

Proya
Environmental, Social, and Governance
(ESG) Criteria

1. Purpose and Scope of Application

Proya is committed to becoming a world-class cosmetics enterprise and fulfilling its mission of "Eternal Beauty and Shared Joy". We are constantly enhancing our ESG management to build a solid foundation for our long-term corporate growth.

Proya believes that an enterprise, as a valuable member of society, should actively fulfill its stakeholder responsibilities in its manufacturing and operations to create social value at the same time as achieving its development goals. Consequently, we have developed these criteria to manage our decisions and actions in accordance with the laws and regulations of the countries in which we operate, as well as international standards such as the United Nations Global Compact and the United Nations Universal Declaration of Human Rights.

These criteria apply to all employees, including senior executives, of Proya and its affiliated companies (referred to as the "Company"). We also encourage our business partners, i.e., all customers, suppliers, service providers, contractors, and other entities with whom we do business, to comply with these criteria. In addition, the clauses in the Campaign against Corruption section of this document apply to all of our business partners.

2. Products

2.1 Product quality management

Policy

The Company complies with cosmetics management-related laws and regulations, such as the Regulation on the Supervision and Administration of Cosmetics, the Measures for the Administration of Cosmetics Registration and Filing, and the Measures for the Supervision and Administration of Production and Distribution of Cosmetics. We conduct quality management throughout the entire product process to provide consumers with high-quality and efficient products.

Management measures

The Company has established a quality management system that runs throughout the entire process, including product design, development, production, and post-launch activities.

- At the product design stage, we have developed multiple systems to assess all new products, upgraded formulas, and raw materials to guarantee product safety and effectiveness, such as the Product Anti-corrosion Efficiency Testing Process and the Human Skin Patch Testing Process.
- As for product manufacturing, management systems have been established, such as the Proya Management Manual, the Deviation Control System, and the Non-conformity and Corrective Action Control Procedure. We have also quantified quality targets for each manufacturing procedure to strictly manage our quality monitoring.
- For product launches, we have established a Product Recall Management system which requires an immediate stoppage of sales and recall of all substandard products either already available on the market or in transit. In addition, we simulate a product recall at least once a year to ensure the recall procedure is running effectively.

2.2 Chemical safety management

Policy

Chemical safety is of the utmost importance to us. We continuously monitor the chemical ingredients we use and continue to enhance our product chemical safety procedures to ensure our consumers continue to be provided with safe and effective products.

We work with suppliers to comprehensively recognize and evaluate the ingredients in every raw material, including the human toxicity and ecotoxicity of each ingredient.

Furthermore, the Company is committed to helping consumers become better educated about what goes into cosmetics products by disclosing and sharing knowledge about the ingredients used in cosmetics and their benefits, thus allowing consumers to make informed decisions when purchasing cosmetics products.

Management measures

Raw material evaluation and management

- We require suppliers to provide the list of ingredients for the raw materials supplied. Meanwhile, our engineers test each lot of raw materials in multiple aspects based on physical, chemical and microbiological indicators to guarantee the purity of raw materials and manage to control the trace impurities, heavy metals and risky substances naturally existing in raw materials to the lowest level possible.
- We carry out safety assessments of the ingredients in raw materials; comprehensively assess the human toxicity and ecotoxicity of the ingredients according to industry standards and academic research outcomes; carefully select and use raw materials of concern; explicitly prohibit the use of raw materials with carcinogenicity, reproductive toxicity and serious harm to the environment; strictly control the use of supervised raw materials; guarantee the human safety and environmental safety of chemical raw materials.

R&D and upgrade

- We have applied the product sustainability assessment tool in the development and upgrading of new products with a commitment to improving their sustainability performance, including chemical safety. Meanwhile, regarding the selection of raw materials and formulation research and development, we have established a chemical safety assessment mechanism based on the principles of green chemistry.
- In accordance with applicable laws and regulations, national standards, industry standards and academic achievements, we have formed a list of cosmetic raw materials and ingredients of concern is formed to make gradual improvements for chemicals of high concern and phase out all chemicals of concern. We also take active measures to look for alternatives for various chemical raw materials with better environmental friendliness and biological safety.
- We review existing product formulations from time to time, and take the initiative to

upgrade products if existing or newly discovered chemical ingredients of concern are found.

Ingredient transparency management

- All ingredients are labeled on product packaging in accordance with legal and regulatory requirements.
- We introduce to consumers on the official website and major social media platforms the method of inquiring about the full composition of products in the NMPA to help consumers understand the composition of products and make rational consumption decisions.
- All company products are marketed with a clear description of their ingredients, mechanism of function, and source of ingredients.

Dynamic post-launch management

- After products go on the market, we continuously collect and analyze the feedback from consumers on product use through direct communication with consumers, customer service feedback and public opinion monitoring. In case of adverse reactions, product testing and improvement plans will be carried out in time. Product formulas, when necessary, will be upgraded to improve consumer experiences.

Annex 1: Material international safety standards for chemicals we comply with/refer to

We select product ingredients and formulas in strict compliance with relevant laws and regulations of the countries in which we operate, and have established a list of ingredients of concern by referring to the standards of the European Union, South Korea and Japan. Also, we take stepwise measures to phase out or upgrade chemicals of concern.

The following list may not be the latest version, and we will dynamically change it according to the actual operation condition.

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 ON COSMETICS
- REGULATIONS CONCERNING THE REGISTRATION, EVALUATION, AUTHORIZATION AND RESTRICTION OF CHEMICALS (REACH)

South Korea

- Types and Restrictions of Cosmetic Colorants

Japan

- Standards for Cosmetics - List of Prohibited and Restricted Substances

2.3 Responsible marketing

Policy

We believe that the most basic customer service that an enterprise can perform is to provide consumers with genuine, accurate, and complete product and marketing information.

Valuing truthfulness and accuracy, the Company conducts responsible marketing activities in accordance with the Consumer Protection Law of the People's Republic of China and the Advertising Law of the People's Republic of China. The Company guarantees that all employees provide the public with accurate and consistent product information to assist in informed decision making and sustainable consumption.

Management measures

Guaranteed information accuracy for product promotion

The Company guarantees that the product information being promoted is consistent with the effects of the actual product. Copywriting content and product effectiveness are reviewed to ensure the accuracy of marketing information.

- Our R&D professionals in the Product Technology Content Department review product descriptions to ensure the correctness and accuracy of scientific and technical content in the process of product promotion.
- We have established the Product Copywriting Review Process to ensure that marketing copywriting is reviewed by multiple departments, such as brand marketing, product development, R&D, and legal affairs.
- The main efficacy of products claimed in the promotion process must be supported by third-party reports, internal clinical trials (special cosmetics), or literature (ordinary cosmetics) according to the requirements of laws and regulations to ensure the authenticity and accuracy of the claim.

Training for responsible marketing

We conduct periodic and aperiodic marketing training for our marketing and customer service personnel to ensure that they provide consumers with genuine, accurate, and effective product information.

- Prior to the launch of a new product, we organize training on product information accuracy for brand marketing, operations, and customer service personnel.
- Customer service personnel receive at least three sessions of training in product knowledge and take post-training examinations to ensure that consumers are provided with consistent product information in line with our standard product description.

2.4 Product sustainability enhancement

Policy

Proya pays attention to the environmental and social impact of its products. We strive to enhance the sustainability of our products throughout their life cycles to reduce their environmental footprint and improve their social impact. In the Proya Sustainable Development Strategic Plan (2022-2025), we stipulate that by 2025, Proya will complete 100% safety, effectiveness and sustainability assessments for major new products or improved formulas. Green packaging, carbon footprint, and biodiversity conservation will be key factors in our product performance enhancements.

Management measures

Based on the full product life cycle analysis and in accordance with the Cradle to Cradle certification, the Principles of Green Chemistry, and other leading industry standards, we have established a product sustainability assessment system that can be used to analyze and continuously improve the sustainable performance of products in terms of their environmental and human impact caused by multiple factors in the R&D, raw material acquisition, production, packaging, storage and logistics, consumption, use, and disposal stages.

We gradually expand the model applicability scope to enhance product sustainability.

- We conduct internal pilots and rollouts of our product models step by step. Then, we adopt the PDCA cycle concept to upgrade the models.
- We gradually increase the number of sustainability assessments for new and upgraded products to continuously enhance the sustainability of our new products, and our progress is disclosed in ESG reports and on our official website.
- We make product sustainability documents based on the assessment results, and these documents are used in product marketing and consumer communication to promote our brand sustainability philosophy and guide our consumers towards sustainable consumption.
- We upgrade the product sustainability assessment system according to the requirements of authoritative international certification organizations and the latest industry standards.

3. Environment

3.1 Environmental impact management

Policy

We believe that the sustainability of our planet is of utmost importance to everyone. Therefore, we are committed to reducing the impact of our activities on the environment. The Company strictly complies with environmental protection laws and regulations, such as the Environmental Protection Law of the People's Republic of China, and continuously strengthens environmental risk management to ensure zero environmental accidents.

We adopt a resource-efficient and environmentally friendly development model and continuously improve resource efficiency to minimize unnecessary waste in the production and operations processes. We pursue lean management of raw material and water resources to continuously reduce the amount used per unit of product.

In addition, the Company is committed to using advanced facilities and management tools in its production and operations to achieve zero waste emissions. We also promote the reduction of hazardous materials generated and improve the treatment of hazardous waste.

Management measures

The Company has formulated and published management documents covering all environmental impact factors in accordance with ISO14001:2015 Environmental Management Systems. We implement management systems in our production and operations to ensure effective control of environment-related risks.

The Company ensures that solid waste, wastewater and air pollutants discharged during production and operation are dealt with in compliance with all laws and regulations. Additionally, we strive to reduce pollutant emissions. Specific management measures are as follows:

- Continuously keep up to date with environment-related laws and regulations and monitor pollutant emissions to ensure that we remain compliant.
- Use environmental protection equipment to treat waste, thereby reducing waste emissions from production and operations.
- Work with qualified third-party organizations to professionally treat hazardous waste.
- Use advanced wastewater treatment equipment to ensure that the treated wastewater complies with the Class I discharge standards to prevent water pollution.

We implement performance excellence and lean management, reduce energy consumption by means of equipment upgrades and refined management, and encourage our employees to put forward suggestions for improvement at any time during production, so as to improve the efficiency of resources and energy.

3.2 Action on climate change

Policy

The Company closely monitors global climate change trends. We actively manage our product carbon footprint across the entire product lifecycle to improve our carbon emissions performance across the value chain and thus reduce the impact of our products on climate change.

We are committed to reducing greenhouse gas emissions from our operations by optimizing our energy mix and energy use efficiency. We also gradually manage our product carbon footprint across the industry chain, aiming to achieve carbon neutrality in the value chain.

Management measures

The Company has included the fight against climate change into our ESG issues of concern. We have developed a climate change management system that encompasses a governance structure, strategy development, risk management, and objective and performance metrics.

Our board oversees and manages ESG issues, including climate change. In addition, relevant functional and business units have made climate change management an integral part of their daily work priorities.

Every year, we carry out greenhouse gas emission accounting along the whole value chain, which covers GHG emission data of Scope 1, Scope 2 and Scope 3.

Every year, we collect energy consumption and carbon emission data from suppliers of core raw materials and packaging materials and evaluate the climate change management capability of suppliers, with a commitment to working with them to reduce carbon emissions along the value chain. In FY2022, we collected the energy consumption and carbon emission data from 156 raw material and packaging material manufacturers and OEM/ODM factories (a data range of FY2022), accounting for more than 90% of our raw material suppliers, packaging material manufacturers and OEM/ODM factories¹.

¹ We have not yet collected energy consumption and carbon emission data from trade and service suppliers. In the future, we will continue to improve the mechanism for the collection of energy consumption and carbon emission data from suppliers.

3.3 Packaging and waste

Policy

We insist on sustainable packaging. In the Proya's Sustainable Development Strategic Plan (2022-2025), we stipulate the packaging management goal that "Based on 2021's figures, the amount of sustainable packaging materials used as a percentage of overall packaging materials will increase by 20% and packaging material use intensity will decrease by 15%".

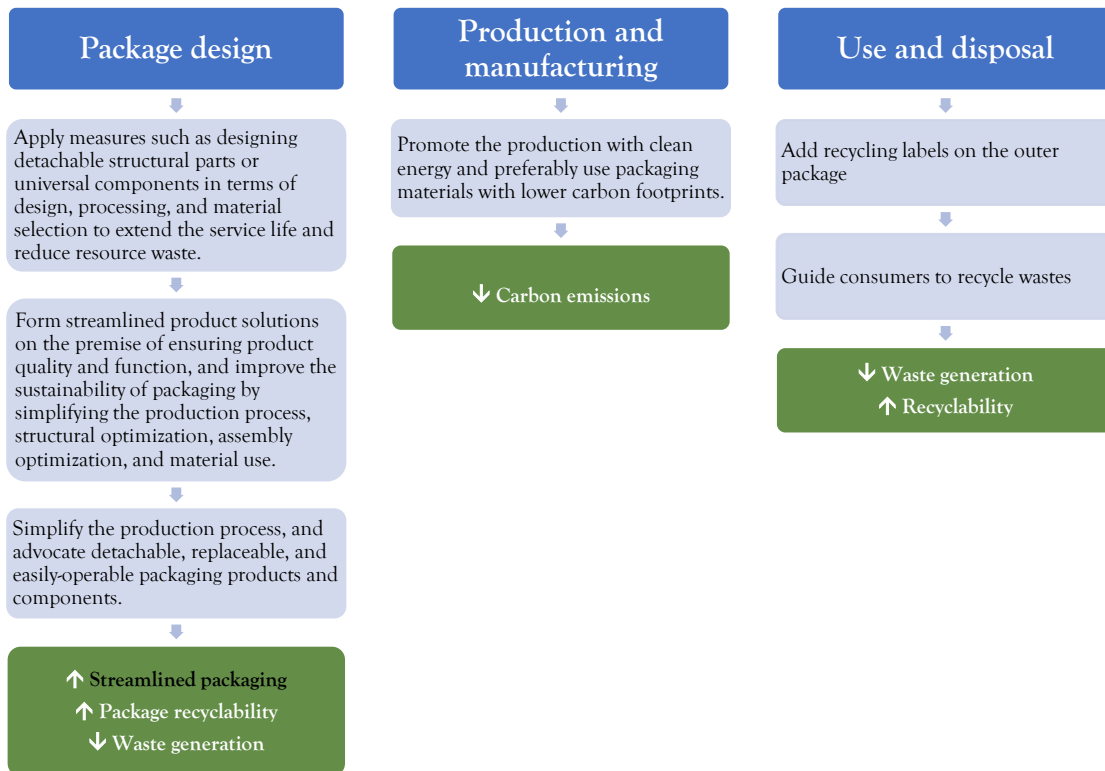
Our packaging management covers various product packaging options of all brands and product categories involved in the full lifecycle from production to transportation, including inner package, outer package, and intermediate package. These three package types are provided with clear statistical calibers and units to calculate and quantify their corresponding packaging performance, so as to evaluate the progress of packaging management objectives.

Based on the 3R (Reduce, Reuse and Recycle) sustainable packaging design principles, we seek the concept for the improvement of packaging sustainability, and implement that concept into packaging design, production, and recycling stages to reduce the negative impact of packaging on the environment.

Concept for Improvement of Packaging Sustainability

Reduce	<ul style="list-style-type: none">• Upgrade the design of product packaging, reduce the weight and interspace of the main packaging without affecting the product function, and reduce unnecessary packaging technologies.
Reuse	<ul style="list-style-type: none">• Design reusable packaging• Participate in the recycling of packaging wastes• Actively encourage consumers to participate in the recycling of used packages
Recycle	<ul style="list-style-type: none">• Increase the proportion of recyclable materials used in packaging• Promote the recyclability of packaging

Path to Improve Packaging Sustainability



Management measures

Management Structure

We established a green packaging working group consisting of the Product Development Department, the Product Design Department, factories (Logistics Department and Production Department of factories), the Procurement Department, the Plan Operation Department, and the E-commerce Logistics Department. The working group develops sustainable packaging solutions and builds comprehensive and well-developed sustainable packaging management capability.

Data monitoring

We established a sophisticated data statistics mechanism, covering all product categories and all packaging types in every operation stage. Each responsible department makes statistics on the use of packaging, collects and analyzes the data regularly, and formulates improvement plans.

Management measures

We formulated the Sustainable Packaging Management Manual to clearly stipulate the management scope, management objectives, management structure and overall strategy for the improvement of packaging sustainability, and provide targeted guidance on sustainability improvement based on different types of packaging.

In terms of packaging recycling, we first started the recycling of packages used in the factory based on the current development status of the industry, and replaced swing cartons used in the factory and transportation with recyclable cartons to achieve recycling. We are committed to replacing 100% of swing cartons in the factory and e-commerce logistics with recyclable cartons.

In addition, in order to improve the recycling rate and recovery rate of sold packages, we add recycling labels on outer packages while guiding consumers to properly handle and recycle product packages on the official website and We-media platforms.

4. Supply Chain

Policy

Proya understands that as a company at the core of the entire value chain, our procurement activities have a significant impact on both the environment and society. We comply with international guidelines such as the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the OECD Guidelines for Multinational Enterprises, and have joined the Roundtable of Sustainable Palm Oil (RSPO). We are committed to reducing the environmental and social impact of our procurement activities. We insist on prioritizing the procurement of certified raw materials.

Additionally, we require our suppliers to comply with the following important ESG principles:

- We require our suppliers to operate with integrity and to comply with all laws and regulations of the countries in which they operate.
- We request our suppliers respect and support the UN Guiding Principles on Business and Human Rights. Our suppliers shall not use child or forced labor, they shall implement fair and non-discriminatory employment practices, and provide a healthy and safe workplace for their employees.
- Our suppliers should conduct their production and operations in a sustainable manner and establish a sound environmental management system. They should use resources such as water and energy more efficiently, whilst also reducing waste and emissions to minimize their environmental impact.
- Suppliers shall establish a management system for climate change mitigation and adaptation, initiate projects and take active actions to reduce energy consumption, and focus on reducing their own greenhouse gas emissions.
- Our suppliers must undertake a commitment not to deforest areas with high carbon stocks or high conservation values. They must not affect peat formations and will continually enhance their supplier management procedures to ensure compliance with responsible forest management principles.
- We encourage suppliers to procure certified sustainable goods, including but not limited to RSPO-certified palm oil and FSC-certified wood products.

Management measures

Procurement practices

During supplier selection and admission, we prefer RSPO-certified suppliers as well as those suppliers who perform better in climate change mitigation and adaptation and carbon emission management.

For purchased goods, we preferably select certified sustainable raw materials to minimize the environmental impact of our procurement activities.

- We preferentially purchase eco-friendly raw materials, including sustainable palm oil, sustainable forest certified paper, and eco-friendly inks, coatings and glues.
- Products with low-carbon technology or low energy consumption are preferably chosen.
- For raw materials originating in Africa, the Company gives preference to producers who have signed fair trade agreements.
- For natural products such as punarnava root extract, tara gum, and cupuacu butter, we give preference to suppliers who comply with the Nagoya Protocol.
- We perform data statistics and analysis on the goods we purchase, continuously track the progress of sustainable procurement objectives, and guide procurement practices accordingly.

In addition, since 2022, we have required suppliers to provide the country of origin information of the goods we purchase. By cooperating with suppliers, we plan to gradually improve the country of origin information of the raw materials we purchase and try our best to trace raw materials to their plantations, so as to improve the traceability of the supply chain.

Development of sustainable procurement objectives

We have set the following sustainable procurement objectives:

- By 2025, more than 70% of the palm oil derivatives we purchase will be RSPO-certified palm oil.
- By 2025, based on 2021's figures, the amount of sustainable packaging materials used as a percentage of overall packaging materials (including sustainable wood and paper) will increase by 20%.

Collaborated supplier management

We work with suppliers to enhance the sustainability of the supply chain:

- We have formulated the Business Code Compliance Commitment, which stipulates the ESG principles to be observed by suppliers. All suppliers are required to sign this commitment at the supplier acceptance stage and commit to the above-mentioned ESG principles.
- We have included ESG performance in its annual supplier audits to scrutinize suppliers' ESG compliance.
- We actively educate suppliers on the Proya's ESG Management Specifications and the Business Code Compliance Commitment to make sure suppliers understand those requirements and comply with corresponding procurement requirements. We collect data from suppliers on their purchases of RSPO-certified palm oil to track their management improvements.

5. Employees

5.1 Employment and employee welfare

Policy

Employees are the cornerstone of enterprise development. Therefore, the Company insists on sharing corporate development benefits with its employees. We strictly abide by the International Bill of Human Rights and labor-related laws and regulations, such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. We insist on hiring in accordance with the laws and regulations and prohibit using child labor. In hiring and management processes, we are focused on building an inclusive and diverse workforce, and prohibit any form of discrimination based on gender, religion, race, age, etc. In addition, we provide our employees with a well-constructed welfare protection system and ensure their statutory benefits are protected. We promote a friendly and harmonious working environment.

Management measures

Improvement of the employee management system

We have established various employment management and employee welfare protection systems, including the Employee Recruitment and Hiring Management System, the Compensation Management System, and the Welfare Management Measures. The HR Department is responsible for supervising and managing all compliance matters related to employment.

Employee communication

The Company has established dedicated employee communication channels to ensure that employees have the right to participate and engage in company affairs and are able to freely express themselves. In this way, we can then establish and maintain harmonious and stable labor relations.

- To facilitate democratic employee management, we have established a labor union and an employee representative council. We hold regular activities, such as employee representative meetings and employee representative seminars, creating open communication channels to understand and meet employees' expectations and demands.
- We keep abreast of our employees' needs through regular satisfaction and touchpoint surveys to collect their opinions and suggestions.
- We have also established employee complaint channels to guarantee that all employees have the right to file a complaint against unfair treatment.

Employee training and development

We develop employee training and development plans every year to provide individualized vocational training for employees at different stages of their development.

5.2 Occupational health and safety

Policy

The Company attaches great importance to employee health and strictly complies with the Labor Law of the People's Republic of China and the Safety Production Law of the People's Republic of China. We are committed to creating a safe and healthy working environment and ensuring the physical and mental health of our employees to facilitate safe production. We have set a production safety goal of no major casualty or fire accidents as well as no more than three minor injury accidents per year.

Management measures

Establishment of an occupational health and safety management system

We have established an occupational health and safety management system in accordance with ISO45001:2018. We have formulated various production safety and occupational health management systems underlining our commitment to providing a safe and healthy environment for our personnel, such as the Production Safety Inspection and Potential Accident Identification and Elimination System, the Production Safety Education and Training System, the Regular Safety Meeting System, and the Occupational Health Management System. We implement a comprehensive job accountability system for production safety and have departments sign a production safety liability statement level by level. In addition, we have established an emergency response system for safety accidents, which covers organization, response, post-treatment, targeted emergency plans, and on-site solutions, and many other aspects.

Implementation of regular occupational health checks

- We provide annual free health checkups for our employees.
- We carry out occupational health checks for workers who may be exposed to occupational hazards before, during, and after their employment.

Creation of a safe workplace

- We prioritize the use of new technologies, processes, and materials beneficial in preventing occupational diseases and protecting workers' health.
- We use a dust and VOC collection system to remove dust and VOC gases from our workshops.
- We have posted on-site warning signs and bulletin boards and distribute protective gear to our employees.
- We regularly repair and maintain occupational disease protective equipment, emergency rescue facilities, and other occupational disease protective items for personal use.
- We provide workers with protective equipment against occupational diseases for their

personal use.

Implementation of occupational health and safety education

- We provide new workers with pre-deployment level 3 safety education and training. After passing the training test, workers sign the Safety Liability Statement.
- We conduct the National Production Safety Month campaign every year.

6. Compliance

6.1 Campaign against corruption

Policy

The Company attaches the utmost importance to the ethical principles that govern our business operations. We are committed to eliminating any corrupt practices both internally and externally. We strive to establish a long-term mechanism to combat business bribery and corruption to protect the legitimate rights and interests of the Company and its shareholders.

The following acts are prohibited in all of the Company's business activities.

- Giving cash or other items of value as gifts to other parties or their personnel, or soliciting such items as gifts from them.
- Giving money or other items of value as a donation to obtain trading and service opportunities, preferential terms, or other financial benefits.
- Providing commercial sponsorship, travel arrangements, and other activities that violate the principle of fair competition.
- Providing membership cards, consumer cards (coupons), shopping cards (coupons), and other cards or coupons of value.
- Providing other parties with or allowing them the use of a residential property, vehicles, or other items.
- Providing dividends or anonymously held shares.
- Giving or receiving money or other items of value through gambling under the guise of promotion fees, publicity, advertising, training, consulting, technical services, research, etc.
- Other violations of laws and regulations.

Management measures

Establishment of an anti-bribery management system

The Company has established the Proya Cosmetics Co., Ltd. Anti-Bribery and Anti-Corruption Management Measures (hereinafter referred to as the "Anti-Bribery and Anti-Corruption Measures"). This policy specifies that the Board of Directors is the leading body for the management of bribery prevention and control, highlighting the importance attached to anti-bribery. The Board of Directors is regularly briefed on the activities undertaken to combat bribery and directs and supervises the Company's anti-bribery management efforts. The Corporate Management Group of the ESG Management Committee acts as the supervisory and management department for the prevention and control of bribery. This group organizes the specific anti-bribery management tasks and improves the anti-bribery management system.

Business ethics training

As required by the Anti-Bribery and Anti-Corruption Measures, the Company conducts training on its business ethics standards at least once a year for all employees (including directors, senior management, full-time and part-time employees, and outsourced labor).

Business ethics auditing

The Internal Audit Department formulates the business ethics and anti-corruption audit plan in accordance with the Proya Internal Audit Management Policies every year to ensure that the business ethics and anti-corruption audit is performed for the whole business process and all operation nodes every three years. The department also focuses on the compliance audit upon contract signing, financial audit, confirmation of sales kickbacks and discounts, and other high risks of commercial ethics, in a bid to ensure the effectiveness of our business ethics policy.

Signing of a written commitment

As required by the Anti-Bribery and Anti-Corruption Measures, our key employees in relevant business departments must sign the Integrity and Self-Discipline Agreement. Procurement employees must also sign the Commitment to the Code of Ethical Conduct for Procurement Personnel.

The Company has established the Proya Cosmetics Co., Ltd. Employee Supervision and Reporting Management System (hereinafter referred to as the "Reporting System"). We encourage any unit or individual to report to us, publicly or non-publicly, any violation of laws and regulations, company policies, moral codes, and all other actions that may harm the interests of the Company and its employees. We guarantee that whistleblowers' rights and interests are protected.

Report acceptance

According to the Reporting System, whistleblowers can report in person or via telephone, letter, e-mail, or SMS communication.

Address: No. 588 Xixi Road, Xihu District, Hangzhou City Proya Cosmetics Co., Ltd.
Internal Audit Department
Zip code: 310023
E-mail: sun@proya.com
Telephone: 0571-86629900
On-site report acceptance department: Internal Audit Department

Whistleblower protection

The Company has established the following whistleblower protection measures which is to be enforced strictly:

- The report-handling personnel must keep the relevant information of the whistleblower and the specific content of the reported matter strictly confidential.

- As required by the Reporting System, the name, department, and contact information of the whistleblower shall not be made public. Report-handling personnel who violate confidentiality regulations or improperly perform their duties will be punished severely based on the circumstances and consequences. Where it constitutes a crime, they shall be handed over to judicial organs and dealt with in accordance with the law.
- Retaliation against whistleblowers is prohibited.
- As required by the Reporting System, 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.
- Whistleblowers will be rewarded.
- As required by the Reporting System, where a reported matter by the whistleblower is proven to be true, and those that violated the rules are duly punished resulting in the losses for the company being recovered or reduced, the whistleblower will be commended or rewarded.

Anti-corruption management by suppliers

- We sign a Business Code Compliance Commitment with our suppliers, which requires them to ensure honest and clean business activities. Suppliers should have appropriate anti-corruption policies in place and regularly review their anti-corruption systems.
- As required by the Anti-Bribery and Anti-Corruption Measures, we shall disqualify any supplier who violates the anti-bribery and anti-corruption terms. Suppliers who commit commercial bribery will be referred to the judicial organs for determination of their criminal liability.
- Suppliers can report any corruption and business ethics violations through the aforementioned reporting channels. The Company is committed to keeping the reported information confidential and to protecting supplier whistleblowers.

6.2 Intellectual property protection system

Policy

The Company strictly complies 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 other intellectual property-related laws and regulations. We are committed to protecting our intellectual property while ensuring that we do not infringe on existing intellectual property of others.

Management measures

No infringement of existing intellectual property rights

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 make sure we do not infringe on the intellectual property rights of others.

Protection of our intellectual property rights

- We protect the intellectual property generated during product development in a timely manner.
- We actively carry out intellectual property rights confirmation tasks, such as registration, filing, and application.

Intellectual property publicity

We have established an Intellectual Property Training and Publicity Fund to carry out intellectual property training and publicity annually.

7. Supervision and Management

All employees (including senior management) shall be aware of and comply with this policy.

The Company has incorporated sustainability performance into its incentive remuneration policies for directors and executives in the Performance Management Measures and the Supplementary Regulations on the Performance Management System to encourage better compliance of the implementation of the sustainability policy.

Our employees and external partners can report any actual or suspected violations through the following channels:

<p>Address: No. 588 Xixi Road, Xihu District, Hangzhou City Proya Cosmetics Co., Ltd. Internal Audit Department Zip code: 310023 E-mail: sun@proya.com Telephone: 0571-86629900 On-site report acceptance department: Internal Audit Department</p>
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