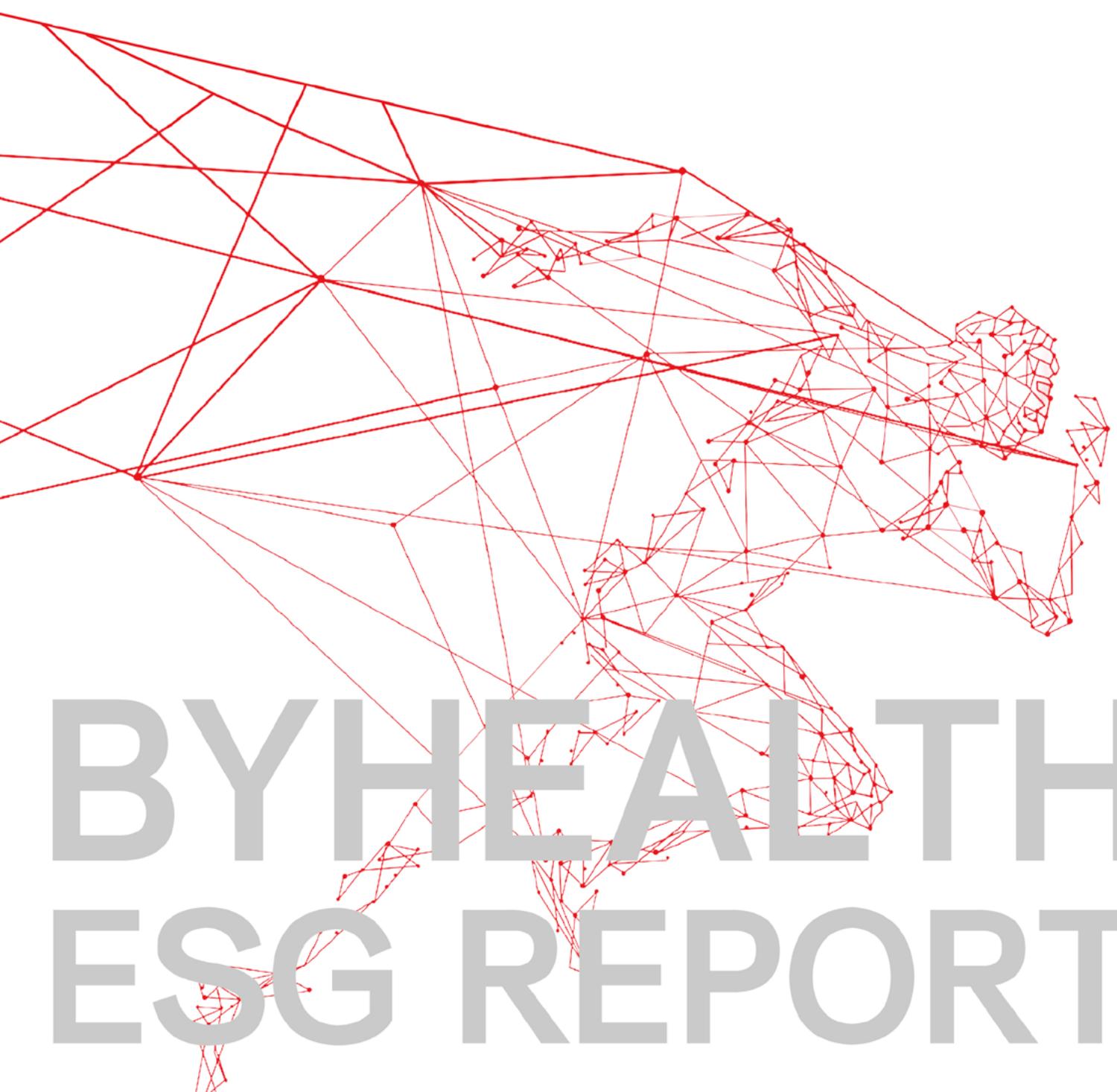


2023

BYHEALTH

**NURTURING LIFE
WITH SCIENCE**

BYHEALTH ESG Report



BYHEALTH
ESG REPORT

About the Report

The Report is the first Environmental, Social and Governance Report ("ESG Report") released by BYHEALTH Co., Ltd. (hereinafter referred to as the "Company," "BYHEALTH," "we" or "us"). The Report discloses the Company's achievements and performance in 2023 in areas, such as environmental resource conservation, social responsibility fulfillment, and corporate governance, during its development.

Scope of Report

The scope of the Report encompasses BYHEALTH Co., Ltd. and its subsidiaries.

Reporting Period

This is an annual report covering the period from January 1, 2023 to December 31, 2023. To enhance the integrity of the Report, the period may be appropriately extended for some information.

Data Sources

The operation data in the Report is derived from the audited annual report of the Company, while other data is sourced from the data provided by relevant departments of the Company. Unless otherwise specified, all data are consolidated by the Company.

Basis for Preparation

In combination with the reality of the Company, the Report is prepared according to the *Shenzhen Stock Exchange Guideline No. 2 on Self-Regulation of Listed Companies – Standardized Operation of Companies Listed on the Growth Enterprise Market* with reference to the *Sustainability Reporting Standards* issued by the Global Reporting Initiative (GRI Standards). The index of content in the Report is contained in the section "Index of Indicators."

Access to the Report

To access the Report, please visit <http://www.cninfo.com.cn>, an information disclosure website designated by the Shenzhen Stock Exchange, or <https://www.by-health.com/>, the official website of BYHEALTH Co., Ltd.

In case of any questions about or suggestions for the Report, please send an e-mail to tcbj@by-health.com

or call 020-28956666.

Contents

11 Environmental

- 01 Message from CEO
- 03 Events
- 05 About BYHEALTH
- 09 Responsibility Management

- 13 Strengthening of Green Production
- 16 Practice of Green Logistics
- 17 Promotion of Green Packaging
- 18 Creation of Green Culture
- 19 Promotion of Intelligent Manufacturing

21 VDS Industry Leader

- 23 Industry Development
- 24 Supplier Management
- 24 Empowerment for Brand Service Providers

25 Integrity Enterprise

- 27 Enhancement of Governance Foundation
- 29 Implementation of Compliant Operation
- 30 Integrity is more important than cleverness

31 Nutrition Science Advocate

- 33 Science-based Nutrition
- 38 Global Raw Materials
- 39 Transparent Factory
- 42 Families and Friends

43 Public Welfare Practitioner

- 45 Concern for Public Health
- 47 Supporting Education Development
- 48 Passionate about Charity

49 Respect Everyone, Enjoy Every Day

- 51 Employees' Rights, Interest, and Welfare
- 51 Health and Safety of Employees
- 53 Training and Development of Employees
- 56 Equity and Inclusion
- 57 Key Performance Indicators
- 59 Index of GRI Indicators

Message from CEO

Health serves as the cornerstone of a country's prosperity.

In recent years, China has progressively implemented a series of "Healthy China" policies, bolstering the vitality of the nutrition and health industry. As residents' income levels and quality of life improve, national health awareness has gradually intensified, fostering a growing demand for health products. Driven by both policies and health demand, the health industry has gradually emerged as one of the "future industries" with immense potential, presenting us with exceptional development opportunities.

In 2023, at a fresh starting point, as a prominent brand in China's VDS industry, we upheld the empathy of producing high-quality supplements for our families and friends. We continued to steadfastly promote the "Science-based Nutrition" strategy, create the ultimate nutritional products in the spirit of science and transform the Company into a technology-based company. In recent years, we have achieved remarkable breakthroughs in cutting-edge research areas such as innovative functional products, new materials, and anti-aging. Among these achievements, the groundbreaking anti-aging research achievement PCC1, the world's first¹ large-scale research on NAD+ and aging in a group of Chinese subjects, and the independent R&D of the Proprietary bacterial strain LPB27 have garnered industry recognition and acknowledgment globally. In 2023, the Company achieved a total operating income of RMB 9,406,813,700, with a YoY increase of 19.66%.

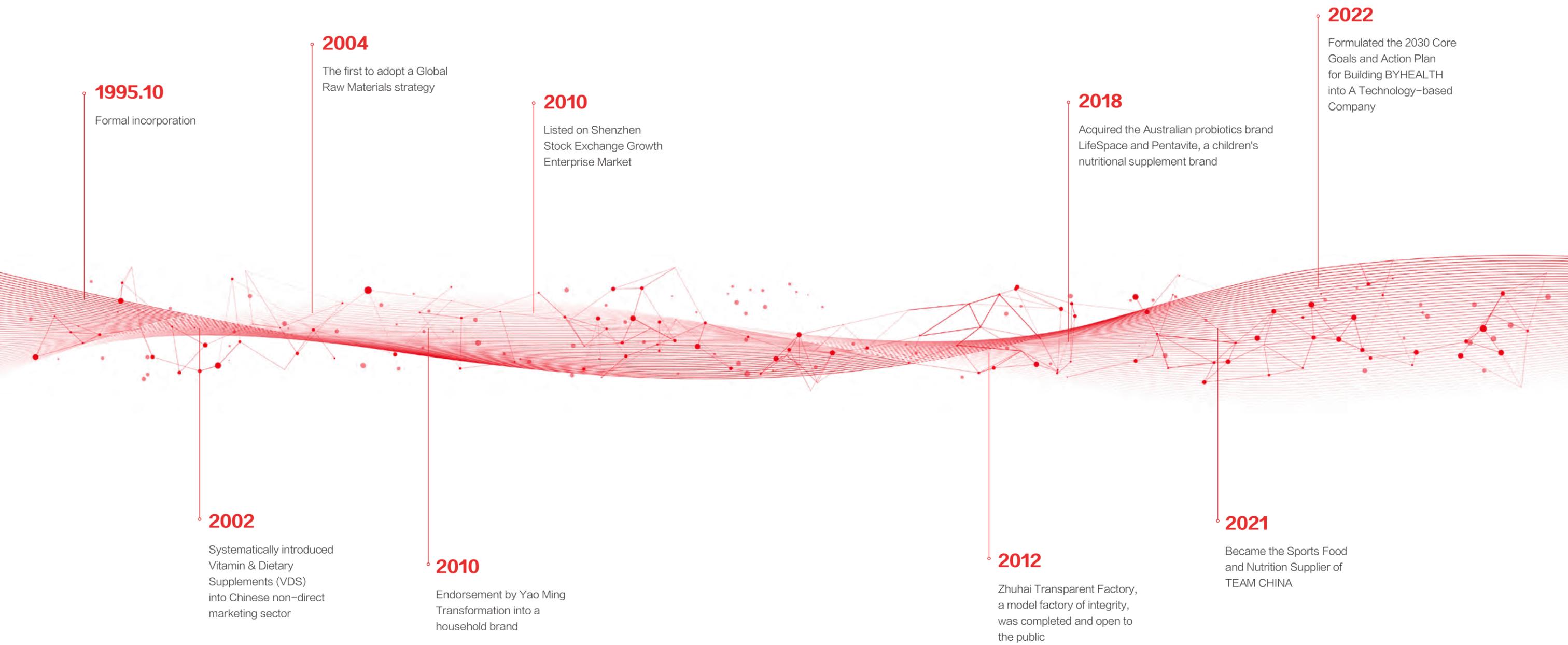
We are profoundly cognizant that the growth of an enterprise is inextricably linked to the nourishment of society. Therefore, we have consistently integrated ESG concepts into our development strategy and actively assumed ESG responsibilities. We adhere to the core value of "Integrity is more important than cleverness," govern the Company according to law, and integrate compliance and transparency into our daily operations and management, laying a solid foundation for our sustainability. We actively embrace the national strategy of "carbon peaking and carbon neutrality," striving for minimal environmental impact by implementing green initiatives in production, logistics, packaging, and culture. We provide users with reassurance through the professional and transparent factory, fostering a diverse, equal, and inclusive working environment for employees to grow alongside us. We cultivate a responsible value chain with a healthy ecosystem of cooperation and contribute to community development through heartfelt public welfare efforts.

On this new journey, we have compiled the *BYHEALTH 2023 Environmental, Social, and Governance (ESG) Report*, comprehensively reviewing our management practices and performance in terms of ESG. The Report aims to foster better communication with our stakeholders and we welcome public oversight and feedback. Looking ahead, we will continue to collaborate with stakeholders to jointly promote the sustainability of the Company.

CEO, BYHEALTH
Lin Zhicheng

¹The world's first large-scale study of NAD+ and aging in a group of Chinese subjects was confirmed based on the results of five authoritative academic literature search platforms (China National Knowledge Infrastructure, Wanfang, PubMed, Web of Science, Elsevier ScienceDirect) as of March 31, 2022.

Events



About BYHEALTH

About the Company

Established in 1995, BYHEALTH systematically introduced Vitamin & Dietary Supplements (VDS) into Chinese non-direct marketing sector in 2002. In 2004, BYHEALTH took the lead in developing a global raw material strategy. On December 15, 2010, BYHEALTH was listed on Shenzhen Stock Exchange Growth Enterprise Market. In 2012, BYHEALTH completed the Zhuhai Transparent Factory and opened it to the public, becoming an industry benchmark for integrity. In 2018, BYHEALTH acquired the Australian probiotics brand LifeSpace and Pentavite, a children's nutritional supplement brand with over 80 years of history, previously owned by Bayer. In 2022, BYHEALTH Formulated the 2030 Core Goals and Action Plan for Building BYHEALTH into A Technology-based Company. Over the past 20+ years, BYHEALTH has gradually developed into a global leader in VDS industry.

Upholding the strategy of "Science-based Nutrition," BYHEALTH creates the ultimate nutritional products in the spirit of science. Relying on modern nutrition science, BYHEALTH aims to set up a comprehensive and scientific VDS system. The system includes protein, vitamins, minerals, natural animal and plant extracts, and other functional nutritional supplements. As of December 31, 2023, BYHEALTH has 383 the Chinese mainland and 12 Outbound patented, including 113 invention patents of raw materials and formulas, and 150 health food registration certificates BYHEALTH has developed a series of functionality-oriented brand, including "HighFlex" for bone and joint nutrition, "Shu Bai Ning" for cardio-cerebrovascular health, "Jian An Shi" for Liver health, and "EASEYE" for eye nutrition. These brands have become leading VDS brands in China.

About the Brands

With the VDS as its core, BYHEALTH strives to promote the R&D of functional new products. The Company aims to build a comprehensive VDS system covering all categories, wider consumers and all scenarios, and make our life better with world-class quality nutrition products.

 <p>BYHEALTH</p> <p>Global leader in VDS industry</p>	 <p>BYHEALTH</p> <p>BYHEALTH (overseas edition)</p>
 <p>Yep</p> <p>A new nutrition brand for the young</p>	 <p>Shu Bai Ning</p> <p>Cardio-cerebrovascular health care professional brand</p>
 <p>HighFlex</p> <p>Bone and joint nutrition Professional brand</p>	 <p>EASEYE</p> <p>Eye nutrition professional brand</p>
 <p>Jian An Shi</p> <p>Liver health care professional brand</p>	 <p>Wei Man C</p> <p>New faction Vitamin C professional brand</p>
 <p>LifeSpace</p> <p>Global research pioneer brand in the field of microecology</p>	 <p>Pentavite</p> <p>A global high-quality VDS brand, providing multiple categories, multiple scenes, covering a wide range of people</p>
 <p>Nature's Bay</p> <p>A professional dietary supplement brand for infants and children</p>	 <p>GymMax</p> <p>A professional brand of sports nutrition supplements</p>
 <p>NATURONE</p> <p>Chinese nourishing health brand</p>	 <p>Quan Yi Neng</p> <p>Professional nutrition brand in grass-roots channel</p>

Honors

With our excellent quality and unwavering dedication, we have gained widespread recognition and praise from all sectors of society. In 2023, BYHEALTH was awarded numerous awards and honors, which were not only affirmations of our past efforts but also driving forces and incentives for future development.

2023 National Quality Benchmark by China Association for Quality	National Excellent Quality Trustworthy Team by China Association for Quality
The 2 nd China Benchmark Intelligent Factory in 2023 by e-works	Excellent Quality Improvement Publicity and Support Organization for "Quality Month" of Guangdong Province in 2023 by Quality Supervision Division of Guangdong Administration for Market Regulation
2023 Outstanding Contribution Award by National School of Development	National Intellectual Property Demonstration Enterprise by China National Intellectual Property Administration
2023 Excellent Organization for Intellectual Property by Zhuhai Intellectual Property Protection Association	Second Prize of 2023 Science and Technology Award of China General Chamber of Commerce by China General Chamber of Commerce
Second Prize of Innovation Award of 2023 Invention and Entrepreneurship Award by China Association of Inventions	20-Year Charity Named Fund of Zhuhai Charity Federation
Top 10 Science Popularization Education Bases of Guangdong Province in 2023-2024 by Guangdong Provincial Association for Science and Technology and Department of Science and Technology of Guangdong Province	Tourism Etiquette Demonstration Organization by Zhuhai Municipal Bureau of Culture, Radio, Television, Tourism & Sports
Zhuhai Social Science Popularization Base by Zhuhai Federation of Social Sciences	2023 Employer Brand Innovation Award by Employer Branding Institute
2023 DEI Employer Award by Employer Branding Institute	China CSR Education Award – Best Responsible Enterprise Brand & Excellent Youth Influence Project by Responsibility 100 China Sustainable Responsibility Award

Our Values

Adhering to the corporate mission of "health management for healthy people," BYHEALTH has executed the strategy of "Science-based Nutrition," striving towards the vision of "to become the 'United Nations' of nutrition supplements." Over the past more than 20 years, BYHEALTH has gradually developed into a global leader in VDS industry.



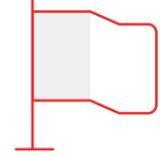
Our Mission

- Health management for healthy people



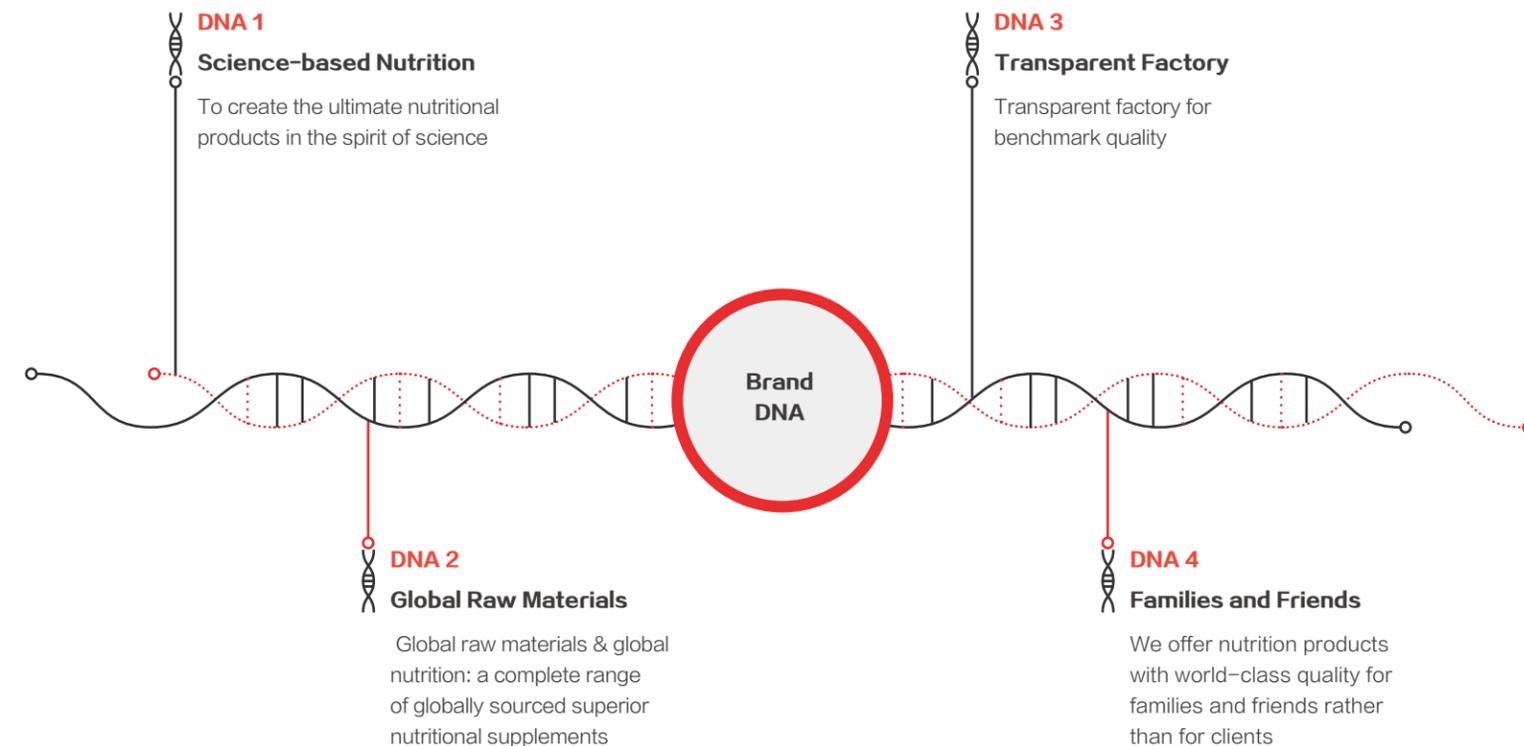
Our Vision

- To become the "United Nations" of nutrition supplements



Our Values

- Integrity is more important than cleverness
- Embrace change through innovation, respond to change with speed
- Respect everyone, enjoy every day



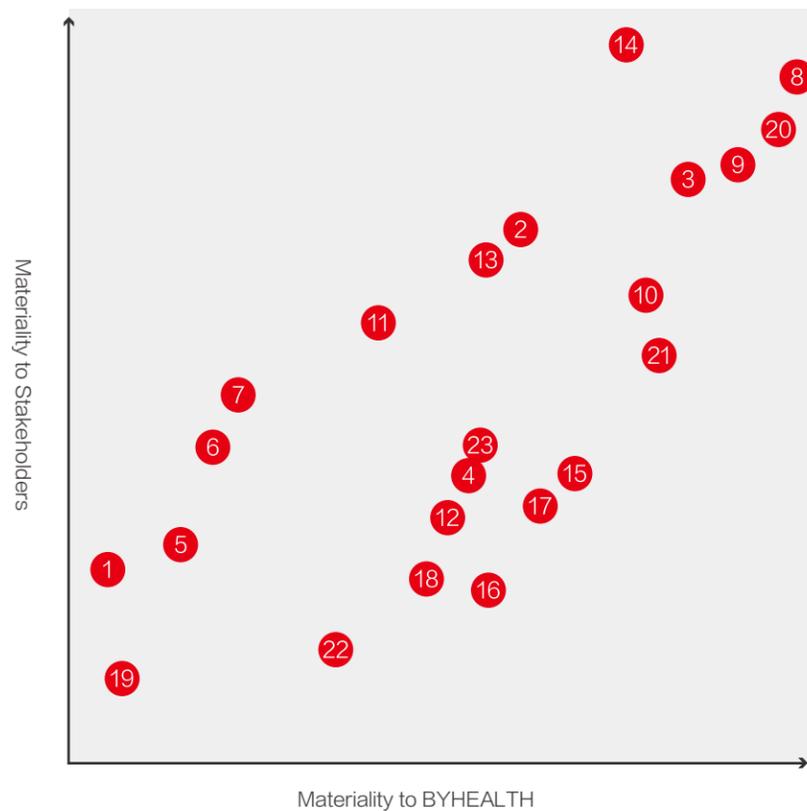
Responsibility Management

Always keeping in mind the vision of "to become the 'United Nations' of nutrition supplements," BYHEALTH integrates the brand DNA of "Science-based Nutrition, Global Raw Material, Transparent Factory, and Families and Friends" in the corporate culture and long-term strategy. We aspire to continuously enhance our ESG management system and promote our sustainability. To achieve this, we have gradually cultivated a corporate responsibility image that integrates four aspects, namely, industry leader, integrity enterprise, nutrition science advocate, and public welfare practitioner. We actively assume responsibilities towards the environment, consumers, shareholders, employees, supply chain, and the community.

Materiality Assessment

In adherence to international and Chinese regulations, policies, exchange guidelines, and industry trends, we have surveyed internal and external stakeholders, benchmarked against peers, and comprehensively analyzed our development strategy. Through this process, we have identified 23 material topics, including 4 in governance aspect, 7 in the environmental aspect, and 12 in the social aspect.

To gain a deeper understanding of the priorities and concerns of our stakeholders regarding our ESG efforts, we surveyed the materiality among employees, shareholders, consumers, suppliers, and other stakeholders. We also incorporated the opinions of the management to formulate a matrix of material topics for the Company. Based on this matrix, we continue to enhance our ESG efforts.



Environmental

- 1 Response to Climate Change
- 2 Green Packaging
- 3 Transparent Factory
- 4 Energy Management
- 5 Water Resource Management
- 6 Waste Management
- 7 Carbon Emission Reduction

Social

- 8 Product Quality and Safety
- 9 Science-based Nutrition
- 10 R&D Innovation
- 11 Supply Chain Management
- 12 Promotion of Industry Development
- 13 Responsible Marketing
- 14 Protection of Consumer Rights and Interest
- 15 Protection of Employees' Rights and Interest
- 16 Development of Employees
- 17 Health and Wellbeing of Employees
- 18 Public Welfare and Charity
- 19 Community Participation

Governance

- 20 Legal and Compliant Operation
- 21 Business Ethics
- 22 Protection of Shareholders' Rights and Interests
- 23 Risk Management

Communication with Stakeholders

We have established a diversified and regular communication mechanism with our stakeholders to ensure that we fully understand their expectations and demands. Together with our current operational scenarios, we continuously enhance our management strategies and practices, striving to deliver positive outcomes in response to the key topics of importance to our stakeholders.

Stakeholders	Expectations and Demands	Response and Communication
 Government and Regulatory Authorities	Legal and compliant operation Business ethics Response to climate change Carbon emission reduction Energy management Water resource management Waste Management	Responding to national policies Legal and compliant operation Practicing green development
 Shareholders	Legal and compliant operation Business ethics Protection of shareholders' rights and interests Risk management R&D innovation	Ensuring robust operation and development Strengthening information disclosure and response (email address dedicated to investor relations, service hotline, Shenzhen Stock Exchange interaction platform, performance briefings, and factory open day)
 Employees	Protection of employees' rights and interest Development of employees Health and wellbeing of employees	Protecting employees' rights and benefits Ensuring the occupational health and safety of employees Promoting employees' development Enhancing employee communication (performance interviews, internal "Efficient Blackboard Newspaper" forum, "Give a talk from BYHEALTH Employees," anonymous complaint QR codes, employee satisfaction surveys, etc.) Establishing whistleblowing hotline, mailbox, and email address
 Consumers	Product quality and safety Science-based nutrition R&D innovation Responsible marketing Protection of consumer rights and interest	Providing premium products and services Strengthening communication with customers (multi-channel customer follow-up, multiple customer feedback channels, and customer satisfaction surveys)
 Suppliers and other partners	Supply chain management Promotion of industry development	Enhancing supplier management Empowering partners Driving industrial development
 Community	Public welfare and charity Community's engagement in green packaging Transparent factory	Carrying out public welfare donations Conducting volunteer service activities

ENVIRONMENTAL

Environmental

BYHEALTH takes resources from nature and gives back to nature. Through a standardized management system and action measures, we strive to minimize the environmental impact of our products from production to consumption. We adhere to high standards and strict requirements, continuously advancing our business through technological innovation and intelligence upgrading.

Strengthening of Green Production



▲ ISO 14001 Environmental Management System Certification of BYHEALTH

BYHEALTH upholds the management policy of "clean production, full-process control, compliance with regulations, and continuous improvement," aiming for "zero environmental pollution accidents." To achieve environmental management goals, the Company strictly follows national and local laws and regulations. Following the ISO 14001: 2015 Environmental Management System, the Company has formulated a series of regulations and documents, including *the EHS Management Manual, the Procedures for Management of EHS Target Indicators and Plans, the Procedures for Control of Environmental Factor Identification and Evaluation, the Procedures for Control of Environmental Operation, and the Procedures for Control of EHS Monitoring and Measurement*. The Company controls and manages environmental protection at every level of the Company, continuously improving its environmental management system.

Carbon Emission Management

Responsive to the national strategy of "carbon peaking and carbon neutrality," BYHEALTH actively promotes its green and low-carbon transition, while paying attention to the greenhouse gas emission performance of its supply chain. The Company, referring to ISO requirements, commissions qualified third-party institutions to regularly audit the greenhouse gas emissions of the procurement and transportation of raw materials, product manufacturing processes, and transportation of finished products. The institutions provide a scientific and comprehensive analysis of opportunities and measures for energy conservation and carbon reduction, serving as a scientific basis for the Company's efforts in this aspect. Upon verification, the Company's greenhouse gas emissions in 2022 were 228,611.13 t of CO₂e. The greenhouse gas emissions for 2023 are being audited by a third-party institution.

For some core products, the Company has conducted a more in-depth carbon footprint calculation throughout the entire product lifecycle. In 2023, BYHEALTH commissioned a qualified third-party institution to certify the carbon footprint of its protein powder (450 g canned). The institution analyzed and evaluated in detail the carbon footprint of the protein powder from the procurement and transportation of raw materials and packaging materials to manufacturing processes, providing scientific data reference for future optimization of product carbon footprint.



▲ Verification Statement of Greenhouse Gas Emission of BYHEALTH



▲ Product Carbon Footprint Certificate for 450g Canned Protein Powder of BYHEALTH

Energy Management



▲ ISO 50001 Energy Management System Certification of BYHEALTH

Prioritizing energy conservation in its operations, BYHEALTH has established the Energy Management Department as well as the Energy Management Team, assigning them explicit duties to comprehensively promote the effective implementation of energy conservation efforts across all business segments and departments. In terms of the system level, the Company complies with applicable laws and regulations of the state on energy conservation. Following the Energy Management Systems – Requirements (GB/T23331), the Company has formulated management documents such as *the Energy Management Manual, the Procedures for Management of Energy Target Indicators and Plans, and the Procedures for Management of Energy Consumption*, continuously optimizing its energy management system.

To effectively enforce energy conservation, the Company leverages information technology and process technologies to adhere to high-standard production principles of clean production, low-carbon energy utilization, and non-hazardous raw materials, creating a green factory that balances economic growth with environmental protection. In daily production, the Company has established a *System of Energy Conservation Rewards and Punishments and a Plan for Evaluation of Energy Management Reward Mechanism*. By organically combining energy conservation effects with incentive mechanisms, the Company has greatly mobilized employees' energy conservation awareness and enthusiasm for engaging in energy conservation technology and operational innovation. Since 2015, BYHEALTH has established and gradually improved its Energy Management Center. Through an automatic control system, the center effectively monitors equipment operation and energy consumption, providing a sound foundation for statistical analysis and appraisal of energy conservation and consumption reduction.

In 2023, the Company actively took measures for energy conservation and efficiency enhancement and implemented five emission reduction projects to promote the green and efficient use of energy. These efforts resulted in a total savings of 6,221,900 kWh of electricity and 1,138.736 t of steam, equivalent to a reduction of approximately 2,280.642 t of CO₂ emissions annually.

Emission Reduction Projects of BYHEALTH in 2023

- Chilled Water Storage System**

The Company utilized the chilled water storage cooling system to stagger peak cooling demand and the chillers in Phase III and IV factories saved 3,072,000 kWh of electricity, equivalent to a reduction of 989.21 t of CO₂ emissions.
- Waste Heat Recovery**

The waste heat recovery of drying and purifying air-conditioning dehumidifiers saved 1,138.736 t of steam, equivalent to a reduction of 277.17 t of CO₂ emissions.
- Cloud-based Intelligent Control System for Air Compressors**

Through this system, intelligent control of the units was achieved, improving their operating efficiency and saving 1,632,300 kWh of electricity, equivalent to a reduction of 525.597 t of CO₂ emissions.
- PV Power Generation**

The Company established distributed PV power generation units in factories, with a total generation of 1,316,766 kWh in 2023, equivalent to a reduction of 423.996 t of CO₂ emissions.
- Energy Conservation Technology Upgrading**

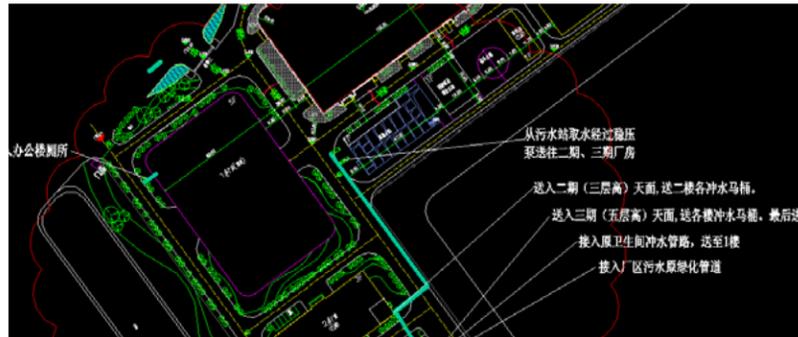
The Company carried out technology upgrading on the dehumidifiers in the clean area corridors of the Probiotics and Solid Dosage Workshop IV, as well as the vacuum system of the Central Asian line, saving 200,800 kWh of electricity cumulatively, equivalent to a reduction of 64.67 t of CO₂ emissions.

Management of Wastewater, Exhaust Gas, and Solid Waste

Wastewater Management

BYHEALTH constantly explores new wastewater treatment technologies to effectively manage wastewater discharge. The wastewater treatment process of the Company's wastewater treatment station has been designed with comprehensive consideration of long-term environmental protection trends, and its design standards far exceed the effluent discharge standards. Meanwhile, the Company has transformed the discharge pipeline of the wastewater treatment station into an aboveground exposed pipeline, which not only facilitates daily inspection of the pipeline conditions but also avoids pipeline ruptures caused by ground subsidence and wastewater pollution of the surface environment. To improve the operational efficiency of the wastewater treatment station, the Company has adopted a digital twin management system, replacing conventional manual operations with intelligent control methods, thus reducing the error probability and risk of personnel handling. From 2021 to 2023, the amount of wastewater discharged from BYHEALTH's factories gradually decreased, from 171,268 t in 2021 to 96,748 t in 2023, a decrease of approximately 44%.

BYHEALTH focuses on water conservation from the source. Since 2015, the Company has conducted inspections on water-using appliances within factories. As of 2023, the Company had 868 water-saving appliances, achieving a popularization rate of 100% for water-saving appliances. The effluent from the wastewater treatment station is recycled for greening irrigation in the factories, saving on the consumption of tap water. At the same time, BYHEALTH has implemented several water projects for cost reduction and efficiency enhancement through water resource recycling, including the reuse of reclaimed water from the wastewater treatment station, the reuse of purified water concentrate, and the chilled water storage system. In 2023, these water conservation projects saved a total of 47,000 t of water.



▲ Screenshot of Consumption Points of Reclaimed Water after Wastewater Treatment

Exhaust Gas Management

The Company conducts regular inspections and maintenance on various exhaust gas treatment facilities and arranges qualified third-party institutions to regularly conduct exhaust gas testing to ensure that the exhaust gas meets the emission standards. To prevent the problem of odor emissions from some wastewater treatment tanks, negatively affecting the environment, the Company has installed sealed covers above the wastewater collection tanks and some wastewater treatment tanks to collect the odor for centralized treatment.

Solid Waste Management

For general waste, BYHEALTH entrusts qualified third-party institutions to clean, transport, and dispose of it according to regulations, and regularly supervises and verifies the process to ensure compliance with management regulations. For hazardous waste, the Company has established a hazardous waste management plan and a hazardous waste record, collects and stores hazardous waste according to requirements, and signs hazardous waste disposal contracts with qualified third-party institutions. It conducts regular internal audits on the disposal of hazardous waste to ensure compliant disposal.

Practice of Green Logistics

BYHEALTH practices green logistics by optimizing warehousing and transportation methods, aiming to improve logistics efficiency while promoting energy conservation and carbon reduction in the product logistics end.

In terms of green warehousing, the Company has built automatic stereoscopic warehouses and introduced a modern warehouse management system, an automatic control system, and a monitoring system to enable efficient and automatic warehouse management. This centralized control method not only facilitates warehouse management but also significantly improves warehouse utilization. BYHEALTH employs safer and more stable cross-stacking methods and alternative packaging fillers, reducing the use of consumables such as wrapping films, thus lowering resource consumption and waste generation.

In terms of green transportation, the Company negotiates with carriers to adopt shared-vehicle transportation when orders from neighboring customers in each province meet the requirements for shared dedicated vehicles. This approach reduces the number of product transfers. For products with large warehousing volumes, sea transportation is adopted to lower costs and exhaust gas emissions. BYHEALTH imposes requirements on the environmental protection level of carriers' logistics vehicles, controls the transportation of high-emission vehicles, and introduces new energy vehicles for distribution, aiming to reduce greenhouse gas emissions. In 2023, the Company established a regional distribution center in Wuhan, optimizing warehouse locations and transportation routes to reduce transportation costs and exhaust gas emissions.



▲ Reduction in the use of wrapping films by cross-stacking



▲ Promotion of membrane recycling and reuse of alternative packaging fillers



▲ Introduction of new energy vehicles

Promotion of Green Packaging

BYHEALTH constantly optimizes product packaging design and reduces the use of packaging materials while meeting market and production needs. The Company actively engages in eco-friendly packaging optimization efforts to minimize resource consumption and effectively protect the environment.

In new product development, the Company utilizes PP/PS/PET inner packaging to replace PVC inner packaging. It treats the surfaces of paper packaging materials such as color boxes and bottle labels with oil-based coatings, avoiding the use of laminating processes unless necessary. The Company uses digital printers for new product label sampling, reducing waste generated during plate-making and printing. It also replaces outer packaging cartons with recyclable packaging materials. Through packaging optimization and technology upgrading, BYHEALTH has enhanced the packaging process and recyclability of multiple products, making them more eco-friendly.

In 2023, BYHEALTH obtained the Chain of Custody Certification of the Forest Stewardship Council (FSC). This ensures that the complete chain from raw material procurement to distribution of its four certified single products is traceable and meets all requirements.



▲ Certificate of FSC

Practice of Green Packaging of Yep Series Products



BYHEALTH's Yep series products feature triangular box packaging made from recycled sugarcane residue. By using biodegradable plant-based materials instead of conventional non-biodegradable plastic packaging, the Yep series products seamlessly combine a

novel and interesting appearance with eco-friendly materials. This approach strengthens the brand's excellent image as a proponent of coexistence with nature and also promotes a green and eco-friendly lifestyle to consumers.



▲ Triangular Box Packaging Made from Sugarcane Residue for Yep Collagen Series Products

Creation of Green Culture

BYHEALTH is vigorously creating a green workplace by promoting paperless offices, practicing green travel, and limiting the use of disposable office supplies to reduce resource consumption and waste in the offices. Alongside these efforts, the Company has been proactively integrating environmental protection actions into volunteer events, aiming to raise employees' environmental awareness and encourage their participation in environmental protection.



▲ New Energy Shuttle Buses

9th "极" Extreme Challenge of BYHEALTH



In 2023, BYHEALTH organized the 9th "极" Extreme Challenge of BYHEALTH and conducted accounting and verification for the greenhouse gas (GHG) emissions during the preparation and hosting of the event. In compliance with the requirements of the *Carbon Neutrality Guideline for Large-scale Activities (Trial)*, BYHEALTH achieved carbon neutrality for the 9th "极" Extreme Challenge of BYHEALTH through an offset by retiring an equivalent amount of certified emission reductions under

the Verified Carbon Standard (VCS) program. Through this employee-engaged "carbon neutrality" event, BYHEALTH has greatly ingrained the green and low-carbon concepts in employees' minds, contributing to the creation of a low-carbon and healthy lifestyle for employees.

The "极" Extreme Challenge Series of BYHEALTH, which began in 2015, aim to promote respect for nature, love for life, and continuous exploration and challenge to one's limits.

▲ Certificate of Carbon Neutrality for 9th "极" Extreme Challenge of BYHEALTH

Promotion of Intelligent Manufacturing

From "manufacturing" to "intelligent manufacturing," BYHEALTH has constantly learned from advanced science and technology internationally. By the end of 2023, it had introduced more than 200 sets of equipment of internationally renowned brands from more than 15 countries, enhancing the stability of the manufacturing process and improving product quality and output.

BYHEALTH has established multiple continuous production lines, including protein powder, high-speed bottled liquid, and solid preparations, and it has completed the intelligent upgrades of production lines. These equipment upgrades and information management have significantly improved production efficiency, reduced human interference and errors through automatic material management, environmental management, production and testing, and thus improving the stability of product quality and output. BYHEALTH has gained intelligent manufacturing achievements such as the Demonstration Application of Intelligent Manufacturing in Continuous Production of the Industry and the Intelligent Manufacturing Demonstration in Guangdong Province.

Intelligent Manufacturing Achievements of BYHEALTH

73% ↑

An airflow mixing system is used for mixing, increasing efficiency by

RMB 510,000/year ↓

The finished product conveying system is put into operation, reducing the number of operators from 33 to 6 and greatly improving efficiency. The stereoscopic warehouses save costs by over RMB 510,000/year.

125% ↑

The continuous granulation production line is put into operation, resulting in a 125% increase in per capita output.

100% ↑

The continuous coating machine is put into use, increasing the production per unit time by 100%.

The Company gains support from the National Project of New Model Application of Intelligent Manufacturing, the Major Scientific and Technological Achievement Industrialization Support Project of Guangdong Province, and the Intelligent Manufacturing Demonstration Project of Guangdong Province.

Protein Powder Continuous Production Line

The entire process requires only one operator. The robot automatically feeds the entire package and completes the transportation and filling through pipes, realizing "0" temporary storage of materials. Additionally, closed transportation avoids pollution. Each machine can mix 5,666 cans of 150 g protein powder and mixing can be completed in 5 minutes.

Mixing

Can Unpacking

The entire process requires only one operator. After connecting to the specified position via RGV, the robot will automatically grab it to the buffer platform and complete the process of cover labelling, code and cover distribution.

Filling

12 sets of filling heads accurately feedback through the weighing system and update the weight to the control system to ensure the accuracy of filling. The filling speed is as high as 130 cans/min. After filling, a re-inspection is performed, and only products with qualified weights will be transported to the next process.

Sealing

Equipment such as light inspection equipment is used to monitor the sealing quality and X-ray is used for foreign object detection. Unqualified products are automatically rejected, while qualified products are transported to the next process. The maximum sealing speed can reach 150 cans/minute.

Covering

After passing the inspection of automated equipment such as laser code engraving equipment and light inspection equipment, the products are transported to the outsourcing area. Then, a high-cap machine will automatically press the plastic caps and an automatic wrapping machine will pack 12 cans of protein powder into a box.



▼ Protein Powder Continuous Production Line

VDS INDUSTRY LEADER

VDS Industry Leader

BYHEALTH took the lead in introducing Vitamin & Dietary Supplements (VDS) into Chinese non-direct marketing sector in 2002. For over 20 years, we have upheld our position as an industry leader by our unparalleled product quality, profound research strengths, and extensive market reach. In 2023, BYHEALTH retained its crown as the number one player in China's VDS industry, with a market share of 10.4%.²

As an industry leader, we have seamlessly integrated our business growth into the societal ecosystem of the entire value chain. In our partnerships with suppliers, brand service providers, and industry partners, we actively contribute through various forms of empowerment, including training, funding, and advocacy, to foster mutual development and prosperity.

²Data Source: Euromonitor Data Statistics

Industry Development

BYHEALTH profoundly understands the paramount importance of mutual support and collaborative growth with industry partners. The Company remains steadfast in actively promoting partners for development through scientific research collaborations, alliance advocacy, and standard setting, thereby contributing to the advancement of the entire industry.

BYHEALTH collaborates with over 80 universities and renowned scientific research institutions. In 2012, the Company established the BYHEALTH Nutrition and Health Research Fund, primarily dedicated to supporting scientific research projects, funding the R&D, innovation, and practical application of dietary supplements. For 11 consecutive years, the Nutrition and Health Research Fund has conducted fund project bidding, providing research grants for the efficacy studies of dietary supplements, community science popularization and education, health management, and personalized nutrition intervention programs.

BYHEALTH maintains close communication and cooperation with 23 industry associations, including the European Nutrigenomics Organization (NuGO), the Chinese Nutrition Society (CNS), and the China Nutrition and Health Food Association (CNHFA). The Company has successively collaborated with research institutions, enterprises, and industry associations to establish the Alliance of Precision Nutrition: Research and Application, the Intestinal Health Standardization Alliance, and the Good Nutrition Clinical Practice (GNCP) Standard Writing Committee. In 2023, BYHEALTH jointly released the *Report on the Development of Vitamins and Dietary Supplements Industry (2023)* with the China Chamber of Commerce for Import and Export of Medicines and Health Products (CCCMHPIE), promoting the healthy and sustainable development of the Chinese VDS industry.

BYHEALTH fulfills its responsibility as an industry leader by continuously promoting the standardized development of the VDS industry. The Company has actively participated in the preparation of various standard documents, including the *Bee Propolis – Specifications*, the *Quality Requirements of Milk Thistle Extract*, and the *Grading Specification for Probiotic Viable Rate in Probiotic Foods*. In 2023, BYHEALTH was involved in initiating the standard preparation work for the *Quality Management Specifications for Food Nutrition Clinical Trials* and the *Methods for Testing the Viability of Edible Microbial Agents in Vitro Simulated Digestive Tract*.



▲ **Report on the Development of Vitamins and Dietary Supplements Industry (2023) Released by BYHEALTH and Industry Partners**

▲ **Group Standard Grading Specification for Probiotic Viable Rate in Probiotic Foods Prepared with Efforts from BYHEALTH**

Supplier Management

The Company's suppliers include providers of raw materials, auxiliary materials, packaging materials, and non-production materials. The Company has established a comprehensive management mechanism covering supplier admission, review, quality management, and capability enhancement, implementing differentiated control strategies based on the importance of suppliers. In daily supplier management, the Company focuses on suppliers' performance in quality, stability, and cost advantage and also pays attention to their social responsibility performance in environmental protection, labor responsibilities, and business ethics. The Company also considers compliance, labor management, and environmental performance during supplier admission and review.

For new suppliers, BYHEALTH has established a rigorous audit process that covers six key stages: supplier admission, quality compliance review, written survey, trial production/inspection of materials, on-site audit, and appraisal and rating. This process takes approximately one year to complete and the Company strictly implements supplier admission management. For existing suppliers, the Company conducts monthly/annual supplier performance appraisals, grades all suppliers, and conducts production testing based on the appraisal results. It carries out production testing approximately every 3-5 years for Grade A suppliers, every two years for Grade B suppliers, and annually for Grade C suppliers. It eliminates Grade D suppliers or stops them from supplying. The Company carries out unannounced inspections on suppliers and the supplier team of the Company quickly investigates and responds when a supplier encounters unexpected or significant issues.

Supplier Review Mechanism of BYHEALTH

Supplier Admission

The Company selects quality suppliers from industry benchmark companies through a series of processes including standard and qualification confirmation, sample screening, sample testing, result comparison, analysis and selection, data collection, review confirmation, and additional inspections. The screening cycle typically takes 1-3 months.

Quality Compliance Review

The Company reviews manufacturers' qualifications, regulatory compliance, conformance with BYHEALTH's enterprise standards and supply standards, and analyzes material hazards.

Written Survey

The written survey covers six main modules: quality management system, production system, material system, facility and equipment system, laboratory control system, as well as packaging and labeling system.

Trial Production/ Inspection of Materials

The Company conducts material property testing, sensory testing for finished products, process compliance testing, and stability testing. After the material testing is passed, the Company will conduct a trial production inspection within 1-4 months.

On-site Audit

Based on the supplier audit checklist, good manufacturing practices, and regulatory requirements, the Company conducts a 1-day or 2-day on-site verification and assessment of the suppliers. After the verification, the suppliers undergo regular inspections and appraisals to ensure that the raw material quality remains consistently compliant. The Company establishes strategic partnerships with suppliers, enhances technical exchanges, collaborates on R&D projects, and implements quality improvement plans to jointly promote the establishment of a sound and sustainable supply chain structure.

Appraisal and Rating

The Company conducts monthly/annual appraisals, quality reviews, grade appraisals, and on-site audits and adjusts supply status for suppliers.

Empowerment for Brand Service Providers

BYHEALTH actively fosters a win-win partnership with brand service providers, committed to enhancing the capabilities of BYHEALTH's service team through the Service Provider Instructor Mentoring Program and a series of educational projects. The aim is to boost the service providers' service quality, promotional prowess, and sales promotion momentum. In 2023, BYHEALTH offered a total of 240 brand service provider training sessions, with a total duration of 660 hours.

Service Provider Instructor Mentoring Program of BYHEALTH

In 2023, BYHEALTH launched the Service Provider Instructor Mentoring Program, combining online mentoring with regionally specific one-on-one mentoring. This program aims to provide service provider instructors with professional courses as well as offline mentoring courses that include regionally specific courses, projects, event hosting, and sales promotion activities.

In 2023, a total of 189 service provider instructors participated in mentoring training, with an average of 26.8 hours of online learning.

INTEGRITY ENTERPRISE

Integrity Enterprise

Firmly adhering to the principle of managing the Company according to law, BYHEALTH has established a comprehensive governance system. The Company implements and strengthens risk management and strives to create an open, transparent, and sustainable environment for its stakeholders, ensuring its robust operation.

Enhancement of Governance Foundation

Governance of the Board of Directors

Meetings of General Meeting of Shareholders, Board of Directors and Its Committees, and Board of Supervisors of BYHEALTH in 2023

2 Shareholder Meetings
18 Proposals deliberated and approved

5 Supervisor Meetings
25 Proposals deliberated and approved

7 Board Meetings
36 Proposals deliberated and approved

7 Audit Committee Meetings
22 Proposals deliberated and approved

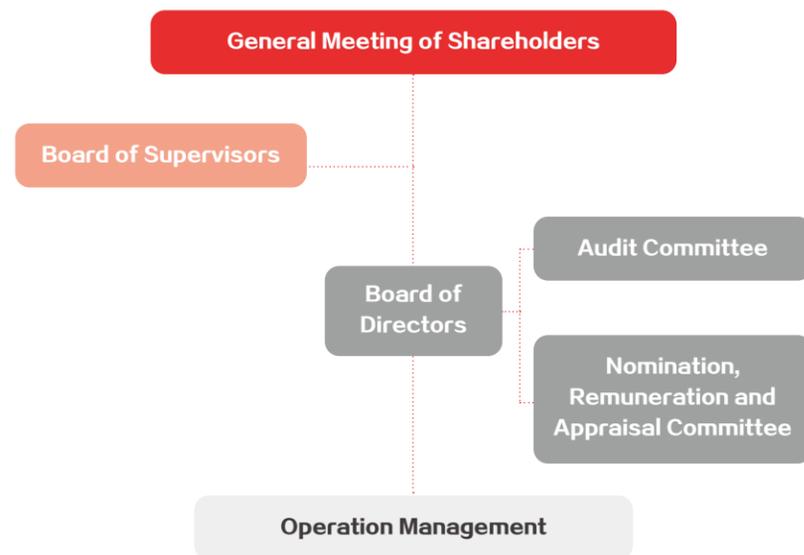
6 Nomination, Remuneration and Appraisal Committee Meetings
12 Proposals deliberated and approved

By improving the management system and policies, BYHEALTH improves its risk response capabilities and enhances the governance foundation. The Company has ensured robust operation and sustained profitability, returning to investors.

BYHEALTH constantly improves its governance structure in strict accordance with the *Company Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies in China*, and other applicable laws, regulations, rules, and systems. The Company has established a scientific and efficient governance structure with clear lines of authority and accountability, which is composed of the General Meeting of Shareholders, the Board of Directors and its specialized committees, the Board of Supervisors, and the management. It has also formulated and continuously improved the rules of procedure for the General Meeting of Shareholders, the Board of Directors, and the Board of Supervisors, as well as the working regulations for independent directors.

The General Meeting of Shareholders, as the highest authority of the Company, is composed of all shareholders and decides on major matters related to the Company's operation and management. The Board of Directors is the executive authority of the General Meeting of Shareholders and is responsible for the General Meeting of Shareholders. The Company's Board of Directors is composed of seven directors, including three independent directors. To further enhance the professional decision-making capabilities of the Board of Directors and leverage the positive impact of directors' expertise, especially independent directors, on the Company's standardized operations, the Board of Directors has established an Audit Committee and a Nomination, Remuneration and Appraisal Committee. The Company's management is responsible for the Company's production, operation, and management, implementing the resolutions of the Board of Directors and exercising other authorities delegated by the Board of Directors.

To secure independent and fair decision-making, the Company's Board of Supervisors is established, consists of three supervisors, including two employee representatives elected democratically by the employees' congress. The Board of Supervisors oversees the performance of the Board of Directors, its specialized committees, officers, as well as the Company's finances, internal control, risk management, and information disclosure. It safeguards the legitimate rights and interests of the Company, shareholders, and other stakeholders from infringement.



Guarantee of Investors' Rights and Interests

BYHEALTH takes full account of investors and takes effective measures to protect their legitimate rights and interests. The Company complies with applicable laws and regulations, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Administrative Measures for the Disclosure of Information of Listed Companies*. It has formulated the Management System for Information Disclosure, ensuring the authenticity, accuracy, and completeness of disclosed information and safeguarding investors' right to know. The Company releases information to investors through annual reports, interim reports, and temporary announcements, which can be accessed on the Cninfo platform (<http://www.cninfo.com.cn>).

BYHEALTH values communication with investors and has formulated the *Management System for Investor Relations*. The Company introduced various forms and channels of communication, such as dedicated email addresses, service hotlines, the Shenzhen Stock Exchange interaction platform, performance briefings, factory open days, and roadshows, ensuring smooth investor communication and interaction, boosting investors' understanding and recognition of the Company. In 2023, BYHEALTH conducted one online performance briefing, four performance exchange telephone conferences, and 17 research and communication activities. The Company engaged in numerous roadshows and participated in securities company strategy meetings to interact with investors, with the highest participation of over 150 people in a single event.

In terms of safeguarding investors' returns, the Company values reasonable returns to investors while considering the Company's actual operating conditions and long-term strategic development goals, implementing a proactive, sustainable, and robust profit distribution policy. The Company has formulated the *Dividend Management System*. With a three-year cycle, BYHEALTH formulates a shareholder dividend return plan based on its actual operating conditions while taking into account the opinions of shareholders, especially minority shareholders, as well as the opinions of independent directors and supervisors. Since its listing, the Company has cumulatively distributed cash dividends of RMB 7,715,026,000, accounting for 73.64% of the cumulative net profit attributable to shareholders of the Company from 2010 to 2023.

Risk Management

BYHEALTH continuously improves its risk management system and has initially established a dual-effect control mechanism to actively carry out the risk recognition and assessment. The Company vigorously identifies and controls risks to accurately identify and strictly control various potential risk events that may affect the Company, effectively enhancing its comprehensive risk management capabilities. In 2023, the Company established risk management tools such as *Risk Management Factors*, *Risk Summary Template*, *Risk Registration Card Template*, and *Risk Management Rating Form*, standardizing the risk area identification and risk assessment, analysis, and quantification in the Company.

The company has formulated the *Group Decentralization Manual and the Internal Audit System* to ensure that all operational risks are always within control. BYHEALTH conducts continuous and comprehensive audits of its business throughout the year, covering aspects such as production, procurement, sales, marketing, funds, engineering, and fraud investigations. The Company provides practical optimization solutions for the issues identified during the audits. In 2023, the Company completed regular engineering audits, fund-raising and quarterly capital expenditure audits, and seven comprehensive business audits.

Implementation of Compliant Operation

BYHEALTH adheres to the core values of "Integrity is more important than cleverness" and regards compliant operation as the cornerstone of its robust development.

Compliance Management

BYHEALTH regards compliant operation as the cornerstone of its robust development. The Company complies with national laws and regulations as well as those of its business locations, embedding compliance management into every aspect of its business operations and management. The Legal Department regularly follows relevant Chinese and international laws and policies, identifies areas of compliance risks for the Company, and promptly communicates these to relevant departments for control measures.

Continuously promoting a culture of compliance, the Company has formulated documents such as the *Group Employee Manual and the Management System for Conflict of Interest*. The Company adheres to a "zero tolerance" policy towards any misconduct that violates national laws and regulations, regulatory regulations, and ethical codes of conduct. To strengthen the compliance awareness of all employees in aspects such as professional ethics, anti-bribery, anti-fraud, and privacy protection, BYHEALTH has launched multifaceted compliance culture development programs within the Company, including specialized training sessions, promotional articles, and thematic events. In 2023, the Company conducted a total of three compliance training sessions, with an attendance reaching approximately 8,000 times.

Business Ethics

Being committed to establishing an honest and transparent business environment, BYHEALTH firmly opposes any form of corruption, bribery, conflict of interest, fraud, and unfair competition. The Company has formulated various systems, including the *Anti-Fraud System*, the *Management System for Conflict of Interest*, and the *Procurement Personnel Rotation System*, to strictly enforce prevention, post-supervision measures, and other business ethics management.

Anti-corruption in procurement is a key focus of the Company's anti-corruption efforts. All customer and supplier contracts signed by the Company include an Anti-Bribery Agreement. Internally, for key monitored positions such as sales and procurement, the Company stipulates that sales personnel must not unilaterally promise any cooperation conditions to partners without the Company's approval or sign a commitment with them. The Company requires all personnel involved in procurement execution, supervision, and development within the Group who have been in their positions for more than three consecutive years to undergo job rotation under the premise of friendly negotiation between the first-level department heads and the employees.

BYHEALTH has established a supervision and whistleblowing system and has published whistleblowing channels on the internal portal website, marketing clouds, supplier portal websites, etc. All regular employees, customers, suppliers, and other parties that have direct or indirect economic relations with the Company can whistleblow any suspected fraudulent activities such as bribery and embezzlement of the Company's assets through the Company's anti-fraud whistleblowing channels.



Whistleblowing Email

shenjibu@by-health.com

In terms of whistleblower protection, the Company strictly keeps confidential the personal information of whistleblowers and all whistleblowing materials provided by them. Any suspicions submitted honestly by employees or their cooperation in investigations cannot be used as a reason for any adverse changes in their employment relationship, such as demotion, suspension, or dismissal. However, malicious submissions of false reports, deception of investigators, retaliation-motivated whistleblowing, dissemination of whistleblowing content through improper means, or obstruction of investigations are considered serious disciplinary offenses. Once discovered, such cases will be handed over to the Human Resources Department by the Audit Department for handling according to the employee code of conduct.

BYHEALTH actively promotes an integrity culture. The Company regularly publishes anti-fraud promotional articles and conducts anti-fraud education through the Group's online learning platform "BYHEALTH Learning Community." BYHEALTH also regularly updates anti-corruption posters in the office area to create a transparent and honest working environment.

Integrity is more important than cleverness

Open and Transparent System

BYHEALTH's Transparent Factory has established a complete set of "Global Raw Material Traceability System," which is equipped with advanced WMS (Warehouse Management System), MES (Manufacturing Execution System), and counterfeit tracking system. It adopts RF (Radio Frequency) technology and all-around barcode management to collect data in real time, and record every step of the process, from material warehouse-in, storage, requisition, production, inspection, to sales. The purpose is to allow for traceability from raw materials to finished products or finished products back to raw materials.

Completely authentic data allows for full traceability of raw materials and products. By entering the name of a raw material, you can search for the country, batch, quantity, time of import, import declaration, health inspection certificate, products to be made, and regional product sales markets related to the raw material that BYHEALTH imported over the years. By entering the name and batch number of a specific product, you can trace various kinds of information, including detailed source and batch of all raw and auxiliary materials used in the product, the port of customs clearance, health inspection certificates and the product flow.

The Transparent Factory puts BYHEALTH's raw materials and production processes in the public eye in an open and transparent manner. It allows the public to visit the factory and see the core production process, raw materials and finished product inspection up close. Since its opening in 2012, the Transparent Factory has received more than 1.4 million on-site visits as of December 2023.



NUTRITION SCIENCE ADVOCATE

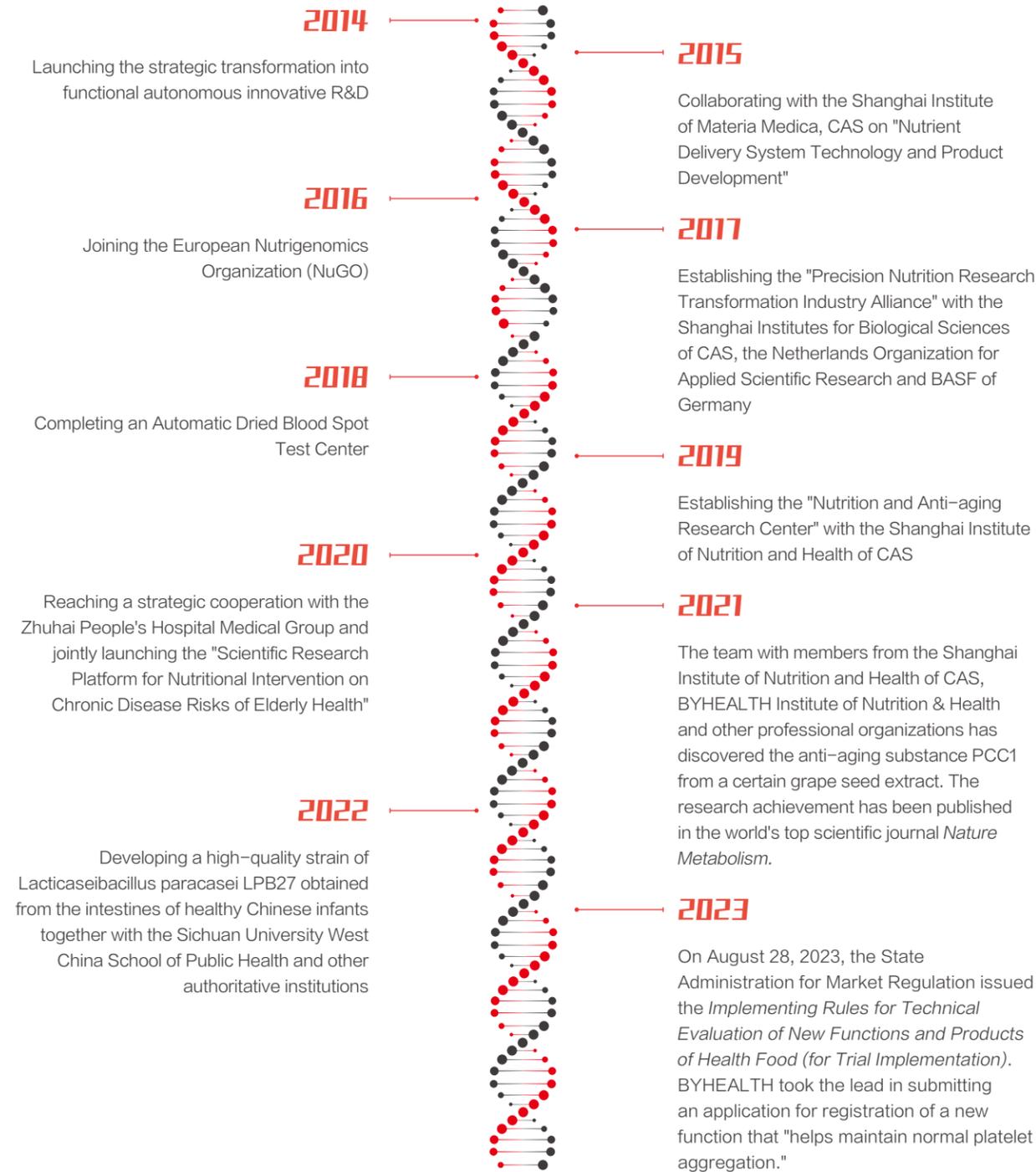
Nutrition Science Advocate

As a nutrition science advocate, BYHEALTH always keeps in mind the brand DNA of science-based nutrition, global raw materials, transparent factory, and families and friends. The Company screens high-quality raw materials from all over the world, and provides high-quality products and services to families and friends with extreme innovative R&D, and open and transparent production process. By comprehensively promoting the concept of science-based nutrition, it is committed to improving public health and quality of life.

Science-based Nutrition

The Company focuses on creating the ultimate science-based nutrition products in the spirit of science. To this end, BYHEALTH upholds the spirit of innovative R&D, and continuously deepens the application of science and technology and product innovation, actively promoting the concept of science-based nutrition, to satisfy the public's escalating demand for nutrition and health.

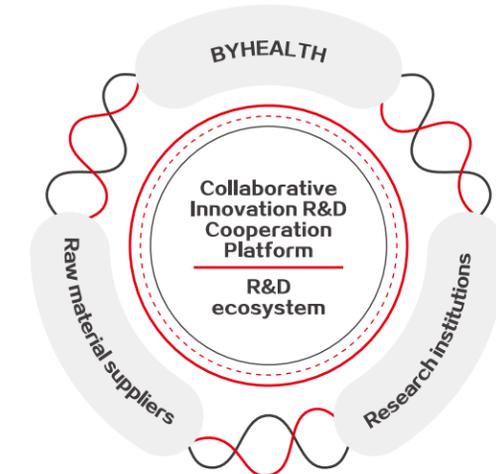
BYHEALTH Science-based Nutrition Strategy Implementation Milestones



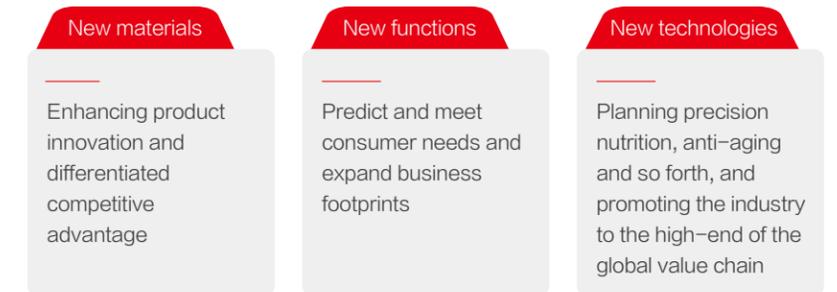
Innovative R&D System

BYHEALTH's "Science-based Nutrition" strategy focuses on building core competitive edge in science and technology. BYHEALTH has established a "Collaborative Innovation R&D Cooperation Platform" with globally renowned professional research institutes and global high-quality raw material suppliers. Relying on the "Collaborative Innovation R&D Cooperation Platform," BYHEALTH focuses on "New Functions, New Materials and New Technologies" in product R&D, and makes planning on R&D and transformation of precision nutrition technologies to lead the industry in the future.

Collaborative Innovation R&D Cooperation Platform of BYHEALTH



BYHEALTH R&D Focus



To further standardize the Company's innovative R&D mechanism and rationally plan the Company's R&D investment, the Company has formulated the *Scientific Research Project Management System*, the *R&D Reserve and R&D Expense Accounting Management System*, the *BYHEALTH Nutritional Science Research Fund Management Regulations* and other R&D-related organizational and management systems as well as the R&D investment accounting system. These systems are intended to ensure the reasonable distribution and monitoring of project R&D expenses through special account management. In terms of R&D team development, BYHEALTH integrates resources to set up the BYHEALTH Institute of Nutrition & Health. It consists of the Innovative R&D Center, the Product R&D Center, the Microecology R&D Center, the Shanghai Laboratory, and the Australian Research Center. It boasts a professional R&D team consisting of more than 200 people in various fields such as medical science, nutrition, microbiology, etc. From 2021 to 2023, the cumulative investment of BYHEALTH in R&D exceeded RMB 488 million.

BYHEALTH attaches great importance to the talent structure and professionalism of its R&D team. The Company formulates and implements systems and measures such as the *System for Cultivating Scientific and Technological Talents*, the *System for Further Training of Employees*, and the *Management Measures for Introducing Excellent Talents*. It continuously strives to optimize its innovative talent team, providing solid human resource support for the Company's long-term development and innovation. BYHEALTH has established the *Management System for the Transformation of Scientific and Technological Achievements*, the *Management Measures for Rewarding Scientific Research Projects*, the *Quality Control Circle (QCC) Management Procedures* and the *Improvement Management Procedures*, etc. The Company aims to provide appropriate incentives to the R&D team based on the transformation of scientific and technological achievements each year to bolster the team's sustained motivation to innovate.

R&D Achievements

BYHEALTH's efforts in new materials, new functions and new technologies have borne many innovation fruits.

With regard to new materials, BYHEALTH focuses on three major aspects: probiotic strains, natural products/extracts, and biosynthetic materials. Currently, BYHEALTH has patents for 2 new probiotic strains of bacteria³ and customized more than 30 raw materials. In 2023, BYHEALTH independently researched and developed the GAGs-containing Collagen Peptide, resulting in a unique formulation distinguished by its high concentration of Glycosaminoglycans (GAGs), an essential constituent of the dermis. This innovative peptide has an average molecular weight below 1,500 Da and was applied to BYHEALTH's Yep "Magnetic Pink Bottle"⁴ products.

BYHEALTH Yep Launches GAGs Collagen Peptide Products

BYHEALTH Yep called attention to the fast-growing potential field of oral skin nutrition. By carrying out a large number of basic research explorations at the foundation of the field, it has finally focused its research on glycosaminoglycans (GAGs), which is a key component in the structure of the dermal matrix, and performed the R&D of collagen peptides containing glycosaminoglycans.

During the raw material development process, BYHEALTH Yep R&D Center, in collaboration with School of Pharmaceutical Sciences, Sun Yat-Sen University

and other institutions, conducted research on the functional evaluation and active mechanism of the new material. They developed a collagen peptide with an average molecular weight of less than 1,500 Da containing glycosaminoglycans, and successfully applied it into a new generation of upgraded products in 2023.

Due to the raw material characteristics of GAGs collagen peptide, such as fishy taste, bitter texture and high viscosity, Yep R&D team has spent 7,000 hours in exploration and dozens of overthrowing, overcoming

difficulties and restarting experiments. It finally realized the balance between nutrition and taste. This raw material won the 6th Natural New Force Awards – Innovation Raw Material Award.



▲ BYHEALTH's Yep "Magnetic Pink Bottle"

In terms of new functions, BYHEALTH rolled out an echeloned and staged long-term plan, established a system of evaluation and mechanism study for products with new functions and functionality-oriented products, to meet the growing nutritional needs of consumers. On August 28, 2023, the State Administration for Market Regulation issued the *Implementing Rules for Technical Evaluation of New Functions and Products of Health Food (for Trial Implementation)*. BYHEALTH took the lead in submitting an application for registration of a new function that "helps maintain normal platelet aggregation."



▲ "Fruitflow" Research Paper

In terms of new technologies, BYHEALTH adheres to the Customer-Centric Approach, planning forward-looking basic research fields represented by precision nutrition and anti-aging. BYHEALTH continues to apply its technological innovations to product development, developing more high-end, specialized, and personalized products, and creating greater health value for users. BYHEALTH conducts multi-dimensional analysis on multiple omics, nutrition, lifestyles and new nutritional markers through establishing a biological database of stress testing in Chinese population, so as to build a health assessment and quantification system based on "homeostatic capacity". It has joined hands with the Shanghai Institute of Nutrition and Health of CAS and other professional organizations and found the anti-aging substance PCC1 that can "accurately remove senescent cells" from a certain grape seed extract. The research achievement has been published in the world's top scientific journal *Nature Metabolism*.

³ Bifidobacterium breve 207-1 was granted three Chinese patents (Patent Nos. ZL 2020 1 0858666.6, ZL 2021 1 1332738.4, ZL 2022 1 1273110.6); Lacticaseibacillus paracasei LPB27 has secured three Chinese invention patents (Patent Nos. ZL 2020 1 0858415.8, ZL 2021 1 1331927.X, ZL 2022 1 1273484.8).

⁴ It is a product nickname for BYHEALTH Yep Collagen Peptide Fruit Flavor Drink; all references hereinafter mean this nickname.

▲ PCC1-An Iconic Milestone in China's Anti-aging Field

In 2021, the team with members from the Shanghai Institute of Nutrition and Health of CAS, BYHEALTH Institute of Nutrition & Health and other professional organizations screened nearly 1,000 kinds of natural products. They targeted 46 kinds of plant-derived extracts, including different kinds of grape seed extracts, and finally found the anti-aging substance

PCC1 (Procyanidine C1) that can "accurately remove senescent cells" from a certain grape seed extract. The research achievement has been published in the world's top scientific journal *Nature Metabolism*.

PCC1 is able to efficiently and safely eliminate senescent cells. After testing PCC1 alone on senescent

mice, it was found that PCC1 helped them extend their median lifespan by 64.2%. It is expected to be used in the future for slowing down aging and controlling aging-related diseases. The discovery of PCC1, a "natural remover," is an important progress for BYHEALTH in the field of healthy aging in China, and an iconic milestone in China's anti-aging efforts.



<https://doi.org/10.1038/s42255-021-00491-8>

Check for updates

OPEN The flavonoid procyanidin C1 has senotherapeutic activity and increases lifespan in mice

Qixia Xu^{1,2,11}, Qiang Fu^{3,11}, Zi Li⁴, Hanxin Liu³, Ying Wang¹⁰, Xu Lin⁴, Ruikun He⁵, Xuguang Zhang⁵, Zhenyu Ju⁶, Judith Campisi^{7,8}, James L. Kirkland⁹ and Yu Sun^{1,2,3,4,10} ✉

Ageing-associated functional decline of organs and increased risk for age-related chronic pathologies is driven in part by the accumulation of senescent cells, which develop the senescence-associated secretory phenotype (SASP). Here we show that procyanidin C1 (PCC1), a polyphenolic component of grape seed extract (GSE), increases the healthspan and lifespan of mice through its action on senescent cells. By screening a library of natural products, we find that GSE, and PCC1 as one of its active components, have specific effects on senescent cells. At low concentrations, PCC1 appears to inhibit SASP formation, whereas it selectively kills senescent cells at higher concentrations, possibly by promoting production of reactive oxygen species and mitochondrial dysfunction. In rodent models, PCC1 depletes senescent cells in a treatment-damaged tumour microenvironment and enhances therapeutic efficacy when co-administered with chemotherapy. Intermittent administration of PCC1 to either irradiated, senescent cell-implanted or naturally aged old mice alleviates physical dysfunction and prolongs survival. We identify PCC1 as a natural senotherapeutic agent with in vivo activity and high potential for further development as a clinical intervention to delay, alleviate or prevent age-related pathologies.

▲ PCC1 Research Achievement Featured in the World's Top Scientific Journal *Nature Metabolism*

To protect the Company's R&D achievements, BYHEALTH has established a comprehensive intellectual property management system. The efforts made include the establishment of the Group's strategy on intellectual property management based on science-based nutrition, annual intellectual property planning, intellectual property assessment of R&D projects, and the process of applying for and approving project patents. The Company has established a professional intellectual property management team responsible for the discovery, application, protection, operation and legal rights maintenance of intellectual property rights. The Company respects the intellectual property rights of others, and incorporates intellectual property rights into all aspects of enterprise R&D, procurement, production and operation according to the requirements of the *Enterprise Intellectual Property Compliance Management System (GB/T 29490-2023)*.

As of December 31, 2023, BYHEALTH has 383 the Chinese mainland and 12 Outbound patented, including 113 invention patents of raw materials and formulas, and 150 health food registration certificates.

Science-based Nutrition Advocate

BYHEALTH actively promotes the concept of science-based nutrition, helping the public to understand and master scientific health knowledge through the Nutrition Exploratorium, the China's Nutrition Day on May 18, and other interactive science popularization methods. It is devoted to enhance public health and help promote the construction of a healthy China.

◆ Nutrition Exploratorium

As a global leader in VDS industry, BYHEALTH actively responds to the national strategy for invigorating China through science and education. It constructed the Nutrition Exploratorium, which is committed to disseminating the brand's scientific and technological knowledge and science-based nutrition knowledge. The Nutrition Exploratorium covers an area of 7,330 m², with a total floor area of 15,558 m². The design of the Exploratorium is inspired by the Möbius strip and the mathematical symbol for infinity, which symbolizes the endless cycle of life, as well as BYHEALTH's dedication to exploring natural nutritional raw materials and cutting-edge technologies in life sciences.

BYHEALTH Nutrition Exploratorium is famed as an innovative exploratorium with high-end technologies adopted for nutritional science popularization, health testing, entertainment and other experiential interactions. The Exploratorium has four major touring areas nested in it. By means of multimedia technologies such as sound, light and electricity, it provides vivid and attracting interpretation of nutritional and health knowledge, brings visitors visual shock and sensory experience. The Exploratorium allows visitors to explore the nutrition secrets, master nutrition knowledge and cultivate interest in exploring the life sciences and the vast world through a rich variety of somatosensory interactive games.



▲ Interaction in the Nutrition Exploratorium

◆ 518 Nutrition Day

518 Nutrition Day is organized by XinhuaNet and co-organized by BYHEALTH and the Chinese Nutrition Society among others, aiming at responding to national nutritional needs and guiding the public to improve their dietary habits through popularization of science.

With the theme of "Science-based Nutrition, Chinese with Nutrition," the 2nd 518 Nutrition Day in 2023 focused on the immune needs of the nation and advocated "Immunity Advancement, Selected Foods with High Nutrient Density" and debuted a list of *Recommended Common Foods with High Nutrient Density*. It

endeavors to provide practical, accurate and science-based nutrition advice to help the nation's immune advancement.

518 Nutrition Day advocates nutrition with the help of the media, nutrition community, medicine community, sports community and other communities. It is intended to bring nutrition-themed and down-to-earth festival experience through the science popularization streaming, urban science interaction and other online and offline series of activities for the public.



▲ Promotional Poster for 518 Nutrition Day

Global Raw Materials

The Company adheres to the global raw material procurement strategy. In the process of raw material procurement, BYHEALTH is concerned about the environment that nurture its raw materials. The company follows a near-perfect system to track raw materials and source the best possible raw materials worldwide.

To date, BYHEALTH's raw materials originate from 23 countries around the world, bringing together global nutritional essences, such as Icelandic fish oil, New Zealand whey protein, European bilberry, French grape seed, Brazilian green propolis, and Chinese soybean protein isolate, etc. It pools global nutritional essences to become the "United Nations" of nutrition supplements.

To enhance the controllability of globally sourced superior raw materials, BYHEALTH has established a number of dedicated raw material supply bases in Brazil, Australia and other places. It strives to strategize on the quality advantage of global raw materials, and to build core competitive edge of quality differentiation against the backdrop of the general homogenization of products.

Transparent Factory

Integrity and transparency in the VDS industry are particularly important to the development of companies and the industry. BYHEALTH, as an industry leader, has taken the lead in building the Transparent Factory, ensuring the quality and safety of each product with a multi-faceted and transparent management system and a high-standard quality control concepts. The Company makes great efforts to grow to an industry model of integrity with benchmark quality.

"Integrity is more important than Cleverness" of BYHEALTH Eight Concepts for Quality Control

On July 31, 2018, Chairman of BYHEALTH summarized basic quality control philosophy as followed by the company over the years and proposed eight concepts for quality control to be taken as the cornerstone for an enterprise' survival and development.

01

National regulations are just baseline standards. BYHEALTH needs to surpass all national standards.

02

It is strictly prohibited to cross and thinking to cross the red line. And it is also strictly prohibited to perform under the law while with obvious awareness of health risks.

03

An enterprise in connection with food is placed upon the point of sword. Every step we take is like walking on a sword edge or walking on thin ice with great care, always maintain a sense of awe, without any slack. Quality is the lifeline of a food producer, and no mistake is acceptable in the market.

04

Quality is a matter of integrity, not a matter of money and technology. Every life deserves a sense of awe.

05

Neglecting quality or increasing the risk of quality is literally immoral for any high-sounding reasons, including efficiency, effectiveness, cost, supply shortage, and so on. With quality first, no reasons for compromising quality will be accepted.

06

It is required to ensure the professional authority and independence of quality control which shall be independent from the business.

07

BYHEALTH aims to offer nutrition products of the highest quality in the world for families and friends rather than for clients. We produce products for our own kids, families and friends.

08

As the concept "Integrity is more important than cleverness" goes, Transparent Factory values integrity as its foundation. The Seal of Integrity sculpture weighing 100t stands like a mirror to warn everyone of BYHEALTH.

Strict Control of Product Quality

Quality management system

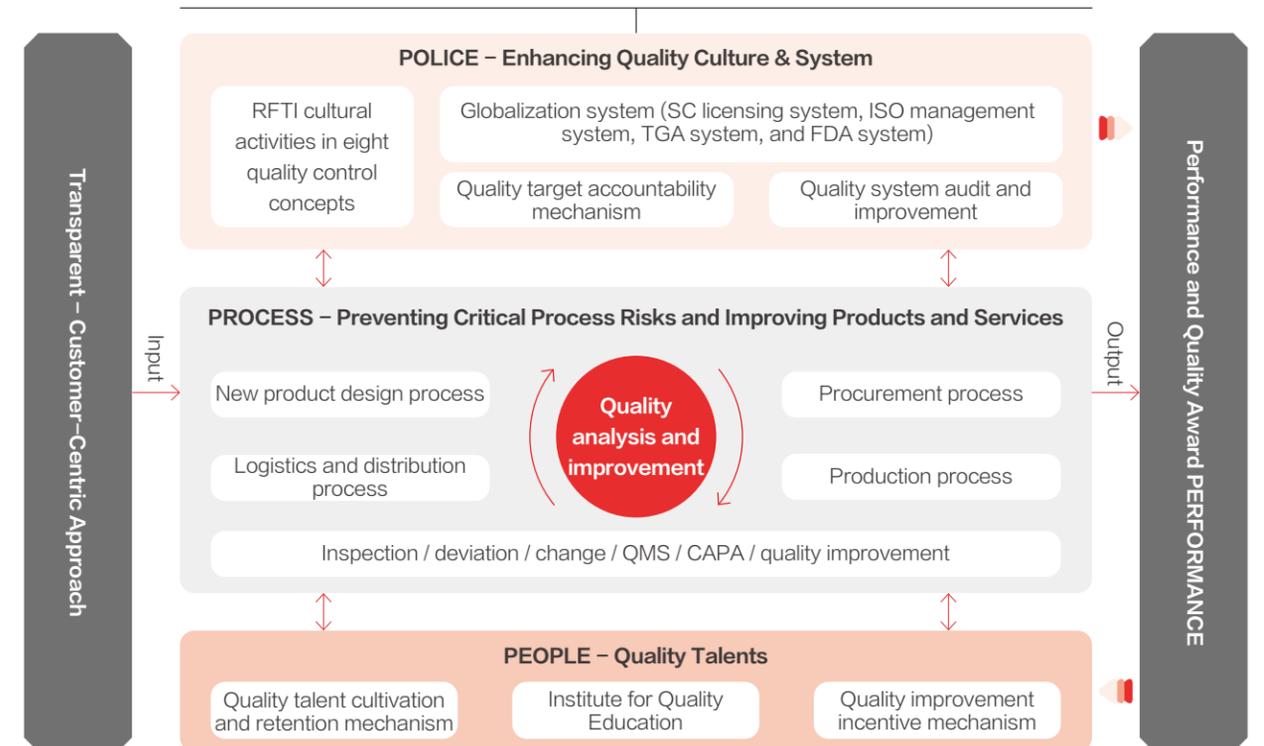
The quality and safety of products are fundamental to the survival and long-term development of the Company. BYHEALTH takes "Right First Time, Keep Improve" as its quality management policy, and has established the RFTI-4P quality management method that covers the entire life cycle of its products. It establishes the BYHEALTH quality management system from the 4Ps, namely, Police, Process, People, and Performance. During the reporting period, BYHEALTH complied with the requirements of ISO 9001:2015 quality management system and ISO 22000:2018 food safety management system and obtained relevant certifications.



▲ BYHEALTH's ISO 9001:2015 Quality Management System Certificate

▲ BYHEALTH's ISO 22000:2018 Food Safety Management System Certificate

汤臣倍健 BYHEALTH's RFTI-4P Quality Management Method

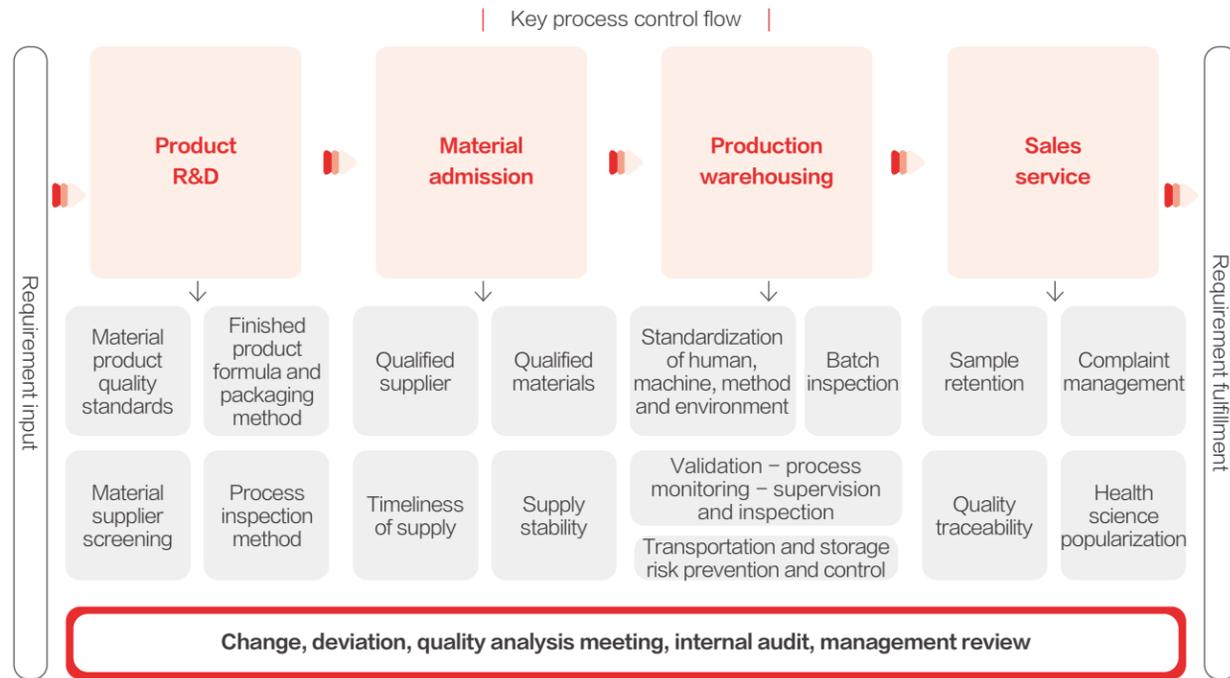


Note: RFTI: Right First Time, Keep Improve

4P: POLICE, PROCESS, PEOPLE, and PERFORMANCE

· Quality control process

BYHEALTH implements the main responsibility system for quality and safety, and introduces the QbD (Quality by Design) concept and process risk prevention and control management methods, such as the deviation, change, correction and preventive action system. The Company has established a key process risk prevention mechanism covering the entire value chain from R&D, supply, production to sales. The mechanism is intended to realize the observability and control of all employees, all elements, and all processes, and realize the co-construction and co-governance of a multi-interface quality and safety system.



· Quality culture development

BYHEALTH implements the value of "Integrity is more important than cleverness," forms eight concepts of quality control, and lays a solid foundation for quality culture development. BYHEALTH has set up the Quality Culture Management Department to develop quality culture from the four levels of the quality culture pyramid including concept, institution, behavior, and material in conjunction with the *Guidelines for the Corporate Quality Culture Development*. It carries out Quality Month activities twice a year, and organizes the annual quality conference – Quality Night – in December. The Company makes continuous efforts to strengthen quality awareness and boost quality management, and to shape a characteristic quality culture conducive to quality competitiveness, forming the BYHEALTH Quality Culture 2+4 Model.



▲ Conformity Enhancement of Key Production Quality Management Procedures

Families and Friends

BYHEALTH practices the commitment of treating consumers as families and friends, providing consumers with world-class quality supplements and serving users with care. With consumers at the core, the Company builds multiple communication channels and continuously optimizes service level based on consumer feedback to provide consumers with an excellent service experience.

Nutrition Counseling

With the vision of "to become the 'United Nations' of nutrition supplements," the Company aims to provide consumers with high-quality health products and professional health guidance.

In terms of pre-sales services, BYHEALTH's official channels provide a wealth of product information, including ingredients, efficacy, and methods of use, to help consumers understand the product's features and scope of application. The Company gives answers to consumers' personalized questions through online customer service, phone calls, emails, and social media.

In terms of after-sales service, BYHEALTH is committed to providing consumers with scientific and professional nutritional services. The Company has set up a team of professional health managers and nutritionists to provide consumers with professional and efficient nutrition counseling services. Consumers can communicate with nutritionists by phone, online consultation, or offline consultation to get targeted nutritional management advice.

Consumer Experience

BYHEALTH utilizes a variety of channels to get consumer feedback. Consumers can provide feedback, comments or suggestions on products and services by calling the 400 hotline, or through BYHEALTH's official website, BYHEALTH Nutritionist WeChat, mini program, BYHEALTH Nutritionist microblog (Weibo) and email. The Company monitors the customers' satisfaction to its Aland manual service agents, and follows up on services rated as average and unsatisfactory in a timely manner to continuously improve the consumer service experience.

In response to customer complaints, the Company has formulated the *Service Risk Warning and Prevention and Control Mechanism*. It requires nutrition consultants to take the initiative to follow up on complaints and objections until they are resolved, to ensure that 100% of customer complaints are closed. The *Service Risk Warning and Prevention and Control Mechanism* specifies on the time limit for handling customer complaints, requiring follow-up and callback for ordinary complaints or incidents within 2 hours. In special cases (such as no answer from the customer), it is necessary to follow up within 24 hours until the problem is resolved. Complaints requiring inter-departmental assistance shall be followed up within 2 working days until they are resolved.

Optimization of packaging for Yep "Magnetic Pink Bottle"



▲ Yep "Magnetic Pink Bottle"

The Group has set up a Customer Experience Management (CEM) Team to strategically manage the overall experience process of customers on the products of the Company. The Team is responsible for online consumer comment monitoring of the Group's brands quarterly, utilizing big data analysis and a multi-dimensional labeling system to identify and resolve major issues in product R&D, production, sales, customer service and logistics, and to continuously improve customer experience and brand competitiveness.

During the Customer Experience Management Program in the second half of 2022, the Company detected through social media that consumers complained that the cap of the Yep Pink Bottle series was difficult to open and can only be opened with the help of a tool. The Company responded quickly to the complaints and developed and implemented appropriate improvement measures to improve the ease of opening the caps of the oral liquid bottles.

As improvement measures took effect in 2023, negative feedback from consumers decreased significantly. Positive feedback from consumers in the e-commerce platform reflected BYHEALTH's attention to the voice of the consumer and the obvious effects of the improvement measures.

PUBLIC WELFARE PRACTITIONER

Public Welfare Practitioner

BYHEALTH has always been fulfilling its social responsibility, adhering to the public welfare concept of "Gain More and Share More," and contributing to the sustainable development of the society through practical actions to give back to the society.

Concern for Public Health

Improving Children's Nutrition

National health is an important livelihood concern. As a leading brand of VDS and a benchmark company in China, BYHEALTH has always been concerned about people's health. Through public welfare and nutritional science popularization, BYHEALTH assumes the responsibility of an industry leader actively promoting the improvement of public health and the construction of a healthy China.

Children are the future of the country and the hope of the nation, and children's health is an important cornerstone of national health. The *the Action Plan for the Promotion of Healthy Children (2021-2025)* proposes to strengthen child health in rural areas, narrowing the gap between urban and rural areas and between regions, with main actions carried out to enhance the safety of newborn babies and early childhood development services.

BYHEALTH responds to policy advocacy and social needs. Since 2012, BYHEALTH has been carrying out public welfare programs to improve children's nutrition and education for 12 consecutive years. The Company has joined forces with the Global Child Nutrition Foundation (GCNF), the United Nations International Children's Emergency Fund (UNICEF), and the China Youth Development Foundation to carry out three major programs, namely the "Improvement Program of School-age Children's Nutrition in Poverty-stricken Areas," the "First 1,000 Days Early Childhood Nutrition Plan," and the "Nutritional Supporting Education Program." These programs cover children from early life to school age, and provide nutritional supplies, health guidance, and health science popularization to low-income families and children in underdeveloped areas and cities, to help improve children's nutrition through practical actions. To date, BYHEALTH has donated more than RMB 10 million to various children's nutrition programs, trained 460 nutritionists, attracted more than 700 volunteers to participate, with more than 60,000 viewers of its online training programs on infant and young child feeding counseling.

Nutritional Supporting Education Program Launched



Nutrition Discovery Summer Camp



Ten Years of Nutritional Supporting Education of BYHEALTH

Ten years ago, malnutrition was common among schoolchildren in underdeveloped areas. Today, the nutrition of children in rural areas has improved significantly, but the problem of insufficient intake of vegetables, fruits, beans, eggs and milk, as well as high intake of oil and salt, still exists. With the intention of improving the nutrition of schoolchildren in underdeveloped areas, BYHEALTH launched the "Hope Project - BYHEALTH Nutritional Supporting Education Program," in partnership with the China Youth Development Foundation in 2013. The program aims to help improve children's nutritional health in a sustainable way through the training of nutritionists in hope primary schools, nutritional knowledge classes for students, and donations of nutrition supplements. In 2020, BYHEALTH and the China Education Support Project launched a university student nutrition and health-themed supporting

education program, organizing teams of university students from colleges and universities across China to go into the countryside for children's nutrition classes and social surveys on children's dietary behaviors.

To encourage more employees to participate, BYHEALTH has called on employees to act as youth mentors, empowering college student teams with their own specialties and jointly promoting the development of nutrition and health education in rural areas. In 2023, BYHEALTH supported eight teams of students from eight universities to enter rural schools. They conducted science-based nutrition and health supporting education programs, popularized nutrition and health knowledge, and organized creative "science-based nutrition themed activities" using nutrition kits under the guidance of the Youth Mentor Team from BYHEALTH.

Over the past ten years, BYHEALTH Nutritional Supporting Education Program participants have traveled to more than 170 primary school across the country, including Ya'an in Sichuan Province, Shache in Xinjiang Province, Nanxiong in Guangdong Province, and Tongzi in Guizhou Province, training 460 nutritionists, benefiting more than 120,000 primary school students, and influencing more than 3 million people.

On the occasion of the 10th anniversary of the Nutritional Supporting Education Program in 2023, BYHEALTH joined hands with the China Youth Development Foundation and the China Education Support Project to launch a public welfare interactive activity. The purpose was to encourage the public to participate in the public welfare interactive game to help complete the plan of "Gift for the Countryside Children."

Contributing to Public Health Improvement

Understanding the current health status of Chinese residents and popularizing health knowledge is key to enhance the understanding of public health and to build a healthy China. BYHEALTH has been carrying out the "Health & Nutrition Express" for 13 consecutive years since 2011. The "Health Express" serves the whole country, providing the public with a number of health tests, including body composition tests, bone mineral density tests, and arterial health tests. It provides the public with three nutrition counseling services, including report interpretation, nutrition and health counseling, and popularization of health knowledge.



BYHEALTH Health Express

BYHEALTH has released the *National Health Report of BYHEALTH* several times based on survey data from the "Health & Nutrition Express" to understand the health status of Chinese residents in terms of obesity, bone mineral density, cardiovascular health, etc. The release of the report provides basic data on a variety of health-related issues, and calls on the whole society to emphasize healthy lifestyles.

By the end of 2023, BYHEALTH's "Health & Nutrition Express" has provided health test and nutrition counseling services to residents of more than 30 provinces (municipalities and autonomous regions), with a total of more than 18,000 activities and 3.45 million attendance times. In addition, BYHEALTH, in partnership with the Zhong Nanshan Medical Foundation of Guangdong Province, established a "Scientific Nutrition Special Fund" to jointly promote the Science-based Nutrition and Community Health Program.

Supporting Education Development

BYHEALTH is concerned about the growth and development of children. The Company not only carries out nutrition improvement public welfare programs, but also continues to invest in children's education to promote the protection of children's rights and interests in many ways.

Since 2005, BYHEALTH has launched the "1+1" Hope Project" program, supporting the construction of one hope primary school each year. As of 2023, BYHEALTH has built 18 hope primary schools in Guangdong, Yunnan, Liaoning, Jiangsu, Shandong, Chongqing, Inner Mongolia, Hunan, Hubei, Guizhou, Jiangxi, Gansu, Shaanxi, Fujian, Shanxi, Guangxi, Hebei among other areas. These efforts greatly promoted the development of local compulsory education.

On this basis, BYHEALTH continues to support the educational development of hope primary schools. BYHEALTH supports sports education in hope primary schools. Since 2013, BYHEALTH has joined hands with the YAO Foundation to support the Yao Foundation Hope Primary School Basketball Season Program. It aims to promote the physical and mental health and all-around development of primary school students through basketball playing and sportsmanship building. BYHEALTH has supported the "Hope Project – Soccer Carnival in Greater Bay Area" program organized by the China Youth Development Foundation for two consecutive years, helping to promote the national strategy of integrating sports and education and strengthening the country through support for diversified sports. To date, BYHEALTH has donated nutrition supplements to tens of thousands of primary school students.



▲ Yao Foundation Hope Primary School Basketball Season

To cultivate youth's spirit of scientific and technological innovation and practical ability, BYHEALTH, in cooperation with the China Youth Development Foundation, launched the BYHEALTH Life Science "Xiaoping Science and Technology Innovation Laboratory" program in 2021. 2023 saw the completion and operation of life science laboratories in Jiangsu Yancheng Middle School, Pinghe No. 4 Middle School in Fujian Province, and the completion of a life science laboratory in Langzika Middle School in Shannan, Xizang Autonomous Region. The "Xiaoping Laboratory" in the field of life sciences covers molecular biology, microbiology, botany and other types of experimental teaching and experimental tasks. It is conducive to stimulating the enthusiasm of youth for science, and enhancing their sense of innovation, innovation ability and scientific literacy.



▲ BYHEALTH Xiaoping Science and Technology Innovation Laboratory of Pinghe No. 4 Middle School in Fujian Province



▲ BYHEALTH Xiaoping Science and Technology Innovation Laboratory of Langzika Middle School in Shannan, Xizang Autonomous Region

Passionate about Charity

BYHEALTH pays timely attention to the needs of society and conveys brand love. When natural disasters such as typhoons, floods, earthquakes, and public health incidents occur, the Company takes prompt action to provide public welfare donations to the affected areas. Over the past three years, BYHEALTH has donated funds of a total of RMB 10 million and supplies valued at more than RMB 33 million to help respond to public health incidents. It donated more than RMB 5 million in fund and nutritional supplies for disaster relief and RMB 3.05 million to support rural revitalization.

BYHEALTH is concerned about the development of the communities in which it operates, and has established the "BYHEALTH Charity Fund" in cooperation with the Zhuhai Charity Federation to carry out a variety of public welfare and charity actions. BYHEALTH has set up an internal BYHEALTH Volunteer Association to provide assistance to families of employees in need. It regularly organizes public welfare activities for community support such as holiday greetings and health counseling.

RESPECT
EVERYONE AND
ENJOY EVERY
DAY

Respect Everyone, Enjoy Every Day

Employees are valued as the core resources of an enterprise. BYHEALTH fully protects the legitimate rights and interests as well as reasonable demands of its employees. The Company strives to create a healthy and safe working environment for employees, and provide them with appropriate benefits and care. BYHEALTH specifies "Respect everyone, enjoy every day" as one of its core values, integrates equity and inclusion into its corporate culture and system, and provides employees with escalated career development channels and strong training support. It aims to let employees "Live in happiness, strive for happiness" at BYHEALTH.

Employees' Rights, Interest, and Welfare

BYHEALTH always adheres to legal employment and eliminates child labor and forced labor. The Company strictly abides by the requirements of the Labor Law of the People's Republic of China, the *Labor Contract Law of the People's Republic of China* and other laws and regulations. It has formulated the *Employee Manual*, the *Salary Management System*, the *Performance Management System* and other systems. Such systems are intended to regulate the policies regarding recruitment, working hours, promotion, salary, benefits, etc. of the employees, to protect the legitimate rights and interests of the employees in accordance with the law, and to protect the rights and interests of the employees.

The Company endeavors to ensure employees' remuneration and legal rights, such as social insurance, holidays and annual leave, according to the law. The Company implements policies related to employee welfare, providing employees with commercial insurance, welfare leave, communication subsidies, transportation subsidies, care fund, and fresh graduates' settlement and so forth.

To enrich the work and life of employees, the Company implements actions of care for employees in all aspects. The Company has basketball, dance, baking, tennis, badminton and other interest associations. It enriches the lives of employees through various kinds of cultural and sports activities. It carries out activities, including on Women's Day, Father's Day, Children's Day, Winter Solstice Festival, the Company's annual meeting and family open day, inviting employees and their families to participate. It provides team building expenses every year, allowing employees to organize their own team trips to enhance team communication and collaboration.

The Company upholds the value of "Respect everyone, enjoy every day" and provides an equal and open working atmosphere and communication mechanism for all employees. The Company has established diversified employee communication channels and methods, including semi-annual and annual performance interviews, internal "Efficient Blackboard Newspaper" forum, "Give a talk from BYHEALTH Employees" and anonymous complaint QR codes, etc. The aim is to understand the situation of employees in multiple directions and listen to their demands. To ensure the effective feedback of employees' demands, the Company answers employees' problems through the internal culture publicity program "BYHEALTH Intelligence Bureau." To understand the employees' satisfaction with the Company's operation, the Company carries out employees' satisfaction survey every year, and makes targeted improvement and optimization to the problems proposed.



▲ Employee Activity

Health and Safety of Employees



▲ Occupational Health and Safety Management System Certificate of BYHEALTH

Health and Safety Management System

BYHEALTH adheres to the occupational health and safety management policy of "People-oriented, Cherishing Life, Vigilant in prosperity, and Beware of Land Mines," and has always regarded the protection of employees' health and safety as the top priority of the Company's safety management. It spares no effort to pursue the goal of "zero accidents." The Company strictly abides by laws and regulations like the *Work Safety Law of the People's Republic of China*, the *Fire Protection 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*. It continuously optimizes and improves the occupational health and safety management system and all kinds of emergency management plans. The Company has garnered the certification of GB/T 45001-2020/ISO 45001:2018 Occupational Health and Safety Management System.

To effectively implement health and safety management and realize the safety responsibility of all staff, the Company has set up the Safety and Environmental Protection Department, responsible for the management and implementation of occupational health and safety protection. The Company has also established the *Environmental Occupational Health and Safety Target Indicator and Program Management Procedures*, the *Work Safety Responsibility System*, etc. to complete the list of duties. It also made staff at each level sign the work safety responsibility agreement to specify the respective scope of responsibility. It aims to ensure the development of the Company's internal work safety in compliance with the standardized system.

Work Safety

Employees are deemed as the Company's greatest asset. BYHEALTH always adheres to the principle of "Employees' Life Safety First" and strictly follows the laws, regulations, standards and other requirements of the country in which the Company operates. It formulates systems such as the *Environmental and Occupational Health and Safety Management Manual*, the *Standardized Work Safety Management System*, and the *Hazardous Sources Identification and Risk Evaluation and Control Procedures*. The Company continues to carry out safety management, optimizing all kinds of emergency management plans, and forms the normal mechanism of safety management to comprehensively ensure a safe working environment for employees.

In accordance with the *Hazardous Sources Identification and Risk Evaluation and Control Procedures*, the Company conducts regular safety

risk assessment, forms the *List of Unacceptable Risks*, and identifies the dangerous sources of occupational health and safety within the Company. It formulates risk prevention and control programs as well as emergency response plans for accidents. To effectively implement work safety control, the Company regularly carries out various types of safety inspections, promptly identifies and rectifies potential safety hazards. It regularly organizes safety emergency drills to find out problems in the emergency response plan by simulating the scene of accidents, and then continuously improves the emergency response plan.

In 2023, there were no work safety accidents or fatalities. The rectification rate of the Company's potential hazards related to EHS was 100%. No EHS incidents attracting public attention that had a significant negative impact on the Company. The Company conducted 3 emergency drills, and the departments

performed 66 emergency drills with the attendance reaching more than 1,000 times.

BYHEALTH vigorously promotes the construction of a safety culture, and organizes work safety training in a combination of online and offline methods. To ensure that employees fully master safety skills, the Company conducts random monthly tests on work safety knowledge and skills, and regularly analyzes statistics on safety training and examinations in each department. The Company actively creates a safety culture in daily publicity, holds "Work Safety Month" activities, enhances the safety awareness of employees through slogans on the electronic screen, safety knowledge contests, safety essay contests, safety micro-video contests, emergency maps, etc. In 2023, the Company set up and perfected the Safety Education Institute, which provides systematic staff safety training with more than 1,000 participants.



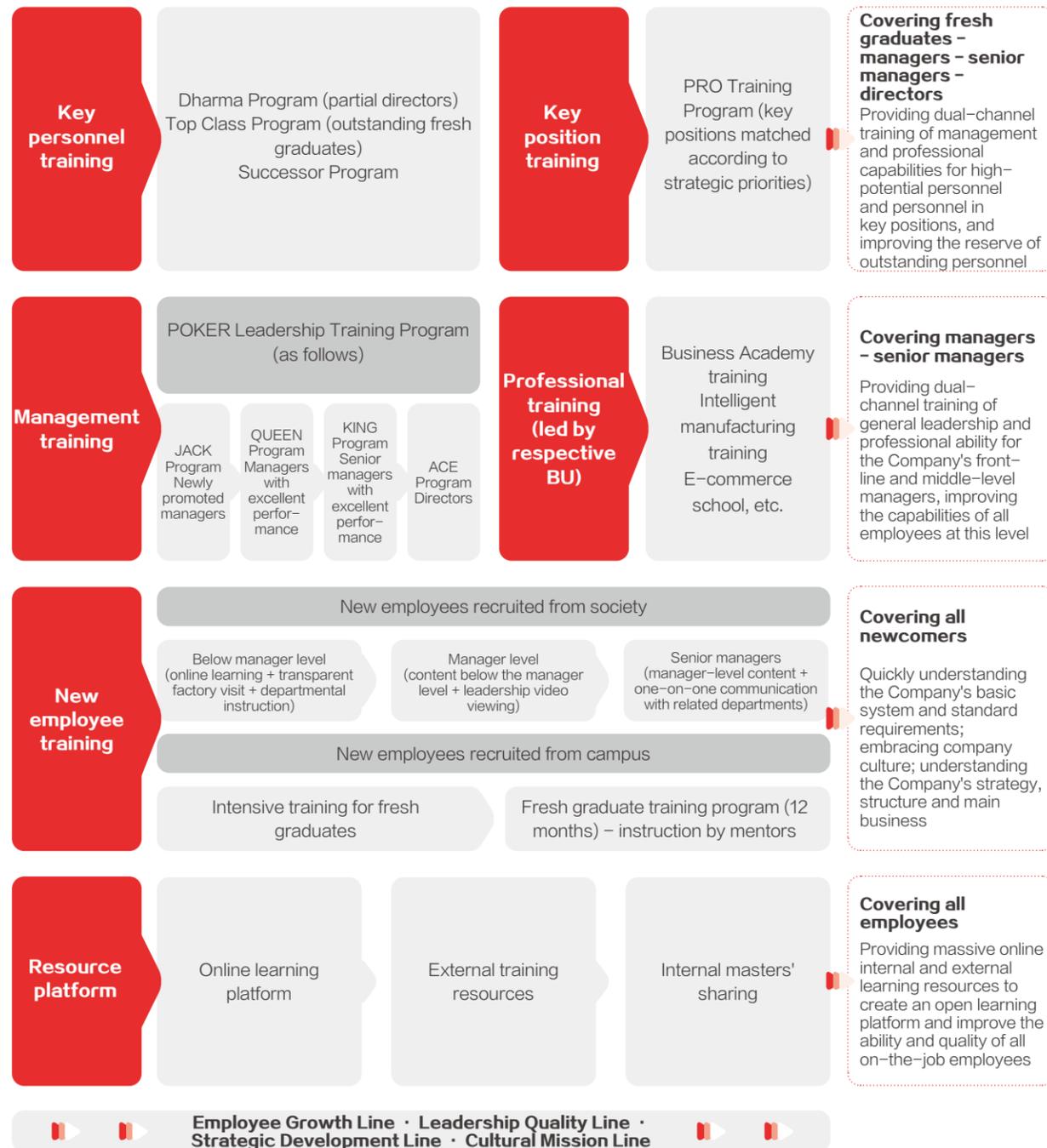
▲ Monthly Safety Education Training

Training and Development of Employees

Employee Training

The Company hopes to customize the corresponding training programs to support the growth of employees at different stages according to the abilities required. The Company continuously improves the employee training system, and sets up a training strategy consistent with the Company's development strategy. It forms a perfect training system consisting of five categories: key personnel training, key position training, management training, professional training, and new employee training, which provides the Company with sustainable driving force. The Company provides employees with equal and high-quality learning opportunities and resources through the online learning platform T+ Learning Community, external training resources, and internal masters' sharing. It strives to promote employees' personal growth and boost the Company's sustainable business development.

| BYHEALTH Talent Training System |



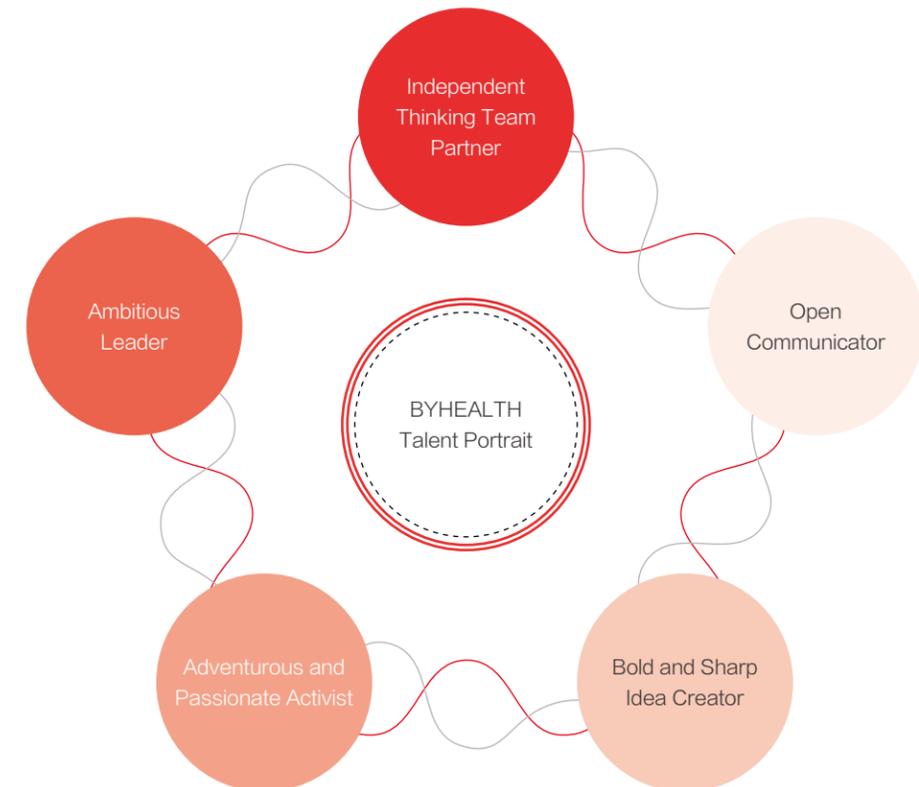
Leadership Development Ladder for Managers

Managers' leadership is of great significance in the process of corporate development. BYHEALTH has established a leadership training system for all levels, with quality assessment as the base, covering four types of special leadership training programs for newly promoted managers, manager level, senior manager level, and director level and above. The purpose is to form the Company's managers' leadership development pyramid.



Development of Employees

To introduce high-quality talents to support the Company's development, BYHEALTH has developed a "Young Talent Portrait" for identifying outstanding talents. It actively carries out school-enterprise cooperation, participates in employment activities organized by colleges and universities, and cooperates in the cultivation of talents.





The Company actively promotes school-enterprise cooperation and the organic combination of resources from various parties to jointly explore the new mode of talent cultivation, scientific research cooperation and healthy development based on the new VDS cycle. As of the end of 2023, the Company had established employment and entrepreneurship practice bases with more than ten domestic institutions such as South China University of Technology, Sun Yat-sen University, Wuhan University, Huazhong Agricultural University, Huazhong University of Science and Technology, China Pharmaceutical University, China Agricultural University, Nanjing Agricultural University, etc. These bases lay the foundation for cooperation on career lectures, corporate study tours, and sharing sessions on industry trends.

▲ The First Offline Lecture on Campus Recruitment in 2024

In 2023, BYHEALTH upgraded its program of management trainees recruited from campus to include the "BYHEALTH Trainee Program" and the "BYHEALTH Management Trainee Program." The "BYHEALTH Trainee Program" is tailored to the front-line and middle-level backbones in various professional fields, with focus on research in the professional fields. The "BYHEALTH Management Trainee Program" aims to attract outstanding graduates with leadership potential and a global perspective, and cultivate them into future general leaders and future leaders in various professional fields of the BYHEALTH Group.

To attract, retain and motivate outstanding talents of all types, BYHEALTH has established a remuneration incentive system and a performance management system which are both internally fair and externally competitive. In line with the Company's overall development strategy, BYHEALTH organically links the performance of the Company, its departments, teams and individuals, and carries out performance appraisals and job promotion management in a fair and open manner.

The Company provides employees with dual channels for management and professional development, and has formulated the *Talent Development Rules, Systems and Procedures* to standardize the training system for various types of talents as well as the selection of outstanding employees, annual training planning, interpretation of corporate culture, etc. It intends to provide a strong guarantee for the professional growth and development of employees. The Company organizes annual talent inventory to identify high potential talents in each position of the Company, formulate and implement targeted training plans. Up to now, the Company has developed special promotion and development channels like the Top Class Program, Dharma Program, Successor Program, etc., in accordance with the characteristics of different personnel and positions, providing independent promotion opportunities for the top-ranked employees in the program.

◆ "Top Class" Growth Program of BYHEALTH Talents

The Company has opened up the "Top Class Program" for fresh graduates, which is a one-and-a-half-year special training program and promotion channel.

Employees need to get at least one B or above in semi-annual performance appraisal, meet the Company's "Young Talent Portrait" requirement, demonstrate the potential and willingness to manage, to be selected into the "Top Class Program." Each business line of the Company can screen up to the top 20% of fresh graduates into the "Top Class Program" with job guidance, performance counseling, initial leadership training, sand table workshop training courses. An evaluation committee composed of coaches, mentors, and HR will rate the quality, ability, and leadership potential of the employees participating in the program. Employees with an excellent or outstanding comprehensive evaluation result can be promoted. Employees who score in the top 10% of the final evaluation and have achieved outstanding result at least once can be promoted directly.

Equity and Inclusion

BYHEALTH adheres to the principle of equal employment and strives to create a diverse, equal, creative and inclusive working environment. The Company strictly prohibits all discriminatory behaviors based on nationality, region, race, ethnicity, gender, age and other factors, and fully ensures that employees enjoy equal rights in recruitment, hiring, remuneration and benefits, training, promotion, etc.

The Company pays attention to the expression and realization of the rights and interests of female employees. The Company not only provides maternity leave, breastfeeding leave and childcare leave in accordance with local regulations, but also provides pregnant employees with a special dining area in the restaurant, a baby care room as well as maternity gift packs. The company treats female employees with fairness in terms of returning to work after childbirth and career development. In 2023, BYHEALTH employed 1,951 female employees, accounting for about 54% of total employees.

The Company employs disabled employees on an equal basis and provides them with suitable jobs and working conditions. BYHEALTH allows them to enjoy all benefits on an equal footing with ordinary employees. As of the end of the reporting period, the Company had 13 disabled employees.



▲ BYHEALTH was honored the DEI Employer Award 2023 issued by the Employer Branding Institute

Key Performance Indicators

Environmental

Indicator	2021	2022	2023
Natural gas consumption (m ³)	46,066	50,548	101,238
Diesel consumption (L)	21,427.6	32,587.99	35,597.86
Gasoline consumption (L)	134,636.85	104,710.82	141,241.81
Electricity consumption (kWh)	28,779,597	33,430,738	40,019,705
PV electricity consumption (kWh)	1,379,731	1,314,914	1,283,320
Steam consumption (t)	20,424	26,859	31,593
Water consumption (t)	296,138	328,371	436,579
Amount of water saved (t)	176,618	44,486	36,620
Wastewater amount (t)	171,268	110,136	96,748
Total amount of VOCs discharged (t)	N/A	N/A	N/A
Total solid waste (t)	960	816.042	1,150.151
Total amount of hazardous waste (t)	14.458	16.12	16.476
Scope 1 carbon emissions (t CO ₂ e)	—	1,214.15	N/A
Scope 2 carbon emissions (t CO ₂ e)	—	18,733.23	N/A
Scope 3 carbon emissions (t CO ₂ e)	—	208,663.74	N/A

Governance

Indicator	2021	2022	2023
Number of Board of Directors members (persons)	7	7	7
Number of females in the Board of Directors (persons)	0	0	0
Percentage of females in the Board of Directors (%)	0	0	0
Number of independent directors in the Board of Directors (persons)	3	3	3
Percentage of independent directors in the Board of Directors (%)	42.86%	42.86%	42.86%
Number of employee directors in the Board of Directors (persons)	0	0	0
Number of employee representatives in the Board of Supervisors (persons)	2	2	2
Times of general meeting of shareholders (times)	1	1	2
Times of meetings of the Board of Directors (times)	7	7	7
Times of meetings of the Board of Supervisors (times)	6	6	5
Times of meetings of various specialized committees of the Board of Directors (times)	9	9	13
Number of corruption incidents (incidents)	—	4	4
Times of anti-corruption training (times)	—	3	7
Total number of hours of anti-corruption training (hours)	—	3	12
Number of employees covered by anti-corruption training (persons)	—	3,570	3,590
Proportion of employees covered by anti-corruption training (%)	—	99%	99%

Social

Indicator	2021	2022	2023
Number of employees of BYHEALTH Group (persons)	3,888	3,602	3,745
Number of employees of BYHEALTH Co., Ltd. (persons)	1,141	1,288	1,452
Employee education structure – proportion of employees with bachelor's degree (%)	47.27%	50.11%	50.60%
Employee education structure – proportion of employees with master's degree and above (%)	8.49%	9.38%	10.49%
Employee education structure – proportion of employees with other educational qualifications (%)	44.24%	40.51%	38.91%
Number of new employees recruited (persons)	—	—	805
Employee turnover rate (%)	—	—	17.87%
Number of disabled employees (persons)	12	12	13
Total attendance of employee training of BYHEALTH Co., Ltd. (persons)	303	273	292
Total female attendance of employee training of BYHEALTH Co., Ltd. (persons)	245	200	209
Total male attendance of employee training of BYHEALTH Co., Ltd. (persons)	58	73	83
BYHEALTH's total employee training hours (hours)	320	136	200
BYHEALTH's average employee training hours (hours)	8	8	8
Amount invested in employee training by BYHEALTH Co., Ltd.(RMB 10,000)	70	32	45
Number of work-related deaths (persons)	0	0	0
Number of people slightly injured at work (persons)	0	0	0
Number of people seriously injured at work (persons)	0	0	0
Number of recordable work-related injuries (incidents)	0	1	4
Patients with occupational diseases (persons)	0	0	0
Occupational health examination rate (%)	100	100	100
Rate of special operations personnel with certificate for work (%)	100	100	100
Qualified rate of annual inspection of special equipment (%)	100	100	100
Investment in work safety (RMB 10,000)	234	233	333
Times of work safety training (times)	24	25	21
Total hours of work safety training (hours)	180	215	212
Total attendance of work safety training (persons)	7,974	9,103	10,195
Times of emergency drills (times)	63	56	69
Total investment in R&D (RMB 10,000)	15,029.89	15,849.73	17,933.31
Proportion of R&D expenses to revenue (%)	2.02	2.02	1.91
Number of R&D employees (persons)	317	286	301
Proportion of R&D employees (%)	8.15	7.94	8.04
Number of patents for inventions (patents)	14	22	27
Number of utility model patents (patents)	13	9	10
Number of design patents (patents)	32	30	26

Index of GRI Indicators

GRI Standards	Disclosure	Section	Page
GRI 2: General Disclosures			
2-1	Organizational details	About BYHEALTH	5,6
2-2	Entities included in the organization's sustainability reporting	About the Report	Inside front cover
2-3	Reporting period, frequency and contact point	About the Report	Inside front cover
2-6	Activities, value chain and other business relationships	About BYHEALTH; Supplier Management; Empowering Brand Service Providers; Global Raw Materials	5,7,24,38
2-7	Employees	Key Performance Indicators	58
2-9	Governance structure and composition	Governance of Board of Directors	27
2-10	Nomination and selection of the highest governing body	Governance of Board of Directors	27
2-12	Role of the highest governance body in overseeing the management of impacts	Enhancement of Governance Foundation	27
2-13	Delegation of responsibility for managing impacts	Enhancement of Governance Foundation	27,28
2-15	Conflict of interest	Business Ethics	29
2-16	Communication of critical concerns	Analysis of Material Topics and Enhancement of Governance Foundation	9,10,28
2-17	Collective knowledge of the highest governance body	Responsibility Management; Enhancement of Governance Foundation	9,10,27
2-19	Remuneration policies	Employees' Rights, Interest, and Welfare	51
2-22	Statement on sustainable development strategy	Responsibility Management	9
2-25	Processes to remediate negative impacts	Business Ethics	29
2-26	Mechanisms for seeking advice and raising concerns	Message from CEO; Stakeholder Communication	2,10
2-27	Compliance with laws and regulations	Responsibility Management; Compliance Management	9,29
2-28	Membership associations	Industry Development	23
2-29	Approach to stakeholder engagement	Communication with Stakeholders	10
GRI 3: Material Topics			
3-1	Process to determine material topics	Responsibility Management	9
3-2	List of material topics	Responsibility Management	9
GRI 201: Economic Performance			
3-3	Management of material topics	Message from CEO	2
201-1	Direct economic value generated and distributed	Message from CEO; Protecting the Rights and Interests of Investors	1,28
201-3	Defined benefit plan obligations and other retirement plans	Employees' Rights, Interest, and Welfare	51
GRI 202: Market Performance			
3-3	Management of material topics	Message from CEO; Industry Leader	2,22
GRI 203: Indirect Economic Impacts			
3-3	Management of material topics	Public Welfare Practitioner	44-48
203-1	Infrastructure investments and services supported	Supporting Education Development	47,48
203-2	Significant indirect economic impacts	Industry Development; Public Welfare Practitioner	22-24,44-48
GRI 204: Procurement Practices			
3-3	Management of material topics	Supplier Management	24
GRI 205: Anti-corruption			
3-3	Management of material topics	Business Ethics	29
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics	29
GRI 206: Anti-competitive Behavior			
3-3	Management of material topics	Business Ethics	29
GRI 301: Materials			
3-3	Management of material topics	Global Raw Materials	38
301-3	Reclaimed products and their packaging materials	Promotion of Green Packaging	17
GRI 302: Energy			
3-3	Management of material topics	Energy Management	14
302-1	Energy consumption within the organization	Key Performance Indicators	57
302-4	Reduction of energy consumption	Energy Management	14
302-5	Reductions in energy requirements of products and services	Energy Management	14
GRI 303: Water and Effluents			
3-3	Management of material topics	Management of Wastewater, Exhaust Gas, and Solid Waste	15
303-1	Interactions with water as a shared resource	Management of Wastewater, Exhaust Gas, and Solid Waste	15
303-2	Management of water discharge-related impacts	Management of Wastewater, Exhaust Gas, and Solid Waste	15
303-3	Water withdrawal	Key Performance Indicators	57
303-4	Water discharge	Key Performance Indicators	57

GRI Standards	Disclosure	Section	Page
GRI 305: Emissions			
3-3	Management of material topics	Carbon Emission Management	13
305-1	Direct (Scope 1) GHG emissions	Key Performance Indicators	57
305-2	Energy indirect (Scope 2) GHG emissions	Key Performance Indicators	57
305-3	Other indirect (Scope 3) GHG emissions	Key Performance Indicators	57
GRI 306: Waste			
3-3	Management of material topics	Management of Wastewater, Exhaust Gas, and Solid Waste	15
306-1	Waste production and its significant impacts	Management of Wastewater, Exhaust Gas, and Solid Waste	15
306-2	Management of waste-related significant impacts	Management of Wastewater, Exhaust Gas, and Solid Waste	15
306-3	Wastes produced	Key Performance Indicators	57
GRI 308: Supplier Environmental Assessment			
3-3	Management of material topics	Supplier Management	24
308-1	New suppliers that were screened using environmental criteria	Supplier Management	24
GRI 401: Employment			
3-3	Management of material topics	Employees' Rights, Interest, and Welfare	51
401-1	New employee hires and employee turnover	Key Performance Indicators	58
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees' Rights, Interest, and Welfare	51
401-3	Childcare leave	Equality and Inclusion	56
GRI 402: Labor/Management Relations			
3-3	Management of material topics	Employees' Rights, Interest, and Welfare	51
GRI 403: Occupational Health and Safety			
3-3	Management of material topics	Health and Safety of Employees	51,52
403-1	Occupational health and safety management system	Health and Safety of Employees	51
403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety of Employees	51,52
403-3	Occupational health services	Health and Safety of Employees	51,52
403-5	Worker training on occupational health and safety	Health and Safety of Employees	52
403-6	Promotion of worker health	Health and Safety of Employees; Employees' Rights, Interest, and Welfare	51,52
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety of Employees	52
403-9	Work-related injuries	Key Performance Indicators	58
403-10	Work-related health issues	Health and Safety of Employees	51,52
GRI 404: Training and Education			
3-3	Management of material topics	Training and Development of Employees	53-56
404-1	Average hours of training per year per employee	Key Performance Indicators	58
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development of Employees	53-56
GRI 405: Diversity and Equal Opportunity			
3-3	Management of material topics	Equity and Inclusion	56
405-1	Diversity of governance bodies and employees	Equity and Inclusion	56
GRI 408: Child Labor			
3-3	Management of material topics	Employees' Rights, Interest, and Welfare	51
GRI 409: Forced or Compulsory Labor			
3-3	Management of material topics	Employees' Rights, Interest, and Welfare	51
GRI 413: Local Communities			
3-3	Management of material topics	Public Welfare Practitioner	44-48
GRI 414: Supplier Social Assessment			
3-3	Management of material topics	Supplier Management	24
414-1	New suppliers that were screened using social criteria	Supplier Management	24
GRI 416: Customer Health and Safety			
3-3	Management of material topics	Nutrition Science Advocate	32-42
416-1	Assessment of the health and safety impacts of product and service categories	Strict Control of Product Quality; Consumer Experience; Nutrition Counseling	40-42

