

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) POLICY

Effective Date: 20 February 2025
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I. SUMMARY

VANITY GROUP recognizes that we face significant global ESG challenges. How we operate our business has a direct impact on the ESG, our employees, our customers and suppliers. The objective of this ESG policy (the “Policy”) is to provide a framework for VANITY GROUP to harmonize its business operations with overarching societal and environmental goals, bolster stakeholder trust and confidence, and drive long-term value creation. By integrating ESG considerations into our strategic planning and operations, we aim to mitigate risks, uncover avenues for innovation and expansion, and support the advancement of a sustainable and equitable economy.

II. APPLICABILITY & SCOPE

This Policy applies to all Vanity group Personnel, Business Partners, Suppliers, as well as contractors, consultants and temporary employees or secondees.

This Policy and other relevant policies and procedures set a minimum standard that must be followed. Where local laws, regulations or rules impose a higher standard, that higher standard must be followed.

III. DEFINITIONS

Business Partner: Any agent, distributor, joint venture and equity investment partner, customs broker, consultant or any other third party that is authorized to act for, or on behalf of, Vanity Group.

Carbon Neutral: Refers to achieving net zero carbon dioxide emissions by balancing carbon dioxide emissions with removal (i.e., funding an equivalent amount of carbon savings elsewhere in the world) or simply eliminating CO2 emissions through operational efficiency measures.

ESG (Environmental, Social, Governance): Three central factors in measuring the sustainability and societal impact of an investment in a company or business. A more complete lens to determine future financial performance of companies than “CSR,” “citizenship,” “sustainability,” etc., and one aligned with investor priorities.

Net Positive: Going beyond net zero greenhouse gas (GHG) emissions by removing additional emissions from the atmosphere and creating an environmental benefit (e.g., a company that eliminates fossil fuels from operations and generates more renewable energy than they consume).

Net Zero: Concept in which human-caused emissions are reduced to as close to zero as possible, with the remaining balanced through an equivalent amount of carbon removal (e.g., restoring forests or direct air capture/storage technology). The call by scientists to reach “net-zero” by mid-century is to avoid the worst climate impacts.

Science-Based Target (SBT): Clearly-defined pathways for companies to reduce GHG emissions, in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

Scope 1 emissions: Direct emissions from sources we own or control (wood, natural gas for factories and warehouses, fuel for company’s vehicle fleet)

Scope 2 emissions: Indirect emissions generated by the company through purchased energy like electricity and heating/ cooling networks for utilities including owned stores

Scope 3 emissions: Other indirect emissions, from:

- the upstream sector (e.g. sourcing of raw materials, packaging)
- transport
- the downstream sector (e.g. the products' use phase and end-of-life treatment)

IV. ENVIRONMENTAL COMMITMENT

This Policy is guided by VANITY GROUP’s alignment with and support of the United Nations Sustainable Development Goals (UN SDGs), the Intergovernmental Panel on Climate Change (IPCC) pathway to limiting global warming to 1.5C, and the Science Based Targets Initiative (SBTi).

- **CLIMATE AND ENERGY**

VANITY GROUP contributes to the drivers of climate change through the consumption of fossil fuels and subsequent release of GHGs in our direct operations (Scope 1 and 2) and indirectly through our value chain (Scope 3).

We commit:

- To mitigating climate change through increasing energy efficiency and renewable energy use during operations.
- BY 2030, 50% reduction in absolute Scopes 1 and 2 greenhouse gas (GHG) emissions below 2021 levels by 2030;
- By 2050 Net Zero (Scopes 1, 2 and 3)
- For air pollution – We strive to reduce PM emissions from manufacturing processes and aim to achieve a 35% reduction in VOC emissions by 2035, using 2021 as the baseline.

- **WASTE MANAGEMENT**

VANITY GROUP committed to reducing waste generation and increasing waste diversion away from landfills. This involves implementing strategies to minimize waste in our production processes and encouraging recycling initiatives. Furthermore, we engage in material exchange programs and collaborate with suppliers who prioritize sustainable packaging materials.

We commit:

- Commit to reduce harm to the environment by substituting input materials with less hazardous or toxic alternatives.
- Reduce wastes sent to landfill 40% by 2035 from a 2020 baseline.

- **WATER STEWARDSHIP**

VANITY GROUP committed to enhancing water efficiency throughout our operations by implementing water-saving measures in manufacturing processes, offices, and facilities. Through ongoing assessments and equipment upgrades, we will consistently reduce water consumption, optimize efficiency, and minimize wastage.

We commit:

- To responsibly handling natural resources such as water by implementing actions that will reduce water consumption.
- Achieve 40% reduction of total water consumption by 2035 from a 2020 baseline.

- **WASTE**

VANITY GROUP committed to reducing waste generation and increasing waste diversion away from landfills. This involves implementing strategies to minimize waste in our co-manufacturing processes and encouraging recycling initiatives. We expect, encourage and support our Suppliers to have waste reduction processes in place. This includes reduction in but not limited to packaging and shipping material, with special intention to eliminate virgin and single use plastic.

We commit:

- Commit to optimize collection and recycling of post-consumer products.
- Increase product take-back rate by 25% by 2035 from a 2021 baseline.

- **RESOURCE EFFICIENCY**

VANITY GROUP remain dedicated to reducing resource consumption across all operational areas, including waste, water, energy, packaging, and materials. This commitment entails:

- ✓ Implementing efficient production processes
- ✓ Enhancing resource efficiency through recycling and reuse initiatives



- ✓ Optimizing packaging design to minimize material usage, incorporating PCR and biodegradable materials as needed
- ✓ Minimizing waste generation
- ✓ Identifying and addressing environmental, social, and governance (ESG) risks and opportunities related to VANITY GROUP.

- **ENVIRONMENTAL SERVICE AND ADVOCACY**

VANITY GROUP prioritize the incorporation of safe and environmentally sustainable ingredients in our products. Our rigorous assessment of raw materials ensures adherence to environmental regulations and minimizes the use of harmful chemicals. Additionally, we adopt responsible practices for managing hazardous materials.

We commit:

- Strive to help top 3 customers to reduce their carbon footprint by offering alternative or innovative solutions.
- Aim to encourage responsible beauty consumption by expanding services with lower environmental impact, such as product refills, recycling programs, and reuse of packaging.
- Support phase-out of fossil fuel through financing low carbon technologies and businesses with transition plans to a net positive future.
- To provide customers with carbon footprint on 100% of products by 2035.

- **DEFORESTATION AND BIODIVERSITY**

VANITY GROUP'S value chain relies on the sustainable management of raw materials. VANITY GROUP expects that natural raw materials and naturally derived ingredients are not linked to deforestation, conversion of peat lands or high conservation-value areas, or exploitation of indigenous people, workers and local communities. We commit to strive to sustain and promote local biodiversity through sustainable land management and conservation.

We commit:

- Strive to sustain and promote biodiversity by sourcing raw materials responsibly and supporting conservation efforts within local ecosystems.
- Reduce the use of petrochemical-derived ingredients in formulations by 50% by 2035, compared to a 2023 baseline, by prioritizing naturally derived and biodegradable alternatives.

- **GREEN PRODUCT INTEGRITY**

Sustainable Sourcing Initiative: VANITY GROUP dedicated to procuring sustainable and ethically produced ingredients for our cosmetic products. We prioritize suppliers who uphold responsible sourcing practices, including fair



labour practices, health and safety considerations, and environmental protection. Our commitment extends to sourcing sustainable raw materials locally and ensuring that all ingredients are vegan friendly and cruelty-free, with no animal testing involved.

Product Life-cycle: We aim to craft products that uphold environmental integrity throughout their lifecycle. This entails using biodegradable and recyclable materials in packaging, minimizing the presence of harmful ingredients, and designing packaging that merges minimal environmental impact with a luxurious experience. We commit to develop products that minimize harm to the local environment during use. To perform life cycle studies on 100% of selected products by 2035.

Product end-of-life: We Commit to optimize collection and recycling of post-consumer products. To Increase product take-back rate by 20% by 2035 from a 2021 baseline.

Customer health and safety: At VANITY GROUP, we guarantee the safety of our new products through meticulous testing protocols. This includes rigorous microbiological tests, safety assessments, physicochemical stability evaluations, and the creation of detailed Safety Data Sheets. These measures uphold our commitment to ensuring the highest standards of quality, safety, and comprehensive documentation. We commit to the release of products that are safe for their customers. To achieve zero product recall or safety incidents yearly to 2035.

V. SOCIAL RESPONSIBILITY

Labour Practices Commitment: VANITY GROUP committed to maintaining fair labour practices and prioritizing the rights and well-being of all employees throughout our supply chain. This commitment entails providing safe working conditions, fair wages, and opportunities for professional growth and advancement. We unequivocally prohibit forced labour, child labour, and discrimination in any form.

Community Engagement: VANITY GROUP remain dedicated to supporting the communities where we operate through philanthropic initiatives and volunteerism. Our commitment includes investing in programs that promote environmental education, conservation, and community development, aiming to enhance the well-being of both people and the planet.

Supplier Engagement: VANITY GROUP committed to fostering strong partnerships with our suppliers to promote responsible sourcing practices and uphold ethical standards. Our focus is on partnering with suppliers who adhere to rigorous labour



and environmental regulations, embrace diversity and inclusion, and demonstrate unwavering dedication to social responsibility.

VI. GOVERNANCE EXCELLENCE

Ethical Business commitment: VANITY GROUP pledge to conduct our business with integrity, transparency, and honesty, upholding the highest ethical standards. We strictly prohibit bribery, corruption, and conflicts of interest across all facets of our operations. Additionally, we maintain rigorous internal controls to ensure compliance with all applicable laws and regulations.

Board and Executive diversity commitment: VANITY GROUP committed to promoting diversity and inclusion within our board of directors and senior leadership team. We recognize the value of diverse perspectives, experiences, and backgrounds in enhancing decision-making, fostering innovation, and driving business performance.

Stakeholder engagement: VANITY GROUP committed to collaborating with our stakeholders, including hotel essential sectors, employees, customers, suppliers, and regulators, to promote sustainability and social responsibility. We actively seek their input and work together to identify opportunities for improvement. By comprehending their perspectives, addressing their concerns, and fostering trust and transparency, we fortify our capacity to effectively address ESG challenges.

VII. KAIZEN (CONTINUOUS IMPROVEMENT)

Performance Monitoring: VANITY GROUP maintain regular monitoring and evaluation of our ESG performance using key performance indicators (KPIs) and metrics. This includes tracking resource consumption, waste generation, greenhouse gas emissions, and other relevant indicators to measure progress towards our sustainability goals. We will identify areas for improvement and take corrective actions as necessary to continually enhance our performance.

Continuous Learning: VANITY GROUP dedicated to learning and adapting to emerging ESG trends, technologies, and best practices. We will stay informed about advancements in sustainability and integrate new knowledge into our operations to continually generate shared value for society and the environment.

VIII. TRANSPARENCY AND ACCOUNTABILITY

Legal Compliance: VANITY GROUP committed to compliance with all pertinent environmental laws, regulations, and standards, aligned with local jurisdictions where we operate. This commitment includes responsibilities related to environmental protection, waste management, product safety, and labour practices.



Accountability: VANITY GROUP uphold responsibility for achieving our sustainability goals and targets. Our leadership team will provide oversight and support for sustainability initiatives, with employees at all levels accountable for integrating sustainability into their daily activities and decision-making processes.

Stakeholder Communication: VANITY GROUP dedicated to maintaining open and transparent communication regarding our ESG efforts with stakeholders, including hotel and retail partners, employees, customers, suppliers, and the public. This entails consistently providing updates on our sustainability performance, initiatives, and progress towards goals through diverse communication channels.

Public Reporting: VANITY GROUP committed to preparing and publishing an annual sustainability report to disclose our environmental performance, social impacts, and progress towards sustainability goals. This report will adhere to recognized reporting frameworks and standards, ensuring stakeholders receive comprehensive information about our sustainability efforts.

Third-Party Certificates: VANITY GROUP committed to broadening our pursuit of certifications, including ISO 9001, ISO 14001, ISO 45001, Forest Stewardship Council (FSC), Global Recycle Standard (GRS), B-Corp certificate, EcoVadis, CDP Climate Change and other relevant reporting frameworks.

Signature:

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Jie Ma
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VANITY GROUP