology and go far with a strong sense of responsibility. Looking into the future, we will continue to take technological innovation as our core driving force, firmly promote sustainable globalization, and demonstrate the long-term strength of Chinese brands in value creation and social responsibility.



^Director, General Manager, HOU Yameng

## Deputy General Manager's Message

Proya Cosmetics is the first Chinese cosmetics company to reach the milestone of an annual revenue exceeding CNY 10 billion. This milestone achievement not only demonstrates the recognition of our long-term value by the market and consumers but also highlights our leading role in industry development. Standing at a new stage of development, we know that sustainability is the core competence for us to transcend cycles and go global. Therefore, we deeply integrate the concept of sustainability into all dimensions of our development to promote the synergistic improvement of our corporate value and social value.

In 2025, we officially launched the future-oriented "Double Ten" strategy, aiming to rank among the world's top 10 cosmetics companies in 10 years. We believe that sustainability is essential to a true global leader. Based on this cognition, we have set ESG as our strategic cornerstone, integrated the ESG goal system into our strategic planning, business planning, and performance management, and promoted executable and measurable actions for sustainable development, with long-termism supporting our business growth.

### Digital Drive and Smart Carbon Reduction: Strategic Deployment of Energy and Carbon Management Platform

In terms of environment, we aim to build a quantifiable, optimizable, and manageable system for green and low-carbon transformation. In 2025, we launched a group-level energy and carbon management platform in our Huzhou Factory to realize digital and intelligent control of energy consumption and carbon emission data. The platform collects all kinds of real-time energy data through IoT sensing equipment, covering water, electricity, and natural gas, and accurately converts them into carbon emission data according to international standards such as ISO 14064, forming an online system for tracing and transparently managing energy consumption to carbon emission; at the same time, AI algorithm models are introduced to analyze and optimize the operational strategy of high-energy-consumption equipment, provide early warnings for energy efficiency deviations, and realize source control of energy waste, so as to continuously improve overall energy efficiency.

The implementation of the energy and carbon management platform marks that we have entered a new stage of sustainable development management, driven by data intelligence. The platform not only serves as the technical support for us to achieve our emission reduction goals, but is also an important strategic asset in our globalization strategy and in shaping the responsible image of intelligent manufacturing

in China's cosmetics industry.

### Green Manufacturing and Full-Chain Collaboration: Sustainable Supply Chain System Construction

We build our sustainable competitiveness throughout the whole value chain of our products, with special green technological upgrade funds set up every year to upgrade production equipment and optimize environmental protection processes. In 2025, the photovoltaic power generation system of Huzhou Factory was optimized for the second time; through green electricity and certificates obtained under the "self-generation + procurement" model, we formed a diversified guarantee, bringing the proportion of clean energy in annual energy consumption up to 55.80%.

To build a near-zero-carbon factory, we extended our environmental footprint management to all stages from raw material procurement to product delivery: In 2025, the proportion of RSPO-certified sustainable palm oil procurement increased to 55.32%, that of sustainable packaging to 38.36%, marking a huge improvement compared to the figures in 2021. At the same time, we reduced unit energy consumption through intelligent manufacturing, optimized our logistics network, and cooperated with our logistics partners to reduce emissions.

Based on our low-carbon operations, we are committed to building a green manufacturing benchmark in China's cosmetics industry. In 2022, we issued a carbon reduction declaration jointly with 10 value-chain strategic partners, starting the transition from single-point emission reduction to coordinated emission reduction across the industry chain. By 2025, all parties in cooperation reached yearly carbon reduction goals, laying the foundation for carbon neutrality across the value chain in 2045. At the same time, relying on Proya Foundation, we created a public welfare ecosystem, extended the concept of sustainability to communities, and integrated our commercial value and social value.

### Strategic Integration and Continuous Evolution: ESG Promotion and Business Growth

The current competitive landscape of the global cosmetics industry has been deeply reconstructed, and sustainability has become a key yardstick to measure enterprises' long-term value and core competitiveness. In the face of a new competitive landscape, only by transforming a sense of responsibility into development capabilities can we continuously strengthen the company's resilience and open up op-













^Director, Deputy General Manager, JIN Yanhua

portunities for more sustainable growth.

Looking forward, we will continue to integrate the ESG concepts into our corporate governance and business growth, and actively explore innovative practices in biodiversity conservation, circular economy, and community co-construction. The journey to a sustainable future requires persistent faith and down-to-earth actions. We are ready to move alongside all stakeholders for a more beautiful and sustainable future with responsible growth.

# Sustainable Planning Goals and Progress

Sustainable Goals	2023	2024	2025	Progress	
<b>Sustainable business: Creating beauty</b>    	<b>By 2025</b> <ul style="list-style-type: none"> <li>we will have promoted basic research and the R&amp;D of functional raw materials, created more efficacious products, and put safer and more effective self-developed functional raw materials into use.</li> </ul>	We successfully filed the new ingredient "3,3,5-trimethylcyclohexyl succinate dimethylamide".	We applied bio-based raw materials such as sophorolipids and succinic acid to our products.	We launched the Ingredient Transparency Project to further promote full-chain transparency from raw materials to efficacy and help consumers make more secure and scientific consumption decisions.	Achieved
	<b>By 2025</b> <ul style="list-style-type: none"> <li>we will have assessed the sustainability of 100% of new and updated products under our major brands.</li> </ul>	We established a preliminary product sustainability assessment system and its mechanism.	We completed the sustainability assessment for PROYA Double Effect Brightening Essence 3.0.	We used environment-friendly raw materials, such as renewable and biodegradable materials, to reduce the carbon footprint of our products throughout their life cycle.	Progressing as schedule
	<b>By 2025</b> <ul style="list-style-type: none"> <li>the proportion of our clean energy usage will have reached 50%, and our operations will have achieved carbon peaking. Compared to the 2021 baseline, our greenhouse gas emissions per unit of product (Scopes 1 &amp; 2) will have decreased by 25%.</li> </ul>	The proportion of our clean energy usage reached 53.69%, and greenhouse gas emissions per unit of product (Scopes 1 & 2) decreased by 45.34% compared with the base year.	The proportion of our clean energy usage reached 46.66%. Greenhouse gas emissions per unit of product (Scopes 1 & 2) decreased by 18.46%.	The proportion of our clean energy usage reached 55.80%. Greenhouse gas emissions per unit of product (Scopes 1 & 2) decreased by 28.44%.	Achieved
	<b>By 2025</b> <ul style="list-style-type: none"> <li>We will increase the proportion of sustainable packaging materials by 20% and reduce packaging intensity by 15%, based on the 2021 baseline.</li> </ul>	The proportion of sustainable packaging reached 25.47%, marking an increase of 25.31%, compared with the base year.	The proportion of sustainable packaging reached 33.88%, marking an increase of 33.72%, compared with the base year.	The proportion of sustainable packaging reaches 38.36%, marking an increase of 38.20%, compared with the base year.	Achieved
	<b>By 2025</b> <ul style="list-style-type: none"> <li>the weight proportion of purchased palm oil derivatives using RSPO-certified palm oil will have exceeded 70%. Additionally, the palm oil tracing system for raw material procurement will have been further improved.</li> </ul>	We completed the preliminary assessment of the use of palm oil as a raw material for our existing products.	The weight proportion of purchased palm oil derivatives using RSPO-certified palm oil reached 48.86%.	The weight proportion of purchased palm oil derivatives using RSPO-certified palm oil reached 55.32%.	Not achieved

Sustainable Goals	2023	2024	2025	Progress	
<b>Sustainable value chain: Sharing beauty</b>  	<b>By 2025</b> <ul style="list-style-type: none"> <li>all of our key partners will have undergone the ESG compliance assessment, and we will have provided ESG management support to all partners.</li> </ul>	We assessed the ESG performance of 264 suppliers, among which all the key partners underwent the ESG compliance assessment.	All of our key partners (407 in total) underwent and passed the ESG compliance assessment.	We assessed the ESG performance of 327 suppliers, among which all the key partners underwent the ESG compliance assessment.	Achieved
	<ul style="list-style-type: none"> <li>We will have driven all strategic partners to reduce carbon emissions through value chain carbon reduction initiatives and incentives.</li> </ul>	We collaborated with our top 10 strategic partners (suppliers) to jointly release the "Together for a Zero-Carbon Future, Beauty in Harmony" carbon reduction manifesto.	The total carbon emissions of our top 10 strategic partners continued to decrease.	Our top 10 strategic partners continued to carry out carbon emission reduction actions.	Progressing as schedule
	<ul style="list-style-type: none"> <li>We will have driven sustainable transformation among all partners in our value chain and shared our sustainable practices with others in the industry.</li> </ul>	We co-hosted the Proya Logistics Salon and shared our sustainable practices with others in the industry.	We established a regular supplier communication and training mechanism, focusing on transmitting ESG concepts and procurement policies, analyzing international environmental protection trends and requirements, and sharing our experience in implementing sustainable management plans.	We established a regular supplier communication and training mechanism, focusing on transmitting ESG concepts and procurement policies, as well as sharing our experience in implementing sustainable management plans.	Progressing as schedule
	<ul style="list-style-type: none"> <li>We will have disclosed information on our product sustainability in multiple ways to share our sustainable consumption concept with consumers.</li> </ul>	We added sustainability labels to our product packaging and advocated environmental protection actions, such as the use of refillable packages and empty bottle recycling, through multiple channels.	We partnered with "WUYUSTORY" to launch a sustainable consumption campaign, including an offline empty bottle recycling activity, which involved 231 participants and collected 317 empty bottles.	We used our official websites and social media accounts to urge consumers to purchase refills instead of standard products.	Progressing as schedule
<b>Sustainable social ecosystem: Empowering through beauty</b>    	<b>By 2025</b> <ul style="list-style-type: none"> <li>we will have invested a total of CNY 12 million in social welfare to build a more equal and diversified society.</li> </ul>	We invested CNY 8,661,200 in social welfare to build a more equal and diversified society. As of the end of the reporting period, the cumulative investment amounted to CNY 10.0958 million.	We invested CNY 2,588,700 in social welfare to build a more equal and diversified society. As of the end of the reporting period, the cumulative investment in 2022-2024 totaled CNY 12.6845 million.	As of the end of the reporting period, the cumulative investment in 2022-2025 totaled CNY 17.7583 million (including the discounted value of materials).	Achieved
	<b>By 2025</b> <ul style="list-style-type: none"> <li>we will have directly benefited 500,000 people and indirectly benefited 500 million people by carrying out social welfare activities.</li> </ul>	Our social advocacy efforts directly benefited 233,000 people and indirectly benefited 247 million people. As of the end of the reporting period, 665,100 people were directly benefited, and 365 million people were indirectly benefited.	Our social advocacy efforts directly benefited 314,900 people and indirectly benefited 108 million people. As of the end of the reporting period, 980,000 people were directly benefited, and 473 million people were indirectly benefited in 2022-2024.	From 2022 to 2025, the cumulative number of direct beneficiaries reached 996,700, while the cumulative number of indirect beneficiaries reached 620 million.	Achieved

# 01

## **Taking the Cosmetics Business as Our Wings to Set Out on a Long Journey**

## Sustainability philosophy

We uphold the sustainable development 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 excellent products, share beauty with our partners and consumers, and empower communities through beauty, shaping a better future through countless beautiful moments.

### Corporate mission:

Beauty Forever, Wonder to Share

### Corporate vision:

To become a world-class cosmetics enterprise

### Corporate spirit:

Diligence, Pragmatism, Passion, Progressiveness, Integrity, Gratitude

### Core corporate values:

Responsibility, Willingness to Learn, High Efficiency, Collaboration, Innovation, Fairness

## Sustainability planning

Our Sustainable Development Strategic Plan—"Beauty Aspirations for a Shared Future"—is based on the three pillars of sustainable business, sustainable value chain, and sustainable social ecosystem. We take comprehensive ESG management as the cornerstone to promote sustainable development.

### 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.



#### 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 responsible for and supervises the overall sustainable development and ESG matters of Proya Cosmetics, formulates the Company’s sustainable development and ESG management policies and strategies, and participates in the identification and evaluation of ESG issues. It also provides suggestions and necessary support for actions required to achieve the Company’s ESG goals.

### Strategy and Sustainable Development Committee

The Strategy and Sustainable Development Committee of the Board of Directors is responsible for guiding and supervising the Company’s key ESG issue management, including technological innovation, product quality and safety, and green packaging. It regularly reviews the Company’s ESG performance, promotes the progress in achieving the Company’s ESG goals, and provides suggestions on the actions required to achieve the ESG goals. In addition, it reports management progress to the Board of Directors on a regular basis.

### ESG Management Committee

The ESG Management Committee is responsible for promoting the Company’s ESG strategy and goals and implementing information disclosure. It is an independent department under the Strategy and Sustainable Development Committee of the Board of Directors and is composed of the management members of the General Manager’s Office, including the General Manager. It manages ESG matters, prevents related risks, and regularly reports on ESG work progress to the Strategy and Sustainable Development Committee of the Board of Directors and the Board of Directors itself.

### ESG Implementation Team

The ESG Implementation Team is composed of multiple internal departments related to ESG issues, coordinates business modules under the leadership of the Board Office, and reports on various ESG affairs to the ESG Management Committee. It provides information required for decision-making and work guidance for each business module.

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 for the members of the Board of Directors and senior management with the Company’s sustainability and ESG management performance (hereinafter referred to as “sustainability performance”). We also developed short-, medium-, and long-term incentive payment plans to ensure that directors and senior executives are better motivated to perform sustainable ESG management in all aspects. **In the performance assessment system for directors and senior executives, sustainability performance indicators weigh 8–10%, with regular performance assessments carried out.**

Furthermore, we voluntarily disclose ESG information through sustainability reports and have engaged a professional external agency to provide ESG training for our relevant departments, allowing internal employees to better understand ESG principles.

## ESG Materiality Assessment

### Double Materiality Analysis

Material issues serve as the foundation and focal point for ESG management and information disclosure. Proya Cosmetics identified material issues 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, and compiled these issues into a material issue database. In accordance with the requirements related to issue materiality analysis in the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* and the *Guide No.4 for Self-Regulatory Supervision on Listed Companies of the Shanghai Stock Exchange—Compilation of Sustainable Development Reports*, we conducted a double materiality analysis of these issues.

We identified 22 key ESG issues that need attention and invited internal and external stakeholders to analyze the financial materiality and impact materiality of these issues. The assessment of financial materiality factored in the likelihood and degree of a financial impact in short, medium, and long terms. The assessment of impact materiality considered the likelihood and severity of an impact, including its scale, scope, and irremediability.

Double Materiality Analysis Process >

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**Background analysis**
  - Based on our business operations and industry characteristics, we identified potential impacts on the Company by considering factors such as policy trends, SSE information disclosure requirements, and peer comparisons, ultimately establishing a topic database.
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**Topic Identification**
  - We maintained communication with stakeholders and internal and external experts to assess the materiality of the topics to the Company, and identified 22 key ESG topics that need attention.
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**Materiality assessment**
  - We communicated with stakeholders and internal and external experts to comprehensively analyze and rank the topics based on their financial materiality and impact materiality to the Company, and eventually formed a material topic matrix for analysis.
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**Validation and Reporting**
  - Based on the topic materiality ranking, a material topic matrix was developed for dual materiality analysis. The matrix, reviewed and validated by the ESG Management Committee, is highlighted in this Report.

## Due Diligence

We conducted sustainability-related due diligence to identify, analyze, and assess the short-, medium-, and long-term impacts of various ESG issues on the economy, environment, and society, as well as the risks and opportunities brought about by these issues to business operations and business models, and disclosed targeted management measures and practices implemented by the Company.

Analysis of the Impact, Risks, and Opportunities of Material Issues in 2025

S/N	Issue	Impact Analysis	Risk and Opportunity Analysis			
		Impact Description	Type of Risk/Opportunity	Impact Scope	Time Frame <sup>1</sup>	Risk/Opportunity Description
1	Climate Change Mitigation and Adaptation	Strategies to address climate change can reduce our carbon footprint, reduce climate-related risks, and enhance our reputation in environmental protection. By taking measures to reduce emissions, we can effectively respond to global climate change challenges and drive sustainable development	<ul style="list-style-type: none"> <li>Market opportunities</li> <li>Product and service opportunities, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Medium-term</li> <li>Long-term</li> </ul>	See the "Climate Change Mitigation and Adaptation" section of this Report for details
		<ul style="list-style-type: none"> <li>Physical risk</li> <li>Transition risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>		
2	Energy Management	The use of fossil fuels results in emissions of waste gas and large amounts of greenhouse gases, worsening air pollution and accelerating climate change	<ul style="list-style-type: none"> <li>Policy risk</li> <li>Market risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Cost saving:</b> By building an energy management framework and an energy management system, optimizing energy use, and improving energy efficiency, we can significantly reduce energy consumption</li> <li><b>Financial impact:</b> While there may be investment costs in the short term, we can reduce energy costs and improve profitability in the long run</li> </ul>
		<ul style="list-style-type: none"> <li>Energy efficiency opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Energy supply:</b> Instability in energy supply can disrupt our production schedule</li> <li><b>Financial impact:</b> This may lead to an increase in energy procurement costs and supply chain management costs, thus affecting production efficiency</li> </ul>	

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3	Water Resource Management	Efficient resource use can reduce reliance on natural resources and minimize the environmental impact of our operations	<ul style="list-style-type: none"> <li>Resource efficiency opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Resource efficiency:</b> The cosmetics industry consumes a large amount of water. By upgrading equipment and technology, we can improve the utilization efficiency of water resources and reduce water consumption</li> <li><b>Financial impact:</b> This may help reduce water costs and enhance profitability</li> </ul>
			<ul style="list-style-type: none"> <li>Policy risk</li> <li>Market risk</li> <li>Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>Upstream of the value chain</li> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Compliance risk:</b> The cosmetics industry is subject to strict environmental laws and regulations. Non-compliance in water resource management can result in regulatory penalties and reputational damage.</li> <li><b>Financial impact:</b> This may result in regulatory fines and market share decline</li> </ul>
4	Emissions and Waste	Improper handling of waste, hazardous materials, and waste gas emissions during production can lead to soil, water, and air pollution, posing risks to ecosystems and human health	<ul style="list-style-type: none"> <li>Resource efficiency opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Innovation opportunities:</b> By adopting more environmentally friendly production processes and equipment, we can enhance resource efficiency and reduce waste generation</li> <li><b>Financial impact:</b> This may help lower waste disposal costs and reduce the risk of fines due to non-compliant emissions</li> </ul>
			<ul style="list-style-type: none"> <li>Policy risk</li> <li>Market risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Compliance risk:</b> Failure to comply with environmental laws and regulations may result in administrative penalties such as fines and production suspension for rectification, or even criminal responsibility</li> <li><b>Financial impact:</b> Stricter and evolving environmental laws and regulations increase our compliance costs in environmental protection</li> </ul>
5	Chemical Safety and Ingredient Transparency	The production process of cosmetics involves a variety of chemicals, such as dyes, fragrances, and preservatives. Ensuring the safety of these chemicals and maintaining ingredient transparency remain key concerns to consumers and us	<ul style="list-style-type: none"> <li>Market opportunities</li> <li>Product/service opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Market expansion:</b> As consumers become more concerned with chemical safety and ingredient transparency, companies that offer safe, transparent products are more likely to gain consumer favor</li> <li><b>Financial impact:</b> This provides us with market expansion opportunities, enabling us to further increase sales and market share</li> </ul>

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5	Chemical Safety and Ingredient Transparency	The production process of cosmetics involves a variety of chemicals, such as dyes, fragrances, and preservatives. Ensuring the safety of these chemicals and maintaining ingredient transparency remain key concerns to consumers and us	<ul style="list-style-type: none"> <li>Operational risk</li> <li>Market risk</li> <li>Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Safety risks:</b> 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</li> <li><b>Financial impact:</b> This may incur financial burdens such as fines, product recall costs, decreased sales, and loss of brand reputation, which may negatively impact our financial position</li> </ul>
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	<ul style="list-style-type: none"> <li>Market opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Green transformation:</b> This promotes our innovation in packaging materials and other aspects, as well as the development of biodegradable and green products and packaging</li> <li><b>Financial impact:</b> By developing green products and packaging, we may attract more consumers and increase product sales and market share, boosting revenue</li> </ul>
			<ul style="list-style-type: none"> <li>Operational risk</li> <li>Market risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Increased cost:</b> Green packaging materials (degradable plastics, FSC-certified paper, etc.) tend to be more expensive than traditional packaging materials</li> <li><b>Financial impact:</b> This may lead to higher production costs for the Company</li> </ul>
7	Responsible Procurement	Environmental and social risk management in supply chains helps ensure our compliance with environmental and social responsibilities within our supply chains. By actively managing social risks related to environmental protection and labor rights, we can enhance our brand reputation and strengthen the trust of consumers and investors	<ul style="list-style-type: none"> <li>Market opportunities</li> <li>Product/service opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Upstream of the value chain</li> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Promote sustainable development:</b> Responsible procurement focuses on issues such as environmental protection and labor rights, contributing to the sustainable development of supply chains</li> <li><b>Financial impact:</b> This helps improve our social image and attract more consumers and investors who focus on sustainability</li> </ul>

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8	Ecosystem and Biodiversity Protection	The cosmetics industry is closely linked to biodiversity. Some key ingredients in cosmetic products, such as palm oil, wood pulp, and mica, are directly associated with deforestation and forest degradation. Overharvesting or improper extraction may lead to ecological damage and biodiversity reduction	<ul style="list-style-type: none"> <li>Market opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Brand image enhancement:</b> Companies actively embracing biodiversity conservation can elevate their brand image and reputation</li> <li><b>Financial impact:</b> This may foster consumer trust and increase market share</li> </ul>
			<ul style="list-style-type: none"> <li>Market risk</li> <li>Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Reputational risk:</b> The exposure of any activities that harm biodiversity and ecosystems can tarnish brand image and reputation</li> <li><b>Financial impact:</b> This may undermine consumer trust and affect sales performance</li> </ul>
9	Environmental Compliance Management	The inadequacy of the environmental compliance system may pose risks such as excessive emissions and improper waste disposal, exacerbating the pollution burden on water sources, soil, and air, and harming local ecosystems	<ul style="list-style-type: none"> <li>Market opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Market expansion:</b> As consumers become more environmentally conscious, cosmetics companies that prioritize environmental compliance management are more likely to gain consumer preference</li> <li><b>Financial impact:</b> This may offer opportunities to tap into new markets and increase market share</li> </ul>
			<ul style="list-style-type: none"> <li>Operational risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Increased compliance costs:</b> We may need to invest significant funds in equipment upgrades, pollution control technology, and waste disposal to meet environmental compliance standards</li> <li><b>Financial impact:</b> This may increase our operational expenses and pose financial pressure</li> </ul>

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10	Product Quality and Safety	The safety and quality of products and services are directly related to consumer health and satisfaction, thus affecting our brand image and market share. Maintaining high standards of quality and safety can help build customer trust, enhance competitiveness, and drive long-term business growth	<ul style="list-style-type: none"> <li>Market opportunities</li> <li>Product/service opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Technological innovation:</b> We may develop safer and more effective cosmetic ingredients and formulas through R&amp;D and innovation to meet consumers' high expectations for product quality and safety. This can create new growth opportunities for the Company</li> <li><b>Financial impact:</b> This may help generate new revenue streams, expand market share, and enhance brand value, thus positively affecting our financial position</li> </ul>
			<ul style="list-style-type: none"> <li>Operational risk</li> <li>Market risk</li> <li>Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Satisfaction risk:</b> Poor product efficacy can reduce customer satisfaction, erode brand trustworthiness, and lead to declining sales and higher return rates</li> <li><b>Financial impact:</b> This may incur financial losses such as product recall costs and damage to brand reputation</li> </ul>
11	Technological Innovation	A technological innovation strategy can enhance our competitiveness and market adaptability. Through continuous technological innovation and product R&D, we can meet market demands, drive business upgrades, maintain a leading position, and elevate brand value and customer loyalty	<ul style="list-style-type: none"> <li>Market opportunities</li> <li>Product/service opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Development of new product lines:</b> Technological innovation presents opportunities to develop new product lines. By introducing new technology, ingredients, or formulas, we can develop products with unique selling points</li> <li><b>Financial impact:</b> This can help attract more consumers, boost product sales, and increase market share</li> </ul>
			<ul style="list-style-type: none"> <li>Market risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Market competition risk:</b> As technological innovation accelerates, competition in the cosmetics industry is also intensifying</li> <li><b>Financial impact:</b> If we fail to keep up with market trends or our innovative products do not meet consumer demands, we may face the risk of market share decline</li> </ul>

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12	Customer Service and Rights Protection	Effective customer relationship management can enhance customer loyalty, boost customer satisfaction, drive sales performance, and ensure a steady revenue stream, thus ultimately enhancing our market share and competitiveness	<ul style="list-style-type: none"> <li>Market opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Enhancing brand image and reputation:</b> By providing excellent customer service, cosmetics companies can establish a positive brand image in the minds of consumers and gain high word-of-mouth recognition</li> <li><b>Financial impact:</b> This can help attract more potential customers and expand market share</li> </ul>
			<ul style="list-style-type: none"> <li>Market risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Customer churn risk:</b> Poor customer service or ineffective protection of customer rights can lead to customer churn</li> <li><b>Financial impact:</b> This may result in a shrinking customer base and decreased sales</li> </ul>
13	Digital Transformation and Information Security	Failure to accurately grasp digital transformation opportunities and inadequate technical measures to ensure the personal information security of customers and employees may result in slow development, internal sensitive data leakage, or exposure to cyberattacks, which will not only affect our development but also trigger a crisis of social trust in our data protection capability	<ul style="list-style-type: none"> <li>Operational opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Technology innovation and application:</b> Through digital transformation, companies in the cosmetics industry can enhance data security and customer privacy protection, and improve operational efficiency. This includes adopting advanced technologies such as AI, general LLMs, and privacy computing to improve data operation efficiency and information protection capabilities</li> <li><b>Financial impact:</b> This may help improve governance effectiveness and reduce the risk of data leakage, thus reducing financial risks</li> </ul>
			<ul style="list-style-type: none"> <li>Policy risk</li> <li>Market risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Data leakage risk:</b> Inadequate data security measures may result in the leakage of customer data</li> <li><b>Financial impact:</b> This can incur severe legal and financial risks</li> </ul>
14	Industry Development Promotion	Through activities such as cooperation and exchange, we can work alongside value chain partners to promote the sustainable development of the whole industry	<ul style="list-style-type: none"> <li>Market opportunities</li> <li>Product/service opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Emerging market growth:</b> With the development of emerging market economies and the improvement of consumer purchasing power, cosmetics markets in these regions present significant growth potential</li> <li><b>Financial impact:</b> We can seize opportunities in these emerging markets to expand our market share</li> </ul>

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		Impact Description	Type of Risk/Opportunity	Impact Scope	Time Frame <sup>1</sup>	Risk/Opportunity Description
14	Industry Development Promotion	Through activities such as cooperation and exchange, we can work alongside value chain partners to promote the sustainable development of the whole industry	<ul style="list-style-type: none"> <li>Market risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Intensifying market competition:</b> With the continuous development of the cosmetics industry, market competition is becoming increasingly fierce, and industry players are facing competitive pressure from both domestic and foreign brands</li> <li><b>Financial impact:</b> This may lead to intense competitive behaviors such as price wars and market share battles, which may adversely affect our financial position</li> </ul>
15	Intellectual Property (IP) Management	IP protection holds significant importance for stimulating innovation, fostering economic growth, and maintaining market order	<ul style="list-style-type: none"> <li>Market opportunities</li> <li>Product/service opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Leveraging IP to promote international cooperation and expansion:</b> IP serves as a vital asset for multinational corporations in international cooperation and expansion. By enhancing IP management, we can bolster our capability in international cooperation and expansion</li> <li><b>Financial impact:</b> Cooperation enables us to further expand our market share</li> </ul>
			<ul style="list-style-type: none"> <li>Market risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> <li>Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>IP infringement risks:</b> The cosmetics industry involves numerous IP rights, including patents, trademarks, and copyrights. Failure to properly manage these IP rights may lead to the risk of infringement by others</li> <li><b>Financial impact:</b> This can lead to market share losses, financial setbacks, and significant legal expenses for defending IP rights</li> </ul>
16	Employee Rights and Benefits	The management of employees and their rights directly affects the labor relations, employee satisfaction, and corporate culture. By safeguarding the fundamental rights of employees, such as fair compensation, career development opportunities, and a positive work environment, we can enhance employee loyalty and productivity, thus enhancing our long-term competitiveness	<ul style="list-style-type: none"> <li>Market opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Stimulate the innovation potential of employees:</b> When employees feel that their rights are fully protected and they enjoy generous benefits, they are more likely to actively engage in work and unleash their innovation potential</li> <li><b>Financial impact:</b> Employees' innovation results can generate new business growth opportunities and enhance our market competitiveness</li> </ul>

Analysis of the Impact, Risks, and Opportunities of Material Issues in 2025 ▾

S/N	Issue	Impact Analysis	Risk and Opportunity Analysis			
		Impact Description	Type of Risk/Opportunity	Impact Scope	Time Frame <sup>1</sup>	Risk/Opportunity Description
16	Employee Rights and Benefits	The management of employees and their rights directly affects the labor relations, employee satisfaction, and corporate culture. By safeguarding the fundamental rights of employees, such as fair compensation, career development opportunities, and a positive work environment, we can enhance employee loyalty and productivity, thus enhancing our long-term competitiveness	<ul style="list-style-type: none"> <li>Operational risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Talent drain risk:</b> If employees believe their rights have been infringed or their benefits are insufficient, they may choose to resign, resulting in talent drain</li> <li><b>Financial impact:</b> Talent drain not only increases recruitment and training costs but may also affect business continuity and stability</li> </ul>
17	Employee Training and Development	By providing systematic vocational training and development opportunities, we can help employees enhance their professional skills and bolster their employment competitiveness. This not only creates favorable conditions for employees' personal career growth but also contributes to the overall improvement of workforce quality in society	<ul style="list-style-type: none"> <li>Operational opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>Promotion of employee career development:</b> Employee training and development programs can help employees achieve personal career goals and improve their occupational satisfaction and sense of accomplishment, thus enhancing their sense of belonging and dedication</li> <li><b>Financial impact:</b> Supporting employee career growth can help reduce employee turnover rates, lower recruitment and training costs, improve the work efficiency and quality of employees, and further boost our profitability</li> </ul>
			<ul style="list-style-type: none"> <li>Operational risk</li> </ul>	<ul style="list-style-type: none"> <li>Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>Short-term</li> <li>Medium-term</li> <li>Long-term</li> </ul>	<ul style="list-style-type: none"> <li><b>High training costs:</b> High-quality employee training often requires considerable investment of time and money, incurring costs for hiring professional lecturers, purchasing training materials, and securing venues</li> <li><b>Financial impact:</b> High training costs may increase our operating costs, impacting our profitability</li> </ul>

Analysis of the Impact, Risks, and Opportunities of Material Issues in 2025

S/N	Issue	Impact Analysis	Risk and Opportunity Analysis			
		Impact Description	Type of Risk/Opportunity	Impact Scope	Time Frame <sup>1</sup>	Risk/Opportunity Description
18	Occupational Health and Safety	As a part of society, cosmetics and daily chemical enterprises bear the social responsibility to protect employee health and safety. Strengthening employee occupational health and safety management allows us to fulfill this social responsibility and enhance our social image and reputation	Operational opportunities	Corporate operations	Short-term Medium-term Long-term	<ul style="list-style-type: none"> <li><b>Enhancing corporate image:</b> Prioritizing occupational health and safety helps establish a positive corporate image. It also demonstrates care for employees and commitment to social responsibility, and hence can boost brand value and market competitiveness</li> <li><b>Financial impact:</b> A positive corporate image can attract more consumers and business partners, driving sales growth and expanding market share</li> </ul>
			Operational risk	Corporate operations	Short-term Medium-term Long-term	<ul style="list-style-type: none"> <li><b>Economic losses from safety accidents:</b> Neglecting occupational health and safety may lead to frequent safety accidents</li> <li><b>Financial impact:</b> These accidents may cause casualties and property damage, bringing significant economic losses</li> </ul>
19	Social Welfare	By organizing various social welfare activities and supporting community development, we can improve the quality of life for local residents. This not only advances the fulfillment of social responsibility but also fosters sustainable community growth	Operational opportunities	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	<ul style="list-style-type: none"> <li><b>Market share expansion:</b> By actively participating in social welfare activities, we can tap into consumer markets that value social responsibility</li> <li><b>Financial impact:</b> This may lead to market expansion and increase market share</li> </ul>
			Operational risk	Corporate operations Downstream of the value chain	Short-term Medium-term Long-term	<ul style="list-style-type: none"> <li><b>High costs of social welfare activities:</b> Participating in social welfare activities requires a certain investment of funds, manpower, and material resources</li> <li><b>Financial impact:</b> If the public welfare activities are too large or last too long, our operating costs may increase</li> </ul>

Analysis of the Impact, Risks, and Opportunities of Material Issues in 2025

S/N	Issue	Impact Analysis	Risk and Opportunity Analysis			
		Impact Description	Type of Risk/Opportunity	Impact Scope	Time Frame <sup>1</sup>	Risk/Opportunity Description
20	Corporate Governance	The quality of corporate governance not only affects the rights of shareholders and investors but is also of great significance for the long-term, stable development of the Company	Operational opportunities	Corporate operations	Short-term Medium-term Long-term	<ul style="list-style-type: none"> <li><b>Governance structure improvement:</b> By refining our governance structure, we can clarify decision-making powers and responsibilities, thereby enhancing decision-making efficiency</li> <li><b>Financial impact:</b> This may lead to reduced operating costs</li> </ul>
			Operational risk	Corporate operations	Short-term Medium-term Long-term	<ul style="list-style-type: none"> <li><b>Inadequate governance structure:</b> An inadequate governance structure may lead to an imbalance of power within a company, inefficient decision-making, and even internal conflicts and disputes</li> <li><b>Financial impact:</b> An inadequate governance structure and ineffective internal controls can drive up operating costs and weaken profitability</li> </ul>
21	Risk and Compliance	Risk management is the process of identifying, assessing, and addressing risks that may affect the realization of corporate goals. Effective risk management can reduce potential financial losses, reputational risks, and legal risks, ensure stable operations in the face of internal and external challenges, and guarantee long-term sustainable development	Operational opportunities	Corporate operations	Short-term Medium-term Long-term	<ul style="list-style-type: none"> <li><b>Risk management process optimization:</b> By refining the risk management process, cosmetics companies can more effectively identify, evaluate, and respond to potential risks and reduce the negative impact of risks</li> <li><b>Financial impact:</b> Optimizing the risk management process can lower operating costs and potential losses, ultimately enhancing profitability</li> </ul>
			Policy risk	Corporate operations	Short-term Medium-term Long-term	<ul style="list-style-type: none"> <li><b>Legal compliance risk:</b> The cosmetics industry is regulated by many laws and regulations, including those related to product quality, advertising, and IP rights</li> <li><b>Financial impact:</b> Non-compliance can lead to severe consequences such as legal proceedings, fines, and even market bans</li> </ul>

Analysis of the Impact, Risks, and Opportunities of Material Issues in 2025

S/N	Issue	Impact Analysis	Risk and Opportunity Analysis			
		Impact Description	Type of Risk/Opportunity	Impact Scope	Time Frame <sup>1</sup>	Risk/Opportunity Description
22	Business Ethics	Adherence to business ethics, especially anti-commercial bribery and anti-corruption initiatives, helps maintain fair market competition and foster a healthy market economy	• Market opportunities	<ul style="list-style-type: none"> <li>• Corporate operations</li> <li>• Downstream of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>• Short-term</li> <li>• Medium-term</li> <li>• Long-term</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Market competitiveness enhancement:</b> Ethical business practices are not merely a representation of corporate image but also a pivotal element in maintaining market competitiveness. Upholding business ethics helps establish a positive image in the market and earn consumer preference</li> <li>• <b>Financial impact:</b> By enhancing market competitiveness, we can expand our market share, increase sales revenue, and further consolidate our market position</li> </ul>
			• Policy risk	<ul style="list-style-type: none"> <li>• Corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>• Short-term</li> <li>• Medium-term</li> <li>• Long-term</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Legal risk:</b> Actions such as false advertising, infringing on consumer rights, and unfair competition may incur legal proceedings and fines</li> <li>• <b>Financial impact:</b> Legal risks can increase operating costs, including legal fees and compensation expenses. Additionally, legal proceedings and fines may further damage corporate reputation and image, thus affecting the market performance and financial position</li> </ul>

<sup>1</sup>The time frame is defined as follows: A short term is within 1 year (including 1 year), a medium term is 1–5 years (including 5 years), and a long term is more than 5 years.

### Communication with Stakeholders

Key Stakeholders and Communication Methods >

Stakeholder support and trust are critical to the Company. We pay attention to the demands of stakeholders when carrying out and promoting sustainable development and ESG management, actively communicate with stakeholders through various channels, and respond to stakeholder expectations with responsible practices. We strive to achieve win-win cooperation among all parties, including shareholders, employees, and society.

Stakeholder	Issue	Communication and response
Government and regulatory agencies (National Medical Products Administration, local governments, etc.)	<ul style="list-style-type: none"> <li>• Climate Change Mitigation and Adaptation</li> <li>• Chemical Safety and Ingredient Transparency</li> <li>• Energy Management</li> <li>• Water Resource Management</li> <li>• Environmental Compliance Management</li> <li>• Emissions and Waste</li> <li>• Ecosystem and Biodiversity Protection</li> <li>• Product Quality and Safety</li> <li>• Corporate Governance</li> <li>• Risk and Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Implement energy conservation and carbon reduction initiatives and establish a systematic process for managing climate-related risks and opportunities.</li> <li>• Complete product filing and disclose product formulas according to laws and regulations.</li> <li>• Optimize the energy structure and increase the proportion of clean energy use.</li> <li>• Obtain water use permits and regulate water consumption in accordance with legal requirements.</li> <li>• Continuously optimize the environmental management system</li> <li>• Properly manage emissions and waste through recycling and other methods to meet institutional audit requirements</li> <li>• Review the Company's use of RSPO-certified palm oil</li> <li>• Enhance the product quality management system</li> <li>• Conduct regular communication and reporting</li> <li>• Strengthen the risk management system</li> </ul>
Investors and shareholders (investors have equity and debt investments in the Company)	<ul style="list-style-type: none"> <li>• Technological Innovation</li> <li>• Corporate Governance</li> <li>• Risk and Compliance</li> <li>• Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Increase investment in R&amp;D, establish an R&amp;D team, engage in R&amp;D collaboration with external partners, and participate in industry conferences and seminars</li> <li>• Publish annual reports and quarterly reports, and communicate with investors and shareholders through SSE E-Interactive, emails, and roadshows</li> <li>• Hold shareholders' meetings</li> <li>• Conduct periodic special audits and exit audits to ensure the legality and compliance of business operations</li> <li>• Perform business ethics and anti-corruption audits across all operational sites</li> </ul>

Key stakeholders and communication channels >

Stakeholder	Issue	Communication and response
Consumers	<ul style="list-style-type: none"> <li>• Chemical Safety and Ingredient Transparency</li> <li>• Green Packaging</li> <li>• Product Quality and Safety</li> <li>• Technological Innovation</li> <li>• Customer Service and Rights Protection</li> <li>• Digital Transformation and Information Security</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct safety assessments on all new raw materials and disclose product formulas through website announcements</li> <li>• Enhance the sustainability of packaging</li> <li>• Implement product quality and safety management measures</li> <li>• Adhere to a consumer-centric philosophy to continuously carry out new product R&amp;D</li> <li>• Provide consumers with high-quality service experiences</li> <li>• Encrypt consumer information to ensure data security</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Employee Rights and Benefits</li> <li>• Employee Training and Development</li> <li>• Occupational Health and Safety</li> <li>• Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Develop an employee handbook and establish a labor union</li> <li>• Establish a platform for talent development and shared learning</li> <li>• Implement technological upgrade projects for safety purposes, organize work safety training, and organize occupational health check-ups</li> <li>• Continuously offer training on business ethics for employees</li> </ul>
Partners (industry associations, suppliers, and distributors)	<ul style="list-style-type: none"> <li>• Climate Change Mitigation and Adaptation</li> <li>• Ecosystem and Biodiversity Protection</li> <li>• Responsible Procurement</li> <li>• Product Quality and Safety</li> <li>• Industry Development Promotion</li> <li>• Technological Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Establish in-depth cooperation with 10 strategic partners and release a carbon reduction manifesto</li> <li>• Prioritize the procurement of RSPO-certified palm oil derivatives</li> <li>• Carry out supplier training and supplier ESG assessments</li> <li>• Conduct quality management training and quality audits for suppliers</li> <li>• Actively engage in industry exchanges</li> <li>• Increase investment in R&amp;D, establish an R&amp;D team, and engage in R&amp;D collaboration with external partners</li> </ul>
Communities and the public (communities and social welfare organizations around the sites of operations)	<ul style="list-style-type: none"> <li>• Community Public Welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Organize employees to participate in volunteer activities, charitable donations, and community activities</li> </ul>

### Conclusions of Material Issue Analysis

2025 Material Issue Matrix of Proya Cosmetics >

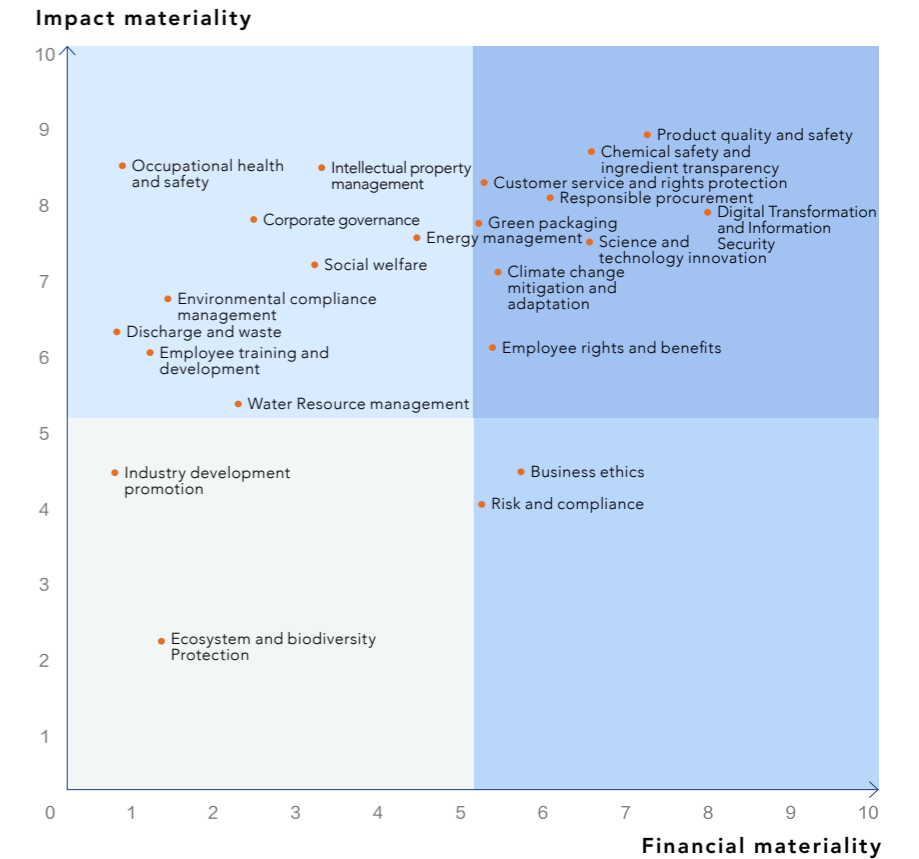
- Has both financial materiality and impact materiality
- Has financial materiality but without impact materiality
- Has impact materiality but without financial materiality
- Has neither financial materiality nor impact materiality

**Issues with both financial materiality and impact materiality:** Product Quality and Safety; Chemical Safety and Ingredient Transparency; Technological Innovation; Customer Service and Rights Protection; Green Packaging; Responsible Procurement; Climate Change Mitigation and Adaptation; Employee Rights and Benefits; Digital Transformation and Information Security.<sup>1</sup>

**Issues with only financial materiality:** Business Ethics; Risk and Compliance.

**Issues with only impact materiality:** Energy Management; IP Management; Corporate Governance; Occupational Health and Safety; Social Welfare; Environmental Compliance Management; Emissions and Waste; Employee Training and Development; Water Resource Management.

**Issues with neither impact materiality nor financial materiality:** Industry Development Promotion; Ecosystem and Biodiversity Protection.



<sup>1</sup>The issue "Data Security and Customer Privacy Protection" was renamed "Digital Transformation and Information Security." In 2025, Proya Cosmetics set up a Chief Digital Officer (CDO), marking a further step towards the direction of "Overall Digital Planning."

# 02

## Safeguarding Natural Beauty and Fulfilling Green Commitments



At Proya Cosmetics, we uphold our corporate mission of "Beauty Forever, Wonder to Share," deeply integrate the concept of sustainable development into our business development strategy, and leverage a product life cycle management system to promote harmonious symbiosis between man and nature while pursuing commercial value.

We strictly controlled chemical safety and ingredient transparency, ensuring the traceability across the whole product chain; we promoted green packaging design to reduce resource consumption and environmental impact from the source; we established a responsible procurement mechanism, embedded environmental and social responsibilities into our supply chain management, and worked with suppliers to build a sustainable supply ecosystem; at the same time, we strictly observed the bottom line of environmental compliance to ensure that all operational activities were in line with or even above regulatory requirements, laying a solid foundation for development with transparent and credible governance.

Facing the global challenges brought by climate change, we actively identified climate risks and formulated mitigation and adaptation strategies to continuously optimize our energy structure, increase the proportion of clean energy use, and drive low-carbon transformation with refined energy management; we implemented strict control over pollutant emissions and waste, and promoted emission reduction, recycling, and harmless disposal; we actively participated in the protection of ecosystems and biodiversity to safeguard natural capital and contribute to a green future.

### Material Issues Addressed in This Section

• Chemical Safety and Ingredient Transparency	● ●
• Responsible Procurement	● ●
• Green Packaging	● ●
• Climate Change Mitigation and Adaptation	● ●
• Energy Management	●
• Water Resource Management	●
• Environmental Compliance Management	●
• Emissions and Waste	●
• Ecosystem and Biodiversity Protection	●

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

### SDGs Addressed in This Section



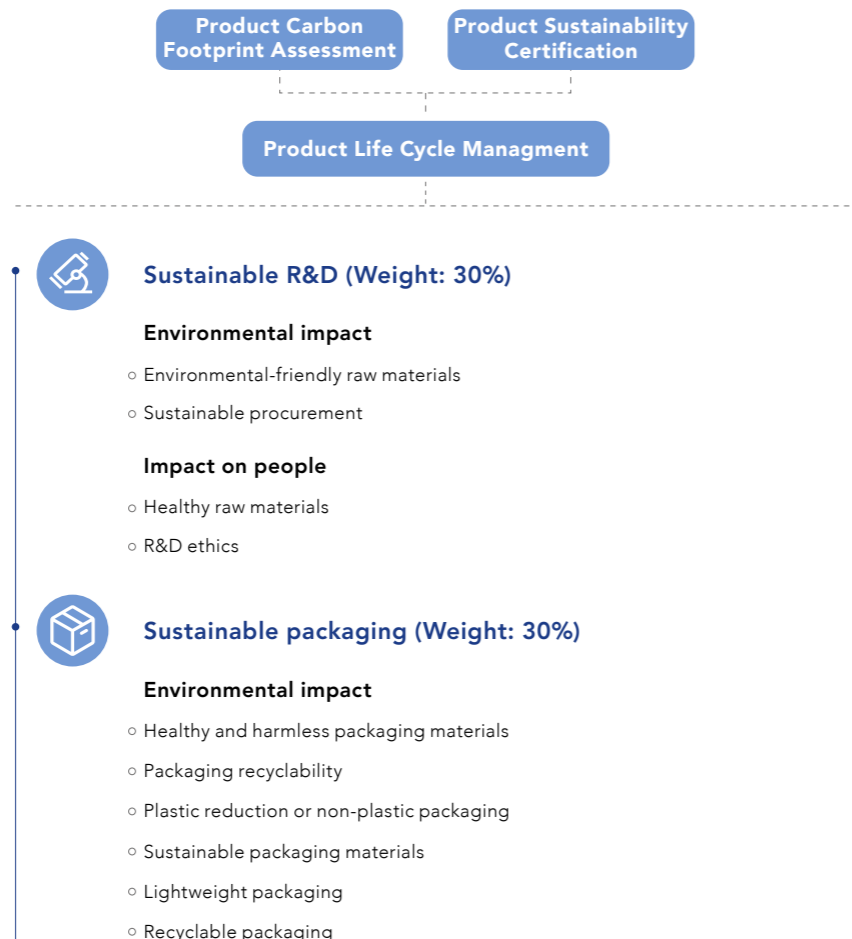
# Sustainable Products and Consumption

Against the background of accelerated global climate action and continuous promotion of the “dual carbon” goals, consumers’ awareness of green and low-carbon consumption has been significantly enhanced, driven by a series of Chinese and international policies, such as the Notice on Implementing the Green Consumption Promotion Initiative and Regulations on Ecological Design of Sustainable Products. Under this trend, sustainable products are leaping from marginal choice to rigid demand for mainstream consumption. Sustainable products not only represent a sense of responsibility but also serve as a strategic pivot to seize the competitive high ground in the future.

## Product Sustainability Assessment

We developed a sustainable product assessment model that covers the entire product life cycle, based on relevant Chinese and international standards, important industry certifications, and excellent peer practices, including China’s GB/T 32161-2015 *General Principles for Eco-Design Product Assessment*, EU Ecolabel *Criteria for Cosmetic Products and Animal Care Products*, the Cradle to Cradle Certified standard, and the principles of green chemistry. The assessment evaluated the sustainability performance of various products.

Product Life Cycle Sustainability Assessment Model>



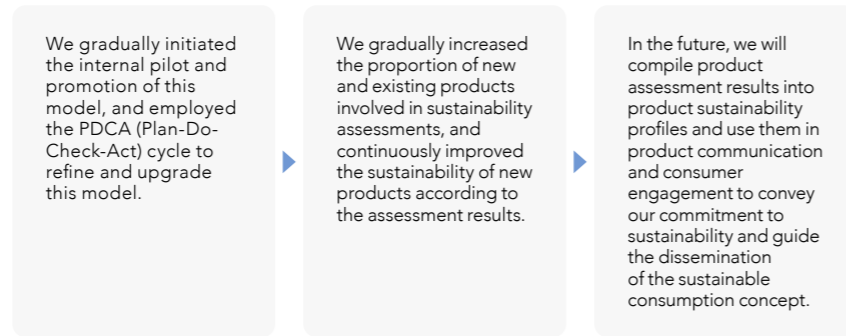
Product Life Cycle Sustainability Assessment Model>



Environmental and Social Impact Factors in Product Life Cycle Sustainability Assessment>

Resource Use	Ecological Impact	Consumer Health
<ul style="list-style-type: none"> <li>Non-renewable energy consumption</li> <li>Land resources</li> <li>Water consumption</li> </ul>	<ul style="list-style-type: none"> <li>Soil acidification</li> <li>Dust and particulate matter</li> <li>Ecotoxicity</li> <li>Eutrophication</li> <li>Global warming</li> <li>Ozone depletion</li> <li>Species richness</li> </ul>	<ul style="list-style-type: none"> <li>Toxic and hazardous substances</li> <li>Nuclear radiation pollution</li> </ul>

Application of the Product Life Cycle Sustainability Assessment Model>



## Sustainable Product Development

Our product life cycle management incorporates the concept of sustainability in all stages, including formula design, packaging innovation, and consumer communication. In 2025, we made noticeable progress in improving the environmental friendliness and safety of products, as well as in sustainable procurement.

Application of Sustainable Product Development Strategies>

Dimension	Strategy	Representative Products
Sustainable R&D	We used environment-friendly raw materials, such as renewable and biodegradable materials, to reduce the carbon footprint of our products throughout their life cycle	<ul style="list-style-type: none"> <li>• PROYA Double Effect Whitening Brightening Mask;</li> <li>• PROYA Original Repair Light Cream 2.0;</li> <li>• PROYA Sun Around Gentle Safeguarding Mineral Sunscreen (launched in 2026)</li> </ul>
	We minimized the use of risky raw materials such as traditional preservatives, formaldehyde emitters, mineral oil, acne-causing ingredients, and artificial pigments, and prioritized safe and mild raw materials to improve the consumer experience	<ul style="list-style-type: none"> <li>• PROYA Double Effect Whitening Brightening Lotion;</li> <li>• PROYA Double Effect Whitening Brightening Emulsion;</li> <li>• PROYA Illuminating Spotless Whitening Essence</li> </ul>
	We followed the principle of "no animal experiments unless necessary," and prioritized alternative methods such as safety assessment	<ul style="list-style-type: none"> <li>• PROYA Advanced Firming Nourishing Concentrating Mask 3.0;</li> <li>• PROYA Advanced Firming Nourishing Soft Cream 3.0;</li> <li>• PROYA Advanced Firming Nourishing Light Cream 3.0</li> </ul>
	We prioritized RSPO-certified ingredients	<ul style="list-style-type: none"> <li>• PROYA Original Repair Light Cream 2.0;</li> <li>• PROYA Original Repair Moisture Cream 2.0</li> </ul>

Application of Sustainable Product Development Strategies>

Dimension	Strategy	Representative Products
Sustainable packaging	We prioritized green and recyclable materials for our packaging, such as bottles, laminating films, and outer cartons	<ul style="list-style-type: none"> <li>• PROYA Inaugurating Intensive Firming Mask;</li> <li>• PROYA Men Revitalizing Multi-Effect Firming Lotion (launched in 2026);</li> <li>• PROYA Men Revitalizing Multi-Effect Purifying Cleansing Foam (launched in 2026)</li> </ul>
	We prioritized packaging materials with sustainability certifications, such as FSC-certified paper	<ul style="list-style-type: none"> <li>• PROYA Double Effect Whitening Brightening Mask;</li> <li>• PROYA Sun Around Skin Care Mineral Sunscreen Serum;</li> <li>• PROYA Inaugurating Intensive Cleanser Dew</li> </ul>
	We designed and promoted refill options to minimize resource consumption and waste generation, thus boosting the development of the circular economy	<ul style="list-style-type: none"> <li>• PROYA Advanced Firming Nourishing Cream Series 3.0;</li> <li>• PROYA Inaugurating Intensive Firming Cream;</li> <li>• Off&amp;Relax Silky Repair Hair Mask (launched in 2026)</li> </ul>
	We implemented a lightweight packaging strategy, simplifying packaging structures and production processes on the premise of ensuring performance, and reducing the weight and void ratio of packaging	<ul style="list-style-type: none"> <li>• PROYA Double Effect Whitening Brightening Mask;</li> <li>• PROYA Sun Around Skin Care Mineral Sunscreen Serum;</li> <li>• PROYA Inaugurating Luminous Anti-Spot Whitening Essence</li> </ul>
	We carried out plastic reduction in packaging design to minimize the use of plastic packaging and reduce plastic pollution from the source	<ul style="list-style-type: none"> <li>• PROYA Double Effect Whitening Brightening Essence;</li> <li>• HAPSODE Multi-Effect Ultra Soothing Serum 2.0</li> </ul>
Sustainable production	We reduced the consumption of energy and resources, carbon emissions, and the negative impact on the environment during production through energy-saving and water-saving technological upgrades	<ul style="list-style-type: none"> <li>• For details, please refer to "Climate Change Mitigation and Adaptation," and "Control of Environmental Impact" sections.</li> </ul>
Sustainable consumption	All of our products come with a complete list of ingredients on their detail pages and specifications, as well as precautions and frequency recommendations to ensure the transparency of raw materials and efficacy	<ul style="list-style-type: none"> <li>• PROYA Advanced Original Special Care Freeze-Dried Mask;</li> <li>• PROYA Advanced Original Repair Concentrating Mask;</li> <li>• PROYA Original Repair Relieving Emulsion</li> </ul>
	We displayed the design of refillable packaging on product detail pages and KOL cooperation manuals, and encouraged consumers to participate in sustainable consumption through activities such as selling or giving away refills	<ul style="list-style-type: none"> <li>• PROYA Advanced Firming Nourishing Soft Cream 3.0;</li> <li>• PROYA Advanced Firming Nourishing Moisture Cream 3.0;</li> <li>• PROYA Inaugurating Intensive Firming Cream 2.0</li> </ul>
Sustainable warehousing and logistics	On the premise of meeting the demand, we gave priority to local suppliers within a short distance to reduce carbon emissions generated during transportation	<ul style="list-style-type: none"> <li>• PROYA Double Effect Whitening Brightening Lotion;</li> <li>• PROYA Double Effect Whitening Brightening Gel Cream;</li> <li>• PROYA Inaugurating Intensive Anti-Wrinkle Eye Cream 2.0</li> </ul>

Case

**PROYA Double Effect Whitening Brightening Mask Conducts Carbon Footprint Certification**



^ PROYA Double Effect Whitening Brightening Mask

To scientifically quantify the environmental impact of its products and drive green, low-carbon transformation, the Company started product carbon footprint accounting, in 2025, and later entrusted an independent verification service agency to conduct carbon footprint certification for the PROYA Double Effect Whitening Brightening Mask produced between July and December 2025, in accordance with the ISO 14067 international standard. By calculating greenhouse gas emissions throughout the product's "cradle-to-grave" life cycle—covering raw material acquisition, transportation, production, distribution, and end-of-life disposal—the Company accurately identified key stages for emission reduction.

This certification not only provides data to help the company compare the resource and environmental efficiency of products across different processes and optimize raw material selection, but also offers consumers transparent low-carbon choices. It encourages sustainable consumption, fulfills corporate environmental responsibilities, serves as a model for the industry's low-carbon transition, and supports the realization of the "dual carbon" goals.

**Sustainable Consumption Advocacy**

Proya Cosmetics deeply integrates the concept of sustainable consumption into brand strategy and daily operations, transparently displays information on product sustainability on digital platforms, and advocates a green and low-carbon lifestyle through diversified consumer communication activities, joining hands with consumers to move towards a responsible and beautiful future.

**Key Initiatives to Share the Sustainable Consumption Concept**



**Provide Comprehensive and Authentic Ingredient Information**

Accurately introduce and describe products to ensure product safety and efficacy publicity compliance; fully display all ingredients in the formula, without concealing any toxic chemicals and allergens; provide inquiry services for efficacy claim substantiation to ensure transparency and traceability of information, and protect consumers' right to know.



**Guide Consumers to Understand Product Details**

Utilize channels such as the official website, self-owned social media accounts, and product packaging to guide consumers to understand the product formulas, the uses and efficacy of common ingredients, and precautions for use.



**Disclose Product Sustainability Information**

Add recycling labels and reuse instructions on outer packaging to encourage consumers to recycle product packaging or place packaging at recycling points, thereby extending the packaging life cycle and improving the recycling rate of packaging; organize empty bottle recycling campaigns to establish a closed-loop cycle from product design to production, recycling, and reuse.



**Promote Scientific Skincare and Sustainable Consumption**

Utilize platforms such as the official website and self-owned social media accounts to encourage consumers to opt for refill options instead of standard products; provide recommendations on the scientific dosage and frequency of product use to help consumers achieve optimal skincare results while minimizing product waste.

Additionally, we display our refillable packaging designs to consumers through official product detail pages and Rednote UGC (user-generated content) marketing, encouraging consumers to prolong the service life of product packaging by using refills after finishing the standard products, and develop a more eco-friendly consumption habit.

**Product Detail Pages**



**UGC Marketing Content**



# | Chemical Safety and Ingredient Transparency

## Governance

Proya Cosmetics is fully aware of the importance of chemical safety and ingredient transparency in ensuring product quality and gaining consumer trust, and strictly abides by regulations and technical specifications such as Regulation on the Supervision and Administration of Cosmetics, Measures for the Safety Risk Monitoring and Evaluation Management of Cosmetics, Guidelines for Use of Cosmetic Ingredient Data, and Technical Guidelines for Cosmetic Safety Assessment. We formulated internal systems such as the Management System for Innovative Raw Material Safety Monitoring, the Management Process for New Raw Material Introduction, and the Specifications for the New Raw Material Development Process to monitor the whole life cycle of new raw materials and ensure their compliance and safety in the development process.

On the basis of complying with China's laws, regulations, and relevant requirements, we improved our standard guidelines for the selection of cosmetic raw materials by referring to the requirements of the EU, ASEAN, the United States, the Republic of Korea, and Japan on chemical ingredients and dosages. At the same time, adhering to the principle of "Green First" and referring to international reliable organic certification standards such as the COSMOS-standard and ISO 16128-1/2 Guidelines on Technical Definitions and Criteria for Natural and Organic Cosmetic Ingredients and Products, we continuously improve the application proportion of green, natural, and organic raw materials in our products.

### Reference: Key International Standards for Chemical Safety

#### 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

#### ASEAN Cosmetics Association

- Annexes of the ASEAN Cosmetic Directive

#### United States

- Color Additives Approved for Use in Cosmetics: Part 73, Subpart C: Color additives exempt from batch certification

- Color Additives Approved for Use in Cosmetics: Part 74, Subpart C: Color additives subject to batch certification
- The Proposition 65 List

#### Republic of Korea

- Types and Restrictions of Cosmetic Colorants

#### Japan

- Cosmetics Benchmark—List of Prohibited and Restricted Substances

In compliance with the increasingly strict Chinese and international requirements of cosmetics safety supervision, we continuously improve our chemical safety management system to ensure product safety. Our safety assurance system consists of two parts: raw materials and products. We assess the safety of all cosmetic ingredients according to international regulations, safety assessment data, papers, and research data. Only raw materials that have passed the safety assessment are used to develop products. The assessment runs through the whole product R&D process.

Raw Material Development Management System>

#### Product Development/Marketing of Each Brand

Providing product line planning and new raw material requirements.

#### Raw Material Discovery

Discover and introduce raw materials based on market demands, formula development needs, and supply needs.

#### Procurement

Develop and select raw material suppliers, and carry out procurement and business negotiations.

#### R&D

Provide testing and formulation validation support before the introduction of candidate raw materials.

#### Quality Management

Manage the raw material supplier quality management system and inspect incoming materials.

## Strategy, Risk, and Opportunity Management

With the in-depth global penetration of the sustainable development concept, consumers in the cosmetics market continue to pay more attention to product safety and green attributes. Launching green cosmetic products that meet safety standards has become a key direction for enterprises to build unique brand advantages and enhance consumer stickiness. At the same time, regulatory policies on cosmetic raw material safety are also continuously improved, and relevant compliance requirements are constantly refined.

In order to actively respond to regulatory trends and seize market opportunities, we continued to improve our chemical safety management system and formulated a clear chemical safety strategy and phased management goals: Our whole-process product safety assurance is realized through both raw material and finished product control, and our systematic safety risk assessment and compliance review cover all ingredients of our cosmetic products, supported by targeted management indicators; through the promotion of raw material quality reliability verification and the construction of a full-chain traceability system, we strive to gradually reduce and even eliminate the use of controversial cosmetic ingredients; at the same time, we continuously improve the openness and transparency of our product ingredient information to fully protect consumers' right to know and choose.

We 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.

Identification, Assessment, and Management of Chemical Safety Risks>



## Raw Material Development

Raw Material Development Control Process>

We strengthened our risk prevention and control in the whole process from raw material screening to formula development, ensuring the safety of chemical ingredients from the source and providing consumers with safe and reliable products.

Stage	Measure
<b>Screening of raw materials and active substances</b>	<ul style="list-style-type: none"> <li>Build an exclusive database of surfactants based on in vitro human-based research results to consolidate data support for ingredient safety assessment in subsequent application research stages</li> </ul>
<b>Development of formulas</b>	<ul style="list-style-type: none"> <li>Integrate internal technical reserves and external professional resources to carry out a comprehensive validation of raw material application in formulas and the efficacy of active substances, providing a rigorous scientific basis for product R&amp;D</li> </ul>
<b>Introduction of new raw materials</b>	<ul style="list-style-type: none"> <li>Strictly implement the comprehensive safety assessment process, synchronously complete the data files of various raw materials, and ensure that the procurement sources and application scenarios of raw materials fully meet the requirements of current laws and regulations, so as to realize compliance control over chemical use from the source</li> </ul>

We used cutting-edge technology to empower the development of raw materials, improve our development efficiency, and consolidate our technical reserves, building long-term competitive differentiation advantages with optimized product formulas.

Raw Material Development Progress>

Direction	Measure
<b>Model building</b>	<ul style="list-style-type: none"> <li>Build a zebrafish embryo assessment model for facial red blood vessel regulation to replace human-based experiments, shorten the test cycle, and support the development of soothing and repair platforms with visualized and quantifiable evaluation indicators</li> <li>Establish an in vitro bionic keratotic plug model to simulate the disintegration of human keratotic plugs and the cleaning effect, and characterize microscopic facial problems as multi-dimensional visual data</li> </ul>
<b>Quality control evaluation</b>	<ul style="list-style-type: none"> <li>Establish the plant-derived vesicle development technology, establish quality control evaluation standards, and carry out evaluation in multiple dimensions, such as morphological characterization and efficacy characterization, to reach a leading level</li> <li>Establish a system for the development of PDRN raw materials and their quality inspection and evaluation to provide technical reserves for the subsequent development of cutting-edge raw materials</li> </ul>
<b>Industry-academia-research cooperation</b>	<ul style="list-style-type: none"> <li>Cooperate with Zhejiang Chinese Medical University to carry out mechanism research on the full-chain regulation and control of oily skin</li> <li>Cooperated with the School of Pharmacy of Zhejiang University to apply AI technology to raw material screening research and provide technological endorsement for the Inaugurating Series. The research results won the IFSCC 2025 Top 10 Papers of Basic Research Award</li> </ul>

## Chemical Management

We established a comprehensive system covering the whole process from raw material assessment to product life cycle management, carried out systematic safety assessments on ingredients, and comprehensively assessed the human toxicity and ecotoxicity of each ingredient according to industry standards and academic research results to establish strict access standards for raw materials. We adopted a scientific risk management model to ensure that some raw materials that may bring risks under specific conditions are within the scope of regulatory safety through multi-dimensional management measures.

Chemical Life Cycle Management Process>



Full-Chain Chemical Safety Control Measures>

Stage	Measure
Raw material safety	<ul style="list-style-type: none"> <li>Raw material source control: Implement source control, and conduct all-around audits, supervision, and management of the suppliers of incoming raw materials to ensure the reliability and traceability of raw materials</li> <li>Raw material quality control: Adhere to the principle of independent quality control, and carry out independent verification and rigorous inspection</li> </ul>
Ingredient safety	<ul style="list-style-type: none"> <li>Strictly comply with regulatory requirements in product development, and avoid using any prohibited ingredients</li> <li>Continuously reduce or ban the use of controversial ingredients in product formulas</li> </ul>
Product safety	<ul style="list-style-type: none"> <li>Strictly abide by national laws and regulations on cosmetics</li> </ul>

Full-Chain Chemical Safety Control Measures>

List of Chemical Ingredients Phased Out>

### Case

Stage	Measure
Product safety	<ul style="list-style-type: none"> <li>Implement a strict quality management system: Strictly abide by the Regulation on the Supervision and Administration of Cosmetics and other laws and regulations, and leverage the quality management system that covers the whole process from raw materials to finished products to ensure that products are compliant, safe, and effective. Strictly comply with the Code for Quality Management of Cosmetics Production. (The Company has secured the certification of ISO 22716:2007 Cosmetics—Good Manufacturing Practices)</li> <li>Effectively ensure product quality: Formulate targeted quality control standards for different product categories, covering key stages such as the raw material safety assessment, packaging material review, formula stability test, preservative challenge test, finished product safety assessment, safety test, efficacy validation, compliance inspection, and post-marketing adverse reaction monitoring</li> </ul>

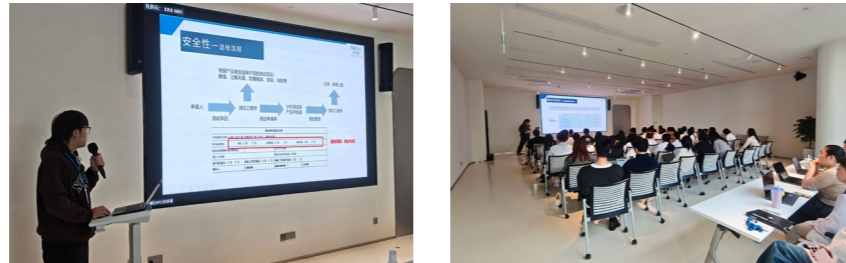
S/N	Raw Material	Replacement Progress
1	Iodopropynyl butylcarbamate (IPBC)	Fully abandoned
2	Mixture of CMIT/MIT and magnesium chloride/magnesium nitrate (CMIT:MIT=3:1)	Fully abandoned
3	Kojic acid	Fully abandoned
4	Avobenzene	Fully abandoned
5	Triclosan	Fully abandoned
6	Lyral	Fully abandoned
7	Imidazolidinyl urea	Fully abandoned
8	Diazolidinyl urea	Fully abandoned
9	Zinc pyrithione (ZPT)	Fully abandoned
10	Methylisothiazolinone	Fully abandoned
11	Plastic particles (polyethylene wax)	Phased out in rinsing products

Note 1: We update the list of chemical ingredients phased out 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.

### Proya Cosmetics Organized Chemical Safety Training

On December 18, 2025, the Company's R&D and Testing Department organized a training on "Cosmetics Safety, Stability, Compatibility and OEM Quality Control," with participation from a total of 158 employees. The training covered cosmetic safety (preservative challenge test, irritation test, submission process, etc.), stability (test definition, multi-department collaboration, sample requirements, abnormal cases, etc.), compatibility (packaging and content assessment, testing process, and abnormality handling, etc.), and OEM quality control (testing content, risk evaluation, high-risk cases, etc.), effectively improving the capabilities of relevant personnel in responding to chemical safety risks.



^Photos of Cosmetics Safety Training

## Chemical Ingredient Transparency

Understanding the safety and functionality of cosmetics is an important prerequisite for consumers to protect their rights. Proya Cosmetics strictly follows the requirements of laws and regulations, labels complete ingredient information on product packaging, and introduces the method of inquiring about complete product ingredient information through the official channels of the National Medical Products Administration to consumers on the Company's official website and major social media platforms. In addition, our product promotion materials clearly explain the ingredients, mechanisms of action, and sources of our products to protect consumers' legitimate rights and promote rational consumption.

In 2025, we launched the Ingredient Transparency Project to further promote full-chain transparency from raw materials to efficacy and help consumers make more secure and scientific consumption decisions.

Implementation of the Ingredient Transparency Project>

Direction	Measure
<b>Product formula disclosure</b>	<ul style="list-style-type: none"> <li>A special product formula disclosure section on the official website supports inquiries about the lists of product ingredients and the bases for efficacy claims</li> </ul>
<b>Prohibited ingredient disclosure</b>	<ul style="list-style-type: none"> <li>A list of chemicals phased out (11 high-risk ingredients) is fully publicized on the official website, and no ingredient on the list is used in products</li> </ul>
<b>Ingredient disclosure transparency</b>	<ul style="list-style-type: none"> <li>The official website lists core product ingredients, the source, use, efficacy introduction of each functional ingredient, and products that contain the ingredient in question</li> </ul>

## Indicators and Goals of Chemical Safety and Ingredient Transparency

Indicator	Unit	Management Goal	Progress in 2025	Achievement
Promote basic research and the R&D of functional raw materials, create more efficacious products, and put safer and more effective self-developed functional raw materials into use	/	<b>By 2025,</b> we will have promoted basic research and the R&D of functional raw materials, created more efficacious products, and put safer and more effective self-developed functional raw materials into use	We launched the Ingredient Transparency Project to further promote full-chain transparency from raw materials to efficacy and help consumers make more secure and scientific consumption decisions	Achieved

# Responsible Procurement

## Governance

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

The direct suppliers of Proya Cosmetics are those that provide raw materials, ingredients, packaging, and third-party manufacturing services to the Company (including ODM-Original Design Manufacturer and OEM-Original Equipment Manufacturer). Indirect suppliers are those that sell goods and services not directly used in the manufacture of products to the Company.

The Company strictly complies with the Civil Code of the People's Republic of China, the Tendering and Bidding Law of the People's Republic of China, and other laws and regulations. We formulated and updated multiple management documents, such as the Supplier Management System, the Procurement Price Management and Review System, and the Supply Chain Planning Management System, and established a supply chain management system under the unified leadership of the Board of Directors, which involves collaboration among the Procurement Department, Raw Material R&D Department, and other departments, aiming to continuously standardize supplier management processes and procurement procedures, and effectively mitigate supply chain risks.

Policy and Certification>

- [Business Code Compliance Commitment](#)

Supply Chain Management System>

### Procurement

- Develop potential suppliers that can meet the demand; plan and organize the annual review of qualified suppliers; conduct the performance evaluation on suppliers.

### Raw Material R&D

- Develop new raw material suppliers; participate in the review of new raw material suppliers as a technical support department.

### Price Review

- Review the procurement prices; supervise the compliance of the procurement process; carry out on-site audits of new suppliers and data maintenance.

### Quality Management

- 1) For self-produced products (including skincare products, some makeup products, and some personal care products):

The Quality Management Department of Huzhou Factory is responsible for initially assessing the quality assurance capabilities of suppliers and leading the annual on-site assessment of production material suppliers.

Supply Chain Management System>

**Quality Management**

- 2) For OEM/ODM products:
  1. Collaborate with ODMs to define quality requirements and advance pilot, compatibility, stability, and performance testing to ensure process stability.
  2. Confirm production standards, strengthen process control, and ensure consistent product quality.
  3. Implement finished product inspection, release, and sample retention management to improve the quality traceability system.
  4. Review supplier quality performance of suppliers and continuously optimize processes to enhance product quality.

**Internal Audit**


- Oversee and supervise the entire supplier management process; propose rectification and optimization suggestions for identified issues.

In order to cope with the possible risks such as supply chain quality instability and safety hazards in fierce industry competition, our strategic planning highlights automation, digital transformation, and intelligent upgrading to facilitate smooth data flows between production and demand sides and enhance supply chain resilience. In terms of management strategies, we enhanced supplier management by placing greater emphasis on the environment, labor, and ethics of suppliers, in addition to the original management of supplier admission, assessment, and review. In terms of business model, we fostered deeper collaboration with suppliers to explore green packaging and sustainable procurement, jointly driving the sustainable development of the entire supply chain.


We established a well-developed supply chain risk identification, assessment, and management process to effectively control and mitigate risks. In addition, we conducted offline assessments on suppliers with possible higher risks and implemented effective supplier management to reduce risks, improve overall supply chain efficiency, and boost supply chain sustainability.

**Strategy, Risk, and Opportunity Management**


Identification, Assessment, and Management of Supply Chain Risks>

- 

**Questionnaire-based risk self-assessment**

  - We distribute the Enterprise Information Request Form to suppliers and invite them to conduct risk self-assessment, which mainly investigates their R&D capability, production capacity, and quality management systems.
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**On-site risk assessment**

  - We conduct on-site risk assessment at suppliers' operation sites, focusing on aspects such as management systems, personnel capabilities and training, laboratory quality management, and traceability management, and finally form summary reports.
- 

**Risk rectification and elimination**

  - Based on the potential risks identified in the summary reports, suppliers are required to formulate corrective measures and rectification plans and proceed with improvements within a specified period to ensure effective elimination of the potential risks.

Details of Supplier Screening>

Risk Considerations in Supplier Screening	
Country-specific risks	Assessing whether a supplier is located in a high-risk country or region
Sector-specific risks	Assessing whether a supplier is a raw material manufacturer with high labor intensity, high energy consuming, and special emission pollution risks, or a labor agency, contractor, or on-site service provider that provides manpower
Commodity-specific risks	Screening raw materials to identify those harmful to the environment and human health, based on the classification of raw material properties

ESG Risk Considerations in Supplier Screening			
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 suspensions imposed by government authorities due to violations of environmental protection regulations	Any penalties or work suspensions imposed by government authorities due to violations of labor, human rights, or occupational health and safety regulations	Any violations of the Company Law, Securities Law, or information security or cybersecurity regulations	Annual procurement amount  Technological and pricing advantages  Capacity fulfillment and level of cooperation

Prior to conducting risk assessments on suppliers, we actively screened suppliers. Based on annual procurement amounts, we identified suppliers to be included in the control system. We also identified suppliers with potential high ESG risks categorized them as key management objects.

**Supply Chain Security**

To ensure the stability of supply chain quality, we continue to standardize and promote management measures such as supplier admission and assessment. At the beginning of each year, we develop an annual supplier audit plan and conduct on-site audits for suppliers listed in the annual audit plan. In view of the non-conformity identified in the audits and the risks revealed in customer complaints, we conduct the CAPA (Corrective and Preventive Action) analysis to check the consistency between on-site SOPs and actual operations and assign quality specialists to regularly follow up and urge the rectification by suppliers.

Supplier Management Process>

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**Supplier admission**  
Based on new requirements arising from business operations, when existing resources are unable to meet the demand, the Procurement Department initiates a request for developing new suppliers.  
  
Through a preliminary review of the business profiles of candidate suppliers, the most promising candidates are selected for, subsequent on-site audits. They are scored and then admitted according to the evaluation standards for new suppliers.
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**Supplier assessment**  
We regularly assess the performance of suppliers (annually for makeup business suppliers and semi-annually for skincare business suppliers). The assessment 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 in offline records. The assessment criteria mainly include product quality, delivery, price, value-added services, and ESG management.
- 

**Unqualified suppliers**  
Based on the results of supplier performance assessment, D-level suppliers are considered unqualified and are required to submit a rectification report within a specified period and prepare for a review. If they fail to pass the review, the elimination process will be initiated, resulting in the termination of cooperation.
- 

**Natural elimination of suppliers**  
Suppliers without cooperation records within three years will automatically be converted into suppliers to be eliminated. We compile a list of suppliers to be eliminated annually. Following a multi-level approval process, suppliers on the list will enter the elimination process and face the termination of cooperation.

Sustainable Supply Chain

We actively guide and support our partners in implementing ESG management, helping them to reduce their own environmental and social impacts. To reduce ESG risks in supply chains, our supplier admission review incorporates environmental, labor, and ethical considerations, covering various assessment indicators, such as compliant employment, employee training, trustworthy operations, and environmental management. For suppliers with good sustainability performance, we would expand the proportion of procurement from them under the same conditions and prioritize them for business cooperation opportunities.

Sustainable Procurement Initiative>

**Environmental**

**Prioritize the use of raw materials certified for environmental protection**

- We give priority to the procurement of eco-friendly raw materials, including FSC-certified paper and palm oil, eco-friendly inks, eco-friendly coatings, and eco-friendly glues.
- For raw materials originating from Africa, we give preference to producers who have signed fair trade agreements.
- Natural materials are the core ingredients of our 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 impacts**

- We work with suppliers to improve production processes and reduce the environmental impacts of production.
- We promote the use of eco-friendly packaging materials among suppliers, optimize the production processes of packaging materials, and adopt reusable boxes and packaging solutions to advance the concept of green packaging.
- We encourage suppliers to utilize green materials for wastewater treatment and install waste gas treatment devices 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 promise to establish a complete environmental management system to improve resource use efficiency, reduce industrial wastewater, waste gas, and solid waste, and 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.

**Social**

- In the *Business Code Compliance Commitment*, suppliers are required to promise to adhere to compliant employment, refrain from employing child labor and engaging in forced labor, and follow the principles of fairness and non-discrimination in employment.

**Governance**

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

Supplier Development

We regard suppliers as our important partners and place 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 to enhance the overall sustainability capabilities of our supply chains.

Supplier Capability Improvement Action Plan>

Category	Management Measure
Supplier coaching	<ul style="list-style-type: none"> <li>For raw material suppliers and service contractors, we combined on-site audit and document assessment to identify potential risks. Our efforts, such as facility inspections, document verification, and employee interviews, focused on key stages such as system management (e.g., ISO 14001 and ISO 45001 certifications) and environmental protection management (e.g., third-party environmental testing reports)</li> </ul>
Supplier product technology upgrading project	<ul style="list-style-type: none"> <li>In order to improve the pass rate of finished products, we formulated clear and unified material quality standards and evaluation criteria based on product requirements. Additionally, we organized training for ODMs (Original Design Manufactures) to improve their quality awareness. These measures fundamentally ensured the stability and reliability of product quality, driving overall production toward a higher quality level</li> </ul>
Supplier sustainability training	<ul style="list-style-type: none"> <li>We established a regular supplier communication and training mechanism, focusing on transmitting ESG concepts and procurement policies, analyzing international environmental protection trends and requirements, and sharing our experience in implementing sustainable management plans</li> </ul>

### Indicators and Goals of Responsible Procurement

Indicator	Unit	Management Goal	Progress in 2025	Achievement
Proportion of key partners undergoing the ESG compliance assessment	%	By 2025, all of our key partners will have undergone the ESG compliance assessment, and we will have provided ESG management support to all partners.	100	Achieved

## Ecosystem and Biodiversity Protection

Plant extracts (e.g. essential oils), marine-derived biological raw materials, and biological fermentation products are widely used in the daily chemical industry, which directly depend on healthy ecosystems and rich biodiversity. Proya Cosmetics is well aware of the importance of enhancing and protecting biodiversity. We promote the conservation and restoration of nature and biodiversity in our operations and procurement processes by issuing and implementing relevant management policies and setting relevant goals.

### Governance

In response to the issue of biodiversity protection, we formulated a sound governance structure. The Board of Directors is responsible for and supervises the overall management of the Company's matters related to biodiversity protection, and formulates management policies and strategies. The ESG Management Committee ensures that the Company complies with relevant regulations and standards, including biodiversity conservation laws and international conventions, and is responsible for communicating and cooperating with stakeholders (such as government agencies, non-governmental organizations, and communities) to jointly promote biodiversity protection and sustainable development.

In 2025, we formulated and issued the *Biodiversity Protection Policy* to clarify the overall strategic direction. At the same time, we formulated the *Zero Deforestation Policy* to promote responsible wood pulp procurement, reduce deforestation and destruction, and protect ecosystem integrity and biodiversity.

Policy and Certification>

- [No Deforestation Policy of Proya Cosmetics](#)
- [Biodiversity Conservation Policy of Proya Cosmetics](#)
- [Roundtable on Sustainable Palm Oil \(RSPO\) Certification](#)

### Strategy, Risk, and Opportunity Management

In the face of global biodiversity loss and ecosystem degradation, we adhere to the principles of respecting nature and giving priority to protection, sticking to ecological red lines in our business operations. When working close to key biodiversity areas, we adhere to the following mitigation hierarchy principles.

#### Avoid

Avoid working in key biodiversity areas where possible.

#### Reduce

Take the necessary measures to reduce impacts on ecosystems when the impacts cannot be completely avoided.

#### Restore

In the case of ecosystem damage caused by human interference, take measures to restore the ecosystem to its original state.

#### Offsets

Take offsetting actions where impacts on ecosystem cannot be avoided.

Palm oil is one of the most widely used vegetable oils in the world and an important raw material for the daily chemical industry. However, the increasing demand for palm oil may lead to excessive logging in some of the world’s most biodiversified forests and poses a threat to the habitats of some endangered species. Consequently, the sustainability of palm oil has become a key concern for biodiversity protection. 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 actively manage palm oil derivatives, prioritizing the procurement of RSPO-certified palm oil derivatives to enhance the sustainability of our products and reduce their environmental impact. In addition, we have joined RSPO and are now working to gradually replace palm oil derivatives in raw materials with RSPO-certified products. In 2025, our Huzhou Factory completed the first annual review of its RSPO Supply Chain Certification under the Mass Balance (MB) model.

Sustainable Palm Oil Management Initiatives in 2025>

Category	Key Initiative
Identification and review	<ul style="list-style-type: none"> <li>Identify products involving palm oil or palm oil derivatives</li> <li>Review the Company's use of RSPO-certified palm oil and its derivatives</li> </ul>
Tracking	<ul style="list-style-type: none"> <li>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</li> </ul>
Adjustment	<ul style="list-style-type: none"> <li>Gradually replace non-certified palm oil and palm oil derivatives with those certified by RSPO</li> </ul>

### Indicators and Goals of Ecosystem and Biodiversity Protection

Indicator	Unit	Management Goal	Progress in 2025	Achievement
Weight proportion of purchased palm oil derivatives using RSPO-certified palm oil <sup>1</sup>	%	<b>By 2025,</b> the weight proportion of purchased palm oil derivatives using RSPO-certified palm oil will have exceeded 70%. Additionally, the palm oil tracing system for raw material procurement will have been further improved.	55.32%	Not achieved <sup>2</sup>

Note 1: Weight proportion of purchased palm oil derivatives using RSPO-certified palm oil = Weight of purchased RSPO-certified palm oil derivatives / Total weight of all purchased palm oil derivatives \* 100%

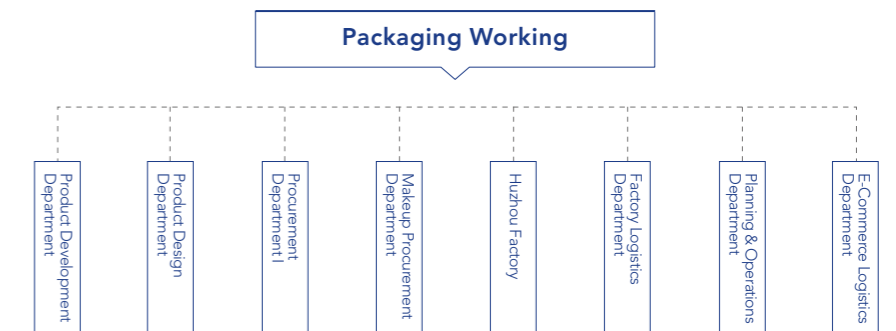
Note 2: Due to various factors such as rising raw material prices, the Company did not achieve its phased goals as scheduled. However, RSPO-certified palm oil derivatives accounted for 55.32% of the Company's total palm oil derivative purchases in 2025, up from 48.86% in 2024. This increase demonstrates the Company's firm commitment and pragmatic actions in protecting biodiversity.

## Green Packaging

### Governance

Our green packaging management and practices cover a variety of product packaging involved in the whole production process, including finished product packaging, intermediate packaging, and warehousing and logistics packaging. We adhere to the concept of environmental protection in product and packaging design, and have formulated the Packaging Material Management Specifications and the Sustainable Packaging Management Manual. Our organizational structure, featuring the overall management by the Planning and Operations Department, along with collaborative management, execution, and supervision from the Product Development Department, Product Design Department, and other relevant departments, effectively enhances our green packaging management.

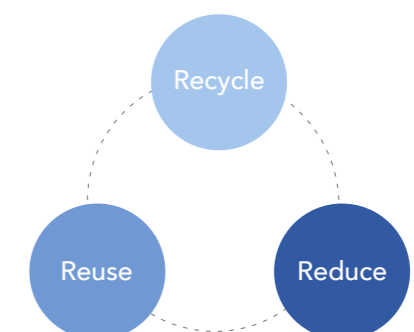
Green Packaging Governance Structure>



### Strategy, Risk, and Opportunity Management

The new generation of consumers place 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 cosmetics brands. To this end, Proya Cosmetics promotes the 3R (Reduce, Reuse, and Recycle) packaging sustainability enhancement concept. We are committed to improving the sustainability of packaging in design, procurement, production, and logistics, further achieving light-weight packaging, and improving the packaging utilization rate and recyclability.

Green Packaging Enhancement Concept>



Identification, Assessment, and Management of Green Packaging Risks>

We set sustainable packaging management goals, aiming to minimize the consumption of materials and energy throughout the packaging life cycle while meeting safety requirements and functional needs for product packaging, and utilize more eco-friendly packaging materials to reduce the environmental impacts of product packaging.

Category	Description
<b>Product positioning and demand analysis</b>	<ul style="list-style-type: none"> <li>In the initial stage of product positioning, determine the product packaging from the perspectives of brand positioning, user portraits, and product use scenarios</li> </ul>
<b>Risk identification and assessment</b>	<ul style="list-style-type: none"> <li>Carry out special assessment, simulate consumer usage scenarios to estimate the total amount of annual packaging waste, and assess the extent and size of its impact on the environment</li> <li>Conduct cost feasibility calculation to ensure that the increased costs associated with using green packaging will be accepted by consumers</li> </ul>









## Green Packaging Design

We take various design measures, such as reducing packaging, improving packaging materials, and designing refillable and recyclable packaging, to reduce the use of disposable plastic packaging and increase the packaging recycling rate. While ensuring product quality and functionality, we formulate solutions for product packaging reduction, enhancing the sustainability of packaging through production process streamlining, structural optimization, assembly optimization, and material usage improvement.

### Cases

#### Green Packaging Design in 2025

-  We launched the refill option of PROYA Original Repair Essence, reducing the use of plastic by 19.9g compared with the standard packaging design.
-  We launched the refill options of PROYA Advanced Firming Nourishing Cream Series 3.0, reducing the use of plastic by over 100g compared with the original standard packaging design. We also upgraded the standard packaging designs to reduce the use of plastic by over 30g per product.
-  We launched the refill option of PROYA Double Effect Brightening Essence 3.0, reducing the use of plastic by over 30g compared with the standard packaging design.
-  We launched the refill option of PROYA Advanced Firming Nourishing Essence, reducing the use of plastic by over 40g and aluminum materials by over 15g compared with the standard packaging design.
-  We launched the refill options of PROYA Inaugurating Intensive Firming Cream and PROYA Inaugurating Luminous Anti-Spot Whitening Cream, reducing the use of plastic by over 35g, aluminum materials by over 15g, and glass by over 170g compared with the standard packaging designs.

-  We launched the refill options of PROYA Inaugurating Intensive Anti-Wrinkle Essence and PROYA Inaugurating Luminous Anti-Spot Whitening Essence, reducing the use of plastic by over 40g and aluminum materials by over 10g compared with the standard packaging designs.
-  We launched the 200ml refill option of Awaken Seeds Lightweight Volume Conditioner, reducing the use of plastic by 26g compared with the 240ml option.
-  We launched the 200ml refill option of Awaken Seeds Anti-Dandruff Purifying Shampoo, reducing the use of plastic by 26g compared with the 240ml option.
-  We launched the 400ml refill option of Off&Relax Fluffy Refresh Shampoo, reducing the use of plastic by 134.6g compared with the 460ml option.
-  We launched the 400ml refill option of Off&Relax Volume Soft Shampoo, reducing the use of plastic by 134.6g compared with the 460ml option.
-  We launched the 200ml refill options of Off&Relax Densify Anti-Hair Loss Shampoo and Off&Relax Fortify Anti-Hair Loss Shampoo, reducing the use of plastic by 191g compared with the 300ml options.
-  We launched the 300g refill option of Off&Relax Silky Repair Mask, reducing the use of plastic by over 90g compared with the standard packaging designs.
-  We launched the 200ml refill option of Off&Relax Luminous Repair Shampoo, reducing the use of plastic by 191g compared with the 300ml option.

## Advocacy of Green Recycling

### Cases

Multiple brands under Proya Cosmetics are committed to promoting packaging recycling and reuse. In 2025, we cooperated with upstream and downstream partners to reduce carton consumption by sharing reusable boxes, and we reduced the use of non-degradable plastics through technological upgrades, systematically promoting the development of a green and low-carbon circular system.

#### Green Packaging Circulation Initiative

- Supplier collaboration:** We cooperated with upstream packaging material suppliers to promote the circulation and sharing of reusable boxes. In 2025, three new suppliers joined our green circulation network.
- Reusable box circulation:** We established a factory-channel reusable box circulation mechanism. Huzhou Factory and TIMAGE used green reusable boxes 1.24 million times in procurement throughout the year. We recycled 861,155 reusable boxes in cooperation with external e-commerce platforms, while our logistics centers recycled 508,498 reusable boxes internally, marking an average recycling frequency of 1.72 times.
- Logistics packaging replacement:** TIMAGE used reusable PP boxes instead of corrugated cartons for main products such as contour palettes, blush palettes, and concealer trays. In 2025, 6,000 boxes of products were shipped, saving 2 tons of corrugated paper.
- Plastic packaging replacement:** Our factory upgraded the automatic equipment set and used degradable films to replace traditional plastic ziplock bags. In 2025, 8,723.75kg of degradable films were used, accounting for 11.8% of the total use of films, reducing plastic pollution from the source.

### Use of Eco-Friendly Paper

In order to reduce the consumption of forest resources and promote sustainable forestry development, we continued to promote the use of paper certified by the Forest Stewardship Council (FSC) and the CFCC (China Forest Certification Council) instead of non-certified paper. We aim to promote environmentally friendly, socially beneficial, and economically viable forest management, ensuring that contemporary needs are met without harming the environment.

In 2025, TIMAGE replaced color boxes in all product categories through packaging upgrades, and INSBABA also steadily advanced the packaging optimization of some new products. Through these green transformation measures, we effectively reduced the pressure of deforestation and promoted ecological environmental protection and sustainable development.

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

### Indicators and Goals of Green Packaging

Indicator	Unit	Base Year (2021)	Management Goal	Progress in 2025	Achievement
Proportion of sustainable packaging	%	0.16	<b>By 2025,</b> the proportion of sustainable packaging will have increased by 20% compared with the base year	38.36	Achieved
Intensity of packaging use	Ton/10,000 units	1.10	<b>By 2025,</b> the intensity of packaging use will have been reduced by 15% compared with the base year	1.35	Not achieved <sup>1</sup>

Note: Due to the increase in packaging material demand brought about by the revision of external regulations, such as the Measures for the Administration of Cosmetics Labels, and the adjustment of statistical scope caused by the green upgrading of supply chains, the Company's packaging use intensity in 2025 did not reach the expected goal. In the future, the Company will continue to optimize packaging design and supplier management, promote 3R packaging applications, and continuously improve packaging sustainability performance.

## Climate Change Mitigation and Adaptation

Our greenhouse gas emissions are mainly generated throughout the product life cycle, with a small amount arising from office operations.

Identified Sources of Greenhouse Gas Emissions>

Stages Emitting Greenhouse Gases	Primary Energy Consumed	Main Sources of Greenhouse Gases
<b>Raw material procurement</b>	<ul style="list-style-type: none"> <li>Energy consumed for raw material production and transportation</li> </ul>	<ul style="list-style-type: none"> <li>Scope 3 emissions from raw material production and transportation</li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>Electricity</li> <li>Natural gas</li> </ul>	<ul style="list-style-type: none"> <li>Scope 2 emissions from the consumption of electricity</li> <li>Scope 1 emissions from the consumption of natural gas, as well as gasoline and diesel fuel for the Company's self-owned vehicles</li> </ul>
<b>Product distribution</b>	<ul style="list-style-type: none"> <li>Electricity</li> <li>Gasoline and diesel fuel consumed by freight vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Scope 2 emissions from the power consumption of the Company's self-owned warehouses</li> <li>Scope 3 emissions from third-party warehouses and freight vehicles</li> </ul>
<b>Product use and disposal</b>	<ul style="list-style-type: none"> <li>Energy consumed for the use of water during product usage</li> <li>Energy consumed for waste recycling and disposal</li> </ul>	<ul style="list-style-type: none"> <li>Scope 3 emissions</li> </ul>
<b>Office operations</b>	<ul style="list-style-type: none"> <li>Electricity</li> <li>Gasoline and diesel fuel consumed by the Company's self-owned vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Scope 2 emissions from the consumption of electricity</li> </ul>

### Governance

We have a top-down ESG management structure, with the Board of Directors and the Strategy and Sustainable Development Committee overseeing ESG-related matters, including the issue of "Climate Change Mitigation and Adaptation," to ensure that they meet the needs of the Company. The ESG Management Committee, operating under the Board of Directors and the Strategy and Sustainable Development Committee, is responsible for supervising and guiding the climate change plan, formulating and supervising the implementation of climate change performance goals, and developing climate change incentive policies. It is supervised by the Board of Directors and the Strategy and Sustainable Development Committee. The ESG Implementation Team under the ESG Management Committee is the core team for climate change management.

## Strategy

In order to better assess the potential impacts of climate change on the Company and further understand the Company's climate resilience, we carried out climate scenario analysis and systematically identified and sorted out various climate-related risks and opportunities to better understand and respond to the potential impacts of climate change.

## Climate Scenario Analysis

To meet the disclosure requirements of the International Financial Reporting Standards Sustainability Disclosure Standards: Climate-related Disclosures (IFRS S2) for climate-related risks and opportunities, better assess the potential impacts of climate change on the Company, and further understand the Company's climate resilience, we conducted physical risk scenario analysis on our four major asset locations and transition risk scenario analysis on the Company.

Climate Physical Risk Analysis>

Our physical risk analysis covered three types of physical risks: high-temperature heat waves, heavy precipitation, and typhoons. We selected the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSP) 5-8.5 scenario for our physical risk scenario analysis to reflect the risks under extreme climate change conditions.

Scenario	Temperature Rise at the End of the Century	Characteristic	Scenario Assumption	Analysis Time Node
IPCC SSP5-8.5	More than 4°C higher than the pre-industrial level	High temperature rise scenario	Scenario: Vigorous development of the fossil fuel economy  In this scenario, the total amount and concentration of global greenhouse gas emissions continue to increase, and the global average temperature at the end of the century is more than 4°C higher than the pre-industrial level	2050

Results of Climate Physical Risk Scenario Analysis (2050)>

Location Risk Type \ Asset	Proya Building	Proya Hangzhou R&D Center	Proya Huzhou Factory	Proya Shanghai R&D Center
High-temperature heat waves	Low impact	Low impact	Low impact	Low impact
Heavy precipitation	Low impact	Low impact	Low impact	Low impact
Typhoons	Low impact	Low impact	Low impact	Low impact

### Legend:

Climate-related risk impact



Climate Transition Risk Analysis>

Our sample assets are all located in eastern China. Under the SSP5-8.5 scenario, where climate disasters continue to increase, there is a significant risk of high-temperature heat waves and typhoons, and the risk of heavy precipitation also has a certain impact. In order to cope with the challenges of climate-related physical risks, we enhanced our weather forecasting and early warning capabilities, strengthened the inspection of production facilities, and prepared the reserve of emergency supplies to ensure the stability of our production and operations and the safety of our employees. In the future, we will continue to strengthen the identification and assessment of climate-related physical risks, further improve our response to climate risks, and continuously enhance the climate resilience of our facilities and operations.

Our transition risk analysis was centered around policy risks, especially carbon prices, and we selected the NGFS Net Zero 2050 scenario to reflect the risks under orderly transition. In the NGFS scenario, carbon prices reflect the marginal cost of emission reduction under various climate policies.

Scenario	Temperature Rise at the End of the Century	Characteristic	Scenario Assumption	Analysis Time Node
NGFS Net Zero 2050	A rise of less than 1.5°C compared with the pre-industrial level	Orderly transition with strong transition policies	The NGFS 2050 scenario assumes that the world introduces effective climate policies now, undergoes an orderly transition, achieves net zero emissions by 2050, and reaches the 1.5°C temperature control target of the Paris Agreement at the end of the century	2050

Results of Climate Transition Risk Scenario Analysis>

Asset Name	CVaR
Proya Cosmetics Co., Ltd.	0%-1%

### Legend:

Climate-related risk impact



## Climate-Related Risks and Opportunities

The results of the transition risk scenario analysis show that our transition risks are still controllable under the NGFS Net Zero 2050 scenario with strict climate policies. In the future, we will pay more attention to changes in carbon reduction policy requirements, actively promote the achievement of carbon reduction goals, and explore various carbon reduction paths to cope with the new trend of low-carbon transformation.

We identified climate risks and potential opportunities directly related to our assets and operations by conducting in-depth climate risk analysis and assessment, taking into account the characteristics of our business, with reference to the IFRS S2 Climate-Related Disclosures issued by the ISSB.

Identified Risks and Opportunities and Corresponding Responses V

Climate-Related Risk/ Opportunity Type	Description	Impact Time Frame <sup>1</sup>	Expected Financial Impact	Response
Physical risks	Acute physical risks Our office and production sites may be affected by power outages, flooding, and transportation disruptions, which may result in the occurrence of work safety accidents or suspension of production, leading to a significant impact on the stable supply of products and seriously affecting our short-term operating revenue	Short-term	Increase in operating costs	<ul style="list-style-type: none"> <li>We pay close attention to weather forecasts and early warning information in daily operations to stay informed about the dynamics and impact scope of natural disasters, ensuring real-time monitoring and early warning preparedness</li> <li>We inspect production facilities and reserve raw materials and emergency supplies in advance to ensure the stability and safety of production and operations, reduce the impact of natural disasters on our daily production and operations, and ensure the safety of our employees</li> </ul>
	Chronic physical risks Climate change may lead to global warming and sea level rise, which will affect the water resources required for production and our long-term revenue	Medium- and long-term	Increase in operating costs	<ul style="list-style-type: none"> <li>We would activate the emergency response mechanism in the event of a disaster, immediately start the initial response measures, and report to local authorities to proceed with necessary actions</li> </ul>
Transition risks	Policy and legal risks The announcement of China's carbon peaking and carbon neutrality goals may lead to tightening energy and environmental regulations and policies, which are expected to increase our operating costs	Medium- and long-term	Increase in compliance costs	<ul style="list-style-type: none"> <li>We stay informed about and abide by relevant regulatory laws and regulations, and standardize the working mechanisms and operational processes of our business activities according to regulatory requirements</li> <li>We carry out annual greenhouse gas emission verifications across the Company to respond to relevant requirements in time</li> </ul>
	Market risks The introduction of low-carbon and product carbon footprint management policies will affect the supply-demand structure of the market, and customers tend to buy low-carbon products	Short-, medium-, and long-term	Increase in operating costs	<ul style="list-style-type: none"> <li>We actively adopt low-carbon and green production processes, and continue to seek low-carbon energy conservation solutions for production and operations</li> <li>We continuously advance the innovation and application of sustainable packaging based on the 3R philosophy to reduce carbon emissions</li> </ul>
	Technical risks In order to reduce carbon emissions, optimize the production process, we optimize production processes, utilize renewable energy, and purchase green certificates, which may result in high technological investment costs and associated risks	Short-term	Increase in operating costs	<ul style="list-style-type: none"> <li>We replace conventional fuel-powered vehicles with new energy vehicles in logistics and transportation, and optimize the transportation process in a scientific manner to reduce resource consumption</li> <li>We established in-depth cooperation with 10 strategic partners and released a carbon reduction manifesto</li> </ul>
	Reputational risks At present, investors, consumers, and regulators continue to pay more attention to climate-related topics. If we lag behind in climate governance or fail to disclose sufficient information, we may face the risk of reputational damage, which will in turn weaken capital market confidence and brand recognition	Short-, medium-, and long-term	Increase in financing costs	<ul style="list-style-type: none"> <li>We strengthen our focus on climate change factors by promptly and accurately disclosing our climate change mitigation and adaptation measures and data through ESG reports and CDP reports</li> </ul>

Identified Risks and Opportunities and Corresponding Responses V

Climate-Related Risk/ Opportunity Type	Description	Impact Time Frame <sup>1</sup>	Expected Financial Impact	Response
Resource efficiency opportunities	Improvement in the usage efficiency of energy, water, and raw materials in production and operations may reduce our operating costs	Short-term	Decrease in operating costs	<ul style="list-style-type: none"> <li>We actively adopt green office and green operation initiatives, and strengthen the publicity of resource and energy conservation concepts among employees</li> <li>We actively introduce energy-saving equipment or upgrade existing equipment with energy-saving technologies</li> </ul>
	Energy source opportunities The use of renewable energy in operations may reduce our exposure to traditional energy price fluctuations	Medium- and long-term	Decrease in operating costs	<ul style="list-style-type: none"> <li>We incorporate eco-friendly building designs to reduce the use of various resources in construction and operations</li> <li>We continuously promote the use of renewable energy. During the reporting period, the annual rooftop photovoltaic power generation totaled about 3,075.92 MWh, complemented by the purchase of green certificates of 8,900.00 MWh of electricity</li> </ul>
Product and service opportunities	The continuous rise in preference for green consumption creates opportunities for us to create phenomenal star products based on the concept of sustainability	Short-term	Increase in operating revenue	<ul style="list-style-type: none"> <li>We increase investment in the R&amp;D and application of green innovation technologies</li> <li>We develop green raw material suppliers to offer more possibilities for our raw material selection</li> <li>We enhance our sustainable product innovation to build differentiated competitive advantages across all product categories</li> </ul>
Market opportunities	Under the wave of sustainable consumption, we continue to deepen the R&D of sustainable products, provide consumers with high-quality green cosmetic products, which will create differentiated competitive advantages and improve our brand reach	Medium- and long-term	Increase in operating revenue	<ul style="list-style-type: none"> <li>We continue to promote sustainable product development and implement the green design concept in the process of new product development. We have secured the carbon footprint certification for PROYA Double Effect Whitening Brightening Mask</li> </ul>
Adaptability	Actively carrying out industrial cooperation related to climate change or participating in climate-related industry exchanges is conducive to cultivating the ability to adapt to climate change	Short-, medium-, and long-term	Decrease in compliance costs	<ul style="list-style-type: none"> <li>We participate in the climate change seminars and cross-sector dialogues organized by industry associations, actively share practical experiences of low-carbon transformation, and absorb cutting-edge adaptation technologies and management methods at the same time to continuously improve our ability to predict climate policy changes and business resilience</li> </ul>

<sup>1</sup>A short-term impact is one within 1 year (including 1 year) after the end of the reporting period, a medium-term impact is one lasting for 1–5 years (including 5 years) after the end of the reporting period, and a long-term impact is one lasting for more than 5 years after the end of the reporting period.

## Impact, Risk, and Opportunity Management

Identification, Assessment, and Management of Climate Change Risks and Opportunities>

We have a systematic process for managing climate-related risks and opportunities, covering identification, assessment, and monitoring. This process helps enhance our resilience to climate change and capture business opportunities and value growth points in the green and low-carbon transformation of the economy and society.

- 
**Identification**  
 Identify climate-related risks and opportunities that may impact our operations, financial performance, and strategic goals, ensuring the 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 ESG risks and opportunities, and regularly report to the ESG Management Committee, which reports the management progress and execution outcomes to the Board of Directors and the Strategy Committee.

## Cases

### Value Chain Partners of Proya Cosmetics: Jointly Building Green Supply Chains Through Energy Saving and Carbon Reduction

To achieve the goal of carbon neutrality across the value chain, we actively encourage our supply chain partners to carry out technological and digital upgrades for energy saving and carbon reduction, aiming to jointly build green supply chains.

For example, one of our suppliers has realized energy efficiency improvement and energy structure optimization by combining clean energy application, equipment upgrading, and intelligent management. First, it laid rooftop photovoltaic power generation facilities to increase green power supply and optimize its energy structure; second, it upgraded its facilities with energy-saving equipment such as LED high-efficiency lighting fixtures, variable frequency air compressors, and water-cooled air conditioners to reduce energy consumption from the source; third, it deployed smart water meters and built a smart energy management platform to implement real-time monitoring, accurate regulation, and refined management of electricity consumption and improve the efficiency of energy use.

According to calculations, this supplier reduced energy consumption by 2,419 MWh and carbon emissions by 1,283.52 tons of carbon dioxide equivalent (CO<sub>2</sub>e) in 2025, with a significant contribution from photovoltaic power generation. It provides a reproducible, practical model for the green and low-carbon transformation of supply chains.

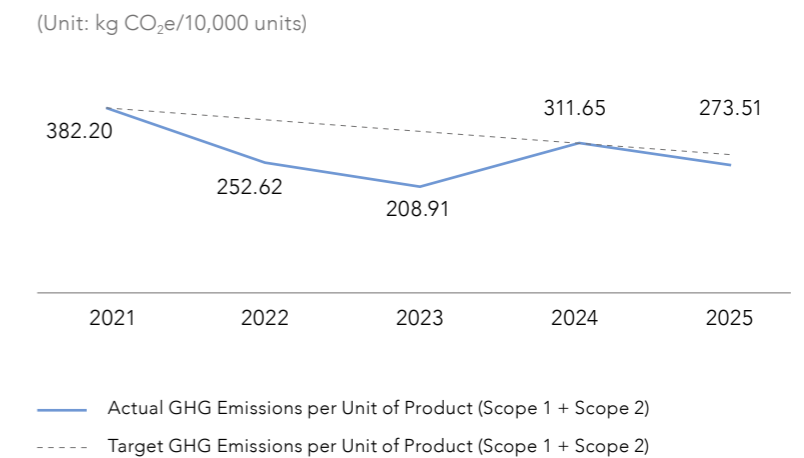
We are deeply involved in the global and Chinese climate governance processes, committed to achieving carbon neutrality across our entire value chain. With a scientific implementation roadmap, we gradually promote the achievement of our carbon neutrality goal by deepening our energy conservation and emission reduction efforts and strengthening the construction of green supply chains.

## Indicators and Goals of Climate Change Mitigation and Adaptation

Pathway to Carbon Neutrality Across the Value Chain>

### Key Performance<sup>1</sup> >

- By 2025**
  - The proportion of clean energy should have reached 50%, with our operations achieving the carbon peaking goal. ✓
  - Greenhouse gas emissions per unit of product (Scopes 1 & 2) should have decreased by 25% compared to the 2021 baseline. ✓
  - We will have driven all strategic partners to reduce carbon emissions through value chain carbon reduction initiatives and incentives. ✓
- By 2030**
  - We will have achieved net-zero emissions from our operations.
- By 2045**
  - We will have achieved carbon neutrality across the value chain.



Note: The company plans to reduce greenhouse gas emissions per unit of product in a linear manner, that is, by 6.25% annually.

# Environmental Impact Reduction

## Environmental Compliance Management

Proya Cosmetics strictly abides by the Environmental Protection Law of the People's Republic of China and other laws and regulations. We continuously optimize our environmental management system, operating with a top-down environmental management structure and a governance mechanism that combines the General Manager's decision-making, the Environmental Management Committee's supervision, and various departments' implementation. In doing this, we ensure the effective and continuous development of our environmental management practices and are committed to continuously improving our environmental performance.


Policy and Certification>

- [Environmental Protection Policy of Proya Cosmetics](#)

Factory Environmental Management System>

Quality Management	Production Management	Environmental Management
Oversee the production process to ensure that the whole process from raw materials to finished products meets environmental protection standards and regulatory requirements.	Manage the manufacturing of products to ensure the implementation of various environmental management requirements for the production process.	Carry out environmental management to ensure the effective implementation of environmental management measures across the Company.

Environmental Management System Certification>

Production Site	Certification Name	Certification Validity Period	Certificate
Huzhou Factory	ISO 14001:2015	Until February 14, 2028	

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

In 2025, in order to comprehensively prevent all kinds of risks during production and operations, we systematically carried out risk identification and assessment covering energy consumption, environmental impact, and other dimensions, forming a scientific and complete risk control system and building a solid compliance defense line for the sustainable and healthy development of the Company.

Analysis of the Main Environmental Impact of Each Stage<sup>1</sup> v

Stage	Input	Output	
Procurement	<ul style="list-style-type: none"> <li>*Raw materials, energy, and water consumed in the production and operations of various suppliers</li> </ul>	<ul style="list-style-type: none"> <li>*Wastewater, waste gas, solid waste, and greenhouse gases (Scope 3) generated in the production and operations of various suppliers</li> </ul>	
Production and R&D	Product ingredients and packaging	<ul style="list-style-type: none"> <li>Resources: raw materials and packaging materials</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gases (Scopes 1 &amp; 2)</li> <li>Waste gas: volatile organic compounds (VOCs), nitrogen oxides (NO<sub>x</sub>), and oil smoke</li> <li>Wastewater: chemical oxygen demand (COD) and ammonia nitrogen content (NH<sub>3</sub>-N)</li> <li>General waste: waste packaging materials, expired products, waste filter membranes and screens, sewage station sludge, domestic garbage, and canteen swill</li> <li>Hazardous waste: laboratory hazardous reagents, waste engine oil, and waste ink</li> </ul>
	Steam generation, paste making, and heating	<ul style="list-style-type: none"> <li>Energy: natural gas</li> </ul>	
	Air conditioning and refrigeration, production power, and lighting	<ul style="list-style-type: none"> <li>Energy: outsourced electricity and self-produced photovoltaic power</li> </ul>	
	Product ingredient water usage, process media, and cleaning	<ul style="list-style-type: none"> <li>Water: municipal water supply</li> </ul>	
Distribution, warehousing, and logistics	<ul style="list-style-type: none"> <li>Resources: Packaging materials for transportation</li> <li>Energy: gasoline and diesel fuel consumed by freight vehicles; outsourced electricity for warehouse operations</li> <li>*Energy and resources consumed in the operations of distributors</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gases (Scopes 1, 2 &amp; 3)</li> <li>General waste: waste packaging materials and domestic garbage</li> </ul>	
Product use and disposal	<ul style="list-style-type: none"> <li>*Water and energy consumed by consumers when using the products (for generating hot water)</li> <li>*Energy and water consumed in the operations of waste disposal units</li> </ul>	<ul style="list-style-type: none"> <li>*General waste generated after consumers use products</li> <li>*Wastewater, waste gas, solid waste, and greenhouse gases (Scope 3) generated in the operations of waste disposal units</li> </ul>	
Office operations	<ul style="list-style-type: none"> <li>Energy: Outsourced electricity and gasoline consumed by the Company's self-owned vehicles</li> <li>Water: municipal water supply</li> </ul>	<ul style="list-style-type: none"> <li>Wastewater: domestic wastewater</li> <li>Non-hazardous waste: domestic garbage</li> <li>Greenhouse gases (Scopes 1 &amp; 2)</li> </ul>	

Note 1: Environmental impacts marked with \* are not covered in this Report. The portion borne by third parties is not covered in this Report.

Our Huzhou Factory strictly follows the *Code for Quality Management of Cosmetics Production* for overall planning, and the environmental indicators of its production workshop clean areas fully meet the high standards of the cosmetics industry. Through intelligent upgrades, the factory has established a smart warehousing system centered on a data middle-end platform, realized automated robotic operations throughout the process, and formed a closed-loop sustainable development pattern of green production that effectively supports the strategic goals of cost reduction and efficiency improvement.

During the reporting period, our use of resources had no significant impact on the environment, and we paid taxes and fees related to environmental protection in full, without any violation of laws and regulations related to environmental protection.

## Energy Management

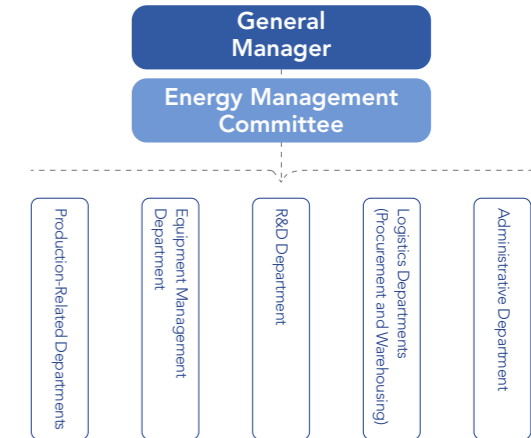
Our production, operations, and office activities directly or indirectly consume electricity, natural gas, gasoline, and diesel fuel. Strictly following the *Energy Conservation Law of the People's Republic of China*, the *Renewable Energy Law of the People's Republic of China*, and other laws and regulations, we have formulated energy management systems such as the *Power Saving Management System*, the *Natural Gas Leakage Emergency Plan*, the *Energy Management Manual*, the *Energy Management Team Responsibilities*, and the *Energy Saving and Consumption Reduction Control Procedure*, incorporating indicators such as energy efficiency and statistical parameters into the daily business operations of each department to ensure that the system requirements are implemented through the entire chain from procurement to production, equipment management, and warehousing.



^ Photovoltaic power generation

We continue to refine our energy management system by establishing a hierarchical energy efficiency control framework, which relies on a three-level collaborative mechanism, encompassing strategic decision-making by the General Manager, coordinated scheduling by the Energy Management Committee, and implementation through the labor division and cooperation of various departments. This approach ensures the continuous improvement of our energy usage efficiency and the achievement of our energy-saving goals. Our Huzhou Factory has obtained the ISO 50001 Energy Management System Certificate (valid until January 2028), realizing standardized and regulated energy management.

Energy Management Structure>



### Production-Related Departments

They are directly involved in the use and control of energy during the production process, serving as the key departments for energy management.

### Equipment Management Department

It is responsible for the maintenance, upgrading, and energy efficiency improvement of equipment, ensuring optimized energy utilization in equipment operations.

### R&D Department

It explores energy-saving production methods and product formulas from the perspective of product and process R&D to promote technological innovation in energy management.

### Logistics Departments (Procurement and Warehousing)

The Procurement Department is responsible for the procurement of energy-related materials, and the Warehousing Department is responsible for the storage and management of energy materials. They jointly ensure the stability and rationality of our energy supply.

### Administrative Department

It manages energy use in our office area, including the control of energy consumption for lighting, air conditioning, and office equipment.

In 2025, we deepened energy control in all stages, covering procurement, production, and public auxiliary equipment, to effectively enhance our energy management.

Whole-Process Energy Control System>

Stage	Description
Procurement	We prioritized low-carbon and energy-saving raw and auxiliary materials and equipment, added new management systems for energy procurement, and promoted coordinated carbon reduction across supply chains
Production	We established a statistical review mechanism for workshop energy consumption, and regularly collected the water, electricity, and gas consumption data of each workshop; we implemented dynamic energy-saving measures according to seasonal characteristics, such as optimizing the temperature control range of air conditioners in workshops in summer, promoting off-peak electricity consumption for production equipment, and strengthening heat preservation of steam pipelines to reduce heat loss in winter. Our comprehensive energy consumption per unit of product was reduced compared with that of last year
Public auxiliary equipment management	We carried out special energy efficiency diagnosis for high-energy-consumption public auxiliary equipment, such as air compressors, cooling towers, and sewage treatment stations, and greatly improved our energy utilization efficiency by introducing more efficient and energy-saving motors, optimizing equipment operating parameters, and recovering waste heat

During production, Huzhou Factory advocated the concept of energy conservation and carbon reduction. In 2025, Huzhou Factory systematically investigated and assessed energy risks and opportunities, scientifically evaluated the level and severity of energy consumption risks, and used quantification methods to give scores to the risks. Subsequently, it formulated targeted risk control measures, clarified responsible departments, and established a regular tracking mechanism. Huzhou Factory also continued to implement cost reduction and efficiency improvement projects. In 2025, it implemented six energy-saving technological upgrading projects and saved 54,701 kWh of electricity throughout the year, creating significant economic and environmental benefits.

Factory Energy-Saving Measures and Achievements in 2025>

Category	Main Measure	Performance
Equipment	The boxing machine was equipped with a time controller, which automatically starts heating at the set time, thereby reducing the running time	About 1,728 kWh of energy was saved
Equipment	An inner bowl sensor was added to the turntable machine and connected with the main equipment, which enables automatic shutdown in case of production change or failure	About 9 kWh of energy was saved
Equipment	Through program modification, the parameters of filling equipment were adjusted to improve the filling efficiency of cleansing balm and reduce power consumption	About 9,438 kWh of energy was saved
Equipment	AM0/AM1 and OEE activities were carried out to improve the output per unit of time of the equipment and reduce energy consumption per unit of product	About 16,200 kWh of energy was saved
Equipment	An optimal temperature control program for air conditioners was added to reduce running time through intelligent control	About 20,000 kWh of energy was saved
Process	The comprehensive bottle washer inspection process increased assembly lines to improve output and equipment operation efficiency	About 7,326 kWh of energy was saved

In 2025, Huzhou Factory carried out special training on environment and energy management for all employees, focusing on systematically explaining the operation requirements of energy and environment systems, practical skills for energy conservation and carbon reduction, and energy measurement and statistical methods, so as to comprehensively improve the awareness of carbon peaking and carbon neutrality goals and job performance ability of all employees.

In terms of logistics, energy efficiency improvement and green operations were realized by using electric forklifts instead and integrating warehousing and logistics routes.

Logistics Energy Saving Measures in 2025>

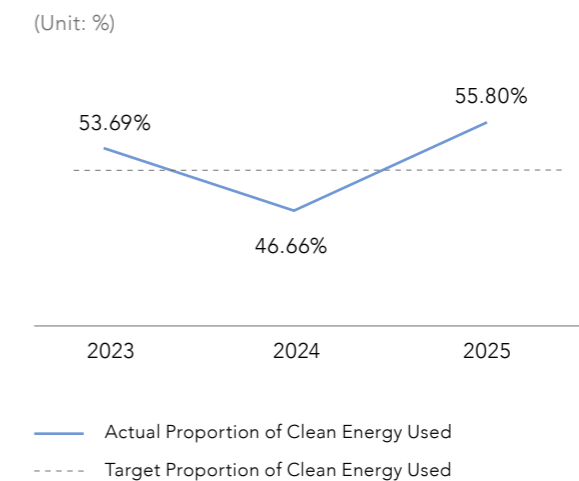
Measure	Description
Introduction of electric forklifts	<ul style="list-style-type: none"> <li>Electric forklifts were leased to replace traditional ones, reducing the use of diesel fuel by 6,300L and saving about 621.7 kWh of energy</li> </ul>
Integration of warehousing and logistics routes	<ul style="list-style-type: none"> <li>SF Express trunk line transportation carried out 66 trunk integrations, reducing the use of diesel fuel by 2,310L and saving about 22,963.2 kWh of energy</li> <li>Xi'an Warehouse carried out integration, reducing the use of diesel fuel by 538.19L and saving about 5,357.1 kWh of energy</li> </ul>

Office Energy Saving Measures in 2025>

In daily office operations, we advocate the concept of green office operations. We strictly abide by the *Daily Power Saving Plan of Proya Building* and *Orderly Power Consumption Control Plan of Proya Building*, encouraging employees to turn off lights and air conditioners when they leave the premises to avoid energy waste. On the premise of meeting the basic needs of employees, we take measures such as air conditioning and lighting optimization management to reduce office power consumption.

Measure	Description
Air conditioning management	<ul style="list-style-type: none"> <li>We carried out centralized management and temperature control of the air conditioning system in the building, effectively managing the background mode and temperature control while ensuring employees' physical comfort</li> <li>We improved the numbering of offline air conditioners and lighting panels. After business hours, the property order team conducted a full-area inspection every two hours in the building to promptly turn off lights and air conditioners in unattended office areas. Project managers and order management personnel carried out night spot checks from time to time to minimize resource waste</li> </ul>
Lighting management	<ul style="list-style-type: none"> <li>All the tour guide lights, landscape lights, and art display lights in the building were upgraded with time controllers, turned on at 8:30 and off at 18:00 every day to avoid the problem of untimely manual switching</li> </ul>

Key Performance<sup>1</sup>



Note 1: Proportion of clean energy consumption = (Outsourced electricity: renewable energy + photovoltaic power generation + natural gas consumption) / Comprehensive energy consumption \* 100%.

## Water Resource Management

The water resources we use for production and operations mainly come from the municipal water supply, which 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 have obtained water usage permits and standardized water use behavior to ensure the lawful and compliant utilization of water resources.

Focusing on the efficient utilization of water resources and water quality guarantee, we have built a core system of “system + technology + control,” established a water-saving management leading group, which coordinates water-saving management work, and established a water-saving assessment, reward, and punishment mechanism. We have also improved the water metering system, standardized water use behavior, and promoted the continuous improvement of water resource utilization efficiency.

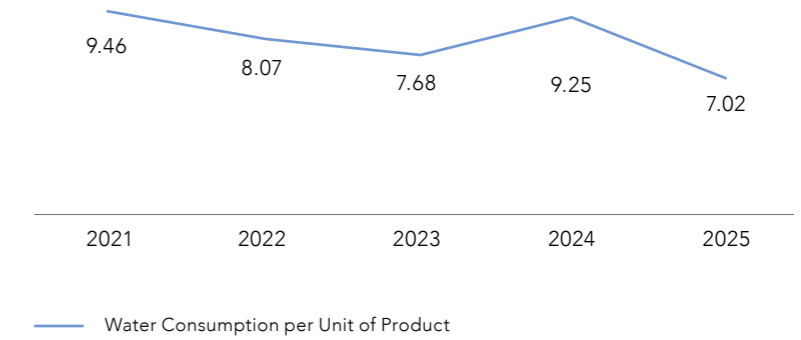
We have taken multi-dimensional measures in water resources management and water conservation, including launching practical schemes for hardware optimization and recycling, and promoting the improvement of employees’ awareness and skills in water conservation, aiming to realize the full-chain coordination from engineering water conservation to behavioral water conservation.

Main Measures for Water Resources Management>

Category	Management Measure
Water recycling	<ul style="list-style-type: none"> <li>Recycling of cooling water: Huzhou Factory's workshops are equipped with cooling water circulation pools, where the cooling water is reused and discharged regularly</li> <li>Sewage filtration and reuse: Huzhou Factory is equipped with a sewage treatment system. By filtering the sewage, the system enables the use of recycled water for flushing toilets and replenishing landscape pool water, reducing the amount of fresh water used</li> <li>Reuse of concentrated water from pure water preparation: The concentrated water produced by the pure water preparation unit is reused for flushing toilets and replenishing landscape pool water</li> <li>Reuse of steam condensate: Steam condensate is collected and reused in the cleaning process, effectively utilizing steam waste heat and water resources</li> </ul>
Equipment upgrade	<ul style="list-style-type: none"> <li>A 50-ton water tank is used to prevent sudden water supply interruptions from impacting production and operations</li> </ul>
Awareness Training	<ul style="list-style-type: none"> <li>Special training on water conservation is carried out to deeply explain basic knowledge of the current situation of global water resources, water-saving policies and regulations, and common water waste phenomena through theoretical teaching. The training is also aimed at teaching practical skills, such as standardized water-saving appliance operation and water recycling technology application, comprehensively improving employees' awareness and practical ability in water conservation</li> </ul>

## Key Performance

(Unit: m<sup>3</sup>/10,000 units)



## Emissions and Waste

The pollutant emissions and waste generated by Proya Cosmetics mainly come from product R&D, production, and employee office activities. We strictly abide by the 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 Waste, and the Measures for the Administration of Hazardous Waste Business Permits. We have formulated the Sewage Treatment Management System, the Boiler Management System, and the Hazardous Waste Management System to effectively manage pollutants and waste.

Main Emissions and Waste>

Category	Major Emissions/Waste	Solution	Reference Standard
Wastewater	Five-day biochemical oxygen demand (BOD <sub>5</sub> ) 300 mg/L, chemical oxygen demand (COD <sub>Cr</sub> ) 500 mg/L, suspended matter 400 mg/L, ammonia nitrogen 35 mg/L, animal and vegetable oil 100 mg/L, etc	The production wastewater is discharged to landscape water pools or to drainage pipes after being treated by the sewage treatment station, while the domestic wastewater is discharged through the municipal sewage pipelines	<i>Integrated Wastewater Discharge Standard</i> (GB 8978-1996)
Waste gas	Nitrogen oxides 50 mg/m <sup>3</sup> , particulate matter 20 mg/m <sup>3</sup> , and sulphur dioxide 50 mg/m <sup>3</sup>	The pollutants are discharged to the outside after being treated by waste gas treatment and collection devices	<i>Integrated Emission Standard of Air Pollutants</i> (GB 16297-1996) <i>Emission Standard of Air Pollutants for Boiler</i> (GB 13271-2014)
Noise	Noise ≤ 65 dB (A) in the daytime and ≤ 55 dB (A) at night	Noise is discharged up to standard at the factory boundary	<i>Emission Standard for Industrial Enterprises Noise at Boundary</i> (GB12348-2008)

Main Emissions and Waste>

Category	Major Emissions/Waste	Solution	Reference Standard
General waste	Domestic waste, cartons, tape, films, paper, etc	The waste is collected and then recycled or resold	<i>Standard for Pollution Control on the Municipal Solid Waste Incineration (GB 18485-2014)</i>
	Lining bags, expired products, waste filter membranes and screens, sewage station sludge, domestic garbage, and canteen swill	The waste is handed over to a qualified institution for regular treatment	
Hazardous waste	Waste essence, solvents, heavy metal solutions, organic reagents, equipment cleaning waste liquid, expired raw materials, etc	The waste is handed over to a qualified institution for chemical treatment and incineration	<i>Identification Standards for Hazardous Waste General Rules (GB 5058.7-2019)</i>  <i>Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023)</i>

We have a sound pollutant discharge management system. The General Manager of Huzhou Factory 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.

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. In 2025, we entrusted a qualified third-party agency to carry out environmental monitoring. The results show that the emission concentration of various pollutants in wastewater and waste gas strictly met the requirements of national and local emission standard limits.

Main Pollutant Management Measures>

Category	Management Measure
Wastewater	<ul style="list-style-type: none"> <li>We constructed a wastewater treatment system to ensure that the treated wastewater is highly purified and recycled</li> <li>We installed the Multi Vision COD online automatic monitoring instrument to carry out 24/7 monitoring of the COD content in treated water</li> <li>We installed a sludge filter press to effectively remove organic substances from the wastewater, further improve our sewage treatment capability, and ensure class-A sewage discharge</li> </ul>
Waste gas	<ul style="list-style-type: none"> <li>We set up a waste gas treatment facility for the cream production line to reduce the emission of dust and organic waste gas. The facility can collect 99% of the dust and remove 75% of the organic waste gas</li> <li>We upgraded the VOC collection system, utilizing recyclable activated carbon to enhance collection efficiency</li> <li>We applied more advanced filtration technology to production processes prone to dust generation, effectively reducing dust accumulation within the workshops</li> </ul>

Main Waste Management Measures>

We strictly abide by the national environmental protection regulations and continuously improve our waste management system. In 2025, we established a safety management mechanism covering the whole life cycle of hazardous waste, from generation to storage, transportation, and disposal, to strictly prevent environmental pollution and safety accidents. At the same time, we deepened the green transformation of waste, promoted source reduction, and systematically reduced the intensity of waste generation.

Category	Management Measure
Hazardous waste	<ul style="list-style-type: none"> <li>We optimized the processes and adopted recyclable green carbon resources, realized the recycling of activated carbon resources, and reduced hazardous waste generation from the source</li> </ul>
General waste	<ul style="list-style-type: none"> <li>We continued to promote digital management, advanced the implementation of electronic approval processes, and reduced the per capita consumption of paper printing consumables. In 2025, the weight of printing paper used in our office premises decreased by 10.94% year-on-year</li> <li>We set up a sludge filter press to reduce the amount of sludge generated</li> <li>We collected solid waste with recycling value, such as iron barrels, plastic barrels, and cartons, generated during operations, categorized them, and carried out market-oriented disposal to promote the recycling of renewable resources</li> </ul>

In addition, we carried out a whole-process audit of waste, relying on the digital supervision platform to track waste circulation data in real time. We systematically identified performance improvement opportunities in reduction, recycling, and disposal, improved the waste recovery rate, and reduced the amount of landfill disposal. While ensuring the standardized operation of the system, we continuously optimized our waste management performance.

# 03

## Refining the Beauty of Technology and Remaining Committed to High Quality



Technological innovation remains the core driving force of Proya Cosmetics. We continue to deepen our basic research in skin science and bioscience, build our global R&D system of “Hangzhou R&D Center + Shanghai R&D Center + European Innovation Center,” and make breakthroughs in new raw materials and formula technologies, empowering product innovation and brand upgrading with solid technological strength. Additionally, through collaboration with top universities and research institutions both domestically and internationally to build an open innovation ecosystem, we pool R&D global wisdom to create a high-level R&D system and build our technological barrier.

Digital transformation is a key engine for us to reconstruct our business logic and drive high-quality growth. By setting up a Chief Digital Officer (CDO), we promote full-chain digital transformation. We have built a digital system covering all business stages, covering R&D innovation, consumer insight, and organizational management, and reconstructed our core competitiveness with “digital genes.” In doing so, we aim to not only open up new growth space but also become an important reference for the digital innovation development of the cosmetic industry from “product competition” to “ecosystem competition.”

### Material Issues Addressed in This Section

- Technological Innovation ●●
- Product Quality and Safety ●●
- Customer Service and Rights Protection ●●
- Digital Transformation and Information Security ●●
- Industry Development Promotion ●

Note: “●●” indicates double materiality, “●” indicates only financial materiality, “●” indicates only impact materiality, and “●” means having neither financial nor impact materiality.

### SDGs Addressed in This Section



# Technological Innovation

## Governance

We strictly adhere to laws and regulations such as the *Regulation on the Supervision and Administration of Cosmetics* and the *Law of the People's Republic of China on Science and Technology Progress*, and we have formulated systems the *Regulations on New Product Development*, the *Key R&D Project Management System*, the *Basic Research Project Management System*, the *Stability Testing Operation Procedures*, and the *Efficacy Safety-Related Systems* to establish a standardized R&D management system.

We have built a global R&D system of "Hangzhou R&D Center + Shanghai R&D Center + European Innovation Center," continuously increased our investment in basic research, applied basic research, raw material development, and clinical efficacy research, and constructed a full-chain innovation system covering mechanisms, raw materials, and products in line with the strategic planning of product marketing.

### Global R&D and Innovation System



#### Hangzhou R&D Center

It focuses on cutting-edge skin mechanism research, new raw material design and development, and formula R&D and validation.

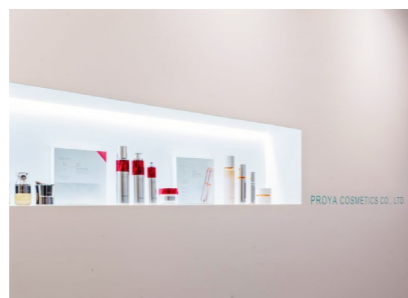
It has teams in raw material development, computational biology, formula development, skin mechanism research, product assessment, testing, and support, and has achieved whole-process management from product ideation to implementation, ensuring high levels of professionalism and precision throughout the entire process.



#### Shanghai R&D Center

It carries out basic, applied, and clinical efficacy research on scalp skin mechanisms, ecology, and hair care.

It is equipped with modules such as applied research, efficacy and safety research, and basic research, as well as a comprehensive innovation chain from theoretical research to practical application, and then to safety and efficacy verification, ensuring the depth and breadth of product R&D.



#### European Innovation Center

It focuses on anti-aging, sensitive skin care, and skin whitening research.

By introducing global advanced production technologies to enhance its R&D capabilities, it improves product competitiveness, integrates global resources, and improves the Company's international influence, thereby promoting the Company's sustainable development.

## Strategy, Risk, and Opportunity Management

Technological innovation is a key element to enhance the competitiveness of products. We always take consumer needs as the starting point of R&D. Relying on professional support from skin science, we have built a whole-process R&D system from raw material exploration to finished product delivery, covering core stages such as basic research, raw material development, formula innovation, and physico-chemical testing, as well as key steps such as raw material efficacy verification and finished product effect assessment, realizing the closed-loop management of the whole R&D process.

We face multiple challenges on the path of R&D and innovation. Basic research and the development of new raw materials themselves require certain exploration and R&D costs, and existing core technologies are also likely to be replaced by emerging technologies. The filing of new cosmetics raw materials and the declaration of efficacy are increasingly under strict supervision, but the results of R&D and innovation have brought us strategic growth opportunities. By tackling core technological challenges and developing exclusive raw materials, we have built our technological barrier, which can significantly enhance the differentiated competitiveness of our products. The application of AI technology redefines the R&D efficiency standard, which not only sustains the market competitiveness of our products but also gives rise to a positive cycle of consumer demand, AI analysis, technology commercialization, and product verification. With the support of basic research, we have improved the commercialization rate for more research projects, which provides differentiated ingredient technical support and a product competitiveness core engine for our business matrix, strengthening the technical recognition and market uniqueness of each brand. The application of many self-developed raw materials reflects our independent control and upgrade capabilities in key raw material technologies, providing core technical support for our market growth.

R&D Pathways>



Identification, Assessment, and Management of Technological Innovation Risks and Opportunities>

Category	Risk	Opportunity
<b>Identification</b>	<ul style="list-style-type: none"> <li>Conduct an IP novelty search during project initiation</li> <li>Screen supplier qualifications for raw material admission</li> <li>Identify risk points in production</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate demand matchmaking through industry-academia-research cooperation</li> <li>Carry out technical monitoring through the European Innovation Center</li> </ul>
<b>Assessment</b>	<ul style="list-style-type: none"> <li>Detect hazardous substances in raw materials.</li> <li>Validate formula stability and compatibility, and carry out preservative challenge tests</li> <li>Assess the feasibility of process parameters</li> <li>Assess supply chain resilience</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate technical feasibility</li> <li>Establish a three-dimensional assessment model, covering efficacy, safety, and compliance</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>Establish a full lifecycle risk prevention and control system</li> <li>Optimize the closed-loop system of R&amp;D, production, and marketing</li> <li>Carry out stepwise scale-up test to confirm process stability</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate on strategic raw material development</li> <li>Formulate group and national standards</li> <li>Obtain technology patents. Improve efficiency through AI-enabled management</li> </ul>

## R&D System Optimization

We are committed to building a standardized and efficient R&D system, continuously improving the quality and efficiency of R&D management through process optimization, special management, and industry-academia-research-medicine collaboration, and leveraging the European Innovation Center as a hub to continuously transform global innovation resources into local product strength.

Management Measure	Description
<b>Process optimization</b>	Establish and operate the risk assessment process at the R&D end, and implement a cross-department parallel review mechanism to realize a full-coverage assessment of risk elements within the R&D process. Ensure the traceability of the whole assessment process and the results, and effectively consolidate the compliance foundation of the R&D stage
<b>Special management</b>	Establish a special management mechanism for key R&D projects, and define cross-departmental rights and responsibilities, as well as key cooperation nodes. Ensure the standardized and orderly progress of projects by strictly implementing key node reviews and using visual dashboards to track and manage the whole process
<b>Industry-academia-research-medicine collaboration</b>	Establish long-term cooperation with universities, research institutions, and medical institutions to jointly carry out cutting-edge research and accelerate the commercialization of technological achievements

### Case

#### Eurasian Innovation Ecosystem: The European Innovation Center Drives the Upgrading of the Global R&D System

Our European Innovation Center aims to find solutions that are both effective and safe, while meeting the needs of the Chinese market, through cutting-edge technology research and cooperation with leading raw material suppliers and biological start-ups (including AI-empowered raw material innovation platforms). In 2025, the Center made the following achievements in deepening global innovation:

#### Strategic Collaboration

- Established a strategic research partnership with the University of Innsbruck focusing on mitochondria. A jointly authored paper was published in the internationally renowned journal Scientific Reports. This study elucidates the mechanism by which environmental stressors compromise basement membrane integrity and induce melanocyte senescence, providing a theoretical foundation for anti-aging research and development

#### Infrastructure upgrade

- The Center completed the site selection and layout planning of the new preclinical and clinical evaluation center in Paris, marking a significant enhancement in our closed-loop R&D capability in Europe

In the future, the European Innovation Center will continue to serve as a bridge between the Headquarters and international resources in Europe, promote the transformation of global innovation resources into local products, and empower our internationalization process.

In 2025, we carried out the deep integration and application of AI technology in the whole R&D process. We deepened the auxiliary decision-making role of AI in formula development, skin feel prediction, and functional ingredient combination optimization to improve our accuracy and foresight in R&D. We also expanded the innovative application of AI in operation and management scenarios, such as safety assessment and resource scheduling, promoted the data-driven intelligent transformation of R&D, and comprehensively improved the overall efficiency and technological value of our R&D.

#### Results of Innovative R&D Tool Application in 2025

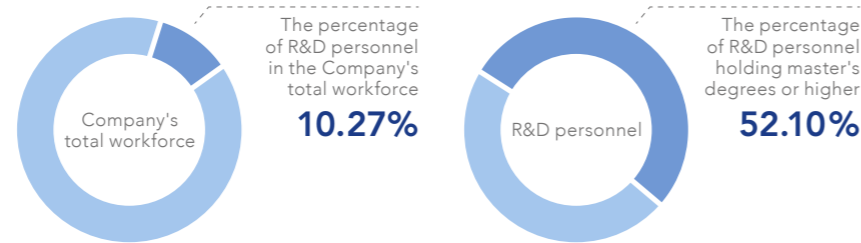
- For the first time, we independently built a molecular dynamics simulation research platform to explore the transmembrane transport mechanism of cyclic peptides and linear peptides with the help of the umbrella sampling technology system. Through key indicators such as free energy change and membrane permeability coefficient, we clarified the differences in membrane penetration ability and core influencing factors, and relevant achievements have been successfully applied to the Advanced Firming Nourishing Series
- We independently developed an AI-empowered high-throughput screening process, precisely locking core targets from more than 4,200 targets and selecting a high-efficacy molecule from more than 12,000 raw materials through the self-developed method. Experimental verification shows that the efficacy of plant extracts containing this molecule is significantly better than that of existing raw materials. This result helps realize cost reduction, efficiency improvement, and rapid implementation, and it will be applied to core product lines such as the Original Repair Series for the first time in the future

Note: Please refer to the "Digital Transformation and Information Security" section for other information.

## 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 continue to deepen the training of high-caliber talent. We also take measures such as job rotation planning, research content exchange, knowledge sharing on research issues, exchanges on emerging industry technologies and achievements, specialized R&D training, and cooperation led by the European Innovation Center to cultivate top international talent.

Employment of R&D Personnel in 2025>



We continue to improve the talent incentive mechanism, using the *Incentive Measures for Employee Knowledge Enhancement* to stimulate the innovation enthusiasm of R&D personnel. Additionally, 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. In 2025, we encouraged employees to participate in innovation through various activities, such as the "Future Technological Innovation" R&D and Innovation Competition, the Pioneer Energy Gathering event, the Special Cultural Incentive Program for the Double 11 Shopping Festival, and the AI+ Efficiency Pioneer Competition.

## Case

### "Future Technological Innovation" R&D and Innovation Competition Activated Talent Development Potential

The "Future Technological Innovation" R&D and Innovation Competition of Proya Cosmetics is an innovative competition within the R&D system, aiming to stimulate the innovative vitality of the R&D Department and promote cross-departmental cooperation. The competition involved the innovation of raw material mechanisms and efficacy, new processes and material technologies, and AI digital empowerment for R&D. It focused on demonstrating cross-departmental technological innovation and industrialization capabilities, forming benchmark cases and replicable methods for R&D exploration and application implementation. The competition offered awards such as the Future Technological Innovation Pioneer Award, Future Breakthrough Innovation Award, Future Explorer Award, and Scientific Research Spark Award. Winning teams and individuals received bonuses as well as non-monetary incentives, such as career development opportunities and honors.



^ Photos Taken at the "Future Technological Innovation" R&D and Innovation Competition

## R&D and Innovation Development

We continue to promote R&D innovation, explore new R&D directions and technical fields, and cooperate with partners such as universities, research institutes, and industry partners to accelerate the commercialization and application of achievements by jointly tackling technological challenges and building laboratories. In 2025, we completed the development and upgrading of innovative formulas for multiple brands and categories, and built and improved a key technology platform with a matrix of efficacy combinations, innovative dosage forms, sensory maps, color management, green processes, and safety evaluation.

R&D Progress of Main Brands in 2025>

### PROYA

We made breakthroughs in the field of innovative raw materials and completed the filing of Bicyclic Octapeptide-68, the first new bicyclic peptide material registered in China. We continued to promote the scientific verification and basic research of core products. The efficacy and safety research results of the core products of the Advanced Firming Nourishing Series have been published in authoritative international journals such as the *Journal of Cosmetic Dermatology* and *Cosmetics*. The efficacy research results of recombinant Collagen XVII, the core component of the Original Repair Series, have been published in the *International Journal of Biological Macromolecules*.

### TIMAGE

Focusing on the core brand ethos of "Chinese Makeup, Natural Beauty," we made significant progress in three major fields: core technological breakthroughs, green biotechnology development, and digital R&D efficiency. We established a strategic path to shift from "single formula development" to "technical platform construction," and built our unique technological barrier with "light and shadow reshaping, bionic films, and system collaboration" as the core.

In terms of core technological breakthroughs, we developed two cutting-edge technologies: the skin-friendly makeup powder technology and the bioactive film-forming agent technology. The former uses natural, renewable biomaterials to improve the biocompatibility and fineness of makeup bases, perfectly interpreting the unity of makeup and skin. The latter promotes the transformation of film-forming technology to bio-based sources, ensuring makeup retention while also taking into account environmental friendliness.

### Off&Relax

We continued systematic research and upgraded the three selective technologies, namely cleaning, antibacterial, and repair technologies, as well as the three hair follicle activation technologies, including Collagen XVII, cellular autophagy, and mitochondrial activity. We published eight papers in Chinese, Japanese, and English in the fields of hair loss treatment, microecology, and hair repair, released the *Asian Hair Health White Paper—Damaged Hair Repair*, and obtained one patent in China and two patents in Japan.

### INSBAHA

Focusing on the foundation advancement path of the brand, we successfully developed three sunscreen primers with differentiated effects and color correction functions. We turned the brand from focusing on color aesthetics to developing a comprehensive range of makeup products covering all categories, and strengthened the brand's competitiveness in the foundation segment.

**HAPSODE**

We continued to focus on the core skincare needs of young oily and oil-sensitive skin, and deeply explored oil control and sensitive skin care technologies. While consolidating the basic efficacy, we gradually developed antioxidant brightening, whitening, and acne skin care functions to continuously enrich scientific skincare solutions for young skin.

**CORRECTORS**

In the field of pore care, our papers related to pore care efficacy assessment and grading map application were included in the IFSCC 2025 technology poster for global scientific exchanges and dialogues on cutting-edge cosmetics technologies, showing the world the scientific research strength of this Chinese functional skincare brand.

Representative Product Research  
Results in 2025>



**Advanced Firming Nourishing Cream | Research Result Published in Cosmetics (IF=3.2)**

Our research validated for the first time in the world that the cosmetic formula could significantly up-regulate LOX, a core cross-linking enzyme, and it also validated that the complex of polypeptide and silymarin can rapidly activate collagen expression within 4 hours, realizing "mechanism + clinical" dual validation.



**Advanced Firming Nourishing Essence | Research Result Published in the Journal of Cosmetic Dermatology (IF=2.5)**

Our research clarified the synergistic mechanism of retinol and HPR. By activating the TGF-β/Smad pathway, it significantly promotes the synthesis of collagen and elastic fibers, and the addition of silymarin can further enhance the expression of collagen.



**Double Effect Essence | Research Result Published in the International Journal of Cosmetic Science (IF=2.5)**

Starting from four aging pathways of oxidation, glycation, autophagy, and circadian rhythm, our research systematically verified the multi-pathway synergistic anti-aging effect of the new active substance NOX-AGE.

Note: IF (Impact Factor) is an important indicator to measure the impact of academic journals. The higher the IF value, the more academic attention and recognition the journal has in its field.

Representative Efficacy Research  
Results in 2025>

**Anti-aging**

- In cooperation with Zhejiang University, we published a paper titled "Bioactive Compound Discovery for Mitochondrial Enhancement and Skin Aging Prevention: A Deep Learning-Aided Screening," and developed Cellergy pro™, a composite formula that can improve the energy metabolism level of damaged cells and repair structural abnormalities of mitochondria. The research result won the IFSCC 2025 Top 10 Papers of Basic Research Award and is applied to the Inaugurating Series 2.0

**Whitening**

- We independently developed the Optical 335 & Dual-Degradation Whitening Technology, which significantly enhances the activity of autophagy proteins, improves the degradation of tyrosinase, and realizes efficient skin brightening and melanin reduction, breaking through the efficacy-lasting limitations of traditional whitening raw materials. The Optical 335 & Dual-Degradation Whitening Technology has been applied to the Illuminating Series.

**Sunscreen**

- We developed the Air Ultra-Film Protection Technology, which pioneers the "molecule-particle" two-dimensional collaboration, breaking through the bottleneck of soft and hard film balance; we developed the Dot Matrix Light Ultra-Film Technology, which pioneers an irregular internal phase structure, improving the utilization rate of sunscreen agents. Related products have been certified as New Industrial Products of Zhejiang Province.

**Scalp microecology**

- We cooperated with Shanghai Jiao Tong University to develop the Ternary Anti-Dandruff Factor Technology, which combines piroctone olamine with succinic acid to develop solutions for oil/dry dandruff, respectively. Our paper titled "Abnormal Microbial Amino Acid Metabolism and Activated Pathogenesis in Scalp with Dandruff" was published in the Journal of Investigative Dermatology, a top journal in global dermatology.

We continue to build an open innovation system, expanding our network of external strategic cooperation in an all-around way. In 2025, we carried out strategic cooperation with raw material suppliers such as Ashland (China) Investment Co., Ltd., DSM Vitamins (Shanghai) Co., Ltd., and BASF (China) Co., Ltd.; we deepened in-depth cooperation with hospitals and universities such as West China Hospital of Sichuan University, Shanghai Skin Disease Hospital, Shanghai Jiao Tong University, Zhejiang University, China Pharmaceutical University, and Beijing Technology and Business University in the fields of medical research collaborative transformation, skin and scalp hair follicle mechanisms, scalp microecology, and functional active substance development; we also entered strategic cooperation with Bota Biosciences, focusing on the integrated application of synthetic biology and AI technology to develop innovative raw materials.

Key External Cooperation Projects  
in 2025>

- We cooperated with West China Hospital of Sichuan University to develop active substances that target key mitochondrial metabolic pathways. Focusing on the mitochondrial anti-aging pathway, we identified new skin anti-aging targets, combined computer-aided drug design screening and wet experiment verification, and finally delivered the optimal active substance, covering functional validation and safety assessment of cell models and animal experiments.

- In cooperation with Shanghai Skin Disease Hospital, we used non-invasive skin imaging technology and biological samples to explore the association between gene and basement membrane protein expression by using GWAS for the first time, so as to explore the genetic regulation mechanism of the basement membrane in skin aging.
- We cooperated with Shanghai Jiao Tong University and China Pharmaceutical University in the research of scalp and skin microecology, focusing on the regulation and control of extracts on skin microecology and flora to provide support for the microecological efficacy of products.
- We cooperated with Beijing Technology and Business University to conduct a preliminary experiment on the screening of potential molecular markers for pore problems, so as to study the differences in skin physiological characteristics and epidermal cell gene transcription levels with different pore problems.
- We built the Joint Laboratory for Skin Health and Aging with the School of Pharmacy of Zhejiang University, aiming to build an innovation platform for interdisciplinary industry-academia-research-medicine collaboration based on the deep cooperation foundation in the fields of skin anti-aging and skin barrier repair.

Recognition and Honors  
Related Technological  
Innovation in 2025 >

**World-class**

- IFSCC 2025 Top 10 Papers of Basic Research Award
- IFSCC Gold Member

**National-level**

- Top 10 Enterprises of Cosmetic Industry in Light Industries

**Provincial-level**

- New Industrial Products of Zhejiang Province
- Excellent Industrial Product of Zhejiang Province
- New Products of Zhejiang Province

**Municipal-level**

- Hangzhou Kunpeng Enterprise in 2025 (Two-Star)

**Industry-level**

- Technological Innovation Enterprise of Health and Beauty Industries in 2025
- New Quality Productive Force Promotion Award of Health and Beauty Industries in 2025
- Excellent Paper Award in Daily Chemical Science
- Second Prize for Technological Progress of the Chinese Cereals and Oils Association

**Company-level**

- Annual Innovation and Breakthrough Award

**Animal Experiment Reduction**

Proya Cosmetics adheres to the concept of animal welfare, minimizes the use of laboratory animals in product development, and actively builds and applies an animal replacement technology system. We use non-animal testing methods such as 3D artificial skin, in vitro organs, characteristic cells, and microbial models to carry out safety assessments on toxicological endpoints of raw materials, such as skin irritation, eye irritation, sensitization, phototoxicity, and genetic toxicity, and conduct clinical applicability validation based on in vitro test results to ensure product safety.

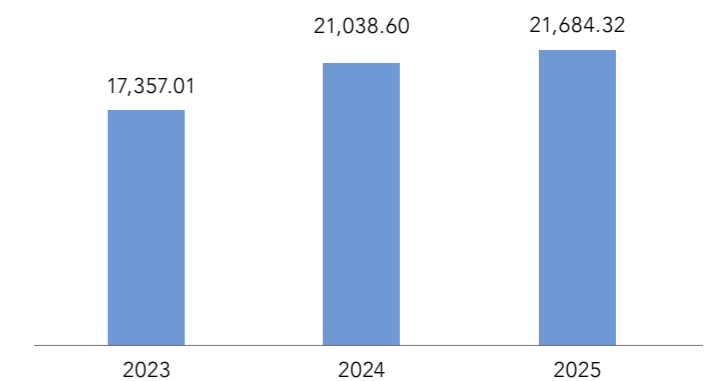
At the same time, we continue to promote the standardization of alternatives to animal experiments in China. We cooperated deeply with Zhejiang Institute for Food and Drug Control and the China Association of Fragrance Flavour and Cosmetic Industries, participated in the formulation of a number of group standards, such as the Method of Skin Irritation Test In Vitro for Face Cream Cosmetic Products and the Method of Skin Sensitization Test In Vitro for Freckle Removing and Whitening Cosmetic Products, and contributed to the development of animal replacement technology in the industry.

**Indicators and Goals of Technological Innovation**

Indicator	Unit	Management goals	2023	2024	2025	Achievement
Amount of R&D investment	CNY10,000	Continuously increase R&D investment	17,357.01	21,038.60	21,684.32	Progressing as scheduled
Proportion of R&D investment in operating revenue	%		1.95	1.95	2.05	

**Key Performance**

(Unit: CNY 10,000)



■ Amount of R&D investment

**During the reporting period**

We produced a total of 62 papers, including 22 papers published in SCI journals, 20 papers published in Chinese journals, 11 papers for international conferences, and 9 papers for domestic conferences. The cumulative impact factor of published and accepted SCI journal papers is 55.

# | Product Quality and Safety

## Governance

Providing consumers with high-quality, safe, high-standard, and innovative cosmetic products is one of our core tasks. We continuously monitor and control various quality risks, implementing comprehensive quality management throughout the entire product life cycle from product R&D to production and post-marketing management to ensure that consumers use safe, reliable, and high-quality products.

Our Huzhou Factory has established the Quality Management Department and Quality Management System Committee to coordinate product quality management, formulate quality audit plans, and standardize the quality inspection of incoming raw materials. These departments are also responsible for controlling quality and managing deviations in production and product delivery, and setting up and tracking product quality goals.

Quality Management System Certification>

Certification	Scope of certification	Certification Validity Period
ISO 9001:2015	Proya Cosmetics Co., Ltd.	February 2028
ISO 22716 Cosmetics— Good Manufacturing Practices (GMP)	Proya Cosmetics Co., Ltd.	May 2026
US FDA CFSAN Good Manufacturing Practice (GMP) for Cosmetics	Proya Cosmetics Co., Ltd.	May 2026

We actively respond to the *Opinions on Deepening Cosmetics Regulatory Reform and Promoting High-Quality Industry Development*, and strictly abide by laws and regulations such as the *Regulation on the Supervision and Administration of Cosmetics*, the *Code for Quality Management of Cosmetics Production*, and the *Measures for the Safety Risk Monitoring and Evaluation Management of Cosmetics*. We have formulated systems such as 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.

In order to ensure the continuous and compliant operations of our quality management system, we systematically revised our *Validation Management System* according to changes in business modules in 2025. In addition, in view of the increase in demand for customer product return management brought about by the expansion of online business scale, we formulated the *Handling Specifications for Customer Product Returns* to comprehensively consolidate the foundation of our quality management system.

## Strategy, Risk, and Opportunity Management

Identification, Assessment, and Management of Product Quality Risks>

Product quality is key to earning consumer trust and maintaining core market competitiveness. We uphold the quality control philosophy of “enhancing process control to ensure quality, 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 cosmetics industry and meet consumers’ high expectations for product efficacy and quality.

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

Stage	Core Link	Key Activities & Control Measures	Output/Target
Risk identification	R&D and design	<ul style="list-style-type: none"> <li>Carry out raw material safety risk assessments</li> <li>Evaluate formula stability and compatibility</li> <li>Identify the feasibility risks of production processes</li> </ul>	Identify potential risks in formulas and raw materials to ensure the compliance and safety of product designs
Risk assessment	Material procurement	<ul style="list-style-type: none"> <li>Implement supplier admission assessments and audits</li> <li>Carry out an inspection on each batch of incoming raw materials</li> <li>Establish a raw material traceability system and a deviation management mechanism</li> </ul>	Evaluate the quality risk level of raw materials to prevent unqualified raw materials from being put into production
Risk management	Manufacturing	<ul style="list-style-type: none"> <li>Carry out the performance validation and annual revalidation of key equipment such as water purification systems, the emulsification equipment, and the filling machine</li> <li>Monitor critical process parameters</li> <li>Implement process inspections</li> <li>Strictly implement GMP to prevent cross-contamination</li> </ul>	Ensure a stable and controllable production process and eliminate the risk of process deviation
Monitoring and review	Finished product release	<ul style="list-style-type: none"> <li>Carry out various inspections according to the executive standards for cosmetics registration or filing</li> <li>Implement the review mechanism for the batch-by-batch release of products</li> <li>Establish a traceability system for finished products</li> </ul>	Validate that finished products meet quality standards and regulatory requirements to ensure the safety of marketed products

Identification, Assessment, and Management of Product Quality Risks>



Stage	Core Link	Key Activities & Control Measures	Output/Target
Continuous improvement	Post-marketing management	<ul style="list-style-type: none"> <li>Establish a monitoring and reporting mechanism for adverse reactions</li> <li>Cooperate with regulatory authorities in risk monitoring and sampling-based inspection</li> <li>Conduct internal and external audits</li> <li>Implement CAPAs according to market feedback and risk warnings</li> </ul>	Realize closed-loop risk management and continuously improve the quality system

## Quality Control

In order to actively deal with various possible risks in the field of quality management, we continue to tighten our quality assurance and quality control standards, and constantly optimize the whole-process confirmation mechanism for product production. We have built a multi-party collaborative audit system involving R&D and manufacturing teams to ensure strict quality control at every stage. In addition, we perform regular internal quality audits to identify potential improvement opportunities. 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 various tasks in an orderly manner according to the annual verification plan to ensure the adequacy, suitability, and continued effectiveness of our quality management system.

In 2025, we further strengthened source control and implemented forward-looking prevention and control of raw materials. At the same time, we introduced intelligent testing equipment to replace traditional manual testing, which effectively ensures the stable improvement of our product qualification rate. Throughout the year, we carried out 2 internal quality audits and 10 external audits to comprehensively verify the actual operational effect of the quality management system. We organized 7 quality-related training sessions to continuously improve employees' business literacy and quality awareness. During the reporting period, there were no major product-related safety and quality accidents.

Production Quality Control>

- 
**Raw Material Control**
  - We have formulated a raw material management system, set acceptance standards, and standardized evaluation methods. All departments strictly follow the provisions of various documents.
  - We have developed the Management System for Safety Testing of Innovative Raw Materials to conduct the full life cycle monitoring of new raw materials used in China for the first time.
  - We adopt a raw material shelf-life control system and have set quality control indicators for raw materials, including physicochemical and microbiological properties, and infrared spectrum fingerprint control.
- 
**Packaging Material Control**
  - We have developed the Packaging Material Management Specifications and other systems.
  - We evaluate packaging samples and small-lot trial production of packaging.
  - We set up inspection plans and release products only after they pass all inspections.

Production Quality Control>

- 
**Manufacturing Process**
  - We formulate process specifications in strict accordance with the production process approved by the state to manage the production process in a standardized manner.
  - We have developed evaluation specifications for semi-finished products and set quality control indicators, such as physicochemical and microbiological properties, and preservative additions.
  - We sample every lot of semi-finished products and regularly re-check inventory.
- 
**Packing Control**
  - We carry out first-piece control and in-process control, and manage the quality of the filling process.
  - Our 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**
  - We perform product quality control against quality standards, including physicochemical, stability, and heavy metal inspections. Products can only be released after passing these inspections.
- 
**Ex-Factory Inspection**
  - We have established the Labeling and Traceability Control Procedure in strict accordance with the requirements of laws and regulations.
  - We make sure production records on the labels of all delivered products are traceable, including the lot number, specification, process, and inspection records.

## Outsourcing Quality Management

We have established the *Outsourcing Management System* for OEMs/ODMs to incorporate OEM quality management requirements into the applicable scope of the *Quality and Safety Responsibility System*. In addition, we strengthen quality control in the outsourcing process through quality standard formulation, on-site guidance, quality testing, and random inspections. We identify product quality risks based on the *Product Risk Assessment Form* and formulate corresponding risk control plans to realize preliminary prevention and closed-loop management of potential quality hazards. In 2025, our ODM supervision and audit coverage rate for new products reached 100%.

Outsourcing Quality Control Measures>

Quality standard formulation	On-site guidance	Quality testing	Random inspections
<ul style="list-style-type: none"> <li>In the early stage of development, establish relevant test standards according to the characteristics of outsourced products, and formulate quality documents such as quality specifications, coding rules, and finished product assembly standards</li> </ul>	<ul style="list-style-type: none"> <li>Go to OEMs to carry out on-site supervision and audit for the first batch production of new products, helping OEMs clarify the Company's quality requirements</li> </ul>	<ul style="list-style-type: none"> <li>Require the suppliers to test the products produced and provide corresponding testing reports, and conduct product warehousing only after reviewing the reports</li> </ul>	<ul style="list-style-type: none"> <li>Carry out random, unannounced inspections of suppliers, and conduct on-site and document audits for their quality weaknesses to help them improve quality control</li> </ul>

## Product Recall

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

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

## Indicators and Goals of Product Quality

Indicator	Annual Goal	2025	Achievement
First-pass yield of the production process	≥99%	99.63%	Achieved
Incoming material inspection pass rate (raw materials)	≥99%	98.24%	Not achieved <sup>1</sup>
Incoming material inspection pass rate (packaging materials)	≥99%	99.34%	Achieved
Pass rate of post-marketing spot checks	100%	100%	Achieved
Closure rate of defects in the management system audit	100%	100%	Achieved

*Note 1: We continued to optimize our quality control system. Although the goal was not achieved, the pass rate of raw materials increased from 97.78% in 2024 to 98.24% in 2025, showing an improvement trend.*

# Customer Service and Rights Protection

## Governance

Adhering to the concept of heartfelt service and sincere hospitality, Proya Cosmetics 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. It strives to provide comprehensive, multi-tiered customer service support, ensuring a safe, reliable, and high-quality service experience for customers.

Management Responsibilities of the Product Marketing Department>

- According to the annual brand goals, formulate off-site marketing plans for each product, including budget strategies, crowd strategies, and communication content strategies at all stages.
- Coordinate product life cycle management, and collaborate with the product development team, e-commerce team, and consumer service and research team to drive product upgrades/optimizations and enhance product competitiveness and user satisfaction, based on real consumer feedback.
- Implement marketing strategies, provide consumers with open, transparent, scientific, and interesting product information through full-chain product communication and product service guarantee, and guide customers with different skin concerns toward suitable and science-backed solutions from the perspective of product lines.

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 inquiry, 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.

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, which effectively helps us address potential risks and capitalize on opportunities.

Identification, Assessment, and Management of Customer Service and Rights Protection Risks and Opportunities>

**Identification**

- Identification scope: This process covers the full life cycle of customer service (pre-sales consultation, in-sales transaction, and after-sales support) and core scenarios of rights protection (privacy security, complaint handling, return and exchange guarantee, dispute resolution, etc.).
- Identification method: We 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: We assess risks from two dimensions of occurrence probability (high, medium, and low levels) and impact degree (financial loss, brand reputation, and customer loss), and divide them into four levels: significant, major, moderate, and minor risks. These four levels are reflected as P3, P2, P1, and P0 in public opinion monitoring.
- Revenue potential evaluation: We assess the quantitative contribution of opportunities to the customer retention rate, repurchase rate, and market share growth.
- Implementation assessment: We conduct a comprehensive assessment based on technical feasibility, resource investment, and policy compliance, prioritizing opportunities with high returns and low implementation difficulty.

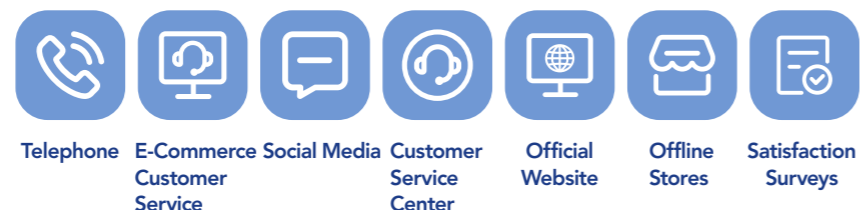
**Management**

- Risk avoidance: We have established compliance review mechanisms for webpage content and service scripts to eliminate misleading publicity.
- Risk mitigation: We have established risk monitoring and firewall mechanisms to ensure customer issues are quickly, effectively, and proactively resolved, reducing the possibility of further risk expansion.
- Risk transfer: We purchase relevant insurance to cover part of the risk loss.
- Risk monitoring: We incorporate low-probability/low-impact risks into a risk contingency database and conduct dynamic monitoring.
- Opportunity conversion: We have introduced AI-powered customer service and intelligent service monitoring systems to shorten service response times while monitoring and intervening in the emotions of customers and customer service personnel in their interactions, as well as customer complaints. In addition, we implement the seven-day unconditional return policy, allergy-free assurance, and price protection service to build customer confidence.

**Consumer Communication**

Consumer Communication Channels>

In terms of consumer communication, we have built consumer feedback channels to listen to their opinions and suggestions. We answer questions and provide after-sales services for consumers, and conduct after-sales tracking. In 2025, we added telephone communication as an after-sales service channel to shorten the distance with consumers and provide more prompt responses to help them solve problems.



We actively collect consumers' true feedback on products, services, and operational activities through order comment analysis and service satisfaction surveys to identify improvement opportunities. We have also established a public opinion monitoring and feedback mechanism to identify consumers' concerns and questions in time, transform them into important references for internal improvement and external response, and improve the transparency of communication and the quality of response.

In terms of consumer complaints, we have formed a sound complaint handling channel, with product sales, R&D, and customer service departments working together to promptly handle feedback and questions from consumers in various aspects, such as the user experience, after-sales services, and product optimization suggestions. For consumer complaints impacting our brand reputation, our Brand Public Relations Department has established a linkage mechanism with the channel, customer service, and legal affairs departments to ensure information consistency, professional response, and transparency in complaint handling, and to avoid secondary transmission risks.

Complaint handling method and procedure >



Feedback communication	Handling method
User experience	Customer service personnel will immediately inquire about users' questions and provide professional usage suggestions and accurate product knowledge.
After-sales service experience	User needs will be recorded and reported to the Customer Service Department and other relevant departments. We strive to solve the problems encountered by users as soon as possible so as to maximize their rights.

Feedback communication	Handling method
Product improvement suggestions	We will sort our products and generate monthly reports for the R&D Department to upgrade and optimize the products.
Product quality complaints	Our factory, R&D, and quality management teams will work together on troubleshooting, implement targeted measures according to problem severity, and reach a consensus with consumers to maximize their rights.

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 our internal management mechanisms, our product sales, R&D, factory, and customer service teams work together to follow up on consumer feedback and questions on the user experience, consumer service, product optimization, and logistics service.

## Customer Satisfaction Improvement

We are reshaping our brand awareness through multi-dimensional customer retention measures to continuously consolidate the cornerstone of consumer trust. Relying on the online channels of various platforms, we conduct qualitative and quantitative research on consumers every year to gain an all-around insight into the pain points related to products, logistics, and services, and implement accurate optimization. We also conduct offline product salons and dealer empowerment training to improve the terminal service experience and enhance consumers' trust. In 2025, we achieved the closed loop of integrated pre-sales and after-sales management. At the same time, we used AI tools to enhance our service response capability in an all-around way, improved consumer communication quality and effectiveness, and continuously improved the consumer experience.

Consumer Service Optimization Initiatives and Achievements in 2025>

	Measure	Achievement
Consumer Communication	<p><b>PROYA</b></p> <ul style="list-style-type: none"> <li>We focused on quick response and non-satisfaction resolution. While responding to consumers' demands quickly, we paid close attention to scenarios where consumers were dissatisfied, intervened in time, and adjusted our talk skills and service strategies</li> </ul>	<ul style="list-style-type: none"> <li>The complaint rate on Tmall was <b>0.02%</b> in 2025</li> </ul>

Consumer Service Optimization Initiatives and Achievements in 2025>

	Measure	Achievement
Consumer Communication	<p><b>TIMAGE</b></p> <ul style="list-style-type: none"> <li>We built a 24/7 full-scenario response network, deployed an intelligent customer service matrix incorporating GPT, and supported multi-modal interaction and automatic order splitting; we established three-level business classification and intelligent early warning to ensure instant consultation response, real-time complaint follow-up, and public opinion handling within one hour</li> </ul>	<ul style="list-style-type: none"> <li>The complaint rate on Tmall was <b>0.010%</b> in 2025</li> </ul>
	<p><b>Off&amp;Relax</b></p> <ul style="list-style-type: none"> <li>We carried out QA simulation drills and simultaneously optimized the SOP for handling allergic reactions, manual remarks, and abnormal problems to continuously improve service response capabilities</li> </ul>	<ul style="list-style-type: none"> <li>The complaint rate on Tmall was <b>0.04%</b> in 2025</li> </ul>
	<p><b>HAPSODE</b></p> <ul style="list-style-type: none"> <li>We built high-frequency-scenario solutions, standardized the processing procedures to ensure that customer problems were effectively solved, and provided professional and enthusiastic services for users; we dynamically optimized the knowledge base and the AI intent recognition model to improve AI accuracy and ensure quick response to user problems</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, the complaint rate on Tmall was <b>0.01%</b>, and that on Douyin was <b>0.04%</b></li> </ul>
	<p><b>INSBAHA</b></p> <ul style="list-style-type: none"> <li>We built an instant response chat tool across platforms (responding in seconds from 8:00 to 24:00), and inspected platform-based operations and optimized product detail pages every day; for public opinion complaints, we established a closed-loop mechanism of "responding in one hour, contacting the customer in 12 hours, following up on complaint handling, and carrying out internal review in 48 hours," with remarkable results achieved in service response and public opinion closed-loop management</li> </ul>	<ul style="list-style-type: none"> <li>The complaint rate on Tmall was <b>0.47%</b> in 2025</li> </ul>
Consumer Experience Improvement	<p><b>PROYA</b></p> <ul style="list-style-type: none"> <li>We applied different types of AI robots on Tmall, Douyin, JD.com, and Pinduoduo according to their conditions. For example, on Tmall, we vigorously developed the intelligent assistance mode to help customer service personnel answer routine questions through AI robots and shorten consumer waiting time; on Douyin, we newly applied the Pigeon Robot to help improve our fully automatic service capability</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, the customer satisfaction on Tmall was <b>93.76%</b>, with a year-on-year increase of <b>1.1%</b></li> </ul>

Consumer Service Optimization Initiatives and Achievements in 2025>

	Measure	Achievement
Consumer Experience Improvement	<b>TIMAGE</b> <ul style="list-style-type: none"> <li>We built a worry-free after-sales guarantee system. We established scenario-based compensation standards and online and offline fund pools, and provided the guarantee of "refund in case of allergy/medical expense insurance," allowing consumers to purchase without worries</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, the customer satisfaction on Tmall was <b>96.66%</b>, with a year-on-year increase of <b>0.44%</b></li> </ul>
	<b>Off&amp;Relax</b> <ul style="list-style-type: none"> <li>We launched three automatic workflows: automatic note applet, automatic product introduction mini program, and automatic product manual attachment, effectively reducing the frequency of users' consultation on similar problems and improving service response efficiency and scenario-based solution capability</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, the customer satisfaction on Tmall was <b>95.97%</b>, with a year-on-year increase of <b>1.03%</b></li> </ul>
	<b>HAPSODE</b> <ul style="list-style-type: none"> <li>We established a public opinion risk monitoring mechanism to monitor negative emotions, public opinion escalation, and customer complaint early warning in real time, and intervene with a timely solution; we also established an abnormal problem reporting and customer complaint escalation process to provide consumers with better solutions</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, the customer satisfaction on Tmall was <b>96.46%</b>, with a year-on-year increase of <b>0.14%</b></li> </ul>
	<b>INSBAHA</b> <ul style="list-style-type: none"> <li>We unified and standardized the service process across platforms, and regularly extracted "non-fulfillment + frequent consultation questions" for targeted improvement; we also improved the invitation rate of customer service evaluation and optimized the invitation scenario</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, the customer satisfaction on Tmall was <b>97.07%</b>, with a year-on-year increase of <b>8.76%</b>; in 2025, the customer satisfaction on Douyin was <b>94.11%</b>, with a year-on-year increase of <b>2.35%</b></li> </ul>
Customer service capability improvement	<b>PROYA</b> <ul style="list-style-type: none"> <li>We carried out Q&amp;A simulation training, using AI tools to simulate the incoming inquiries from consumers. Customer service personnel were not allowed to serve real consumers until they had passed the model test. The training helped new customer service personnel grow rapidly. At the same time, we carried out lecturer certification and tutor certification to improve the learning effect and daily service level of customer service personnel in big promotions</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, we held a total of <b>82</b> training sessions, with participation from <b>6,773</b> trainees</li> </ul>

Consumer Service Optimization Initiatives and Achievements in 2025>

	Measure	Achievement
Customer service capability improvement	<b>TIMAGE</b> <ul style="list-style-type: none"> <li>Through systematic and scenario-based teaching design, we strengthened the practical operation ability of the service team, established a complaint case library for the team to review and learn, and consolidated the service foundation through continuous professional training, eventually improving the user shopping experience</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, we held a total of <b>96</b> training sessions, with participation from <b>1,702</b> trainees</li> </ul>
	<b>Off&amp;Relax</b> <ul style="list-style-type: none"> <li>Throughout the year, we carried out 40 QA simulation drills internally, integrating all-line product learning courseware, FAQ skills, answering strategies, and graphic tutorials to systematically manage knowledge. We significantly improved customer service response efficiency and answering accuracy, and improved user service quality and efficiency. We completed the transformation goal of upgrading customer service from an experience-driven mode to a standardized and replicable professional development mode, and continuously improved team efficiency and professional operations</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, we held a total of <b>120</b> training sessions, with participation from over <b>1,300</b> trainees</li> </ul>
	<b>HAPSODE</b> <ul style="list-style-type: none"> <li>We constructed standardized solutions for high-frequency customer complaint scenarios, improved the handling procedures, and carried out all-around training on product knowledge, professional skincare knowledge, and service procedures for the customer service team to ensure efficient problem-solving and professional services</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, we held a total of <b>69</b> training sessions, with participation from over <b>900</b> trainees</li> </ul>
	<b>INSBAHA</b> <ul style="list-style-type: none"> <li>We held weekly consumer service feedback meetings to collect and put forward improvement suggestions for service problems, which were eventually implemented through training; we carried out "platform rules + service red line" training once a month to consolidate the service awareness of customer service personnel</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, we held over <b>30</b> training sessions, with participation from over <b>2,400</b> trainees</li> </ul>

Recognition and Honors Related to Consumer Service in 2025>

Brand	Recognition and Honors in 2025
PROYA	<ul style="list-style-type: none"> <li>Tmall 2025 Intelligent Automation Service Award</li> <li>Five-Star Store on Tmall in 2025</li> <li>Tmall 2025 Logistics Experience Pioneer Award</li> <li>Gold Customer Service Team on Tmall (9 times)</li> <li>Bronze Award of Excellent Customer Service Team in the Tmall 2025 Double 11 Shopping Festival</li> <li>JD.com 2025 Extreme Intelligence Award for Customer Service</li> <li>Red Rabbit Star Customer Service Prize</li> <li>ByteNew 2025 Experience Collaboration Breakthrough Award</li> </ul>
TIMAGE	<ul style="list-style-type: none"> <li>Gold Customer Service Team on Tmall (12 times)</li> <li>Excellent Customer Service Team of the Year from Red Rabbit</li> <li>Gold After-Sales Service Store on Tmall in 2025</li> <li>Gold Customer Service Team on Tmall in 2025</li> <li>Five-Star Store on Tmall in 2025</li> <li>IUII 2025 Service Innovation Pioneer Award</li> </ul>
Off&Relax	<ul style="list-style-type: none"> <li>Jinwangwang Customer Service Team on Tmall throughout the year</li> <li>Both Tmall stores ranked among the top service providers 15 times</li> <li>Silver Award for Customer Service in Tmall's 618 &amp; Double 11 promotions</li> <li>Five-Star Experience Store of the Year on Tmall</li> <li>Gold Customer Service Team of the Year on Tmall</li> </ul>
HAPSODE	<ul style="list-style-type: none"> <li>Jinwangwang Customer Service Team on Tmall throughout the year</li> <li>Leyan 2025 Service Momentum Award</li> <li>Gold Customer Service Team on Tmall in 2025</li> <li>Five-Star Store on Tmall in 2025</li> <li>Tmall 2025 Logistics Experience Pioneer Award</li> <li>Ranked among the top 10 stores of the industry on Tmall (four times)</li> </ul>
INSBAHA	<ul style="list-style-type: none"> <li>Jinwangwang Customer Service Team on Tmall throughout the year</li> </ul>

Case

Cloud Customer Service Enabled a Win-Win Model of "Flexible Employment + High-Quality Services"

In 2025, we introduced a cloud customer service model, which effectively balances the dual needs of family care and re-employment for mothers by virtue of the flexible work hour mechanism of "one-hour time slot selection." During the 618 and Double 11 shopping festivals, we set up temporary cloud customer service teams of 30 and 50 people, respectively. The teams served 125,000 consumers in total throughout the year, with a service satisfaction rate of 93%. This model not only ensures the user experience during peak hours but also provides flexible employment opportunities for mothers and promotes socially inclusive development.

Responsible Marketing

Responsible Marketing Management Measures>

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 Advertising Law of the People's Republic of China and the Law of the People's Republic of China on Protection of Consumer Rights and Interests, we established a sound management mechanism to ensure the authenticity and accuracy of product marketing content.

Product Promotion Content Accuracy Assurance	Responsible Marketing Training
<ul style="list-style-type: none"> <li>We have established the Product Technology Content Department, in which our R&amp;D professionals review product descriptions to ensure the correctness and accuracy of technological content in product promotions</li> <li>We have established the <i>Product Copywriting Review Procedure</i>. Marketing copywriting must be reviewed by brand marketing, product development, R&amp;D, and legal affairs departments</li> <li>We conduct internal clinical trials and third-party testing for the main efficacy of products to be promoted</li> </ul>	<ul style="list-style-type: none"> <li>Prior to the launch of new products, we organize training on product information accuracy for brand promotion, operations, and customer service personnel, including product mechanism interpretations and product usage recommendations</li> <li>Product knowledge training and post-training assessment are carried out for customer service personnel at least three times a month to ensure that consumers are provided with consistent product information in line with our standard product introduction</li> </ul>

In order to maintain a good corporate and brand image, we upgraded our public opinion prevention and control system in 2025, built a 24/7 global monitoring network covering media outlets, social media platforms, forums, and channels, and realized an "automatic alarm + manual review" model based on multidimensional early warning rules; we established a "grading-research-response-review" mechanism to ensure professional, robust, and controllable handling of major public opinions and protect our brand reputation; through regular public relations communication, we continuously output clear and prudent information in consumer communication and media communication to enhance the long-term brand exposure and highlight our socially responsible image and long-term credibility.

Public Opinion Monitoring Plan Upgrade

In view of the changing business scenarios and difficulties, we customize and upgrade our public opinion monitoring plan in real time to realize the transformation from an "experience-driven" model to a "data-driven decision-making" model. Through resource integration, we have realized the automation of media list management, report generation, and content review, and established external communication management standards. While ensuring the timeliness of our public opinion response, we reduced unnecessary, repeated communication and operations, and improved the efficiency of public opinion management and risk prevention and control capabilities.

Case

Indicators and Goals of Customer Service

Indicator	Unit	Management Goal	Progress in 2025	Achievement
Customer satisfaction	/	By 2025, we will have continuously improved customer satisfaction	PROYA, TIMAGE, Off&Relax, HAPSODE, and INSBAHA have improved customer satisfaction compared with the previous year	Achieved

# Digital Transformation and Information Security

## Digital Transformation

The cosmetics industry is undergoing a full-chain transformation from production to consumption as the wave of the digital economy sweeps across the world. As a leading cosmetics enterprise in China, Proya Cosmetics takes digital transformation as the key strategy for development under the guidance of the national "Digital China" strategy. Through the deep application of cutting-edge technologies such as big data, AI, and 5G, we continue to deepen the full-chain digital transformation of R&D, production, and marketing, providing a practical model for high-quality development in the industry.

With our rapid development, our business scale continues to expand, and management complexity increases day by day. How to break down departmental barriers and connect data assets in all domains has become a must-answer question for us to break through the growth ceiling. To this end, we added a Chief Digital Officer (CDO) position in 2025, aiming to build a digital top-level design from the strategic level, coordinate multiple core elements such as technology, data, and business, and promote the Company's transformation from "local digital upgrading" to "global digital planning" around three core dimensions, so as to create sustainable digital competitiveness for the Company.

### Three Core Dimensions of Digital Transformation

- Accelerate the in-depth application of AI technology in core scenarios such as precision marketing, product innovation, and supply chain optimization
- Promote the construction of enterprise-level global data, and explore the establishment of a large model for the cosmetics industry to provide real-time dynamic support for business decisions
- Establish a "technology + business" innovation mechanism, promote the reform of "developing the IT business and applying IT in business development," and actively attract and cultivate interdisciplinary digital talent with systematic architecture design capabilities through measures such as digital talent team construction, cross-departmental rotation, and digital project co-creation, so as to break the cognitive barriers between business and technology

Typical Application Scenarios of Digital Transformation>

### R&D

- By training the large AI formula model, future R&D engineers will have an AI super assistant. After integrating the raw material database and consumer skin evaluation, the AI super assistant can intelligently generate formulas, greatly shortening the cycle from ideation to implementation for new products, so that products that can better meet consumer needs can be launched sooner.

### Marketing

- By establishing a KOL management system and a marketing data tracking module, we can open up the whole chain from media placement to e-commerce transactions. We can gain insight into the whole process from recommendation content exposure to interest stimulation and final transaction, which provides a basis for the dynamic adjustment of marketing strategies.

## Case

### 5G Intelligent Factory of Proya Cosmetics Was Recognized as an Advanced Intelligent Factory

In May 2025, the List of Advanced Intelligent Factories to be Recognized Through Reassessment by the Department of Economy and Information Technology of Zhejiang was finalized. The 5G intelligent factory of Proya Cosmetics was recognized as an advanced intelligent factory and included in the national tiered cultivation system for intelligent factories, becoming one of the first cosmetics factories in Zhejiang Province to win this honor.

Proya Cosmetics continues to promote digital intelligence. Starting from the digital transformation of production workshops, the Company has gradually built a whole-process intelligent system, systematically promoted the construction of an intelligent factory, and empowered high-quality development with digital intelligence. Previously, Proya Cosmetics had successively won authoritative honors such as the "Intelligent Factory of Zhejiang" and the "Future Factory of Zhejiang." This new honor marks that the Company has made further breakthroughs in the production model, management efficiency, and integrated application of intelligent technology, successfully achieving a three-level leap forward in intelligent manufacturing.

In the future, Proya Cosmetics will continue to explore new paths of digital intelligence and green transformation, continuously improve intelligent manufacturing capabilities, and strive to become an excellent intelligent factory with higher-level advanced development.



▲ List Publicized by the Department of Economy and Information Technology of Zhejiang

## Information Security

Our operations, including sales, services, membership services, and supply chain and partner collaboration, involve the transmission and management of customer data. We attach great importance to data security and customer privacy protection, 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, and have formulated management systems such as the *E-commerce Data Security Management System*, the *Cybersecurity Management Measures*, the *Information System Development Management Measures*, the *Data Classification and Grading Security Management System*, and the *Full Life Cycle Data Security Management System*. Also, we require all employees to strictly implement these policies to ensure compliance with data security work requirements.

In 2025, we revised the *General Provisions for Data Security Management*, the *Personal Information Protection and Management System*, and the *Full Life Cycle Data Security Management System*, and added the *Supplier Cybersecurity and Data Compliance Management System* to strengthen supplier information security management. In addition, we established a data classification and decentralization management system and released a three-level data security system, covering data classification and grading standards and implementation rules, data resource application process specifications, and data security emergency plans, to further improve the information and data security protection network that covers both internal and external aspects and runs through the whole process.

The Company's highest governance body for information security is the Digital Technology Center, which has a Chief Digital Officer (CDO) reporting to the general manager. The Digital Technology Center is responsible for formulating and implementing the Company's overall information security and data protection plan, ensuring the continuous optimization of information security and data compliance work on the product and system sides, and undertaking the information security and data protection needs of various business departments to promote the effective implementation of related projects. In addition, we have established a comprehensive risk management process to effectively identify, assess, prioritize, monitor and manage risks related to data security and customer privacy protection.

Data Security and Customer Privacy Protection Risk Management Process>

Process	Description
<b>Identification</b>	<ul style="list-style-type: none"> <li>Data asset inventory: Identify all data types and storage locations of the Company</li> <li>Risk identification: Regularly identify internal risks that could lead to data leakage or abuse, external data threats, and legal compliance risks</li> </ul>
<b>Assessment</b>	<ul style="list-style-type: none"> <li>Risk assessment: Assess the likelihood and potential impact of each risk event, and quantify and rank risks based on their probability and severity</li> </ul>
<b>Monitoring</b>	<ul style="list-style-type: none"> <li>Monitoring and review: Conduct regular technical checks using log detection systems and perform security and compliance audits on security and privacy protection measures</li> <li>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</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>Data security policies: Develop comprehensive security policies and customer privacy protection policies</li> <li>Employee training: Carry out data security and privacy protection training for all employees, enhancing their security awareness.</li> <li>Technology upgrade: Deploy the latest security technologies and optimize data processing procedures to ensure best practices are followed at every stage</li> <li>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 capabilities</li> </ul>

Data Security Risk Assessment Process>

In addition, in order to cope with the increasingly complex data security challenges, we have established a data security risk assessment process and implemented an "annual regular assessment + dynamically triggered assessment" model, which means that at least one comprehensive assessment should be carried out every year. In the case of a major data security incident, a major change in information systems, or a new technology application, we will immediately start a special assessment.



Data Security and Customer Privacy Protection Risk Management Measures>

We have established an information security control system covering data permission control, e-commerce platform compliance, and business continuity and emergency management to effectively ensure data security and customer privacy.

Dimension	Measure
<b>Data access and permission control</b>	<ul style="list-style-type: none"> <li>Strictly control the access and transmission of consumer information, and desensitize sensitive information</li> <li>Restrict data replication, consumer information viewing, and sensitive information export permissions. Ensure that operators have no right to obtain user information</li> <li>Regularly check the existing data, sort out and tighten data domain access permissions, and strengthen the access control of the network environment</li> </ul>

Data Security and Customer Privacy Protection Risk Management Measures>

Dimension	Measure
<b>E-commerce platform information security</b>	<ul style="list-style-type: none"> <li>Strictly abide by the consumer information protection requirements of various e-commerce platforms, and encrypt and desensitize consumers' information</li> </ul>
<b>Business continuity and emergency management</b>	<ul style="list-style-type: none"> <li>Formulate multiple business continuity plans, emergency response procedures, and related incident handling management mechanisms</li> <li>Implement quarterly UPS discharge tests to ensure the stable operation of equipment in case of power interruption, and implement the data protection strategies of daily local backup and remote synchronization to cope with the risk of accidental system or data loss</li> <li>Verify the effectiveness of the recovery mechanism through annual disaster recovery drills</li> <li>Regularly carry out cybersecurity penetration tests and participate in Hangzhou's practical attack and defense drills for cybersecurity</li> </ul>

We comprehensively apply technical and management measures to improve our information security management. In 2025, we launched a brand-new data disaster recovery and backup system covering all production systems and testing environments of the Hangzhou Headquarters, Huzhou Factory, and Longwu R&D Center. In addition, we sorted out the exposure surface of the Internet system and optimized access and permission control to reduce the overall exposure surface, providing a basis for cybersecurity risk assessment and disposal.

We also continued to promote information security certification. By the end of the reporting period, we had obtained one Level 3 and four Level 2 certificates for classified protection of information security. In addition, we actively promoted ISO 27001 information security management system certification. By the end of the reporting period, it had successfully passed the audit and completed the system certification.

**Case**

**Proya Cosmetics Conducted Information and Data Security Training**

Proya Cosmetics continues to deepen information and data security training, building a solid line of defense with employees' awareness of information security. The Company carried out a special activity named "Proya Cybersecurity Training" in the form of "internal meeting + expert explanation" to enhance employees' cybersecurity literacy and consumers' awareness of privacy protection. In the series of activities of the Confidentiality Publicity Week, the Information Management Center carried out the "Guarding the Digital Future" Data Security Briefing for finance, procurement, marketing, and information departments to enhance employees' awareness of data security and promote the steady advancement of the digital transformation strategy.



^Photos Taken During the Training

**Proya Cosmetics Formulated the Privacy Policy to Inform Customers of Privacy Protection Information**

The Privacy Policy is publicized during the membership registration process of each brand under Proya Cosmetics. Only after the registrant reads and clicks "Agree" to join the membership will the Company collect personal information of the member.

The Privacy Policy states the following: personal information that may be collected, how to collect and use relevant personal information, how to use cookies, partners involved in the process of data use and transfer, under what circumstances personal information may be disclosed, how to store personal information, how to protect the security of personal information, how customers can manage personal information (viewing, correction, deletion, and exit), and protection of minors' personal information.

**Indicators and Goals of Data Security and Customer Privacy Protection**

Indicator	Unit	Management Goal	Progress in 2025	Achievement
Information security and privacy protection violations	/	By 2025, we will have encountered no violations of information security and privacy protection	0	Achieved

**Key Performance**

The success rate of data backup and recovery exceeded **99.9%** ensuring business continuity

The repair rate of high-risk vulnerabilities reached **100%**

the repair time did not exceed **24hours**

## | Industry Development Promotion

Industry collaboration is a key driver of continuous progress in the cosmetics industry. It plays a crucial role in enhancing international influence, fostering technological innovation, ensuring the stable supply of raw materials, improving supply chain efficiency, and effectively addressing industry competition and challenges. Proya Cosmetics actively capitalizes on development opportunities, continues to deepen the industry-academia-research integration strategy, and works with partners and consumers to promote sustainable development and consumption, making value chain sustainability a reality.

In 2025, we actively participated in more than 10 authoritative academic conferences in China and abroad, such as the IFSCC Congress, the ESDR Annual Meeting, and the 30th Annual Meeting of Chinese Society of Dermatology, effectively enhancing our academic voice in the global industry. Also, we led and participated in the formulation of more than 10 national standards, industry standards, and group standards, which have been recognized by IFSCC and other international organizations and institutions, demonstrating our outstanding industry influence.

Proya Cosmetics Attended Major Academic Conferences in 2025 >

- The global R&D team of Proya Cosmetics attended the 35th IFSCC Congress in 2025 with 14 scientific research achievements, and successfully won the IFSCC 2025 Top 10 Papers of Basic Research Award for a breakthrough in mitochondrial anti-aging research, making the Company the sole Chinese cosmetics company to receive this award in the year, and marking the best result achieved by Chinese enterprises in the world cosmetics competition so far.



^ 35th IFSCC Congress



^ 54th ESDR Annual Meeting

- The global R&D team of Proya Cosmetics debuted the three research results, completed through joint efforts, at the 54th ESDR Annual Meeting, an international authoritative conference, highlighting the Company's innovation and scientific research depth in dermatology.
- Awaken Seeds, a functional hair care brand specializing in scalp microbiome under Proya Cosmetics, was invited to attend the 30th Annual Meeting of Chinese Society of Dermatology (2025CSD), and officially launched Proya Cosmetics' first scalp microbiome white paper—*Research Report on Scalp Health and Scalp Microbiome in Chinese Population*, at the Awaken Seeds satellite meeting.



^ Research Report on Scalp Health and Scalp Microbiome in Chinese Population



^ 16th International Conference on Skin Ageing & Challenges

- Dr. Lieve Declercq, Chief Scientific Advisor of Proya Cosmetics and Vice President of the European Innovation Center, was invited to represent the R&D team of Proya Cosmetics at the 16th International Conference on Skin Ageing & Challenges to share the team's research results. With the Rev-Melan™ technology, which provides the core ingredient of the PROYA Inaugurating Luminous Anti-Spot Whitening Series, Proya Cosmetics was nominated for the Innovation Award and became the only Chinese cosmetics company to be nominated.



^ 2025 China Conference of Cosmetics Science and Technology

- At the 2025 China Conference of Cosmetics Science and Technology hosted by the China Association of Fragrance Flavour and Cosmetic Industries, Proya Cosmetics held a forum on "Understanding and Innovation in the Mechanism of Anti-Oxidation and Anti-Glycation." The forum focused on the oxidation and glycation of skin, and discussed in depth the generation principles, intervention technology, ingredients, and future development trends. It brought together

leading dermatological experts, representatives of cosmetic raw material suppliers, and R&D teams from domestic cosmetics brands. They engaged in in-depth discussions on the scientific mechanisms, technological innovation pathways, and practical applications of anti-oxidation and anti-glycation technology, providing robust support for whitening and anti-aging innovations based on this dual-action approach.

- The R&D personnel of Proya Cosmetics were invited to participate in the 11th International Conference on Technology & Applications of Biodegradable & Compostable and Bio-based Plastics, and delivered a speech on “Technology-Driven and Multi-Dimensional Empowerment: Synergy of Peptide Retinol of the Advanced Firming Nourishing Series, Anti-Oxidation and Anti-Glycation Technology, and the Barrier Technology of the Original Repair Series,” sharing the Company’s “mechanism-imaging-clinical” scientific evidence chain based on independent raw materials and products. The speech focused on introducing the Company’s safe and efficient anti-aging active substances and related formulas developed based on biotechnology, covering the anti-oxidation and anti-glycation technology, skin barrier repair, circadian rhythm regulation, and other efficacy dimensions.



^11th International Conference on Technology & Applications of Biodegradable & Compostable and Bio-based Plastics,



^16th World Congress on Targeting Mitochondria

- Proya Cosmetics, as the only Chinese cosmetics company invited to attend the 16th World Congress on Targeting Mitochondria once again, showed two of its latest scientific research achievements, focusing on mitochondrial anti-aging and whitening, delivered an oral speech on the issue of “energy-enabled whitening,” and displayed the latest achievements in the field of mitochondrial anti-aging through posters.

Group Standards Developed with the Participation of Proya Cosmetics in 2025 >

- GB/T 46258-2025 Determination of Hexamethylenetetramine in Cosmetics—Liquid Chromatography-Tandem Mass Spectrometry
- GB/T 46301-2025 Determination of Atranol and Chloroatranol in Cosmetics—Liquid Chromatography-Tandem Mass Spectrometry
- QB/T 8067-2025 Oil-Based Foundation
- QB/T 8005-2025 Raw Materials for Cosmetics—Palmitoyl Pentapeptide-4
- T/ZGKSL 023-2025 Technical Guideline for Production of Plant-Derived Nanovesicles
- T/SHRH 075-2025 General Requirements for Plant-Derived Vesicles Cosmetic Raw Materials
- T/ZJRHXH 0017-2025 Cosmetics Tools—Hydrogen-Rich Dry Film Cloth
- T/SHRH 077-2025 General Requirements for Detection of Polydeoxyribonucleotide (PDRN ) Cosmetic Raw Materials
- FZ/T 64122-2025 Non-Woven Fabric Sheet for Facial Mask
- T/SHRH 076-2026 Evaluation of Cosmetics Firming or Anti-Wrinkle Efficacy Based on Microfluidic-Based Skin-on-Chip System

Proya Cosmetics also actively participated in industry events in China and abroad: Beauty Innovation Days 2025 in Spain; COSMOPROF in Bologna, Italy; 2025 COSMETIC 360; 2025 China Cosmetics Annual Conference. We showed the world our innovation vitality and development potential, and promoted the high-quality development of the cosmetics industry in China and around the world.

High-Impact Industry Events with Participation from Proya Cosmetics in 2025 >

- Proya participated in Beauty Innovation Days 2025 in Spain as the first invited Chinese cosmetics company. Dr. Lieve Declercq, Chief Scientific Advisor and Vice President of the European Innovation Center, delivered a speech at the event as the representative of Proya Cosmetics, showing the charm of Chinese cosmetics on the international stage.



^ Beauty Innovation Days 2025

- Proya Cosmetics made its debut at the 56th COSMOPROF in Bologna, Italy, with three main brands— PROYA, TIMAGE, and Off&Relax. Representatives from Proya Cosmetics at the event included: Hou Juncheng, Founder and Chairman of Proya Cosmetics; Hou Yameng, General Manager of Proya Cosmetics; Antoine Deconinck, General Manager of the European Innovation Center; Dr. Lieve Declercq, Chief Scientific Advisor of Proya Cosmetics and Vice President of the European Innovation Center; and Tang Yi, Founder of TIMAGE. They conducted in-depth exchanges with well-known brands, scientific research institutions, and upstream and downstream supply chain enterprises in the global cosmetics industry, and actively expanded international resources to empower the high-quality development of Proya Cosmetics.



^ 56th COSMOPROF

- Proya Cosmetics appeared at 2025 COSMETIC 360 with three main brands— PROYA, TIMAGE, and Off&Relax, along with the latest academic research results, showing the Company’s profound accumulation and outstanding achievements in AI-driven R&D, product innovation, and international innovation ecosystem construction. Hou Juncheng, Founder and Chairman of Proya Cosmetics, attended the event with members of the global R&D team.



^ 2025 COSMETIC 360



^ 2025 (6th) China Cosmetics Annual Conference

- Tang Yi, Founder of TIMAGE, was invited to attend the 2025 (6th) China Cosmetics Annual Conference and delivered a keynote speech titled “Deepening Professionalism and Driving Growth with Trust” at the main forum. After the conference, he was interviewed exclusively by the organizer COSMO OMB, elaborating on TIMAGE’s vision of becoming a unique Chinese brand.

# 04

## Fostering the Beauty of Diversity and Creating an Inclusive Future



Employees are the cornerstone of a company's survival and development. PROYA is committed to sharing its business success with employees, fostering a diverse, inclusive, and caring organizational culture. The Company provides a healthy and safe working environment, as well as competitive compensation and benefits. It also establishes a systematic career development framework for employees to fully unlock their potential.

While growing its beauty business, PROYA extends its care from skincare to broader social fields. The Company actively promotes gender equality and women's empowerment, launches impactful advocacy campaigns, and focuses on issues such as women's mental health through the Proya Foundation. The Company consistently promotes the social values of mutual assistance, equality, and independence, and fulfills its mission of "Beauty Forever, Wonder to Share" with a global perspective.

### Material Issues Addressed in This Section

- Employee Rights and Benefits ●●
- Employee Training and Development ●
- Occupational Health and Safety ●
- Social Welfare ●

Note: "●●" indicates double materiality; "●" indicates financial materiality only; "●" indicates impact materiality only; and "●" indicates neither financial nor impact materiality.

### SDGs Addressed in This Section



# Employee Rights and Benefits

## Governance

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

Three-Pillar System of HR Management>

Pillar	Responsibility
Center of Excellence (COE)	Responsible for the design of professional policies and plans for HR management
Human Resource Business Partner (HRBP)	Responsible for in-depth customized business support
Shared Service Center (SSC)	Responsible for the efficient handling of standardization affairs

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* and the *Compensation Management System* 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, and upholds equal pay for equal work. It also supports freedom of association and collective bargaining, opposes discrimination, and maintains a zero-tolerance policy for rights violations.

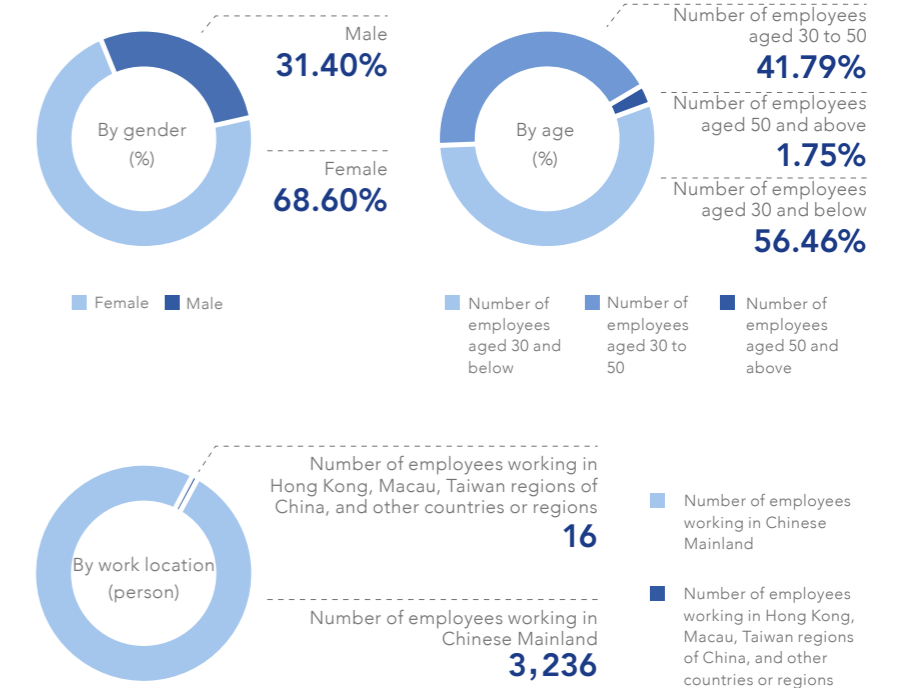
## Compliant Employment

In 2025, we revised and updated the Employee Handbook System, the Compensation Management System, and the Attendance and Leave Management Measures to continuously improve compliant employment in the management of employees. At the same time, we defined anti-discrimination and anti-workplace sexual harassment policies in the Employee Handbook, and set up internal reporting channels to achieve zero tolerance of discrimination and harassment.

Policies on the Employment and Fundamental Rights of Employees >

	Rights Protection Measure	Relevant Document
Recruitment	<ul style="list-style-type: none"> <li>Principles: fairness, equity, and transparency</li> <li>Elimination of child labor: We ensure that job applicants meet the legally required minimum age for employment during the recruitment process</li> <li>Prohibition of forced labor: We promote flexible working hours, timely attendance recording, regular monitoring of work intensity, and work-life balance</li> </ul>	<i>Employee Recruitment and Hiring Management System</i>
Dismissal	<ul style="list-style-type: none"> <li>We carry out dismissal procedures in strict accordance with labor regulations</li> </ul>	<i>Employee Departure Management Measures</i>
Working Hours and Leave	<ul style="list-style-type: none"> <li>We implement a standard working hour system, with 40 hours per week. Overtime can be compensated with time off upon request</li> <li>We provide paid annual leave, marriage leave, bereavement leave, and other statutory holidays</li> <li>We provide parental leave, nursing leave, and other types of leave according to local regulations</li> </ul>	<i>Attendance and Leave Management Measures</i>
Compensation and Benefits	<ul style="list-style-type: none"> <li>We have established a fair, competitive, and performance-based compensation system</li> <li>We provide subsidies or allowances for transportation, travel, and other expenses that may vary depending on the job or position requirements</li> </ul>	<i>Compensation Management System</i>

Employment in 2025>

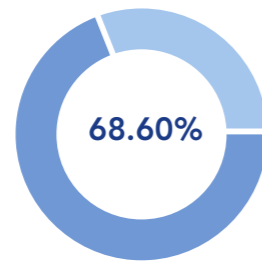


## Equality and Diversity

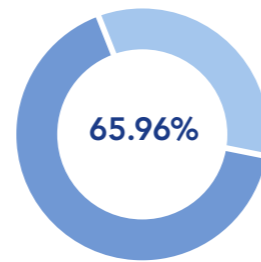
We place great emphasis on workplace diversity and equal development opportunities, strictly abide by the *Labor Law of the People's Republic of China* and other laws and regulations, and prohibit any form of discrimination based on gender, religion, ethnicity, and age during recruitment and management. We have incorporated the principles of equity and transparency in our 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 sustainable development.

Female Employment in 2025>

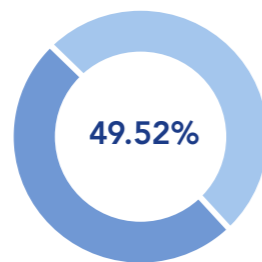
Female employees in the total workforce<sup>1</sup>



Female employees in total management positions<sup>2</sup>



Female employees in total top management positions<sup>3</sup>



Note 1: Percentage of female employees of the total workforce  
 Note 2: Including junior, middle, and senior managers (percentage of female employees in total management positions)  
 Note 3: That is, positions up to two levels away from the CEO or comparable positions (percentage of female employees in total top management positions)

## Employee Benefits

We attach great importance to the benefits of employees, always listen to the opinions of employee representatives, and continue to optimize and upgrade Proya Benefit Management Measures to improve our benefit system for employees.

List of Employee Benefits>

### Statutory benefits

Social insurance	Housing provident fund	Statutory holidays, annual leave, and other statutory benefits
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### Additional benefits

Lunch allowance	High temperature allowance	Physical checkups and commercial insurance	Annual travel, team building benefits, and additional leave for employees
Cash gifts for weddings and funerals, holiday gifts, birthday gifts, etc.			

### Special benefits

Elderly care benefits	Special health benefits	Temporary accommodation arrangements	Special benefits for factory employees, etc.
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With the development of the Company and the evolution of employee needs, we constantly upgrade 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 our employees.

### Employee Benefit Initiatives in 2025



#### Female Care

We held a talk show on Women's Day, with participation from a total of 110 female employees, allowing everyone to effectively release work fatigue and pressure in laughter and gain a happy mood. This initiative not only effectively implemented our holiday care but also further demonstrated our attention to female employees and strengthened team cohesion.



#### Community Activities

By building a block of civilized practice in the new era in Jinyujing Community, we innovatively combined public welfare actions with a community point system and housing benefits. Employees can accumulate points when participating in public welfare activities held by the Company and the community. Those with high points can have priority access to community housing resources and enjoy exclusive discounts. This initiative stimulates employees' enthusiasm for public welfare.

## | Human Capital Development



### Employee Discount

We held an internal purchase event for employees to buy the Company's products at exclusive discounted prices, improved their sense of belonging through employee discounts, and promoted product use experiences and internal communication.



### Prolove Aid Bonus

We responded to a total of four applications for assistance and issued CNY 168,000 in aid bonuses, sending warmth and strength to employees in difficult situations with practical actions, showing our heartfelt care.

We advocate for a balance between work and life. To support this advocacy, we implement a flexible working hour system to give employees more freedom of choice. 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 CNY 150,000 per year on average for their clubs. By doing this, we strive to enhance our employees' happiness in both work and life and help them achieve a better work-life balance.

An equal relationship in dialogues 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. We have established a staff congress to regularly listen to the opinions and suggestions of our employees through employee representatives. In addition, the head of each department would hold regular and random meetings with employees in the department. Employees in various business processes can find corresponding responsible persons and their superiors through Feishu to give feedback on problems.

## Employee Communication

Employee Communication Channels>

Staff congress	DingTalk, Feishu, and OA platforms as online communication channels	Face-to-face communication mechanism between the management and employees	Employee satisfaction surveys and contact surveys	Employee complaint channels
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## Indicators and Goals of Employee Rights and Benefits

Indicator	Unit	Management goals	Progress in 2025	Achievement
Labor rights violations	Incidents	By 2025, we will have encountered no violations of labor rights and interests	0	Achieved

The high-quality development of Proya Cosmetics 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. Additionally, we invite industry experts to join the Company for raw material discovery and R&D and product design, providing talent reserves for the improvement of our competitiveness.

## Employee Training

Employee Training System>

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, creating a comprehensive 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.

### Internal Training

#### Onboarding training

- Trainees: New employees
- Content: the Company's history, culture, rules, regulations, and other essential knowledge for employees

#### Professional training

- Trainees: key personnel in business departments and management trainees
- Content: brand marketing planning and R&D processes

#### Promotion training

- Trainees: middle managers
- Content: business mindset, management skills, and leadership enhancement

#### Routine training

- Trainees: all employees
- Content: business and management skill enhancement

Employee Training System>

**Executive study tour**

- Trainees: senior executives
- Content: horizon expansion and strategic thinking improvement

**External Training**

- Trainees: employees selected through examinations
- Content: Alibaba's business training courses, which provide employees with comprehensive business knowledge education

Focusing on building and developing the management team, we organized a series of training activities that combined learning with practical application. These activities were designed around actual management scenarios and integrated with company-level project issues, creating a platform for employee growth and development.

Training Activities>

Theme	Description
New employee training	<p><b>New Force Pro Exploration Training</b></p> <ul style="list-style-type: none"> <li>• We introduced the Company's development and culture for new employees to help them quickly integrate into the Company</li> </ul>
Middle-level and grassroots empowerment	<p><b>TOP Manager Transformation Training</b></p> <ul style="list-style-type: none"> <li>• We designed leadership development projects for new managers to help their transformation from professionals to managers</li> </ul>
Director-level and senior manager training	<p><b>Leadership Summit</b></p> <ul style="list-style-type: none"> <li>• Based on the Company's strategic direction, we organized lectures around the theme of "brand power, internationalization, digital transformation, and leadership" to foster common growth, help directors gain deep insight into the Company's strategic direction, and broaden their management horizon</li> </ul>
Business-oriented training	<p><b>Review of Douyin Phase I Operations, Emotional Stress Management</b></p> <ul style="list-style-type: none"> <li>• We conducted training to address various types of business pain points faced by our departments and brands</li> </ul>
Digital transformation training	<ul style="list-style-type: none"> <li>• PMP Practice</li> <li>• AI Night School (AI-enabled efficient reporting, video content generation in the AI era, and GEO teaching in the AI era)</li> <li>• Digital Transformation Practice Sharing</li> </ul>

Advantages of the Online Training Platform>

We have introduced the *Incentive Measures for Employee Knowledge and Skills Improvement*, encouraging employees to enhance their knowledge and skills without affecting their regular work. We reward employees for obtaining higher education degrees or professional certification qualifications with incentive bonuses. During the reporting period, we organized a number of vocational qualification trainings and cultivated 12 junior flower arrangement artists, 37 junior AI trainers, and 16 junior baristas, helping employees master new skills. At the same time, we actively assisted a total of five employees in completing the registration for further education at junior college and undergraduate levels, reserving high-quality talent for the long-term development of the Company.

In order to meet the needs of employees for flexible and personalized learning, we built an online training platform—Proya E Course, which provides instant and efficient training and learning content for employees and promotes their knowledge updates and skills improvement.

Advantage	Description
Learning flexibility and convenience	<ul style="list-style-type: none"> <li>• Employees are allowed to learn according to their own schedule and pace, without being limited by geographical location</li> </ul>
Training cost and efficiency	<ul style="list-style-type: none"> <li>• The platform expands the reach of our training, consolidates various resources such as videos, documents, and online tests for a one-stop learning experience tailored to different employee groups</li> <li>• The resources can be reused or combined into learning programs, allowing employees to review content at their own pace or participate according to their needs</li> </ul>
Scalability of training content and formats	<ul style="list-style-type: none"> <li>• The platform can introduce and expand high-quality learning resources, serving as a hub for knowledge sharing. It encourages employees to share valuable experiences and practical cases, and enhances the organizational learning atmosphere</li> <li>• It allows employees to track their learning progress</li> <li>• It provides personalized learning paths according to the position, experience, and career goal of each employee, contributing to the implementation and improvement of the work of talent development</li> </ul>

**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 goals. On this basis, we conduct regular assessments of employee performance.

Employee Performance Assessment System>

Dimension	Frequency	Method
Organizational performance	Once a year	We carry out the annual assessment at the beginning of each year, which typically involves the financial performance indicators of the business department that the employee is in, including sales revenue and net profit
Critical actions	Once a year	The assessment typically involves core business operational indicators, confirmed by the employee's supervisor to be the employee's individual performance indicators, including the average order value, repurchase rate, and operational efficiency
Team management and talent development	Once a year	The assessment uses indicators related to team management and talent team development

### Employee Promotion

Proya Cosmetics conducts employee promotion aligned with corporate strategic development requirements and merit orientation, adhering to the principles of fairness, equity, and transparency. Our multi-dimensional assessment approach incorporates all-around evaluations to ensure optimal allocation of incentive resources.

We have management-oriented and expertise-oriented employee promotion channels, established according to the characteristics of different job positions. This vertical division of labor is based on employees' experience, abilities, and skills, providing employees with clear career development paths. In addition, 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 a manager feedback program, which assesses the leadership of key leaders in business departments, with the aim of enhancing their leadership and cohesion.

- 
**Talent review**
  - We conduct the talent review every July and December to review the needs for job rotation.
- 
**Employee communication**
  - We communicate with employees about their perception of the new positions and performance expectations, and reach a consensus with them.
- 
**Plan development**
  - We develop the job rotation plan based on the needs of the employees and relevant departments.
  - We submit the job rotation plan to the General Manager's Office for approval.

### Employee Motivation

To motivate and retain key talent while boosting engagement among core employees, we have introduced a long-term incentive plan, offering stock options to senior management and key employees. The average duration of a long-term incentive plan is three years, subject 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>

Selection Frequency	Annually
Prizes	3 special prizes, 6 team prizes, and 12 individual prizes
Selection Mechanism	Based on contribution, business development scenarios, and capability
Selection Process	Scheme definition -> quota allocation -> unit nomination -> review by the project team -> approval by the General Manager's Office -> award ceremony

### Indicators and Goals of Human Capital Development

Indicator	Unit	Management Goal	Progress in 2025	Achievement
Employee training coverage rate	%	<b>By 2025,</b> we will have achieved an employee training coverage rate of 100%, with the per capita training duration for being 24 hours	100	Achieved
Per capita training duration <sup>1</sup>	Hour		22.12	Not achieved <sup>1</sup>
Training sessions related to employee sustainability	Session	<b>By 2025,</b> we will have offered at least one sustainability-related training session per year for employees	3	Achieved

<sup>1</sup>Note 1: The PROYA online training system has been in full rollout since 2024. As the platform and its course resources are still under continuous development, the average training hours per employee in 2025 have not yet reached the 24-hour target.

# Occupational Health and Safety

## Work Safety

We are committed to the work safety policy of "adhering to work safety, creating a safe atmosphere, and ensuring physical and mental health." 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 to ensure the safety of our employees.

We have formulated 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, we have established a sophisticated work safety management structure. Furthermore, we carry out regular safety training and fire drills to ensure workplace safety.

Work Safety Management Structure>

Position/ Department	Responsibility
Factory General Manager	<ul style="list-style-type: none"> <li>Lead and manage the work safety as the principal responsible person</li> </ul>
Production Director	<ul style="list-style-type: none"> <li>Assist the General Manager in formulating the work safety management policy and development strategy, providing support for the work safety of the Company</li> </ul>
Safety and Environmental Protection Department/Safety Committee	<ul style="list-style-type: none"> <li>Identify potential safety hazards and risks in the whole production process, and develop targeted countermeasures</li> <li>Supervise and inspect daily operations, including work safety training, carry out work safety inspections occasionally, and hold safety management meetings, safety training, and fire drills</li> <li>Regularly report the work progress and management achievements to the General Manager and Production Director</li> </ul>
Workshop Safety Coordinator (concurrent post)	<ul style="list-style-type: none"> <li>Cooperate with the Safety and Environmental Protection Department/ Safety Committee to promote the implementation of work safety measures and ensure strict compliance with standards</li> <li>Cooperate with the Safety and Environmental Protection Department/ Safety Committee to carry out safety training and fire drills</li> </ul>

In April 2025, we completed the establishment of the *System for All-Staff Investigation of Potential Safety Hazards* and a special checklist for each workshop. We innovatively adopted the QR-code-based mobile reporting model to achieve the full coverage of self-inspection of potential safety hazards, promoting the transformation of safety management from passive response to active prevention and control. At the same time, we formulated the *Management System for Accident Reporting, Investigation, and Handling*, established an effective accident handling mechanism to quickly investigate accidents that have occurred or are occurring, complete the accident reporting and handling work, and take effective preventive measures to prevent the accidents from expanding and reduce losses.

Work Safety Management Measures>

### Improve the management system

- Prevention is the key. We regularly study the dynamics of work safety, promptly address any issues arising in production, and make wise and effective use of work safety funds to improve working conditions and operating environments.
- We have established a robust safety organization network, improved the accountability system for work safety positions, and promoted the signing of work safety responsibility agreements at each level, giving full play to the role of Safety Coordinators to eliminate unauthorized commands and operations.

### Implement strict process management

- We strictly implement the approval system for hazardous operations and require the approval procedures to be completed in advance for those engaged in hazardous operations. We ensure that a detailed construction plan, written instructions, and safety protection facilities are in place before hazardous operations, and regular inspections are carried out to identify and promptly correct any potential hazards.
- We manage work safety records in a unified manner and conduct regular supervision and inspections to identify potential work safety hazards.
- We have established the Emergency Response Plan for Production Safety Accidents, which specifies a complete safety accident emergency response system that covers organization, response, post-incident handling, specialized emergency response, and on-site handling plans.

### Strengthen safety education

- We improve safety education profiles for employees. All new workers must receive three-level safety education and training, pass the examination, and sign the Safety Liability Statement before taking their posts.
- We organize the "National Work Safety Month" campaign every year to enhance employees' safety awareness.

Safety Work Progress in 2025>

Measure	Description
Upgrade the safety protection of mechanical equipment	<ul style="list-style-type: none"> <li>We conducted a comprehensive inspection of all production machinery, focusing on the integrity and effectiveness of mechanical equipment with upgraded protective devices, such as safety guards and protective devices covering moving parts of equipment like mixers and filling machines, as well as emergency stop buttons. We replaced the damaged or aging protective parts in time to ensure employee safety during operation</li> </ul>
Improve the safety management system	<ul style="list-style-type: none"> <li>We revised and improved work safety management policies, clarified safety responsibilities for each position, and refined operational procedures, aiming to ensure that safety accountability was integrated into every production stage and clarified for every team and employee</li> </ul>
Conduct emergency drills	<ul style="list-style-type: none"> <li>Fire emergency drill: We regularly organized factory-wide fire escape and initial fire extinguishing drills, simulated scenarios such as workshops and warehouses, and tested the linkage efficiency of fire-fighting facilities and the response speed of personnel evacuation</li> <li>Emergency drills for precursor chemicals, explosives, theft, robbery, and hazardous chemical leakage: We regularly carried out practical drills for hazardous chemical leakage, theft, and robbery, fostering collaboration among security, quality, and emergency teams to improve the risk disposal capability of the whole chain of hazardous chemicals</li> </ul>

Safety Work Progress in 2025>

Measure	Description
Carry out safety investigations	<ul style="list-style-type: none"> <li>Dormitory safety inspection: We checked the dormitories of employees every month for electricity and fire safety, as well as illegal articles, focusing on rectifying problems such as unauthorized wiring and illegal use of high-power electrical appliances. We also carried out dormitory safety knowledge publicity and provided posters simultaneously to strengthen employees' daily safety awareness</li> <li>Factory-wide investigations of potential safety hazards before and after holidays: Before and after the Spring Festival, National Day, and other holidays, we organized thorough troubleshooting to cover all scenarios, such as equipment usage, fire protection, hazardous chemicals storage, and temporary electricity utilization, established a hidden danger ledger, and made closed-loop rectification</li> <li>Seasonal special investigations: We focused on flood control, heatstroke prevention, and cooling facilities in summer, and freeze protection, skid resistance, and electrical load in winter to dynamically eliminate season-related safety risks</li> </ul>
Carry out professional investigations	<ul style="list-style-type: none"> <li>We cooperated with the "Public Welfare Expert Panel" organized by government agencies and industry associations to carry out special in-depth hidden danger investigation in the factory premises, and issued professional reports on weak links such as mechanical protection, hazardous chemicals control, and fire fighting systems, so as to promote closed-loop management of hidden dangers from "discovery" to "radical elimination"</li> </ul>
Build personnel safety capacity	<ul style="list-style-type: none"> <li>Qualification review and skill improvement of special operation personnel: We ensured that all electricians, forklift drivers, and other special operation personnel were certified to work</li> <li>Three-level safety education and regular training for new employees: We required new employees to complete three-level safety training at the factory, workshop, and team levels upon induction, carried out monthly safety warning education for all employees, and improved their safety awareness by sharing typical accident cases</li> </ul>
Upgrade firefighting facility operations and maintenance	<ul style="list-style-type: none"> <li>We cooperated with professional fire protection agencies to carry out annual inspection and maintenance of fire hydrants, fire extinguishers, smoke alarms, and other facilities across the factory premises, so as to realize real-time monitoring of the status of fire protection facilities and automatic fault warning</li> </ul>

Protection Measures Against Occupational Hazards in 2025>

tional hazards and conduct periodic inspections to ensure their implementation. Also, we provide employees with comprehensive protection against occupational hazards, including environmental and equipment safety protection and personal safety protection.

Measure	Result
Optimization and expansion of VOC collection devices	<ul style="list-style-type: none"> <li>On the basis of existing VOC collection devices, we upgraded our technology and used activated carbon with an iodine value above 800 to improve collection efficiency and ensure that the emission concentration of VOCs in production workshops was strictly controlled below national standards</li> <li>For dust-prone stages in the production process, such as powder raw material weighing and filling, we added an efficient dust collection system, which uses advanced filtration technology to not only reduce the irritation of dust to employees' respiratory tract but also reduce the risk of explosion caused by dust accumulation in the workshops</li> </ul>
Upgrade of workshop ventilation and temperature-humidity control systems	<ul style="list-style-type: none"> <li>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 diluted chemical odors, creating a comfortable breathing environment for employees</li> <li>We installed intelligent temperature-humidity control systems to precisely regulate the workshop's temperature and 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, while ensuring the stability of product quality</li> </ul>

We pay real-time attention to employees' physical and mental health, organizing regular health check-ups and Health and Safety Month activities, as well as health training programs, to ensure employees' health.

Occupational Health Management Measures in 2025>

Measure	Result
Regular and comprehensive health check-ups	<ul style="list-style-type: none"> <li>We provided a detailed annual health check-up plan for all employees, covering basic health indicators to ensure early detection of potential diseases</li> <li>In consideration of the specific nature of cosmetics production positions, we introduced specialized health check-ups for chemical exposure and trace element testing for employees potentially exposed to heavy metal raw materials, enabling prompt detection of health hazards caused by the work environment</li> </ul>
Occupational health training and consulting services	<ul style="list-style-type: none"> <li>We regularly organized occupational health training courses, delivered by internal trainers or invited doctors and industry experts. The courses covered the safety knowledge of cosmetics raw materials, the proper use of protective equipment, and the prevention and early identification of common occupational diseases</li> <li>By combining theoretical instruction, case analysis, and on-site demonstrations, the courses allowed employees to gain a deep understanding of the health risks in the workplace and the corresponding countermeasures</li> </ul>
Office environment optimization	<ul style="list-style-type: none"> <li>We placed great importance on managing the office environment, including but not limited to the placement of plants for air purification, regular inspections of windows for ventilation, and pest control management, aiming to create a comfortable work environment for employees</li> </ul>

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 goals and 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.

Certified Entity	Certification Name	Validity Period
Huzhou 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 occupa-

Occupational Health and Safety Management System Certification>

## | Social Welfare

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

Mental Health Care Measures in 2025>

Measure	Result
Reasonably assess the workload of each post	<ul style="list-style-type: none"> <li>During peak seasons or urgent production tasks, we took effective measures such as optimizing personnel allocation, providing overtime allowances, and offering flexible work arrangements, so that employees could avoid excessive stress arising from long hours of high-intensity work</li> </ul>
Enhance guidance on career development planning for employees	<ul style="list-style-type: none"> <li>We provided employees with clear promotion paths and training opportunities to help them see potential for growth, boost their work enthusiasm, and reduce anxiety caused by career uncertainty</li> </ul>

### Indicators and Goals of Occupational Health and Safety

Indicator	Unit	Management Goal	Progress in 2025	Achievement
Safety Incidents	Incident	By 2025, we will have encountered no safety incident	0	Achieved
Working days lost due to work-related injuries <sup>1</sup>	Day		115	Achieved
Number of employees who died due to work-related injuries	Person	By 2025, we will have encountered no occupational disease incident	0	Achieved
Occupational disease incidents	Incident		0	Achieved

Note 1: In 2025, the Company had a total of 7 work-related injuries, involving 7 employees. Among them, 4 were injured during their commutes, 2 were injured when they went out on business trips, and 1 was injured after twisting the ankle while going down the stairs. The Company has properly dealt with these incidents according to relevant management regulations.

We uphold the corporate mission of "Beauty Forever, Wonder to Share," actively advocate for the beauty of diversity, equity, and inclusiveness in society, and organize public welfare actions for social advocacy around issues of social concern. In addition, we convey positive value through public welfare short films, theme planning, and special actions.

### Social Advocacy Activities in 2025



#### Firefly Project

We continued to cooperate with the New Sunshine Charity Foundation and launched a special anti-school-bullying public welfare helpline under our Firefly Project to provide psychological counseling and legal consultation for victims of school bullying and their families.



#### Echo Project

We continued to operate the long-term psychological confession public welfare helpline with the New Sunshine Charity Foundation, trying to bring comfort and warmth to every caller.



#### Legal advice

We continuously cooperated with Beijing Qianqian Law Firm to provide more women with labor legal consultation and public welfare services through the "Proya Foundation Service" mini program and the special public welfare helpline.

Our Corporate Social Responsibility Management Department takes the Proya Foundation as the core practice carrier, systematically promotes social responsibility practice, and focuses on core areas such as education empowerment, regional common prosperity, women's development, emergency disaster relief, and com-

community co-construction. We promote the deep integration and coordinated efforts of our social advocacy and practical public welfare actions, aiming to effectively fulfill our corporate social responsibility and contribute to the sustainable development of society. In 2025, the Proya Foundation formulated the *Project Financial Management System and Expense Expenditure and Reimbursement Management System* to further improve the internal governance system and standardize financial management.

During the reporting period, the Company invested CNY 5,073,800 in community public welfare. Relying on the platform of the Proya Foundation, we carried out a series of employee volunteer activities.



^ Proya Foundation

Overview of Public Welfare Projects >

Education development promotion



In May, we sponsored the third border-area school—Fourth Primary School in Funing County, Yunnan Province. The “Love in the Borderland” project has directly benefited more than 14,000 people.



In July, Proya Hope Primary School celebrated its 18th birthday. Hou Juncheng, Chairman of Proya Cosmetics, and Fang Aiqin, President of the Proya Foundation, together with the management of Proya Cosmetics, visited the school for the anniversary celebration.



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In August, 36 teachers and students from Xinmi, Henan Province, and Pengshui Mountainous Area, Chongqing, started their dream-building journey in Proya under the “Laiya Youth Public Welfare Study Tour” program.



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In August, we launched an employee donation for the library of Proya Hope Primary School, donating picture books, books, stationery, toys, and gifts.

In August, we organized a parent-child public welfare summer camp in celebration of the 18th anniversary of Proya Hope Primary School. Through the summer camp, 19 groups of urban families traveled 1,700 kilometers and spent five days and four nights with 30 rural students, sowing the seeds of friendship and public welfare beliefs among the children.

Social innovation exploration



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In March, we held a press conference in Hangzhou jointly with The Paper for the “New Life Co-Creation: Love for Moms” Public Welfare Action for the Mental Health of New Mothers.



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In May, we organized “Blooming Beauty” Women’s Public Welfare Program, which targeted assistance to children in difficulty, empowered women to work and start businesses, and cared for the elderly female group. It served 4,226 people throughout the year and carried out more than 60 activities.



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In May, we launched the “Love on the Road” Mother’s Day Public Welfare Action and donated more than 5,500 health protection gifts to female outdoor workers in 38 cities across China, including food delivery riders, road maintenance workers, sanitation workers, and online car-hailing drivers.



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In September, we donated CNY 1 million to the Charity Federation of Xihu District at the theme activity of Charity Day of China and Charity Month in Xihu District, and set up a special fund for the “Love for Moms” Public Welfare Action for the Mental Health of New Mothers to contribute to women’s public welfare undertakings.

**Regional common prosperity facilitation**



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In April, the Proya Foundation team visited the Jingning Maternal and Child Health and Family Planning Service Center and the Jingning Women’s Federation and had an in-depth discussion to conduct in-depth discussions on the implementation of the “Love for Moms” public welfare project in Jingning.

In May, focusing on the “mental health of new mothers,” we launched a “Love for Moms” public welfare action in Sandun Town Community Health Service Center to provide public welfare services for more than 40 new mothers and their family members during pregnancy and one year after delivery, thus improving the physical and mental health of new mothers in the region.



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In December, the “Rising to the Peak for a Better Future” 2025 Proya Foundation Annual Conference was held in Yuyao, Ningbo.



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In November, the Proya Foundation donated CNY 100,000 to the Charity Federation of Xihu District to help Jiulong County in Ganzi Prefecture, Sichuan Province, make solid progress in consolidating the achievements of poverty alleviation.



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In 2025, the Proya Foundation donated CNY 100,000 to the Wenzhou Charity Federation to provide financial assistance for women with “Two Cancers” in Yueqing City, Taishun County, Yongjia County, and other mountainous and island counties in Wenzhou.

**Emergency rescue and disaster relief**



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In January, a 6.8-magnitude earthquake occurred in Dingri County, Rikeze City, Xizang. The Proya Foundation urgently launched the disaster relief response and immediately purchased and sent women’s care bags to the earthquake-stricken area.



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In November, a No. 5 alarm fire broke out in Wang Fuk Court in Tai Po, Hong Kong. Proya Cosmetics donated HKD 5 million to the affected residents through the Proya Foundation for emergency rescue, temporary resettlement, and living supplies.

**Employee public welfare**



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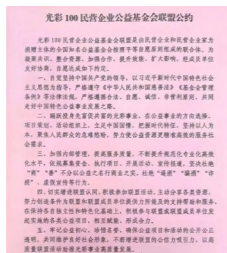
Proya Cosmetics cooperated with the Health Care Center of Zhejiang Rehabilitation Hospital to carry out the "Care for the Elderly" public welfare program, and regularly organized employees to carry out elderly care activities every month. We organized eight activities throughout the year, serving more than 160 elderly people, cultivating employees' awareness of humanistic care, and creating a warm model for enterprise-institution public welfare cooperation.

Our employees actively participated in a series of public welfare activities at Proya Hope Primary School, from the parent-child summer camp to letter exchanges, book donations, and campus renovation, conveying the care of the Company through diversified forms and deepening the emotional bond between Proya Cosmetics and Proya Hope Primary School.



In July, Proya Cosmetics signed an agreement on "civilized practice and charity co-construction" with Jinyujing Community and Ant Group, centered on employee public welfare and employee clubs. The Proya Caiwei Chinese Tradition Club held the photography activity of "Charm of Hairpin Flowers and Makeup" at the Jinyujing Community Convenience Service Station in Liuxia Sub-District.

Public Welfare Honors >



In May 2025, the Proya Foundation was invited to attend a symposium as a member representative of the Guangcai 100 Private Enterprise Charity Foundation Alliance.



In September 2025, Proya Cosmetics was selected as an Enterprise Brand in "Her Responsibility" of "Running Flow: Female Public Welfare 30+," a list published by *China Philanthropist*, becoming the only Chinese cosmetics enterprise on the list.



In September 2025, the Proya Foundation was recognized as a Caring Unit in the 2024 "Together for Xihu Charity" Award of Xihu District.



In December 2025, the Proya Foundation was selected as one of the Top 10 Public Welfare Enterprises/Institutions in 2025 by the public welfare section of ifeng.com.



In December 2025, the Proya Foundation's "Love for Moms" Public Welfare Action for the Mental Health of New Mothers won the title of The Paper 2025 Responsibility Practice Public Welfare Project.

Indicators and Goals of Social Welfare

Indicator	Unit	Management Goal	Progress in 2025	Achievement
Amount of investment in social welfare projects	CNY 10,000	<b>By 2025,</b> we will have invested a total of CNY 12 million in social welfare for the co-construction of an equal and diversified society	A total of CNY 17.7583 million was invested in 2022-2025 (including the discounted value of materials)	Achieved
Number of individuals benefiting from public welfare activities	Person	<b>By 2025,</b> we will have directly benefited 500,000 people and indirectly benefited 500 million people by carrying out social welfare activities	In 2022-2025, the number of direct beneficiaries reached 996,700, and that of indirect beneficiaries reached 620 million	Achieved

# 05

## Inheriting the Beauty of Integrity and Justice to Lay a Solid Foundation for Governance



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, Risks and Compliance, and IP, 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 ethical practices.

### Material Issues Addressed in This Section

• Corporate Governance	●
• Risks and Compliance	●
• Business Ethics	●
• IP Management	●

Note: "●●" indicates dual materiality, "●" indicates only financial materiality, "●" indicates only impact materiality, and "●" means having neither financial nor impact materiality.

### SDGs Addressed in This Section



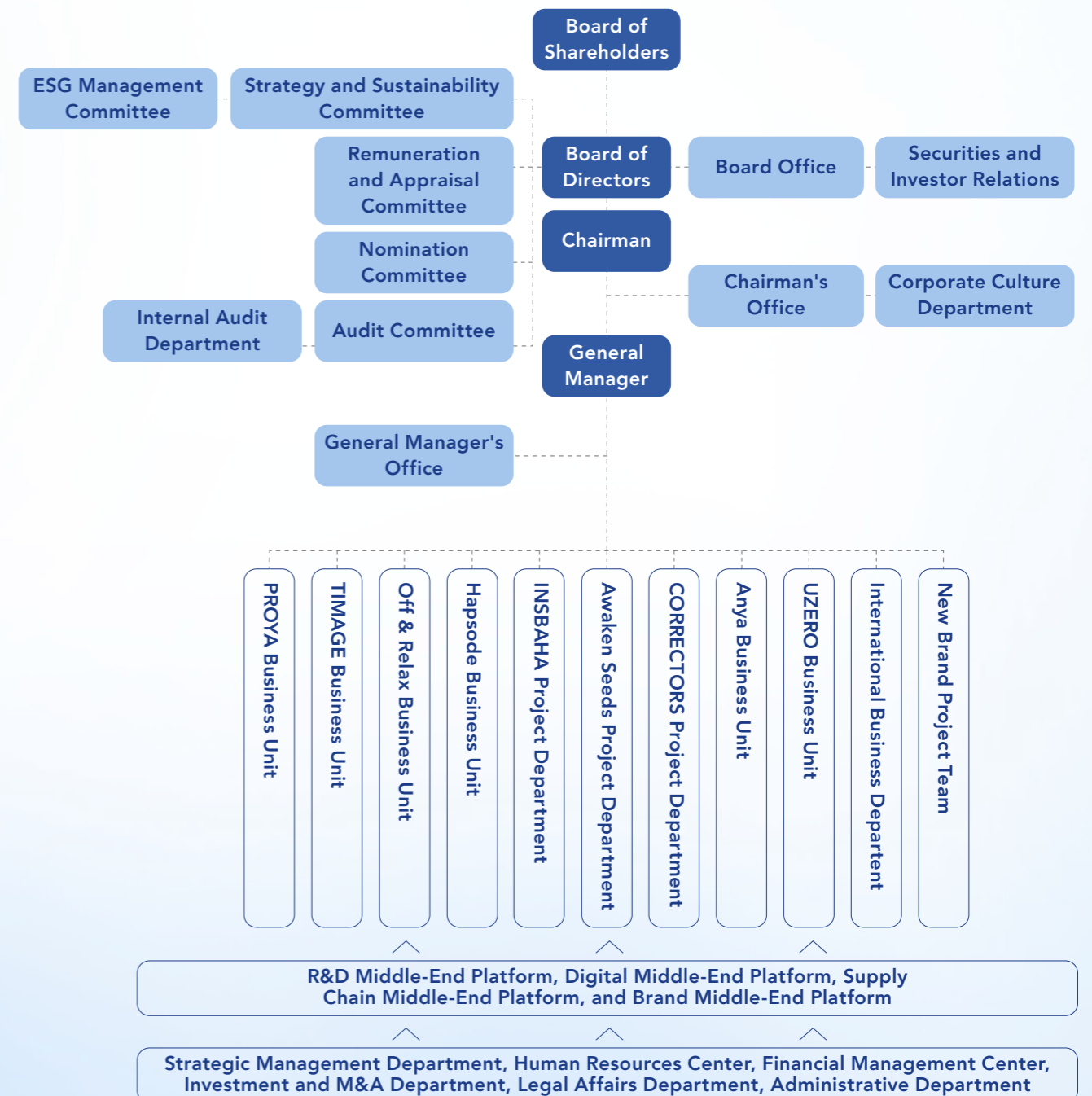
# Corporate Governance

We comply with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *SSE Rules Governing the Listing of Stocks*, and the *Code of Corporate Governance of Listed Companies*. In accordance with the latest regulatory policies and requirements, as well as the Company's actual conditions, we have revised our internal rules and regulations to continuously improve our corporate governance structure and enhance our 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, so that they can fully exercise their shareholder rights.

All shareholders, directors, and senior management personnel are diligent in carrying out their duties. They exercise their rights and fulfill 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 SSE. We did not receive any documents from the regulatory authorities imposing any administrative or regulatory measures on us.

Corporate governance structure



Board Composition and Meetings in 2025 >

### Composition of the Board of Directors

<b>7</b> directors	<b>3</b> independent non-executive directors
<b>3</b> executive directors	<b>1</b> employee representative director

### Meetings

<b>3</b> shareholders' meetings	<b>13</b> meetings of special committees under the Board of Directors
<b>3</b> meetings of the Board of Directors	About <b>181</b> proposals and reports have been deliberated, read, reviewed or heard in the three meetings

Compensation Composition of Directors and Senior Executives in 2025 (Unit: CNY) v

Name	Title	Fixed Compensation			Variable Compensation		Total Annual Compensation	Equity Payment
		Base Pay	Position Pay	Allowances and Others	Sustainability Performance Bonus	Annual Bonus		
Hou Juncheng	Chairman	240,000.00	240,000.00	660,000.00	261,000.00	1,208,410.00	2,609,410.00	-
Hou Yameng	Director and General Manager	150,000.00	150,000.00	990,000.00	262,300.00	1,070,053.72	2,622,353.72	-
Jin Yanhua	Director and Deputy General Manager	120,000.00	120,000.00	1,030,000.00	245,600.00	1,069,345.00	2,584,945.00	816,058.98
Wang Shunguo <sup>1</sup>	Supervisor and Employee Representative Director	42,000.00	18,000.00	50,000.00	21,000.00	101,394.74	232,394.74	-
Jin Chang <sup>2</sup>	Chief Financial Officer	25,000.00	25,000.00	320,000.00	71,900.00	355,934.90	797,834.90	-
Xue Xia <sup>3</sup>	Secretary of the Board of Directors	32,000.00	25,600.00	351,015.94	40,100.00	-	448,715.94	-
Wang Li <sup>4</sup>	Deputy General Manager, Secretary of the Board of Directors, and Chief Financial Officer	50,000.00	50,000.00	644,218.35	73,600.00	-	817,818.35	-5,164,938.39

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 compensation for our directors and senior executives consists of fixed compensation and variable compensation. The amount of variable compensation is determined by their annual performance. Particularly, we include a sustainability performance bonus as part of the variable compensation, linking the compensation of directors and senior executives with the Company's sustainability performance. This approach truly propels the achievement of our sustainable development goals.

Note:  
 [1] During the reporting period, Wang Shunguo served as Supervisor from January 1, 2025 to September 11, 2025, and as Employee Representative Director from September 12, 2025 to December 31, 2025.  
 [2] During the reporting period, Jin Chang served as Chief Financial Officer from October 11, 2025 to December 31, 2025.  
 [3] During the reporting period, Xue Xia served as Secretary of the Board of Directors from August 26, 2025 to December 31, 2025.  
 [4] Wang Li served as Deputy General Manager, Secretary of the Board of Directors, and Chief Financial Officer from January 1, 2025 to May 19, 2025.

## Information Disclosure and Investor Communication

In 2025, according to the relevant requirements of the *Company Law of the People's Republic of China*, the *Guidelines for the Articles of Association of Listed Companies*, and other new regulations, as well as the actual situation of the Company, we revised the *Rules of Procedure of the Board of Shareholders*, the *Rules of Procedure of the Board of Directors*, and the *Working System of Independent Directors*, dismissed the Board of Supervisors, and let the Audit Committee of the Board of Directors exercise the functions and powers of the original Board of Supervisors, as stipulated in the *Company Law of the People's Republic of China*. In doing so, we continuously improved our corporate governance structure and system.

Adhering to high-quality information disclosure, we have built a compliant and efficient information disclosure system, strengthened the management of information disclosure affairs to ensure the authenticity, accuracy, completeness, timeliness, and fairness of information disclosure, and strengthened voluntary disclosure to improve the quality of information disclosure. During the reporting period, we completed the information disclosure in regular reports and interim announcements in a compliant and efficient manner, effectively ensuring the effectiveness and consistency of information disclosure. No regulatory penalties for improper information disclosure occurred.

### Measures to Improve the Quality of Information Disclosure in 2025>

Measure	Description
Optimize voluntary disclosure content	We actively disclosed information related to the value judgment and investment decision-making of investors, as well as the industry and business information in annual and semi-annual reports
Improve the readability of information disclosure	We presented our business data and operational highlights using visual formats such as "quick-glance" infographics, "video summaries," and slides
Standardize the approval process related to information disclosure	We established processes such as information disclosure approval, new establishment/investment/change application, entrusted financial management application, and guarantee application in the OA system to supervise the Company's external investment, external guarantee, 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*. In addition, we actively communicate and interact with investors through various channels such as telephone, email, SSE E-Interactive, performance briefings, investor investigations, and online forums, aiming to enhance investors' understanding and trust in the Company.

### Investment Communication Channels>



In 2025, we actively carried out communication and interaction with investors and held diversified performance briefings for investor exchanges. At the same time, 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.

2025 Investor Communication Performance>

Number of Regular Reports	<b>4</b> copies	Number of Interim Announcements	<b>81</b> copies
Number of Performance Briefings	<b>6</b> times	Number of Institutional Investors Received	<b>1,400+</b> persons

Proya's Information Disclosure and Investor Communication Social Recognition in 2025>

Awards	Issuer
The evaluation result of information disclosure in 2024-2025 is A	Shanghai Stock Exchange
Best Practices for the Board Office of Listed Companies	China Association for Public Companies
2024 Best Practices for Investor Management of Listed Companies	
2025 Best Practice Cases of Internal Control of Listed Companies	
2024 Excellent Practice Cases of Return Investors in Zhejiang Jurisdiction	Zhejiang Association of Listed Companies
Tianma Award for Investor Relations of Listed Companies in China	Securities Times
100 Most Valued Companies Listed on the Main Board	
2024 Golden Bull Award for Most Promising Investment Award	China Securities Journal
"SSE Eagle-Gold Quality" Sustainable Growth Award	Shanghai Securities News
Top 300 Most Popular Listed Companies	Hithink Royal Flush
2025 Best Institutional Coverage Award	Comein Finance

While striving to achieve rapid growth in scale and steady economic benefits, the Company pays attention to the reasonable return on investment for investors according to its profitability and production and operation development needs, implements a stable dividend distribution policy, continuously and stably distributes dividends and actively returns shareholders.

annually	Number of dividends per 10 shares (RMB) (tax included)
2023	9.1
2024	11.9
2025	12

The Company attaches importance to credit construction, abides by credit business rules, and protects the legitimate rights and interests of creditors granted by laws, administrative regulations and the Articles of Association. The social contribution value per share reflects the value created by the Company for society and stakeholders. In recent three years, the social contribution value per share of the company is:

annually	2023	2024	2025
Social contribution value per share (RMB) (tax included)	7.38	9.06	8.73

Please refer to the "Company Governance, Environment, and Society" section of Proya's 2025 Annual Report for more information on corporate governance.

# Risks and Compliance

## Governance

Proya's Board of Directors is the highest decision-making body for comprehensive risk management. The Company establishes Audit Committee under the Board of Directors and an internal audit system. Internal Audit Department is set up under the Audit Committee to inspect and supervise the establishment and implementation of the Company's internal control system, the authenticity and integrity of financial information, etc. The Internal Audit Department is responsible to and reports 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 2025, the Company issued Special Tips on Compliance in Proya Mega Sale, Regarding Compliance of Product Link Titles and Specifications Positioning Claims and other management documents, so as to continuously refine the compliance management system, promote business behavior in a more standardized and finer direction, and lay a solid institutional foundation for the healthy and sustainable development of businesses.

## Strategy, Risk, and Opportunity Management

The Company deeply recognizes that a sound risk management and internal control system is the key to identifying and responding to potential risks in time and achieving high-quality sustainable development. Based on the risk governance structure, the Company has established a systematic process for risk identification, assessment and monitoring. At the same time, the Company has set up the Internal Audit Department to strengthen the management and response to internal and external risks and ensure its low-risk operation and high-quality rapid development.

Proya's Risk Management Process>



Proya's Emerging Risk Management and Control Strategy>

The Company pays attention to risk prevention in the process of overseas market development, actively identifies emerging risks such as market competition, cultural differences and overseas compliance, and formulates risk management and control strategies to provide guarantee for its overseas business development.

Emerging risks	Description	Potential business impact	Strategy	Control measures
Market competition risk	The competition between the cosmetics industry is increasingly fierce, in which price war and traffic competition have become the normal	Although the revenue has increased, profits have not increased synchronously	Diversified market layout	<ul style="list-style-type: none"> <li>In terms of product sales, we actively help the Overseas Business Department to develop online and offline omni-channel markets in Southeast Asia, East Asia, Europe, North America, Hong Kong and Taiwan regions of China and other parts of the world, and assist PROYA, TIMAGE, HAPSONE, CORRECTORS, Off&amp;Relax and other brand products to explore and lay out international business</li> </ul>
Risk of cultural differences	Consumers in overseas markets have limited recognition of Chinese local brands	The overseas market share is relatively low and the development is slow	Brand culture promotion in overseas markets	<ul style="list-style-type: none"> <li>Through in-depth cross-cultural exchanges and deep understanding of adapting to the local market with its cultural expertise, we can enhance our team's cross-cultural communication and cultural perception and ensure the accurate dissemination of brand information</li> <li>In terms of brand promotion, we closely cooperate with brands to promote international social media platforms and participate in overseas variety shows to help brands gradually establish an international reputation</li> </ul>
Overseas compliance risk	The European Union and other regions constantly update the prohibitions and restrictions on cosmetic ingredients, bringing new challenges to export companies	It is easy to face complex compliance problems in overseas markets, affecting the reputation of brands in overseas markets	Focus on the construction of overseas compliance system.	<ul style="list-style-type: none"> <li>The Legal Department is closely in line with overseas businesses and has set up an overseas compliance team to promote business development. The head of the compliance team is a member of Hangzhou Compliance Expert Database, who participates in the preparation of the Guidelines for Compliance Management of Overseas Operations of Enterprises in Hangzhou and carries out internal implementation</li> <li>Establish cooperation with the professional lawyer team in Europe to ensure the Company's compliant operation in overseas markets</li> </ul>

## Operational compliance

Our Internal Audit Department regularly conducts special audits, off-office audits, compliance investigations and other projects to strengthen the legality, compliance, and authenticity of our business activities. Rigid inspections are in place for key areas such as supplier introduction, production and operation management, contract and project execution 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 2025, the Internal Audit Department completed 25 internal audits and investigation projects, covering all business units and subsidiaries. This effectively prevented risks associated with our operations and business processes.

In 2025, the Company comprehensively improved the governance structure of listed companies, added independent directors and employee representative directors, carried out training for directors, supervisors and senior management, standardized the code of conduct for directors, supervisors and senior management, strengthened the internal supervision mechanism of the Audit Committee, improved the prior risk control system for major decision-making, and established a corporate governance structure that met the A+H listing standards.

We are dedicated to operational compliance, strictly observing legal requirements, regulatory rules for listed companies, and the critical standards of internal policies. The Company has established Legal Department which is centered on four legal areas: civil and commercial matters, e-commerce compliance, intellectual property, and investment and financing. Embracing a professional, meticulous, and intelligent operational model, we have transitioned from a "preventive" to a "strategic" legal approach. At the same time, by building an online system to carry out compliance management and control work and setting up a complete compliance review process, the Company has provided a strong guarantee for improving operational efficiency and enhancing cross-departmental collaboration.

Proya's 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 OA 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 train

Compliance management initiative>

Measure	Achievement
Publishing the legal journal Proya Law	<ul style="list-style-type: none"> <li>• We released three 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</li> </ul>
Themed promotional activities	<ul style="list-style-type: none"> <li>• Host the annual 'Secrecy Unbreakable: Solidifying Secure Border' Information Security &amp; Compliance Awareness Week. Through the release of the Confidentiality Advocacy Special Edition and the Proya Employee Confidentiality Declaration, along with the creation of a confidentiality IP character "Proya Secret Agent", production of a theme song and shooting of case study videos, combined with internal channels such as bulletin boards and corporate WeChat accounts for special guidance, the awareness of confidentiality has been effectively enhanced among all employees</li> </ul>
Legal seminars	<ul style="list-style-type: none"> <li>• We conducted seven e-commerce compliance training sessions and one special training seminars on compliant employment</li> </ul>
Industry exchanges and learning	<ul style="list-style-type: none"> <li>• Members of the Legal Department voluntarily participated in 32 industry exchanges and learning activities</li> </ul>

ing 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.

## 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, etc.

### Tax risk management level

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.

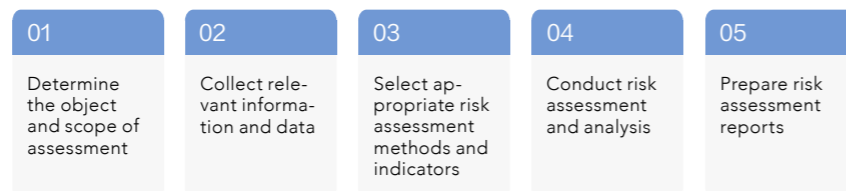
### Daily Tax Operations Level

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 2025, we recorded no tax compliance breaches.

Tax Risk Assessment Process>



Countermeasures for tax risks>

Measure	Description
Creating risk warning mechanism	<ul style="list-style-type: none"> <li>Set risk warning indicators and thresholds, and trigger timely alerts when indicators surpass the predefined thresholds</li> <li>Establish a risk warning information system to enable real-time monitoring and early warning of risks</li> </ul>
Formulating contingency plans	<ul style="list-style-type: none"> <li>Formulate tailored contingency plans for potential tax risks, and detailing response steps and role assignments</li> <li>Conduct regular emergency drills to improve the ability to deal with tax risks</li> </ul>
Strengthening internal controls	<ul style="list-style-type: none"> <li>Build strong internal tax control system by standardizing processes and improving risk prevention and mitigation strategies</li> <li>Increase oversight and control of key links such as financial accounting, invoice management and tax declaration</li> </ul>
Maintaining good communication with tax authorities	<ul style="list-style-type: none"> <li>Monitor updates in tax policies and the work requirements of tax authorities, and align operations with tax authority expectations</li> <li>Engage in proactive dialogue with tax authorities to address and resolve tax-related challenges efficiently</li> </ul>
Promote the digital transformation of taxation	<ul style="list-style-type: none"> <li>Access to the comprehensive service platform for digital and intelligent invoice and tax, launching a comprehensive digital transformation of tax management</li> </ul>

### Indicators and Goals of Risk and Compliance

Indicator	Unit	Management Goal	Progress in 2025	Achievement Status
Major risk events	Incident	Major risk events: 0	0	Achieved
Litigation or major administrative penalties due to unfair competition	Incident	Litigation or major administrative penalties due to unfair competition: 0	0	Achieved

## Business Ethics

### Governance

We have set up a complete anti-corruption governance structure. The Strategy and Sustainable Development 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 Tendering and 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

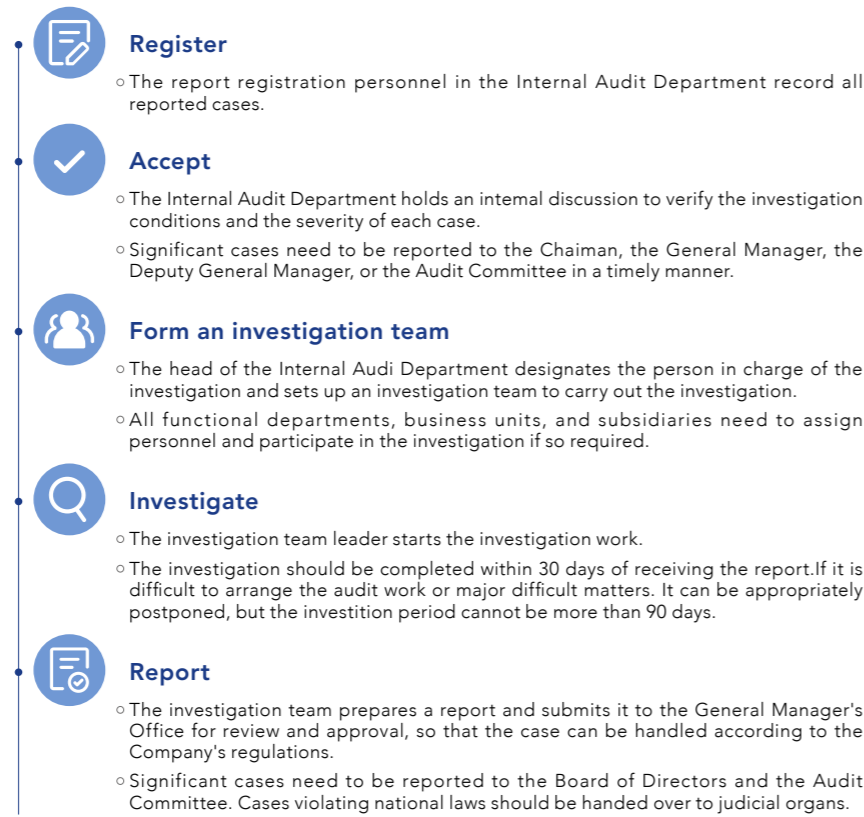
Our Internal Audit Department regularly evaluates risks associated with business ethics. To address corruption risks identified, we implement measures such as periodic audits, whistleblowing systems, and integrity training programs. We also consistently enhance supplier integrity management to create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

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 external reports, we maintain diversified reporting channels such as the hotline and email. During the monthly training of all new employees, the Company introduces in detail the reporting mechanism and protective measures for informants, encouraging all employees to timely feed back violations within the Company with a sense of ownership. We adopt a serious approach toward all reports, which are investigated under the leadership of the Internal Audit Department.

Employee Report Handling Process>



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.

## 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. Rights protection measures include self-reconciliation, platform complaints, administrative reporting and civil litigation. In terms of civil litigation, the Company initiated 65 new cases for active rights protection in 2025, and 23 cases have been closed over the years. Four new products were recognized by the court as unique packaging decorations of well-known commodities, and the company has received more than one million compensations for rights protection. Through a series of rights protection actions, infringers have been severely hit by imitating plagiarism and other unfair competition behaviors, reducing the impact of infringing stores on the sales of the Company's brand products, effectively purifying the market and protecting the Company's legal market share.

## Indicators and Goals of Business Ethics

Indicator	Unit	Management Goal	Progress in 2025	Achievement Status
Employee business ethics training coverage	%	By 2025, the coverage rate of business ethics training for all employees will reach 100%	100	Achieved
Board director attendance rate in anti-corruption training	%		100	
Incidents of commercial bribery and corruption	%	"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, Proya Confidentiality Management System and Secret-related Meeting Confidentiality Management System. While protecting our own intellectual property rights, we also ensure that the intellectual property rights of others are not infringed, further standardize the management of intellectual property rights and promote the compliant use of intellectual property rights.

In 2025, the Company updated the Patent Application Review Form for Inventions + R&D Activities (Inventions) Commitment in accordance with the newly revised Guidelines for Patent Examination, ensuring compliance during the patent right confirmation phase.

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>

Measure	Description	Performance
Confirmation of intellectual property rights	<ul style="list-style-type: none"> <li>In the process of an R&amp;D project, measures are taken to protect innovative outcomes and pursue intellectual property rights confirmation, including registration, filing, application, and other necessary steps</li> <li>We collaborate with professional law firms to enhance our capabilities in international intellectual property protection</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, we applied for 81 new patents, filed 156 new trademarks, and were granted 56 patents of various kinds, 115 newly registered trademarks, 11 copyright registrations and copyright deposits</li> </ul>
Intellectual property awareness training	<ul style="list-style-type: none"> <li>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"</li> <li>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</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, we organized 10 intellectual property training sessions, including 7 sessions provided by external experts and 3 internal sessions on legal affairs. The issues involved "identification training for hot products of TIMAGE", "foreign patent application layout", "AI-enabled R&amp;D innovation", "intellectual property protection of cosmetics R&amp;D technological achievements", "guarding the Company's secret security - interpretation and publicity of confidentiality system", "compliant use and risk prevention of AIGC", "legal risk analysis and compliance measures (OEM) of intellectual property under entrusted processing mode", etc</li> </ul>

Key measures and achievements in intellectual property protection>

Measure	Description	Performance
Intellectual property rights protection and enforcement	<ul style="list-style-type: none"> <li>We work with professional intellectual property service providers and legal firms to launch dedicated rights protection initiatives</li> <li>We file lawsuits against counterfeiting, imitation, and trademark infringement, adopting a comprehensive and multi-layered strategy to defend our brand's legal interests</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, Proya under the Company initiated 65 new IP rights protection cases, with 23 cases already resolved; TIMAGE initiated 206 new cases, with 106 cases already resolved; HAPSODE initiated 40 new cases, with 22 cases already resolved; Off&amp;Relax initiated 96 new cases, with 13 cases already resolved; Singuladerm initiated 16 new cases, with 3 cases already resolved; Awaken Seeds initiated 14 new cases, with 1 case already resolved; INSBAHA initiated 42 new cases, with 0 case already resolved</li> </ul>

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.
- We cooperate with Zhejiang Intellectual Property Protection Center, Hangzhou Intellectual Property Protection Center and professional intellectual property agencies to help the Company monitor overseas trademarks, regularly find out rush registration of overseas trademarks, and respond in a timely manner according to local laws and regulations.

Intellectual property honors>

- The Company was rated as "Hangzhou Trade Secret Protection Base"
- The Company won the title of "Hangzhou Intellectual Property Powerful Enterprise"
- "Proya" trademark was included in the key trademark protection list of Zhejiang Province
- "Proya" trademark was included in the key trademark protection list of Beijing
- "Proya" trademark obtained protection as a well-known trademark again during the trademark opposition proceedings.

# ESG Data Performance Table and Notes

## Environmental data<sup>1</sup>

Disclosure Items	Unit	2023	2024	2025
Environmental Compliance Management				
Number of penalty incidents for violations of environmental laws and regulations	Incident	0	0	0
Amount of major administrative penalties imposed by environmental or other relevant authorities for environmental incidents during the reporting period	CNY 10,000	0	0	0
Energy Management				
Comprehensive energy consumption	Ton of coal equivalent (TCE)	2,889.61	3,841.18	3,784.84
Direct energy consumption	Ton of coal equivalent (TCE)	979.49	1,109.07	1,214.20
Indirect energy consumption	Ton of coal equivalent (TCE)	1,910.12	2,732.11	2,570.64
- Natural gas	m <sup>3</sup>	397,113.82	453,649.20	480,470.00
- Gasoline	L	86,678.73	67,531.47	65,628.89
- Diesel	L	69,948.07	94,484.26	101,216.44
- Purchased electricity: Non-renewable energy	MWh	9,409.49	15,110.44	12,001.55
- Purchased electricity: Renewable energy	MWh	6,121.42	7,104.00	8,900.00
- Solar photovoltaic power generation	MWh	2,197.53	2,562.09	3,075.92
Comprehensive energy consumption per unit of revenue	TCE/CNY 1 million	0.32	0.36	0.36
Clean energy consumption	Ton of coal equivalent (TCE)	1,551.29	1,792.17	2,111.92
Proportion of clean energy	%	53.69	46.66	55.80
Water Resource Management				
Total water consumption <sup>2</sup>	m <sup>3</sup>	272,865.52	343,585.15	253,502.94
Water consumption per unit of revenue	m <sup>3</sup> /CNY 10,000	0.31	0.32	0.32
Total volume of recycled water	m <sup>3</sup>	19,000.00	19,000.00	19,000.00
Proportion of recycled and reused water to total water consumption	%	6.96	6.59	7.49
Total packaging material consumption <sup>3</sup>	t	41,005.70	47,855.74	48,819.53
- Sustainable packaging material consumption <sup>4</sup>	t	10,442.88	16,213.94	18,727.69

Disclosure Items	Unit	2023	2024	2025
Resource Management				
- Wood/paper fiber packaging material consumption	t	22,382.30	24,995.52	26,783.72
- Metal packaging material consumption	t	104.84	146.48	676.88
- Glass packaging material consumption	t	8,003.36	7,752.10	8,219.29
- Plastic packaging material consumption	t	9,602.07	14,375.31	12,939.69
Packaging material consumption per unit of revenue	kg/CNY 10,000	46.05	44.40	46.07
Emissions and Waste Management				
Total exhaust emissions <sup>5</sup>	m <sup>3</sup>	38,376,000.26	54,600,000.52	75,921,000.00
- Nitrogen oxide (NOx) emissions	kg	453.00	679.00	944.50
Total exhaust emissions per unit of revenue	m <sup>3</sup> /CNY 10,000	43.10	50.66	71.64
Total industrial wastewater discharge	m <sup>3</sup>	24,329.00	32,298.00	33,331.00
- Chemical oxygen demand (COD) discharge	kg	1,160.00	1,600.00	1,600.00
- Biochemical oxygen demand (BOD) discharge	kg	242.00	250.00	320.00
- Ammonia nitrogen (NH <sub>3</sub> -N) discharge	kg	60.00	160.00	160.00
Industrial wastewater discharge per unit of revenue	m <sup>3</sup> /CNY 10,000	0.03	0.03	0.03
Total waste generated <sup>6</sup>	t	1,639.37	2,178.62	1,603.13
- Total general waste <sup>6</sup>	t	1,638.79	2,177.78	1,601.73
- Total hazardous waste	t	0.58	0.84	1.40
General waste per unit of revenue	kg/CNY 10,000	1.84	2.02	1.47
Hazardous waste per unit of revenue	g/CNY 10,000	0.65	0.78	1.32
Climate Change Mitigation and Adaptation				
Total GHG emissions (scope 1 and scope 2) <sup>7</sup>	tCO <sub>2</sub> e	7,420.89	11,579.15	9,882.50
- Scope 1 GHG emissions	tCO <sub>2</sub> e	2,054.66	2,730.48	2,584.86
- Scope 2 GHG emissions <sup>8</sup>	tCO <sub>2</sub> e	5,366.23	8,848.67	7,297.64

Disclosure Items	Unit	2023	2024	2025
Climate Change Mitigation and Adaptation				
GHG emissions per unit of revenue (scope 1 and scope 2)	kg CO <sub>2</sub> e/CNY 10,000	8.33	10.74	9.33
Scope 3 GHG emissions	tCO <sub>2</sub> e	88,194.52	107,692.26	197,779.70

## Innovation-driven data

Disclosure Items	Unit	2023	2024	2025
Number of R&D personnel	Person	322	389	334
- Number of personnel with a master's degree	Person	126	159	151
- Number of personnel with a doctoral degree	Person	8	16	23
Proportion of R&D personnel <sup>1</sup>	%	10.84	11.46	10.27
Amount of R&D investment	CNY 10,000	17,357.01	21,038.60	21,684.32
Proportion of R&D investment in operating revenue <sup>2</sup>	%	1.95	1.95	2.05
Number of patent applications during the reporting period	Incident	/	64	81
Number of patents granted during the reporting period	Incident	/	25	56
Number of valid patents during the reporting period	Incident	/	229	303
Number of invention patents applied to core business	Incident	/	123	143

### Note:

[1] In 2025, the Company divested its makeup cosmetics factory. The scope of environmental data primarily covers the Huzhou Factory and the Proya Building. For specific boundaries, please refer to the *Appendix: Greenhouse Gas Verification Statement*.

[2] In 2025, the Company improved water use efficiency during the production and operation stages through measures such as optimizing production processes for water conservation, upgrading the air-conditioning cooling spray systems, and implementing water-saving management practices. As a result, total water consumption in 2025 decreased significantly compared to 2024.

[3] Total packaging material consumption covers primary packaging, secondary packaging, and auxiliary packaging materials. Due to increased demand for packaging materials driven by the revision of external regulations such as the *Administration of Cosmetics Labels*, as well as the continuous refinement of data collection scopes, the Company's recorded packaging material consumption grew steadily from 2023 to 2025. Going forward, the Company will continue to promote the use of lightweight, reusable, and recyclable packaging to mitigate the adverse environmental impacts of packaging materials.

[4] The Company defines sustainable packaging materials as those with sustainability certifications (such as FSC/CFCC/carbon-neutral certified paper), as well as materials that are recyclable, degradable, single-color, or single-material.

[5] In 2025, the Company expanded its production capacity by officially commissioning a new skincare production project with an annual output of 4,000 tons. As production loads increased, the volume of exhaust gas generated during production rose accordingly.

[6] The Company's general waste primarily consists of domestic waste, production solid waste, cardboard boxes, plastic film, and foam. In 2025, the Company reduced the generation of production solid waste and the consumption of cardboard by optimizing the management of its production and packaging processes. Consequently, the volume of general waste and total waste decreased compared to 2024.

[7] For the years 2024 and 2025, the Company conducted GHG inventories in accordance with ISO 14064 and successfully passed the verifications. The verification certificates can be found in "Carbon Verification Results".

[8] The Company uses a market-based electricity emission factor to calculate Scope 2 GHG emissions. The calculation method refers to the *Guidelines for Accounting and Reporting of Corporate Greenhouse Gas Emissions: Power Generation Facilities (2022 Revision)* issued by the Ministry of Ecology and Environment. Scope 2 GHG emissions calculation formula: National grid electricity supply × national grid average emission factor. For 2023, the calculation uses the *Notice on Managing Greenhouse Gas Emission Reporting for Power Generation Enterprises for 2023-2025*, applying the national grid average emission factor of 0.5703 tCO<sub>2</sub>/MWh. For 2024, it applies the 2022 national average electricity CO<sub>2</sub> emission factor of 0.5856 tCO<sub>2</sub>/MWh, as issued in the *Announcement on the 2022 Electricity Carbon Dioxide Emission Factor*. For 2025, the calculation uses the national average electricity CO<sub>2</sub> emission factor of 0.6096 tCO<sub>2</sub>/MWh, as issued in the *Announcement on the 2023 Electricity Carbon Dioxide Emission Factor*.

### 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%.

[2] [Calculation Method] Proportion of R&D investment in operating revenue = R&D investment / Operating revenue \* 100%.

## Product and Customer Responsibility

Disclosure Items	Unit	2023	2024	2025
Number of violations concerning the health and safety of products and services	Incident	0	0	0
Total number of violations concerning marketing (including advertising, promotion, and sponsorship) <sup>1</sup>	Incident	3	0	0
Total number of violations of regulations and voluntary guidelines concerning product and service information and labeling	Incident	0	0	0
Number of violations of regulations concerning customer privacy protection	Incident	0	0	0
Percentage of revenue generated from online sales	%	93.00	95.00	95.58

Note:

[1] In 2023, Meiligu and Ningbo Tangyu received administrative penalties from their respective local market supervision administrations. During the International Women's Day promotions, they selected the wrong audience segments when using third-party tools to send promotional text messages, which constituted "sending advertisements without the recipients' consent." The relevant company departments have conducted a comprehensive review and optimized the SMS promotion verification procedures to prevent similar incidents from recurring. Additionally, Meiligu received an administrative penalty from the local market supervision administration for omitting text on product promotional pages across certain e-commerce platforms, constituting "misleading consumers with deceptive advertising content." The relevant company departments have thoroughly reviewed and rectified the issue, strengthening the marketing promotion review and supervision mechanism to prevent the recurrence of such incidents.

## Supply chain management

Disclosure Items	Unit	2023	2024	2025
Total number of suppliers <sup>1</sup>	Supplier	791	976	1,026
- Number of suppliers in the Chinese mainland	Supplier	782	968	1,019
- Number of suppliers in Hong Kong, Macao, Taiwan regions of China, and overseas regions	Supplier	9	8	7
Proportion of suppliers evaluated for environmental, labor, and ethical performance <sup>2</sup>	%	33.38	41.70	31.87
Proportion of suppliers that passed environmental, labor, and ethical assessments <sup>3</sup>	%	100	100	100

Note:

[1] The scope of supplier statistics covers material and service suppliers in the production process, as well as offline sales and brand marketing suppliers, excluding brand spokespersons and key opinion leaders (KOLs).

[2] Proportion of suppliers evaluated on environmental, labor, and ethical criteria = Number of suppliers evaluated on environmental, labor, and ethical criteria / Total number of suppliers × 100%.

[3] Proportion of suppliers passing environmental, labor, and ethical evaluations = Number of suppliers passing environmental, labor, and ethical evaluations / Number of suppliers evaluated on environmental, labor, and ethical criteria × 100%.

## Employee data

Disclosure Items	Unit	2023	2024	2025	
Employment					
Total number of employees <sup>2</sup>	Person	2,971	3,394	3,252	
By gender	Male	Person	877	1,052	1,021
	Female	Person	2,094	2,342	2,231
By age	30 and under	Person	1,584	2,079	1,836
	Aged 30 to 50	Person	1,338	1,268	1,359
	50 and over	Person	49	47	57
By region	Chinese mainland	Person	2,971	3,389	3,236
	Hong Kong, Macao, Taiwan regions of China, and overseas	Person	0	5	16
By employee level	General employees <sup>3</sup>	Person	2,596	2,919	2,262
	Junior management	Person	/	/	526
	Middle management	Person	358	460	449
	Senior management	Person	17	15	15
Number of penalties for violating employment and labor laws and regulations	Incident	0	0	0	
Total number of new employees	Person	/	1,100	989	
By gender	Male	Person	/	299	314
	Female	Person	/	801	675
By age	30 and under	Person	/	942	745
	Aged 30 to 50	Person	/	158	242
	50 and over	Person	/	0	2
By employee level	General employees	Person	/	859	712
	Junior management	Person	/	227	138
	Middle management	Person	/	13	133
	Senior management	Person	/	1	6

Disclosure Items		Unit	2023	2024	2025
Employment					
Percentage of vacancies filled by internal candidates (internal recruitment)		%	/	5	5
Average recruitment cost / FTE (Full-time equivalent)		CNY 10,000	/	0.26	0.26
Female employment					
Proportion of women in the total workforce		%	70.48	69.00	68.60
Proportion of women in all management positions, including junior, middle, and senior management		%	/	60.10	65.96
By employee level	Proportion of women in junior management positions, i.e., first-level of management	%	/	64.10	70.34
	Proportion of women in senior management positions, i.e., maximum two levels away from the CEO or comparable positions	%	/	44.00	49.52
By function	Proportion of women in management positions within revenue-generating functions (e.g., sales)	%	/	53.40	87.50
	Percentage of women in Science, Technology, Engineering, and Mathematics (STEM) related positions (as a percentage of total STEM positions)	%	/	68.10	76.60
Occupational Health and Safety					
Working days lost due to work-related injuries <sup>4</sup>		Day	0	121	115
Number of employee fatalities due to work-related injuries		Person	0	0	0
Proportion of employee fatalities due to work-related injuries		%	0	0	0
Lost time injury frequency rate (LTIFR) per million hours worked		%	0	0.44	1.28
Amount invested in employee work-related injury insurance <sup>5</sup>		CNY 10,000	91.34	101.53	98.78
Employee work-related injury insurance coverage rate		%	/	100	100
Number of contractor fatalities due to work-related injuries		Person	/	/	0
Proportion of contractor fatalities due to work-related injuries		%	/	/	0

Disclosure Items		Unit	2023	2024	2025
Occupational Health and Safety					
Contractor lost time injury frequency rate (LTIFR) per million man-hours		%	/	/	0
Employee Training and Development					
Employee training coverage rate <sup>6</sup>		%	90.51	100	100
By gender	Male	%	74.12	100	100
	Female	%	97.37	100	100
By employee level	General employees	%	89.14	100	100
	Junior management	%	/	/	100
	Middle management	%	100	100	100
	Senior management	%	100	100	100
Average employee training hours <sup>7</sup>		Hour	18.04	17.51	22.12
By gender	Male	Hour	14.30	18.01	29.23
	Female	Hour	19.61	17.28	18.87
By employee level	General employees	Hour	17.76	17.59	24.00
	Junior management	Hour	/	/	24.00
	Middle management	Hour	20.47	17.37	10.70
	Senior management	Hour	10.09	4.9	25.70
Employee turnover rate <sup>8</sup>		%	43.86	22.22	35.98
By gender	Male	%	22.01	26.90	34.48
	Female	%	53.01	20.11	36.67
By age	30 and under	%	36.49	28.72	45.37
	Aged 30 to 50	%	53.44	12.30	24.06
	50 and over	%	20.41	2.13	17.54
By region	Chinese mainland	%	43.86	22.25	36.16
	Hong Kong, Macao, Taiwan regions of China, and overseas	%	0	0	0
Total employee training expenditure		CNY 10,000	/	264.96	236.85

Disclosure Items		Unit	2023	2024	2025
Employee Training and Development					
By gender	Male	CNY 10,000	/	/	86.58
	Female	CNY 10,000	/	/	150.27
By employee level	General employees	CNY 10,000	/	/	50.86
	Junior management	CNY 10,000	/	/	91.13
	Middle management	CNY 10,000	/	/	75.63
	Senior management	CNY 10,000	/	/	19.22
Average employee training expenditure		CNY	/	780.67	728.32

Note:

- [1] Unless otherwise specified, employee headcounts in this table are as of the end of each respective year.
- [2] Employee data only includes full-time contracted employees as of the end of the reporting period, excluding dispatched and part-time workers.
- [3] The number of general employees in 2023 and 2024 includes junior/lower-level management employees, which are reported separately starting in 2025.
- [4] In 2025, the Company had a total of 7 work-related injuries, involving 7 employees. Among them, 4 were injured during their commutes, 2 were injured when they went out on business trips, and 1 was injured during work operations. The Company has properly dealt with these incidents according to relevant management regulations.
- [5] This amount excludes work-related injury insurance premiums for BA employees at PROYA's nationwide offline stores and a small number of the Company's non-local employees. However, the Company has paid these premiums in full through third-party service agencies.
- [6] Employee training coverage = Number of trained employees in the category during the reporting period / Total number of employees in the category.
- [7] Average training hours per employee = Total training hours for the category / Total number of employees in the category. In 2023, the Company adjusted the statistical scope of employee training to include anti-corruption training data. In 2025, the Huzhou Factory further enhanced training for male employees, leading to a significant increase in employee training hours.
- [8] Employee turnover rate = Number of departing employees in the category during the reporting period / Total number of employees in the category. In 2025, to enhance internal competitiveness, the Company adjusted its workforce composition, which led to an increase in employee turnover.

## Social Welfare

Disclosure Items	Unit	2023	2024	2025
Amount invested in community welfare <sup>1</sup>	CNY 10,000	866.12	258.87	507.38
Amount of charitable donations	CNY 10,000	850.14	257.28	507.38
Total employee volunteer hours <sup>2</sup>	Hour	765.00	1,263.00	1,722.00

Note:

- [1] Community welfare investments include funds and materials donated by PROYA during various community welfare and charitable activities. The Company conducts these activities annually based on actual conditions. Because they are significantly influenced by external factors, the investment amount will fluctuate.
- [2] The Company collaborates with local communities to organize volunteer activities for employees. Furthermore, both the Foundation and the Company actively encourage employees to participate in volunteer services, leading to a year-on-year increase in total employee volunteer hours.

## Business Ethics

Disclosure Items	Unit	2023	2024	2025
Number of corruption lawsuits filed and concluded against the issuer or its employees during the reporting period	Incident	0	0	0
Number of conflict of interest incidents	Incident	/	0	0
Number of money laundering or insider trading incidents	Incident	/	0	0
Anti-corruption training coverage for directors	%	100	100	100
Average hours of anti-corruption training per director	Hour	3	2.5	2
Anti-corruption training coverage for employees <sup>1</sup>	%	100	100	100
Average hours of anti-corruption training per employee	Hour	3.02	1.50	1.00

## Honors and social recognition

Honors and Awards We Received in 2025	
Honor Title	Issuer
IFSCC 2025 Top 10 Papers of Basic Research Award	IFSCC
IFSCC Gold Member	IFSCC
Top 200 Enterprises in Light Industries	China National Light Industry Council
Top 10 Enterprises of Cosmetic Industry in Light Industries	China National Light Industry Council
China National Light Industry Cosmetics Efficacy Research Engineering Technology Research Center	China National Light Industry Council
The evaluation result of information disclosure in 2024-2025 is A	Shanghai Stock Exchange
2025 Best Practice of Internal Control of Listed Companies	China Association for Public Companies
2025 Best Practices for the Board Office of Listed Companies	China Association for Public Companies
Best Practices for Investor Management of Listed Companies	China Association for Public Companies
2024 Excellent Practice Cases of Return Investors in Zhejiang Jurisdiction	Zhejiang Association of Listed Companies
Top 100 Daily Chemical Enterprises	Daily Chemical Industry Information Center
"New" packaging in the cosmetics industry	China Association of Fragrance Flavour and Cosmetic Industries
2025 Top 50 Cosmetics Enterprises	China Association of Fragrance Flavour and Cosmetic Industries
2025 Top 50 cosmetics brands	China Association of Fragrance Flavour and Cosmetic Industries
Certificate of Brand Value for Fragrance and Cosmetics	China Association of Fragrance Flavour and Cosmetic Industries
2025 Sustainable Development (ESG) Practice Case Set of the Fragrance Flavour and Cosmetics Industries in China	China Association of Fragrance Flavour and Cosmetic Industries
Advanced Smart Factory	Department of Economy and Information Technology of Zhejiang
Zhejiang Future Factory	Department of Economy and Information Technology of Zhejiang
2025 Provincial Industrial Internet Platform	Department of Economy and Information Technology of Zhejiang
First Batch of Typical Cases of AI-Empowered Manufacturing in Zhejiang Province in 2025	Department of Economy and Information Technology of Zhejiang

Honors and Awards We Received in 2025	
Honor Title	Issuer
Vice President Unit of the Third Council of Zhejiang Drug Administration and Industrial Development Research Association	Zhejiang Drug Administration and Industry Development Research Association
Group Member of Zhejiang Enterprise Technology Innovation Association	The Fourth Council of Zhejiang Enterprise Technology Innovation Association
2025 Top 100 Fastest-Growing Enterprises in Zhejiang Province	Enterprise Confederation, Provincial Entrepreneur Association and Provincial Federation of Industrial Economy
2025 Hangzhou Kunpeng Enterprise (two-star)	CPC Hangzhou Municipal Committee and Hangzhou Municipal People's Government
Powerful Intellectual Property Enterprise in Hangzhou in 2025	Hangzhou Municipal Administration for Market Regulation
2025 Spring of Business in Yueqing	Yueqing Municipal People's Government of the CPC Yueqing Municipal Committee
Yueqing Charity Meritorious Unit	Yueqing Municipal People's Government of the CPC Yueqing Municipal Committee
2024 Yangtze River Delta Network New Consumer Quality Brand Top List	Shanghai Online Shopping Association
Special Strategic Support for the 2025 International Cosmetics Technology Conference	The 29th China Beauty Expo
The 2025 Meiji BEAUTY Award for Skincare Sunscreen (PROYA "Ultra-film Silver Tube" Sunscreen)	The 29th China Beauty Expo
2025 Meiji BEAUTY Makeup Foundation Award (TIMAGE double-effect cushion foundation)	The 29th China Beauty Expo
Top 500 Global Brands in China Online (PROYA 21st)	National Institute of Development Studies, Peking University
Excellent Case in "Female Influence" & Internet Popular Case of Social Responsibility Day on May 20	CCM CSR Promotion Center
100 Classic ESG Cases of Zhejiang Enterprises in 2025	ESG Research Center of Zhejiang Enterprise Think Tank
Sustainable Product Innovation Award	The 10th Value Co-Creation
100 Chinese ESG Pioneers Among Listed Companies in the Yangtze River Delta (2025)	Financial Program Center of China Media Group (CMG)
Outstanding Enterprise Representative for Social Responsibility Index in the Daily Chemical Industry in 2025	Chinese Academy of Social Sciences (CASS)
Growth Enterprise with ESG Strategy and Philanthropic Impact Among Listed Companies in Zhejiang Province	Zhejiang Association of Small and Medium Enterprises
Top 100 Listed Companies in Zhejiang with Best ESG Performance in 2025	Zhejiang Association for the Promotion of Corporate Social Responsibility CCXGF

Honors and Awards We Received in 2025	
Honor Title	Issuer
Excellent ESG Award	The 9th IRSC China IR Annual Awards
2025 Best Institutional Coverage Award	Comein Finance
2025 CSA Score 56	S&P Global
CSI ESG rating AAA	CSI Sustainability Index
Sino-Securities ESG Rating AAA	Sino-Securities Index Information Service (Shanghai) Co., Ltd.
Wind ESG Rating AA	Wind
2025 Wind Top 100 ESG Best Practices of Chinese Listed Companies	Wind
2025 Top 100 A-Share Listed Companies with Outstanding ESG Performance	Sino-Securities Index Information Service (Shanghai) Co., Ltd.
2025 Top 14 A-Share Listed Companies with Outstanding ESG Performance	Sino-Securities Index Information Service (Shanghai) Co., Ltd.
2025 Top 20 A-share Listed Companies with ESG Performance in Primary Industries-Top 1 ESG Performance in Major Consumer Industries	Sino-Securities Index Information Service (Shanghai) Co., Ltd.
2025 Top 15 Best Practices in Corporate Governance (G) of A-Share Listed Companies	Sino-Securities Index Information Service (Shanghai) Co., Ltd.
The 19th "2025 Top 100 Listed Companies in ESG"	Securities Times
The 19th "Top 100 Listed Companies on the Main Board"	Securities Times
The 16th Tianma Award for Investor Relation Management of Listed Companies in China	Securities Times
"SSE Eagle-Gold Quality" Sustainable Growth Award	Shanghai Securities News
2024 Golden Bull Award for Most Promising Investment Award	China Securities Journal
Top 300 Most Popular Listed Companies in "2025 Annual Selection of Hithink Royal Flush Listed Companies"	Hithink Royal Flush
Enterprise Brand in "Her Responsibility" of "Running Flow: Female Public Welfare 30+"	China Charity Magazine
100 Classic ESG Cases of Zhejiang Enterprises in 2025	ESG Research Center of Zhejiang Enterprise Think Tank

Honors and Awards We Received in 2025	
Honor Title	Issuer
2025 China Cosmetics Blue Rose Award "Influential Listed Company of the Year"	Cosmetic Observation
2025 Top 100 High-quality Consumer Brands	Southern Metropolis Daily
2025 CBE Hurun China Top 10 Cosmetics Brands	Hurun China
OneFLAG Awards 2025 Best HR Team	Zhongqi
2025 Healthy and Beautiful Industry Technology Innovation Enterprise	Organizing Committee of the 2025 (2nd) Conference on High-quality Development of Health and Beauty Industry
2025 New Quality Productivity Promotion Award for Health and Beauty Industry	Organizing Committee of the 2025 (2nd) Conference on High-quality Development of Health and Beauty Industry
Tmall Golden Makeup Award · Annual TOP Brand - PROYA	Tmall
Tmall Golden Makeup Awards · Annual Livestream Retail Partnership Award - PROYA	Tmall
2025 China's Annual Top 100 Beauty Brands - TIMAGE	iPDF
Good Beauty Brand - TIMAGE	CBE Beauty Expo
Annual Brand Story Innovation Award - TIMAGE	China Makeup Future
2025 China's Annual Top 100 Beauty Brands - TIMAGE	iPDF
2025 China Cosmetics Category Benchmark Brand (Makeup Foundation)-TIMAGE	Cosmetics Newspaper
2025 China Cosmetics Category Benchmark Brand (Makeup)-TIMAGE	Cosmetics Newspaper
2025 CBE Good Beauty Brands - Off&Relax	China Beauty Expo
Top 30 Consumers Prefer Personal Care Brands - Off&Relax	Beauty headlines
2025 Sina Beauty Awards Sensory Refreshment - Off&Relax	Sina Beauty Award
China Makeup Awards Annual Brand Shaping Power - Off&Relax	China Makeup Awards

Honors and Awards We Received in 2025	
Honor Title	Issuer
2025 China Cosmetics Category Benchmark Brand (Shampoo) - Off&Relax	Cosmetics Newspaper
2025 Annual Marketing Emerging Brand Award - Off&Relax	Alimama
2025 Super-Growth Brands - Off&Relax	Cosmetics Newspaper
Super New Product Ceremony · Leader of Technology Breakthrough - Off&Relax	Tmall Small Black Box
Annual Lifestyle Brand - Off&Relax	Yimeishang Consumer Goods Expo
China's leading brand of basement membrane repair and anti-wrinkle skincare products - Original Repair series	Frost Sullivan
2025 Zhejiang Excellent Industrial Products - PROYA Ruby Light Line Firming Cream	Zhejiang Excellent Industrial Products Selection Committee
Tmall Golden Makeup Awards · Annual TOP Brand - PROYA Ruby Cream	Tmall
Tmall Golden Makeup Award · Annual Gift Box - PROYA Ruby Emulsion Gift Box	Tmall
Tmall Golden Makeup Award · Annual Facial Mask - PROYA Double Effect Brightening Facial Mask	Tmall
Tmall Golden Makeup Award · Annual Youth Selection Award - PROYA Double Effect Brightening Water Emulsion	Tmall
Tmall Golden Makeup Award · Annual Lotion and Cream Award - PROYA Ruby Cream	Tmall
2025 Sunscreen TOP List-Proya Sun Around Skin Care Sunscreen Serum	Beauty Practice
2025 Benchmark Brands in the Sunscreen Category of Domestic Cosmetics - PROYA Sunscreen	Cosmetics Newspaper
Tmall Golden Makeup Award · Annual Pre-Makeup Award - TIMAGE Master's Primer	Tmall
Tmall Golden Makeup Award · Annual Young People's Choice Award - TIMAGE Flawless Liquid Foundation	Tmall
Tmall Golden Makeup Award · Annual Top New Product - TIMAGE Spliced Leather Liquid Foundation	Tmall
Ruilu Beauty Appreciation - TIMAGE Balanced Soft Light Cushion Foundation Liquid Decorative Facial Cream	Ruilu Clothing and Beauty
theONE 2025 Annual Top Beauty List - TIMAGE Riding the Waves Still Water Dual-Color Cream Blush	the ONE

Honors and Awards We Received in 2025	
Honor Title	Issuer
Vanity Teen 2025 Beauty Annual Top Cosmetics - TIMAGE Riding the Waves Still Water Dual-Color Cream Blush	Vanity Teen
2025 Beauty Reputation List - Spring Vitality List · Professional Makeup Foundation Savior Award - TIMAGE Luminous Hydrating Multi-Effect Primer	Sina Beauty
I'm Beautiful and Trustworthy 2024-2025 · Annual Most Reliable Concealer - TIMAGE Jade Flawless Tricolor Concealer	Sohu Fashion
2025 Meiyi Beauty Makeup Foundation Award - TIMAGE Double-Effect Cushion Foundation	CBE Beauty Expo
Innovative Beauty Products · New Force - TIMAGE Double-Effect Cushion Foundation	Beauty Industry Institute
Beauty Star Product · New Benchmark-TIMAGE Luminous Hydrating/Rejuvenating Multi-Effect Primer	Beauty Industry Institute
2025 iPDF Design Appreciation · Best Visual Design Presentation Award - TIMAGE "Zhengqing" Series	iPDF
Domestic Beauty Innovation Packaging Award - Cloud Essence Luminous Cushion Foundation & Concealer	VOGUE
Tmall Golden Makeup Awards · Annual TOP New Product - Off&Relax Fluffy Shampoo	Tmall
Annual SPA Fluffy Shampoo - Off & Relax Fluffy Shampoo	FASHION COSMO
New Quality Beauty Annual Oil Control Fluffy Shampoo - Off&Relax Fluffy Shampoo	Xixi Sisters
Annual Beauty Makeup List · Annual Asian Pioneer Healing Hair Care Oil - Off&Relax Brightening and Moisturizing Hair Care Essential Oil	Xixi Sisters
HB Healthy Beauty Gold Award - Off&Relax Hair Fall Prevention & Hair Growth Essence	Health & Beauty
2025 Annual Cross-border Pilot Award - Off&Relax Overseas Flagship Store	Douyin Mall Global Purchase/Huge Engine
2025 Vogue Recommended Mascara - INSBABA Mascara	Vogue
2025 Cosmo Annual Eyebrow Dye - INSBABA Mascara	Cosmo
TOP 100 New Products Award for Beauty Reward on Douyin Mall - INSBABA Contouring Stick	Douyin Mall
Top 100 Hit Products Award of Douyin Mall Beauty Reward - INSBABA Eyebrow Dyeing Cream	Douyin Mall

# Benchmarking 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 and Other Notes
21 Issues Outlined in the Shanghai Stock Exchange Guidelines	
Climate change tackling	Climate Change Mitigation and Adaptation ESG Data Performance Table and Notes
Pollutant discharge	Emissions and Waste ESG Data Performance Table and Notes
Waste disposal	Emissions and Waste ESG Data Performance Table and Notes
Ecosystem and biodiversity protection	Ecosystem and Biodiversity Protection
Environmental compliance management	Environmental Compliance Management ESG Data Performance Table and Notes
Energy usage	Energy Management ESG Data Performance Table and Notes
Usage of water resources	Water Resource Management ESG Data Performance Table and Notes
Circular economy	Green Packaging ESG Data Performance Table and Notes
Rural revitalization	Public Welfare ESG Data Performance Table and Notes
Contributions to the society	Public Welfare ESG Data Performance Table and Notes
Innovation-driven	Scientific and Technological Innovation ESG Data Performance Table and Notes
Ethics of science and technology	Scientific and Technological Innovation
Supply chain security	Responsible Procurement ESG Data Performance Table and Notes
Equal treatment to small and medium-sized enterprises	At the end of the reporting period, the balance of accounts payable (including notes payable) did not exceed CNY 30 billion and accounted for no more than 50% of total assets; moreover, no enterprise within the consolidation scope was required to disclose information regarding overdue payments to small and medium-sized enterprises on the National Enterprise Credit Information Publicity System

Disclosure Requirements	Report Sections and Other Notes
21 Issues Outlined in the Shanghai Stock Exchange Guidelines	
Safety and quality of products and services	Product Quality Management Customer Service and Rights Protection ESG Data Performance Table and Notes
Data security and customer privacy protection	Digital Transformation and Information Security
Employees	Employee Rights and Benefits Human Capital Development Health and Safety ESG Data Performance Table and Notes
Due diligence	ESG Materiality Assessment
Communications with stakeholders	ESG Materiality Assessment
Anti-commercial bribery and anti-corruption	Business Ethics ESG Data Performance Table and Notes
Anti-unfair ompetition	Business Ethics ESG Data Performance Table and Notes
Voluntarily Disclosed Issues	
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 Data Performance Table and Notes

Index for Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong

Environmental Category			
Aspect	Indicator No.	Indicator Description	Corresponding Section
A1: Emissions	General Disclosure Item	Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Climate Change Mitigation and Adaptation Environmental Compliance Management Emissions and Waste
	A1.1	The types of emissions and respective emissions data.	Emissions and Waste ESG Data Performance Table and Notes
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	ESG Data Performance Table and Notes
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	ESG Data Performance Table and Notes
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	ESG Data Performance Table and Notes
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate Change Mitigation and Adaptation Environmental Compliance Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Compliance Management Emissions and Waste
A2: Use of Resources	General Disclosure Item	Policies on the efficient use of resources, including energy, water, and other raw materials.	Energy Management Water Resource Management
	A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas, or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	ESG Data Performance Table and Notes
	A2.2	Total water consumption and intensity (e.g., per unit of production volume, per facility).	ESG Data Performance Table and Notes
	A2.3	Description of the energy efficiency targets set and the steps taken to achieve them.	Energy Management

Environmental Category			
Aspect	Indicator No.	Indicator Description	Corresponding Section
A2: Use of Resources	A2.4	Description of any issues in sourcing water that is fit for purpose, the water efficiency targets set, and the steps taken to achieve them.	Water Resource Management
	A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, the amount per unit produced.	Green Packaging ESG Data Performance Table and Notes
A3: The Environment and Natural Resources	General Disclosure Item	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Compliance Management Emissions and Waste Ecosystem and Biodiversity Protection
	A3.1	Description of the significant impacts of business activities on the environment and natural resources, and the actions taken to manage them.	Environmental Compliance Management Emissions and Waste Ecosystem and Biodiversity Protection
A4: Climate Change	General Disclosure Item	Policies on identifying and mitigating significant climate-related issues that have impacted, or may impact, the issuer.	Climate Change Mitigation and Adaptation
	A4.1	Description of the significant climate-related issues that have impacted, or may impact, the issuer, and the actions taken to manage them.	Climate Change Mitigation and Adaptation

Social Category			
Aspect	Indicator No.	Indicator Description	Corresponding Section
B1: Employment	General Disclosure Item	Relating to compensation and dismissal, recruitment and promotion, working hours, leave, equal opportunity, diversity, anti-discrimination, and other treatment and benefits: (a) policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employee Rights and Benefits
	B1.1	Total workforce by gender, employment type (e.g., full- or part-time), age group, and geographical region.	ESG Data Performance Table and Notes
	B1.2	Employee turnover rate by gender, age group, and geographical region.	ESG Data Performance Table and Notes

Social Category			
Aspect	Indicator No.	Indicator Description	Corresponding Section
B2: Health and Safety	General Disclosure Item	Information on providing a safe working environment and protecting employees from occupational hazards: (a) policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Occupational Health and Safety Chemical Safety and Ingredient Transparency
	B2.1	Number and rate of work-related fatalities in each of the past three years, including the reporting year.	ESG Data Performance Table and Notes
	B2.2	Lost days due to work injury.	ESG Data Performance Table and Notes
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety Chemical Safety and Ingredient Transparency
B3: Development and Training	General Disclosure Item	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Human Capital Development
	B3.1	Percentage of employees trained by gender and employee category (e.g., senior management, middle management).	ESG Data Performance Table and Notes
	B3.2	Average training hours completed per employee by gender and employee category.	ESG Data Performance Table and Notes
B4: Labour Standards	General Disclosure Item	Information on preventing child or forced labour: (a) policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employee Rights and Benefits
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Rights and Benefits
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Rights and Benefits
B5: Supply Chain Management	General Disclosure Item	Policies on managing environmental and social risks of the supply chain.	Responsible Procurement
	B5.1	Number of suppliers by geographical region.	ESG Data Performance Table and Notes
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Responsible Procurement
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Procurement
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Procurement

Social Category			
Aspect	Indicator No.	Indicator Description	Corresponding Section
B6: Product Responsibility	General Disclosure Item	Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Product Quality and safety
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG Data Performance Table and Notes
	B6.2	Number of products and service related complaints received and how they are dealt with.	ESG Data Performance Table and Notes Customer Service and Rights Protection
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Management
	B6.4	Description of quality assurance process and recall procedures.	Product Quality and safety
B7: Anti-corruption	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Digital Transformation and Information Security
	General Disclosure Item	Regarding the prevention of bribery, extortion, fraud, and money laundering: (a) policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics ESG Data Performance Table and Notes
B8: Community Investment	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics ESG Data Performance Table and Notes
	General Disclosure Item	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Welfare
B8: Community Investment	B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Social Welfare
	B8.2	Resources contributed (e.g., money or time) to the focus area.	Social Welfare ESG Data Performance Table and Notes

**Index for GRI Sustainability Reporting Standards (2021)**

**Statement of Use**

Proya Cosmetics Co., Ltd. has reported the information cited in this GRI content index for the period from January 1, 2025, to December 31, 2025, with reference to the Global Reporting Initiative (GRI) Standards.

**GRI 1 used**

GRI 1: Foundation 2021

GRI Standards	Disclosure Items	Report Section
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	Overview of PROYA
	2-2 Entities included in the organization’s sustainability reporting	About this Report
	2-3 Reporting period, frequency and contact person	About this Report
	2-4 Restatements of information	About this Report
	2-6 Activities, value chain and other business relationships	Overview of PROYA Customer Service and Rights Protection Responsible Procurement ESG Data Performance Table and Notes
	2-7 Employees	Human Capital Development ESG Data Performance Table and Notes
	2-9 Governance structure and composition	Sustainability Management Structure Corporate Governance
	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 policies	Sustainability Management Structure Corporate Governance
	2-22 Statement on sustainable development strategy	Sustainable Development Planning Sustainability Management Structure

GRI Standards	Disclosure Items	Report Section
<b>GRI 2: General Disclosures 2021</b>	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
	2-26 Mechanisms for seeking advice and raising concerns	Risk and Compliance
	2-27 Compliance with laws and regulations	Reducing Environmental Impact Product Quality and Safety Responsible Procurement Employee Rights and Benefits Human Capital Development Occupational Health and Safety Social Welfare Corporate Governance Risk and Compliance
	2-29 Approach to stakeholder engagement	ESG Topic Materiality Assessment
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material issues	ESG Materiality Assessment
	3-2 List of material issues	ESG Materiality Assessment
	3-3 Management of material issues	ESG Materiality Assessment
<b>GRI 201: Economic Performance 2016</b>	Disclosure 201-1 Direct economic value generated and distributed	Corporate Governance
	Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	Climate Change Mitigation and Adaptation
	Disclosure 201-3 Defined benefit plan obligations and other retirement plans	Employee Rights and Benefits
<b>GRI 203: Indirect Economic Impacts 2016</b>	Disclosure 203-1 Infrastructure investments and services supported	Social Welfare
	Disclosure 203-2 Significant indirect economic impacts	Social Welfare
<b>GRI 205: Anti-corruption 2016</b>	Disclosure 205-2 Communication and training about anti-corruption policies and procedures	Business Ethics
	Disclosure 205-3 Confirmed incidents of corruption and actions taken	Business Ethics
<b>GRI 301: Materials 2016</b>	Disclosure 301-1 Materials used by weight or volume	ESG Data Performance Table and Notes
	Disclosure 301-2 Recycled input materials used	ESG Data Performance Table and Notes
	Disclosure 301-3 Reclaimed products and their packaging materials	ESG Data Performance Table and Notes
<b>GRI 302: Energy 2016</b>	Disclosure 302-1 Energy consumption within the organization	ESG Data Performance Table and Notes
	Disclosure 302-2 Energy consumption outside of the organization	ESG Data Performance Table and Notes
	Disclosure 302-3 Energy intensity	ESG Data Performance Table and Notes

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

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

Index for the United Nations Sustainable Development Goals (SDGs)

SDGs	SDG Targets	Report Section
	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
	3.4 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
	4.1 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
	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
	5.1 End all forms of discrimination against all women and girls everywhere.	Employee Rights and Benefits Social Welfare
	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 wastewater and substantially increasing recycling and safe reuse globally.	Reducing Environmental Impact
	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.	Reducing Environmental Impact
	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.	Reducing Environmental Impact
	7.3 By 2030, double the global rate of improvement in energy efficiency.	
	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
	8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.	Employee Rights and Benefits Responsible Procurement
	8.8 Protect labour 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 Occupational Health and Safety

SDGs	SDGs Tier 2 Targets	Report Section
	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.	Reducing Environmental Impact
	9.5 Enhance scientific research and upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation, substantially increasing the number of research and development workers per 1 million people, and increasing public and private research and development spending.	Scientific and Technological Innovation
	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.	Employee Rights and Benefits Social Welfare
	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal waste management.	Reducing Environmental Impact
	12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	Reducing Environmental Impact
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Green Packaging Reducing Environmental Impact
	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
	12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	Sustainable Products and Consumption
	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
	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.	Ecosystem and Biodiversity Protection
	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.	Ecosystem and Biodiversity Protection
	16.5 Substantially reduce corruption and bribery in all their forms.	Business Ethics

## | Appendix: Scope of the Report

S/N	Company Name
1	Proya Cosmetics Co., Ltd.
2	Proya Cosmetics Co., Ltd. Huzhou Branch
3	Proya Cosmetics Co., Ltd. Shanghai Branch
4	Hangzhou Proya Trading Co., Ltd.
5	Hanna Cosmetics Co., Ltd.
6	Anya (Huzhou) Cosmetics Co., Ltd.
7	Yueqing Laya Trading Co., Ltd.
8	Huzhou UZERO Trading Co., Ltd.
9	Mijing Siyu (Hangzhou) Cosmetics Co., Ltd.
10	Zhejiang Meiligu Electronic Commerce Co., Ltd.
11	Huzhou Chuangdai E-commerce Co., Ltd.
12	Hangzhou CORRECTORS Trade Co., Ltd.
13	Hangzhou Gloris Trading Co., Ltd.
14	Hapsode (Hangzhou) Cosmetics Co., Ltd.
15	Hapsode Co., Ltd.
16	Huzhou Hapsode Trading Co., Ltd.
17	Hangzhou Proya Commercial Management Co., Ltd.
18	Hong Kong Keshi Trading Co., Ltd.
19	Hong Kong Xinghuo Industry Limited
20	Hong Kong Zhongwen Electronic Commerce Co., Limited
21	Hong Kong Xuchen Trading Limited
22	Proya Europe SARL
23	Shanghai Zhongwen Electronic Commerce Co., Ltd.
24	Huzhou Niuke Technology Co., Ltd.

S/N	Company Name
25	Ningbo TIMAGE Cosmetics Co., Ltd.
26	Hangzhou TIMAGE Cosmetics Co., Ltd.
27	Hangzhou TIMAGE Image Design & Art Co., Ltd.
28	Ningbo Keshi Trading Limited
29	Ningbo Proya Enterprise Consulting Management Co., Ltd.
30	Boya (Hong Kong) Investment Management Co., Limited
31	OR Off & Relax
32	Ningbo Tangyu Trading Co., Ltd.
33	Hangzhou Weiluoke Cosmetics Co., Ltd.
34	Hangzhou Yizhuo Culture Media Co., Ltd.
35	Hangzhou Oumisi Trading Co., Ltd.
36	Proya (Hainan) Cosmetics Co., Ltd.
37	Singuladerm (Hangzhou) Cosmetics Co., Ltd.
38	Xuzhou Laibo Information Technology Co., Ltd.
39	Proya (Zhejiang) Cosmetics Co., Ltd.
40	PROYA PTE. LTD.
41	PROYA BEAUTY MALAYSIA SDN. BHD.
42	Ningbo Jingzhe Cosmetics Co., Ltd.
43	PROYA EUROPE SAS
44	Xuzhou Boya Technology Co., Ltd.
45	Xuzhou Boya Enterprise Management Co., Ltd.
46	Proya (Hainan) Investment Co., Ltd.
47	Hangzhou Proya Biotechnology Co., Ltd.



Bureau Veritas Certification

## 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: 01/01/2025 to 31/12/2025

**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: 2584.86 tCO<sub>2</sub>e
- Category 2: Indirect GHG emissions from imported energy (location-based): 11075.23 tCO<sub>2</sub>e  
Indirect GHG emissions from imported energy (market-based): 7297.64 tCO<sub>2</sub>e
- Category 3: Indirect GHG emissions from transportation: 18057.01 tCO<sub>2</sub>e
- Category 4: Indirect GHG emissions from products used by organization: 147508.48 tCO<sub>2</sub>e
- Category 5: Indirect GHG emissions associated with the use of products from the organization: 32214.21 tCO<sub>2</sub>e
- Category 6: Indirect GHG emissions from other sources: Non-significant indirect emissions and not quantified

Total quantified emissions(location-based): 211439.80 tCO<sub>2</sub>e

Total quantified emissions(market-based): 207662.21 tCO<sub>2</sub>e

**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:**

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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:** Jianan Ma  
**No.:** EMI31179322GZ  
**Version No.:** No.1

**Verification date:** 18-20/03/2026  
**Issue date:** 26/03/2026



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

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## 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	Direct GHG emissions generated in R&D and sales of cosmetics and related management activities within the organizational boundaries of Pelaya Cosmetics Co., Ltd. and its subsidiaries, as well as significant indirect greenhouse gases emissions
		Proya Intelligent Innovation Park, Bailong Road, Zhuantang Longwu, Xihu District, Hangzhou City, Zhejiang Province, P.R. China	
		Room 1601, Building A Block D, EAC Europe and America Center, No. 18 Jiaogong Road, Xihu District, Hangzhou City, Zhejiang Province, P.R. China	
1	PROYA Cosmetics CO., Ltd. Shanghai Branch	6th Floor, Building 28, Phase 5, Science and Technology Park, No. 1355 Caobao Road, Minhang District, Shanghai City, P.R. China	
2	Hangzhou PROYA Commercial Operation Management Co., Ltd.	6F and 8F-Area B, Xixi Jiuweike Building, No. 572 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China	
3	株式会社オー・アンド・アール	Kobe International Business Center, 5-5-2 Port Island Minamimachi, Chuo-ku, Kobe, Japan	
4	PROYA EUROPE SAS	9-11 Allée De L'Arche Tour Egée 92400 Courbevoie	
5	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

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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 2025 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 the Report for the reporting period 1 January – 31 December 2025; 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
- 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	Moderate
Product Responsibility	Moderate
Environmental Responsibility	Moderate
Employee Responsibility	Moderate
Social Responsibility	Moderate

**Level of assurance: Reasonable Assurance**

**Assurance standard**

1. AA 1000 AP (2018) & AA 1000 AS (V3)

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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;
3. GRI Sustainability Reporting Standards, published by the Global Reporting Initiative
4. Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial), issued by the Shanghai Stock Exchange
5. Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

**Methodology**

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

1. Interviews with relevant personnel of PROYA;
2. Review of documentary evidence produced by PROYA;
3. Audit of performance data, tracing and checking the sample data according to the sampling principle;
4. Site visit to PROYA headquarter (located at No. 588, Xixi Road, Xihu District, Hangzhou City, Zhejiang Province, China);
5. Review of PROYA data and information systems for collection, aggregation, analysis and review;
6. 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 the collection, aggregation and analysis of relevant 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.

**Alignment with the principles of AA1000AS (V3)**

**Inclusivity**

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 Organization Governance, Product Responsibility, Environmental Responsibility, Employee Responsibility, Social Responsibility and so on.

**Materiality**



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The Report addresses the range of environmental, social and economic 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 decision-making.

**Impact**

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.



AA1000  
Licensed Report  
000-514/V3-2BJE1

Fanny Zou  
Director of Greater China Region  
Bureau Veritas Certification (Beijing) Co., LTD  
2026.04.16

Wendy Zhao  
Assurance Team Leader  
Bureau Veritas Certification (Beijing) Co., LTD  
2026.04.15