

## **Proya Cosmetics Co., Ltd.**

# **Terms of Reference of the Environmental, Social, and Corporate Governance (ESG) Management Committee**

### **Chapter 1 General Provisions**

**Article 1** The ESG Management Committee (the “Committee”) has been established by Proya Cosmetics Co., Ltd. (“Proya”) for the management of ESG matters. It is a subordinate committee under the Strategy Committee of the Board of Directors (the “Board”) of Proya, reporting to the Strategy Committee on a regular basis.

**Article 2** The objective of the Committee is to establish a sustainable enterprise, promote the ESG development of Proya and its subsidiaries (the “Company”). The Committee seeks to win greater recognition from capital market and society for the Company's ESG work, and make the Company an ESG leader in the cosmetic industry through improving ESG management and performance.

### **Chapter 2 Membership**

**Article 3** The Committee shall consist of at least three members, including at least one director. Non-director members in the Committee shall be senior executives of the Company who are responsible for the ESG work.

**Article 4** All members of the Committee shall be appointed and be subject to removal by the Strategy Committee of the Board.

**Article 5** The Committee shall have a chairman, who shall be the General Manager of the Company. The chairman of the Committee (or his/her delegates) shall report regularly to the Strategy Committee of the Board on behalf of the Committee.

**Article 6** The ESG Task Force (the “Task Force”) under the Committee shall support the implementation of the Company's ESG strategies and decisions.

**Article 7** The Task Force shall consist of several internal departments of the Company related to ESG issues and shall be headed by the Secretary of the Board. The Task Force coordinates the work of business units under the direction of its leader and reports to the ESG Management Committee on ESG issues. It also provides information to business units for decision-making and work guidance.

### **Chapter 3 Responsibilities and Duties**

**Article 8** The main responsibilities and duties of the Committee include:

(i) Developing and reviewing the Company's ESG administrative policies, strategies and structures to ensure that they are in line with the needs of the Company and comply with requirements under applicable laws and regulations.

- (ii) Reviewing the Company's ESG objectives set by the ESG Task Force; monitoring the implementation and following up on the progress of the objectives.
- (iii) Identifying and assessing the Company's ESG risks and opportunities and their material impacts on the Company's business; identifying and ranking the material issues of the Company.
- (iv) Regularly checking the Company's communication channels and methods with stakeholders to ensure the effectiveness of relevant policies.
- (v) Reviewing the Company's annual ESG report and other ESG-related disclosures and making recommendations to the Strategy Committee of the Board for approval.
- (vi) Monitoring external ESG trends, summarizing important trends affecting the formulation of the Company's ESG administrative policies, strategies and objectives, and reporting to the Strategy Committee of the Board.
- (vii) Other related matters as may be delegated by the Strategy Committee of the Board.

**Article 9** The Task Force shall carry out the work of ESG management under the guidance of the Committee, and its main responsibilities and duties shall include:

- (i) Setting, with the support and under the guidance of the ESG Committee, the Company's ESG objectives and coordinating the Company's departments to promote the implementation of the objectives.
- (ii) Regularly sorting and analyzing the ESG performance data, and submitting it to the Committee for review to help it understand the progress of the Company's ESG management performance objectives.
- (iii) Regularly retrieving negative information of ESG, and submitting it to the Committee for review to help it understand the ESG risks of the Company.
- (iv) Assisting the Committee in monitoring external ESG trends.
- (v) Preparing the annual ESG report of the Company, and submitting it to the Committee and the Strategy Committee of the Board for review and approval before disclosing.
- (vi) Submitting other information required by the Committee for ESG decision making.
- (vii) Other duties assigned by the Committee.

## **Chapter 4 Rules of Procedure**

**Article 10** The Committee shall meet at least 2 times every year. Interim meetings may be held at the request of the chairman.

**Article 11** The meeting shall be convened and presided over by the chairman of the Committee. Notice shall be sent to all members three days before the meeting date. In case of emergency or special circumstances, the requirement of notice may be waived upon approval of the chairman and the notice of meeting may be sent at any time thereafter; however, the chairman shall make an explanation on such waiver at the meeting. Where the chairman is unable to attend and preside over the meeting, he/she shall designate another member to act

on his/her behalf.

**Article 12** Meetings of the Committee shall be held in the presence of at least two-thirds of the members (or their representatives). Each member shall be entitled to one vote. Resolutions made at the meeting must be adopted by the affirmative votes of more than half of the members present (or their representatives). Where the number of votes for and against the resolution is the same, the chairman of the Committee shall be entitled to one additional vote.

**Article 13** The leader of the Task Force may attend Committee meetings and express his/her opinion. Where necessary, the Committee may invite members of the Board/the Management of the Company and external advisers to attend the Committee meetings and express their opinions. However, any personnel attending as an observer have no voting rights.

**Article 14** Minutes of the Committee meetings shall be recorded and kept by the Secretary of the Committee, and members (or their representatives) present at the meeting shall sign on the minutes. The leader of the Task Force or his/her nominee shall be the Secretary of the Committee.

**Article 15** The Committee shall vote by a show of hands or by a poll. Meetings can be convened by communication voting.

## **Chapter 5 Authority and Powers**

**Article 16** The Committee is authorized to:

- (i) Have access to such training and resources (including employees) in order to carry out its duties as it may consider appropriate;
- (ii) Obtain, at the Company's expense, any advice or support from external advisers or experts including CSR consultants and legal advisers; and
- (iii) Have access to any information, record or report from any employee of the Company in order to perform its duties and request any employee to attend Committee meetings and answer questions as and when required.

## **Chapter 6 Supplementary Provisions**

**Article 17** These terms of reference shall be adopted and be interpreted by the Strategy Committee of the Board of the Company.

**Article 18** Where the terms of reference change or changes in regulatory requirements (including the provisions of the Listing Rules), the Committee shall update and revise these terms of reference and submit them to the Strategy Committee of the Board for consideration and approval.

Proya Cosmetics Co., Ltd.

The Strategy Committee of the Board

September 15, 2022