

雅迪集團控股有限公司

YADEA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1585



2023

**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT**

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

Yadea Group Holdings Ltd. (“**Yadea**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to present its 7th Environmental, Social and Governance (“**ESG**”) report (hereinafter referred to as the “**ESG Report**” or the “**Report**”). The purpose of the Report is to provide an overview of the Group’s ESG efforts and performance in 2023, and to respond to the material issues concerned by key stakeholders.

1.1 Scope of Reporting

The Report covers the ESG-related management and performance of the Company and its subsidiaries (covering seven electric vehicle and related accessories production bases in Jiangsu, Zhejiang, Tianjin, Guangdong, Anhui, Chongqing and Vietnam respectively, and one battery production base in Anhui, being the Group’s principal operating location) from 1 January 2023 to 31 December 2023 (hereinafter referred to as the “**Reporting Period**”, the “**Year**” or “**2023**”).

In order to enhance the integrity of the Report, the time spans of part of the content trace forward or extend beyond (as appropriate) the Reporting Period. Huayu New Energy Technology Co., Ltd. (former name: Jieshou City Nandu Huayu Power Co., Ltd.) and Jieshou Huayu New Energy Sales Co., Ltd. (former name: Zhejiang Changxing Nandu Power Co., Ltd.) (collectively, “**Huayu**”) was acquired by the Group and became an indirect wholly-owned subsidiary in 2022. In addition, the new plant in Chongqing production base was put into official operation. Therefore, Huayu and Chongqing production base were officially included in the scope of the Report since 2022.

1.2 Basis of Preparation

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “**ESG Reporting Guide**”) set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Stock Exchange**”) issued by the Stock Exchange. The Report has complied with the “Mandatory Disclosure Requirements” and “Comply or Explain” provisions set out in the ESG Reporting Guide.

The following reporting principles have been applied in the preparation of the Report with reference to the ESG Reporting Guide:

Materiality	The Group identifies key stakeholders and determines the material ESG issues through stakeholder engagement and materiality assessment as the key disclosure content of the Report, so as to focus on the ESG issues that stakeholders are most concerned about.
Quantitative	The Report discloses key performance indicators on environmental and social aspects in quantitative terms as far as possible, and explains the standards, methods and reference sources of relevant data statistics and calculations.
Balance	The Report follows the balance principle to present the Group’s ESG performance and management status in an objective way.
Consistency	Unless otherwise stated, the data statistics and calculation methods used in the Report are consistent with the 2022 ESG Report, enabling meaningful comparisons with data of the previous year.

Meanwhile, the Report has made reference to the Task Force on Climate-related Financial Disclosures (“**TCFD**”) Recommendations (“**TCFD Recommendations**”) issued by the TCFD and the “Sustainability Reporting Standards of the Global Reporting Initiative” (the “**GRI Standards**”).

The content index of the “ESG Reporting Guide” and the “GRI Standards” is set out in the Appendix to the Report.



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1.3 Statement of Report

The information contained herein is sourced from official documents and statistical reports of the Group. The board of directors of the Company (the “**Board**”) is responsible for the authenticity and effectiveness of the information contained in the Report and ensures that there is no false record or misleading description in the content. The Report has been reviewed and approved by the Board in March 2024.

In order to have a comprehensive understanding of the Group’s ESG performance, the Report should be read in conjunction with the section headed “Corporate Governance Report” in the “2023 Annual Report of Yadea Group Holdings Ltd.”

1.4 Form of Publication

The Report is published in traditional Chinese and English. Where there is any discrepancy between the two versions, the traditional Chinese version shall prevail. The Report can be viewed and downloaded from the Stock Exchange’s website and Yadea’s official website (www.yadea.com.cn).

1.5 Feedback

Thank you for reading the Report. The Group attaches great importance to the opinions and feedback of stakeholders, and on this basis, continuously enhances the Group’s ESG management and performance and improves the disclosure level of the Report. Where there is any opinion and feedback, please feel free to contact the Group through the following means:

Email: brand@yadea.com.cn

Address: No. 515 Xishan Avenue, Xishan District, Wuxi, Jiangsu Province, China

2. ESG HIGHLIGHTS

2.1 Summary of Performance in 2023

For years, Yadea has been committed to continuously improving its performance in the ESG aspects. During the Reporting Period, we paid close attention to the international and domestic macro trends and the dynamics of capital markets, and actively complied with and responded to the requirements of governmental and regulatory authorities as well as the expectations of a variety of stakeholders on our sustainable development. In order to realise ESG governance in a systematic and scientific manner, we rationally allocated resources and carried out a series of ESG governance works, including, but not limited to, stakeholder engagement and materiality assessments, analysis on ESG and climate risks and the setting and tracking of ESG targets.

Comprehensive Stakeholder Engagement and Materiality Assessment

Yadea completed a materiality assessment during the Year and a total of 14 “very important” ESG issues were identified as material issues of the Group, and targeted disclosures and responses were made in the ESG Report.

Qualitative Analysis on Climate Change and Review of Risk Assessment

We conducted a climate scenario (qualitative) analysis for the first time, and carried out a comprehensive review on physical risks (including acute risks and chronic risks) and transformation risks (including policy and legal risks, technology risks, market risks, reputation risks, etc.) brought by climate changes and 4 climate change risks were identified as the most important.

Review of ESG Risk Assessment

Based on analysis of major international and domestic trends, peer benchmarkings and internal investigations, a total of 4 “high” ESG risks were reviewed, including 1 environmental risk and 3 social risks.

Review on Progress of Environmental ESG Target

We benchmarked the best practices of domestic and foreign players in the industry as well as the target policies of other nations and regions, and also reviewed and updated the progress of environmental ESG targets set in previous years after taking the actual business development into consideration.



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3. SUSTAINABILITY MANAGEMENT

UNSDG involved in this section:



3.1 ESG Governance

The Group is committed to integrating ESG concepts into its overall strategic development. In terms of corporate governance, we have established the scope of corporate ESG governance, further established an ESG risk management mechanism and set ESG targets to facilitate an on-going improvement in the governance structure of sustainable development, thus laying the foundation for enhancing the Group's governance on sustainable development.

The Board is the highest body responsible for Yadea's sustainable development issues, which comprehensively supervises the Group's ESG governance issues. The Board establishes the ESG Committee, responsible for the management and decision-making of ESG-related issues of the Group. Without prejudice to any provision of the Corporate Governance Code, the ESG Committee, after taking external ESG trends into consideration, guides, reviews, and adjusts the development of the Group's ESG management policies and strategies to ensure that they are up-to-date and practical. The ESG Committee leads and participates in the identification, assessment, determination and review of the Group's ESG issues, as well as the identification and assessment of ESG risks related to the Group, and also provides suggestions to relevant departments on risk responses to ensure the implementation and improvement of appropriate and effective ESG risk management and internal monitoring systems. Meanwhile, the ESG Committee is responsible for monitoring the development and implementation of the Group's ESG targets, including: (1) setting the Group's ESG management performance targets; (2) reviewing the progress of achieving the targets, and providing recommendations on the actions required to achieve the targets; and (3) evaluating and reviewing the reflection and consistency of the Group's ESG targets and plans in specific business strategies and plans. In addition, the ESG Committee is also responsible for reviewing the Group's annual "ESG Report" and other ESG-related disclosure information, making timely recommendations to the Board and developing a reporting and whistleblowing system for ESG-related risks in the Group and relevant reward and punishment measures. Under the leadership of the Board, the Group strictly adheres to the laws, regulations and management regulations applicable to the location of its business operations in the decision-making process of major ESG-related issues. At the same time, in accordance with international and domestic laws, regulations, industry standards, and best practices, relevant internal articles of association, policies, and procedures are formulated to continuously improve the standard of ESG governance and compliance.

In order to further improve the sustainable development management level of the Group, an ESG Working Group was set up under the ESG Committee, which is responsible for implementing the specific works of ESG management under the guidance of the ESG Committee. The ESG Working Group is composed of one representative from each of the first level organisational departments of the Group, and its specific responsibilities include:

- Develop and implement specific ESG work plans in accordance with the ESG management policies, strategies and objectives of the Group;
- Regularly collect and analyse ESG performance data, and submit it to the ESG Committee for review, enabling it to understand the progress of ESG management performance targets of the Group;
- Continuously monitor ESG-related risk events and promptly report to the ESG Committee for relevant countermeasures;
- Cooperate with the internal audit department to investigate and handle ESG-related individual cases;
- Assist in preparing the annual ESG report of the Group and submit it to the ESG Committee and the Board for review and approval;
- Submit other materials necessary for the ESG Committee and the Board to make ESG decisions.



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3.2 ESG Risk Management

In order to further improve the standard of the Group’s ESG governance, the Group reviewed material ESG-related risks based on the pool of ESG risks for 2022 with reference to the macro trend of ESG development in the international market after taking the features of the sector and the specific situation of its own into consideration, thereby providing an important reference for corresponding improvement of ESG management in the future.

The Group’s ESG risks are classified into five levels from “very low” to “very high”, of which a total of 4 ESG risks are at “high” level, 10 ESG risks are at “medium” level and 1 ESG risk is at “low” level. ESG risks at “high” level and relevant corresponding management measures are as follows:

ESG Risk	Risk Description	Management Measure
Supply Chain Management	An unstable supply chain will affect the production and operation of enterprises and even cause business interruptions.	<ul style="list-style-type: none"> • Formulate unified standards and procedures to regulate the procurement and supplier management of each production base, and enable strict supervision on these aspects; • Regularly visit and inspect suppliers, and investigate and understand the situation and collect samples; • Manage suppliers in a systematic way, effectively monitor suppliers’ data in relation to authorisations, bidding processes, signing of procurement agreements and comment records; • Encourage suppliers to obtain certifications of environmental protection, quality management and occupational health and safety management systems.



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ESG Risk	Risk Description	Management Measure
New Technologies or Inventions	New technologies, including but not limited to, digitalisation, automation, new materials or any other innovations in the value chain of electric two-wheeled vehicles, may lead to reduced demand for certain existing traditional products and services.	<ul style="list-style-type: none"> Set up a “cross-departmental team” to enable “Integrated Product Development (“IPD”) training, research and reform, and establish a “Strategy + IPD + Incentive” project; Formulate an assessment mechanism for project management and provide specific bonus to encourage technology development; Offer monetary reward for patents, commercialisation of filed achievements and award-winning projects; Raise the awareness of patent protection by communicating with the Science and Technology Bureau and judicial protection agencies, holding training sessions for intellectual property protection and publicising cases of intellectual property protection.
Corporate Reputation	The success of an enterprise depends on the strength of its brand name. Where it is unable to maintain and enhance its own brand name, its operation and business will be affected.	<ul style="list-style-type: none"> Formulate various internal policies on ESG aspects, strictly abide by various laws and regulations to avoid violations of laws and regulations and prevent any damage to the corporate reputation; Anti-corruption: advocate knowledge of anti-corruption, strengthen training on anti-corruption, improve employees’ awareness of anti-corruption and improve the internal whistleblowing mechanism; Product quality: develop a variety of internal inspection standards and strictly review promotional materials in accordance with the “Application of Advertising System” Health and safety: develop the “Measures for the Administration of Work Safety” and other systems to improve the management of work safety; Consumer rights and interests: formulate the “Customer Complaint Management Measures” to strengthen the management of distributors and to ensure that they have sound sales and customer service capabilities; Environmental protection: pass all regular inspections by local environmental protection authorities to ensure that the emission of pollutants meets the discharge standards.



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ESG Risk	Risk Description	Management Measure
Natural Resource Crisis	The production and operation of an enterprise directly or indirectly rely on the development and utilisation of natural resources. The global natural resource crisis caused by excessive exploitation and improper disposal of minerals, water and other natural resources by human beings may lead to an increase in corporate costs or even business interruptions.	<ul style="list-style-type: none"> • Develop a new generation of TTFAR evergreen graphene battery, which improves product performance and quality compared to ordinary lead-acid batteries, prolongs service life, and thereby reduces the lead usage and carbon emissions of electric two-wheeled vehicles in their entire life cycle; • Adopt water-saving equipment, diagnose abnormal water consumption problems, promote water recycling and promote water – saving campaigns; • Regularly inspect power distribution stations, evaluate the electricity consumption of new equipment and use air conditioners in a reasonable way; • Replace traditional forklifts in workshops with electric forklifts every year to encourage green travel; • Continue to promote and consider the introduction of new energy, such as photovoltaic power.

3.3 ESG Target Management

With reference to its ESG targets set up in 2022, the Group continued to monitor the progress of its ESG strategies. During the Reporting Period, we evaluated the progress of each production base in achieving ESG targets and continued to review our own performance based on the established targets. For details, please refer to the table below.



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Target Areas	Specific Objectives	Progress of Achieving Targets	Action Records
Reduction of Air Pollutant Emissions	Improve the exhaust treatment and recycling technology and equipment	In progress	<ul style="list-style-type: none"> • Use advanced production processes such as closed automation systems in spray painting, etc; • Inspect and maintain equipment on a monthly basis; • Continuously improve the performance of electric bicycles, focus on the development of products with lower energy consumption, longer range and battery life.
	Accelerate energy transformation and reduce the proportion of heavily polluting energy	In progress	<ul style="list-style-type: none"> • Use natural gas in the production and manufacturing process; • Add and put into use a new photovoltaic power generation project in the Anhui base.



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Target Areas	Specific Objectives	Progress of Achieving Targets	Action Records
Reduction of Greenhouse Gas (“GHG”) Emissions	Reduce direct (Scope 1) GHG emissions	In progress	<ul style="list-style-type: none"> Maintain and repair official vehicles on a regular basis, purchase new energy electric vehicles to replace fuel-powered vehicles for the Zhejiang base, manage the frequency of use based on actual needs sensibly, and gradually replace all vehicles with electric vehicles; Use electricity or natural gas as the source of power for the production bases; Adopt roof light in the plants in Anhui base with higher ventilation rate.
	Reduce indirect (Scope 2) GHG emissions	In progress	<ul style="list-style-type: none"> Put intelligent energy consumption monitoring systems in place in production bases in Wuxi, Zhejiang, and Anhui to identify and repair timely abnormal power-consuming equipment; other bases will follow suit; Keep abreast of the latest information on energy-saving equipment, and give priority to the most advanced energy-saving equipment and processes when replacing equipment.
	Reduce indirect (Scope 3) GHG emissions	In progress	<ul style="list-style-type: none"> Put in place online systems such as WeCom and OA, promote paperless office, and continue to promote other office systems; Promote to all employees that the Wuxi base uses buses to pick up from and drop off to the company at public transportation gathering points; Use Yealink Video Conferencing System and Tencent Meeting & VooV Meeting to realize online meetings; Optimize the delivery of incoming materials and finished products, adopt centralized transportation, reduce the number and use of vehicles, and reduce carbon emissions in the logistics process.



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Target Areas	Specific Objectives	Progress of Achieving Targets	Action Records
Promotion of Carbon Offsetting Measures	Improve the greening rate of factories	In progress	<ul style="list-style-type: none"> Organised and carried out tree planting activities in the Guangdong base.
Improvement of Energy Efficiency	Reduce energy consumption	In progress	<ul style="list-style-type: none"> Improve the management system over the use of water, electricity and air conditioning; use energy-saving lightings; Educate all staff to turn off all power before they leave office area; Use smart water and electricity meters in the production bases.
Increase of Usage of Renewable Energy	Increase the percentage of renewable energy in total electricity consumption to 50%	In progress	<ul style="list-style-type: none"> Completed and put into operation a photovoltaic power generation project in Anhui.
Reduction of Waste Discharge	Reduce non-hazardous waste (domestic waste, kitchen waste, construction waste, etc.)	In progress	<ul style="list-style-type: none"> Replace part of the incoming paper packaging or plastic packaging with reusable ones to encourage recycling.
	Proper disposal of hazardous waste (solvents, waste thinner, paint residue, waste activated carbon, sludge, etc.)	In progress	<ul style="list-style-type: none"> Optimize the treatment process of hazardous waste generated by electrophoresis, painting and other processes, and continue to optimize the process through subsequent technological reform; Label all harmful wastes and stored in specialty warehouses; Enter into a treatment contract with qualified treatment services providers, regularly liaise with such providers on the disposal of hazardous waste, and file in the national hazardous waste management system.
	Develop a circular economy and increase the waste recycling and reuse rate of waste	In progress	<ul style="list-style-type: none"> Allocate classified recycling boxes in the production bases to promote reuse of resources.



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Target Areas	Specific Objectives	Progress of Achieving Targets	Action Records
Improvement of Water Efficiency	Save water and control total water consumption	In progress	<ul style="list-style-type: none"> Put in place an online report system in the Wuxi base for timely maintenance; installed sensor flushing equipment in washrooms, and constantly educate staff on water-saving; Provide regular training sessions on water-saving; Identify departments with heavy water consumption, install water meters, set water consumption indicators and assess water consumption; Use monitoring platforms such as smart water meters and smart meters in the production bases.
	Reduce wastewater discharge and increase the recycling rate of wastewater	In progress	<ul style="list-style-type: none"> Use condensate water recycling technology in the Zhejiang base; Set up spray rooms for spray painting process for localized recycling with the external use of recycling pools for recycling in a wider context; recycle water used in the electrophoresis process; Use electrophoretic paint for iron part coating.

In the future, the Board will also continue to regularly review the progress of achieving the targets and make disclosures.



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3.4 Stakeholder Engagement

The Group has been actively maintaining good relationships with its stakeholders. We hope to effectively promote the Group's sustainable development by establishing effective and comprehensive communication channels to understand the expectations and suggestions of stakeholders and examine potential risks and opportunities ESG-related issues.

Type of Stakeholders	Communication Modes	Expectations and Demands	Follow-up Actions
Government and Regulatory Authorities	<ul style="list-style-type: none"> • Policies and guidelines • Inspections, appraisals and supervision • Regular communications and information disclosures 	<ul style="list-style-type: none"> • Regulatory compliance • Tax payment according to laws • Stable operation • Employment opportunities 	<ul style="list-style-type: none"> • Strictly abide by laws and regulations of China and implement compliance works • Promote employment and local economic development • Actively cooperate with regulatory authorities • Tax payment according to laws
Shareholders and Investors	<ul style="list-style-type: none"> • General meetings and other shareholder meetings • Announcements and circulars of the Company • Annual/interim financial reports • Roadshows • Company websites 	<ul style="list-style-type: none"> • Reasonable and continuous investment returns • Cost control • High quality corporate governance • Public information disclosures 	<ul style="list-style-type: none"> • Abide by laws and regulations and operate in a stable and healthy manner • Continuously optimise the systems for risk management and internal control • Strengthen information disclosures and enable regular communications
Customers	<ul style="list-style-type: none"> • Contractual agreements • Customer service hotlines, Weibo and app • Company websites • Annual meetings for customers 	<ul style="list-style-type: none"> • Product quality • After-sales services • Timely provision of information on new products • Responsible marketing • Product design and innovation 	<ul style="list-style-type: none"> • Facilitate scientific research and innovation and develop diversified products • Develop technologies for IoT product • Improve customer service experience • Provide "Safe Flight Insurance" service • Conduct customer satisfaction survey • Strengthen quality control of products



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Type of Stakeholders	Communication Modes	Expectations and Demands	Follow-up Actions
Employees	<ul style="list-style-type: none"> Labour contracts Staff meetings Training sessions, workshops, seminars and conferences Employee mailboxes Internal publications WeChat official account platforms 	<ul style="list-style-type: none"> Employment and recruitment Staff development and training Occupational health and safety Prevention of forced labour and child labour Talent attraction and retention Diversity, equality and inclusion 	<ul style="list-style-type: none"> Improve the human resources management system to protect employees' rights and interests Continuously improve the working environment of employees Develop training programmes and optimise training workshops Enrich employee activities Provide attractive remunerations packages and promotion systems
Suppliers and Business Partners	<ul style="list-style-type: none"> Contractual agreements On-site researches and evaluation meetings Regular reviews and assessments Daily communication meetings Business exchange and cooperation 	<ul style="list-style-type: none"> Long-term stable and win-win cooperation Fair competition and honest operation Distributor partnership Compliance with laws and regulations Information security 	<ul style="list-style-type: none"> Enable segregated management of suppliers and implement supplier rating systems Enhance the strategic cooperation with suppliers Ensure fair and transparent tendering and procurement processes Perform contracts and agreements Establish a comprehensive coordination mechanism



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Type of Stakeholders	Communication Modes	Expectations and Demands	Follow-up Actions
Community	<ul style="list-style-type: none"> • Caring for the underprivileged • Community welfare activities and environmental protection activities • Interactive communications via social media platforms 	<ul style="list-style-type: none"> • Participation in community construction and improvement of community environment • Actively participation in community welfare activities • Concern for community development in business operations • Social welfare 	<ul style="list-style-type: none"> • Initiate volunteer service activities • Organise charity donation activities • Encourage distributors to participate in community construction
Public and Media	<ul style="list-style-type: none"> • Media coverage • Online media communications • Announcements and reports • Official company websites 	<ul style="list-style-type: none"> • Information transparency • Timely disclosures of information • Social welfare 	<ul style="list-style-type: none"> • Comply with relevant laws and regulations • Disclose public information and reports timely • Regulate marketing activities
Environmental Bodies	<ul style="list-style-type: none"> • Environmental protection activities and promotion campaigns • Information disclosures via ESG Reports • Cooperation and communication with environmental bodies and local communities on environmental issues 	<ul style="list-style-type: none"> • Energy management • Water resources management • Climate change and carbon emissions • Air pollutant emissions and management • Promotion of recycling • Waste disposal • Promotion of green travel 	<ul style="list-style-type: none"> • Reduce pollutant and GHG emissions • Recycle and reuse resources • Promote green community charity cycling activities • Promote green office and paperless offices • Strictly regulate the disposal of hazardous and dangerous waste

In particular, in light of economic demands, the Board has been committed to achieving the organic unity of long-term interests of Shareholders, social benefits and environmental benefits by taking into account the needs and interests of all parties. During the Reporting Period, the Group continued to adopt a series of measures, such as focusing on promoting the general reform in the three major areas, namely research and development (“R&D”), marketing and supply chain, to reduce costs and improve efficiency, in accordance with the continuously updated regulatory requirements after taking into account its own business development trends and feedbacks from Shareholders. Given the automation reform of production techniques, the Group improved the production efficiency and the consistency of product quality, effectively promoted reasonable cost reduction and efficiency enhancement and also created long-term win-win values for Shareholders and consumers on the basis of a reasonable control of production and operating costs.



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3.5 Materiality Assessment

In order to identify and determine the most important ESG issues for the Group, the Group conducted materiality assessments regularly. During the Reporting Period, the Group considered that there was no major change or adjustment to its business, and therefore adopted a retrospective approach to assess its materiality. Based on a review on results of the materiality assessment in 2022, we determined the material ESG issues related to the Group for 2023 and concluded their priority with reference to the macro trend of ESG in the international market after taking the features of the sector and the specific situation of the Company into consideration. Accordingly, we further clarified the focus of the Group's ESG work in the future.

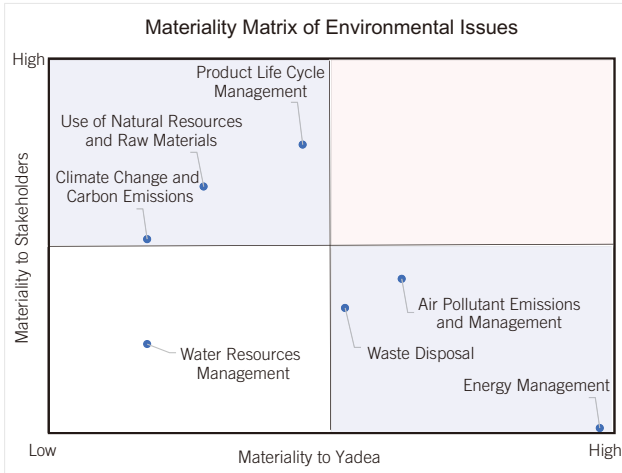
For the review process of the materiality assessment conducted by the Group during the Reporting Period, please refer to the table below:

Identify and review	<p>Identify and review stakeholders:</p> <ul style="list-style-type: none"> → Based on the attributes of the Group's business and the nature of production and operations, we identified and reviewed internal and external stakeholders related to the Group by communications with stakeholders. <p>Identify and review material issues:</p> <ul style="list-style-type: none"> → Based on the attributes of the Group's business and the nature of production and operations, we identified, updated and reviewed material issues for the Reporting Period by making reference to the disclosure guidelines of regulatory authorities, the trends concerned by the capital market, the issues concerned by rating agencies and the development trend of the industry.
Review and confirm of priority of materiality	<p>The Group distinguished three aspects, namely environment, society and governance. Based on the results of the questionnaire on material issues concerned by stakeholders in 2022, the Group determined two aspects: "Materiality to Yadea" and "Materiality to Stakeholders" for the calculation and analysis on the priority of material issues for the Year.</p>
Review and Approve	<p>The Board reviewed and approved material issues.</p>

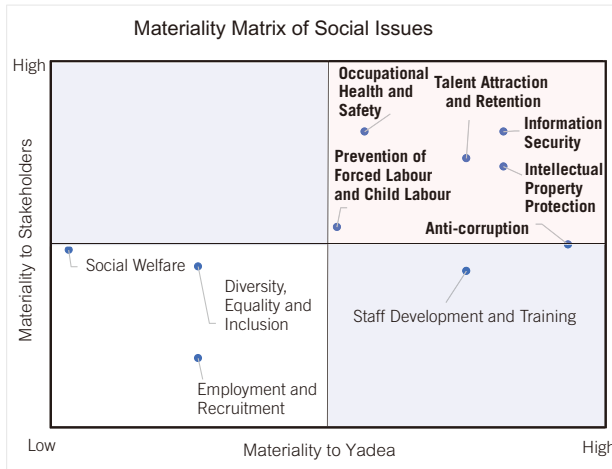


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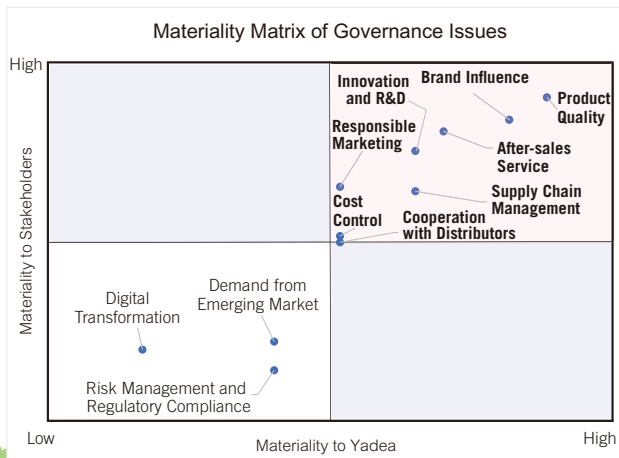
The priority of material environmental, social and governance issues is as follows:



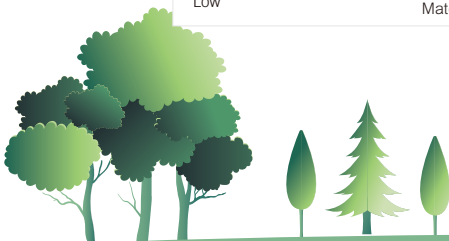
1. Product Life Cycle Management
2. Air Pollutant Emissions and Management
3. Energy Management
4. Use of Natural Resources and Raw Materials
5. Waste Disposal
6. Climate Change and Carbon Emissions
7. Water Resources Management



1. Information Security
2. Intellectual Property Protection
3. Talent Attraction and Retention
4. Anti-corruption
5. Occupational Health and Safety
6. Staff Development and Training
7. Prevention of Forced Labour and Child Labour
8. Diversity, Equality and Inclusion
9. Social Welfare
10. Employment and Recruitment



1. Product Quality
2. Brand Influence
3. After-sales Services
4. Innovation and R&D
5. Supply Chain Management
6. Responsible Marketing
7. Cost Control
8. Cooperation with Distributors
9. Demand from Emerging Market
10. Risk Management and Regulatory Compliance
11. Digital Transformation



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In the current materiality review, the Group identified a total of 14 “very important” issues, including 6 social issues and 8 operational issues. The materiality and priority of various material issues are shown in the table below:

Material Issues (in descending order of materiality)			
Materiality	Environment	Society	Governance
“Very Important”	/	<ol style="list-style-type: none"> Information security Intellectual property protection Talent attraction and retention Anti-corruption Occupational health and safety Prevention of forced labour and child labour 	<ol style="list-style-type: none"> Product quality Brand influence After-sales services Innovation and R&D Supply chain management Responsible marketing Cost control Cooperation with distributors
“Fairly Important”	<ol style="list-style-type: none"> Product life cycle management Air pollutant emissions and management Energy management Use of natural resources and raw materials Waste disposal Climate change and carbon emissions 	<ol style="list-style-type: none"> Staff development and training 	/
“Relatively Insignificant”	<ol style="list-style-type: none"> Water resources management 	<ol style="list-style-type: none"> Diversity, equality and inclusion Social welfare Employment and recruitment 	<ol style="list-style-type: none"> Demand from emerging markets Risk management and regulatory compliance Digital transformation

Each section of the Report focuses on disclosing the Group’s management strategies and performance related to the above material issues, so as to respond more specifically to the sustainability issues that stakeholders are most concerned about.



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4. HONEST QUALITY

UNSDGs involved in this section:



4.1 Innovation-driven Development

The Group always regarded technological innovations as its core competitiveness. In respect of government and regulatory authorities, the Group strictly followed the “Several Opinions on Strict Patent Protection” issued by the State Intellectual Property Office. In respect of internal management, the Group also formulated and implemented internal policies such as the “Patent Management Measures”, the “Patent Reward Management Measures”, the “Trademark Management Measures”, the “Application for Government Project Reward Measures” and the “Project Management Evaluation Measures” at the same time, for the sake of effectively protecting the Group’s intellectual property rights and stimulating the innovation enthusiasm of all employees.

Through a series of practices, the Group actively carried out IPD training, research and reform, established the “Strategy+IPD+Incentive” project and further promoted technological innovation and protection of intellectual property rights. On the one hand, the Group took the lead to establish an organisational and management system for high-value patent training, improve the comprehensiveness and accuracy of search and analysis on high-value patents, arrange domestic and international deployments for patents related to essential technologies of performance indicators of electric vehicles, encourage patent applications and accelerate the commercialisation of patent achievements within the Group through rewards. On the other hand, the Group set up a working group for intellectual property rights protection and a cross-departmental team to consolidate internal and external resources, protect achievements of independent innovation and fight against infringements. In addition, the Group enhanced the awareness of patent protection of all employees by having regular communications with the Science and Technology Bureau and judicial protection agencies, organising training sessions and workshops on practices of intellectual property rights protection and advocating cases of intellectual property rights protection.

The general workflow of the cross-departmental team is as follow:



During the Reporting Period, the Group introduced an intellectual property rights management system to achieve integrated collaboration of intellectual property and agency information. In other words, the whole-process collaboration and evaluation, comprising project commissioning, compiling, reviewing and registering, was enabled between the enterprise and external agencies, while simultaneously realising full online management, including application, approval, maintenance and management of intellectual property rights. The intellectual property rights management system is a centralised platform capable of managing intellectual property rights more effectively, including safeguarding intellectual property rights, mediating disputes and addressing infringement issues.



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Intellectual Property Rights Management Information System

The relevant data of the Group's R&D and patent applications as at the end of the Reporting Period is as follow:

	Unit	2023	2022
R&D expenses	RMB million	1,192.01	1,105.85
Number of patent applications (total)	Piece	351	385
Number of patents held during the Year	Piece	1,900	1,890
Appearance patents held during the Year	Piece	1,196	1,248
Utility model patents held during the Year	Piece	578	533
Invention patents held during the Year	Piece	126	109

During the Reporting Period, the Group adhered to the standards-driven strategy and actively participated in setting standards for the industry. The Group served as a member unit of the National Motorcycle Standardisation Technical Committee and the National Electric Bicycle Standardisation Technical Committee, leading 28 projects and participating in the formulation and revision of 64 national, industry, local or group standards. The Group also won the honourable titles of the National Advanced Unit for Electric Bicycle Standardisation Work for three consecutive years and the National Advanced Group in Standardization Work in the Light Industry Industry.

During the Reporting Period, there was no intellectual property dispute which had a material adverse effect on the Group's business.



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Case Sharing

Yadea's high performance electric vehicle won the 2023 Red Dot Award and iF Design Award

Yadea, the world's leading brand in the R&D and manufacturing of electric two-wheeled vehicles, won four international product design awards, including two Red Dot Awards and two iF Award Design Awards. After winning the IDEA Award in 2022, Yadea became an award-winning brand once again. Products winning the awards included Yadea electric motorcycle KEENESS, Yadea S9 and Yadea Scooter Elite Prime. These three new electric vehicle products differentiated themselves from other similar products due to their advanced and aesthetic design, excellent user experience and environmental protection concepts.

- Yadea KEENESS is equipped with a 10kW central drive motor with a top speed of 100 km/h and an acceleration rate of 0-50 km/h in 4 seconds. The battery features a smart energy recovery system to increase its power and extend the battery life, and can support a range of more than 100 km with a single charge.
- As the flagship product of 2023, Yadea Elite Prime is a powerful, safe and foldable electric scooter and is similar to an SUV, its high performance allows you to master road conditions of all kinds. Yadea Elite Prime is equipped with a motor with a maximum power of 1,500W. In addition, it is capable of climbing slopes with a gradient of 30% and has excellent front and rear cushioning structures.
- Yadea S9 is an electric bicycle with ultra-long battery life. Thanks to Yadea's first carbon fibre TTFAR 2.0 lithium battery, it is capable of traveling more than 150 km easily. The battery applies square laminated cells and compact PACK technology, with a capacity of 100% higher than ordinary lithium batteries. In addition, the motor of Yadea S9 has a rated power of up to 1,000W which is capable of providing strong launching acceleration experience.
- Yadea's product series mainly covers high performance electric motorcycles, electric light motorcycles, electric bicycles and electric scooters. Yadea has provided electric travel products and services to 70 million users in more than 100 countries and regions, and has established a network comprising over 40,000 retailers around the world.

iF Design Award

DISCIPLINE PRODUCT
CATEGORY AUTOMOBILES / VEHICLES

YADEA SCOOTER ELITEPRIME
Electric Scooter

DESIGN
YADEA TECHNOLOGY GROUP CO., LTD.
Zou Xudao, Mo Jiajun, Ju Xiaowei
Wuxi City, Jiangsu Province, China

CLIENT / MANUFACTURER
YADEA TECHNOLOGY GROUP CO., LTD.
Wuxi City, Jiangsu Province, China

DISCIPLINE PRODUCT
CATEGORY AUTOMOBILES / VEHICLES

S9 MAX E-BIKE
Electric Bicycle

DESIGN
YADEA TECHNOLOGY GROUP CO., LTD.
Mo Jiajun, Yin Jiajun, Huang Kaifeng
Wuxi City, Jiangsu Province, China

CLIENT / MANUFACTURER
YADEA TECHNOLOGY GROUP CO., LTD.
Wuxi City, Jiangsu Province, China



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Red Dot Award



4.2 Forging our Brand Name through Quality

The Group adhered to the business philosophy of “providing products that bring happiness to consumers” and deeply believed that product and service quality were the cornerstone of corporate development. To this end, the Group aimed at “better design, higher technology, better quality, more refined manufacturing, better service and more exports”, and was committed to improving the quality of products and services and making high quality as the core value of the brand.

The Group formulated a series of internal quality management systems and standards in strict compliance with laws, regulations and management standards, namely the “Product Quality Law of the People’s Republic of China”, the “Safety Technical Specification for Electric Bicycle” (GB 17761-2018), the “Safety Technical Requirements for Electric Bicycle Charger” (GB 42296-2022), the “Safety Requirements for Electric Motorcycle and Electric Light Motorcycle” (GB 24155-2020), the “General Technical Conditions for Electric Motorcycle and Electric Light Motorcycle” (GB/T 24158), the “Implementation Rules of Compulsory Product Certification for Electric Bicycle” (CNCA-C11-16: 2023), the “Implementation Rules for Compulsory Certification of Product – Electric Bicycle” (CQC-C1116-2021) and the inspection standards of the European Parliament and Council on the approval and market regulation of two or three-wheeled vehicles and four-wheeled vehicles (EU No 168/2013).



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In the production process, each production base of the Group strictly carried out inspection procedures, such as initial inspection, inspection, self-inspection, cross-inspection and completion inspection. The craftsmen or inspection personnel conducted regular spot checks on key positions, provided timely feedback and enabled research on problematic vehicles to facilitate efficient resolutions of quality issues. The Group followed relevant internal policies and formulated different handling methods for different scenarios of unqualified products.

Unqualified product	Handling method	Internal policy
Identified within the Group	<ol style="list-style-type: none"> 1. Reprocessing and repairing 2. Re-inspection would be conducted after repairing, and only qualified products would be recognised as inventory 3. Products unable to meet quality requirements would be scrapped 	“Control Procedures for Unqualified Products”
Identified in the market	<ol style="list-style-type: none"> 1. Products would be strictly inspected and recalled according to regulations 2. Products would be inspected by the quality department; data would be studied and analysed jointly with suppliers, and test reports would be issued and rectification plans would also be formulated 3. After the rectification, the after-sales department would track and verify the market 4. Effective procedures for rectification would be standardised and included development projects and inspection procedures in the future 	“Control Procedures for Market Quality Information” “Management Measures for Unqualified Products” “Management Measures for Market Recall”



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The inspection standards implemented and observed by the Group also included the “Inspection Control Procedures”, the “Control Procedures for Market Quality”, the “Management Measures for Unboxing Assessment of Vehicles”, the “Management Measures for the Vehicle Out of the Warehouse Inspection”, the “Management Measures for Internal Quality Information” and the “Control Procedures for Process Quality”, etc.

In order to continuously improve the quality of our products, the Group takes users as the centre, high quality as its standard and all-round quality as its concept. The Group has established a quality management centre, which, together with the research and development quality of the Product Technology Research Institute and the global procurement SQE, has actively constructed a large quality system to convey user requirements throughout the full process and value chain, and to establish a quality culture in which all employees participate in the building of high quality. On the basis of the large quality system, the Quality Management Centre takes the lead in completing the technical, quality, and procurement standards and implementation mechanism for each product line, and sets up a special task force to improve the “TOP10+2” issues, enhance the quality assurance capability of suppliers and base manufacturing, and reduce the return rate of batches of products in the market arising from quality problems.

With the continuous expansion of the Group in the domestic and overseas markets, consumers’ demand for purchasing vehicles became diversified, which imposed stricter requirements on the standardisation and normalisation of production process. Accordingly, the Group’s Manufacturing Resources Centre started to launch the process standardisation project, and integrated the human and technical resources of the subsidiaries under the Group to form a professional project team. The team standardised and sorted out the production process of different models of electric vehicles, and paid detailed visits to the production lines of each production plant to film video clippings for demonstration of standardised operation for staff members. Through the process of “recording, screening, reviewing and preparing”, a set of high quality teaching materials was finally completed and distributed to frontline staff for learning.

During the Reporting Period, the China Quality Certification Centre conducted a quality management system re-certification audit for the Group and seven production bases in Wuxi, Zhejiang, Tianjin and Guangdong. After the audit, it was confirmed that the GB/Y 19001-2016/ISO 9001:2015 certificates of the Group and the seven production bases remained valid.

4.3 Responsibility-driven Marketing

The Group was strictly subject to the “Advertising Law of the People’s Republic of China” and other relevant laws and regulations and carried out marketing activities in compliance with laws and regulations. Prior to the start of marketing activities, the Group’s Management Office strictly reviewed the promotional materials in accordance with the “Application of Advertising System” to ensure that the content was fair, accurate, honest and impartial whereas false and exaggerated advertisements and unfair competition were avoided.

GETTING CLOSE TO USERS TO REALISE THE VISION OF BETTER MOBILITY

Taking the core component of the Group’s battery as an example, after 7 years of independent research and development and 5 years of market testing, the TTFAR graphene batteries developed by the Group has obtained 36 core patents, including patented technologies such as super conductive paste. In addition, the research and development of technologies such as the YADEA OS smart hub has made us a leader in the research and development of the two-wheeled electric vehicle industry.



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Currently, the Group has more than 1,350 national patents, 7 major production bases, 2 CNAS laboratories, 6 technology research and development centres and 1 national industrial design centre, with a comprehensive layout from technology research and development to energy ecology. The investment of large amount of R&D funds has enabled us to continuously achieve the upgrading of core technologies through repeated calculations, broadening the development boundary of the industry and leading the industry to move forward to a higher quality and higher level of development.

Meanwhile, during the Reporting Period, People's Daily published an article titled *Yadea Acted as a Practitioner of High-quality Development of the Industry Through Deep Cultivation of Brand Innovation* (《雅迪深耕品牌创新·做行业高品质发展践行者》), which recognised and praised our persistence in deepening the layout of the green industrial chain, adhering to a high level of openness, and assisting the high-quality development of the two-wheeled electric vehicle industry.



During the Reporting Period, the Group did not recall any sold or shipped product for safety and health reasons, and did not notice or be aware of any material non-compliance with laws and regulations concerning product responsibilities, health and safety of products and services, advertising and labelling that had a significant impact on the Group.



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4.4 Sincere Service to Customers

The Group insisted on safeguarding the rights and interests of customers and earned the support and trust from customers with its sincere and excellent services. The Group was strictly subject to the “Consumer Protection Law”, the “Regulations on Liability for Industrial Products Quality” and other relevant laws, regulations and administrative regulations, and also formulated and implemented the “Management Measures for Customer Complaint” to provide all sales personnel of the Group with detailed guidelines on the approaches and procedures for responding to customer complaints in sales and after-sales activities. Once a user complaint or feedback was received, the Group would promptly conduct investigations in accordance with the established procedures, provide reasonable explanations to relevant users in a timely manner and make every effort to accommodate the demand of users, for the sake of effectively protecting the legitimate interests of consumers. In addition, the Group also formulated the “Management Measures for Evaluation of Customers of E-commerce Companies” and the “Normative Document for the System of Live Broadcasting Studio” to regulate the customer service performance of the Group’s e-commerce and distributors.

BUILDING A COMPREHENSIVE AFTER-SALES SERVICES GUARANTEE SYSTEM BY ADHERING TO THE USER-CENTRIC PRINCIPLE

The Group has provided users with a comprehensive after-sales services guarantee system, built a one-stop service platform for electric vehicle maintenance and provided users with comprehensive vehicle usage and maintenance services, creating a seven-star services experience beyond their expectations. The Group has built more than 40,000 services points nationwide with unified service process standards, and provided free inspection and repair, as well as clearly marked price. We have also set up officially certified “Star Services Stations” and certified engineers. For unexpected cycling issues, the Group has “one-click rescue” electric vehicle repair and rescue services in place. It is Yadea’s commitment for our rescue engineers to reply in 5 minutes after the request for services, arrive at the location in 30 minutes for diagnosis, and repair in 15 minutes in case of quick fixes. For issues that cannot be solved by on-site maintenance, the electric vehicles involved will be towed to the nearest services center through the trailer rescue services for further maintenance, users will be provided with an ad hoc vehicle for travelling purposes in this case. In addition, in order to further enhance end-user perception and satisfaction, the Group has standardised its service process nationwide and established the above mentioned officially certified “Star Services Stations” and maintenance engineer programmes.



During the Reporting Period, the Group received a total of 1,497 complaints about products and services, all of which were resolved in a reasonable and efficient manner.



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5. RESPONSIBLE OPERATION

UNSDGs involved in this section:



5.1 Efficient Supply Management

The Group continuously improved its supplier management and was committed to establishing a sustainable supply chain to achieve common development with suppliers. In order to standardise the supplier management of the Group, the headquarter of the Group formulated the standards and procedures for all aspects of supplier management, including the “Management Measures for New Supplier Access”, the “Management Measures for Supplier Performance”, the “Supplier Manual”, the “Management Measures for Moulding”, the “Management Measures for Bidding of Production Materials”, the “Management Measures for Price of Production Materials”, the “Management Measures for Secondary Development of Suppliers”, the “Management Measures for Supplier Rebates”, the “Management Measures for In-depth Supplier Management”, the “Management Measures for Elimination of Suppliers”, the “Management System for Distribution of Supply Proportion”, the “Management Measures for Change and Expansion of Suppliers”, the “Control Procedures for Supply Chain and Procurement Process” and the “Early Procurement Intervention Process”. All production bases and business units were required to strictly comply with relevant standards and procedures and were subject to the supervision of the Group’s headquarter. This helped the Group’s headquarters in strengthening communications with each production base, ensuring the efficiency and practicality of relevant processes, fully mobilising the resources of the Group’s headquarter and each base and realising resource integration.

In respect of the selection and development of potential suppliers, the Group strictly regulated the access of suppliers and established an expert team to conduct comprehensive evaluations on suppliers’ systems and products in accordance with the “Early Procurement Intervention Process” for the sake of “detailed tracking”, so as to ensure that all suppliers could pass the quality assurance and inspection procedures before being engaged.

In addition, the Group also issued the “Management System for Distribution of Supply Proportion” to strengthen the competition mechanism for the survival of the fittest in the supply chain, so as to link the supply proportion with the performance of suppliers and to control the distribution of supply proportion of suppliers in a more standardised and reasonable manner. In respect of supplier management and monitoring, the Group consolidated the list of authorised production suppliers into a single system to enable online management and efficient monitoring. The information under the management of the system included but not limited to supplier authorisation, bidding processing, execution of procurement agreements and comment records, which helped the Group to achieve standardised management of the entire chain of supplier access, performance assessment, assistance and improvement and optimisation and elimination.

During the Reporting Period, the Group had a total of 1,100 suppliers, of which 1,054 were in Mainland China, while the remaining 46 were located in other countries and regions. 99.64% of suppliers were covered in the review from the aspects of supply quality, delivery time and service quality.



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In order to further standardise the management of environmental and social risks in the supply chain, the Group formulated an annual supplier visit and evaluation program, aiming to objectively evaluate the suppliers within the system. During the visits and evaluation processes, the representatives of the Group conducted on-site audits and scoring and collected basic data on multiple dimensions, such as supplier's production processes, quality control, mould/equipment maintenance and change point management, thereby providing an important reference for supplier selection and control of supply proportion. Through the visits and inspections, the Group was able to have a more in-depth understanding of the manufacturing of parts, which facilitated effective assessments on suppliers' risks in terms of quality, technology and ESG, and ultimately helped the Group to select high-quality suppliers with outstanding performance in general. In addition, regular communications also helped suppliers to deliver components in a timely manner during peak sales seasons, thus avoiding any possible production delay and interruption in achieving the annual target.

In order to promote green and low-carbon procurement, driven by the corporate ESG responsibilities and the dual-carbon goals of China, the Group not only imposed requirements on supply quality, but also tightened ESG requirements on suppliers in recent years, striving to facilitate the low-carbon transformation of its supply chain. The Group played a more proactive role in green procurement, and clearly stipulated in procurement contracts that the environmental protection and compliance requirements of suppliers would be taken as the entry barrier for new suppliers, and the qualifications of new suppliers were strictly controlled. New suppliers were required to comply with specific ESG-related requirements whereas the ESG compliance of existing suppliers was examined at the same time. The Group also encouraged its suppliers to obtain certifications related to environmental protection, quality management and occupational health and safety management systems, such as ISO 14001, ISO 9001 and ISO 45001, etc., which were included in the scope of supplier performance assessment.

5.2 Quality Cooperation for Distribution

Dealer cooperation was also an important part of Yadea's business development. To this end, the Group improved and implemented its management systems and policy documents, namely the "Management Measures for the Access and Exit of Distributors", the "Distributor Management System Documents" and the "Management Measures for the Credit Extension to Distributors", and established a sustainable distributor management mechanism, so as to effectively select high-quality, trustworthy and service-oriented distributors, strengthen daily supervision, eliminate fraud behaviours of distributors, maintain corporate reputation and provide consumers with excellent and high-quality services.

In order to ensure that distributors were capable of providing customers with good sales services and after-sales experience, the Group provided distributors with comprehensive and sufficient support and training for maintenance technologies. The Group adheres to the core value of "user-centricity" and focuses on strengthening the management of end stores. Our sales department was responsible for distributor training in relation to shopping guide of products, store management, event promotion etc., while the after-sales service centre was responsible for distributor training for after-sales customer services. In addition, the Group was committed to promoting the concept of sustainable customer service together with its distributor partners, and applying the requirements of high-quality service to overseas distributors, so as to optimise the sustainable development performance of the entire value chain of Yadea.

During the Reporting Period, the Group reaffirmed to all subsidiaries and distributors across the country the various types of irregularities in the operation of Yadea's distributors and the assessment methods, and imposed penalties on distributors and responsible regional directors with irregularities to ensure that the distributors shall enhance the level of compliant operation.



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Furthermore, during the Reporting Period, in response to the new trend of sales through e-commerce, the Group's e-commerce centre conducted large-scale training on the theme of new retail business for offline store distributors to effectively enhance the service quality and capability of distributors. The Group accelerated its digital transformation and aims to realise the digitalisation of sales management through its inbound, sales and inventory system, thereby effectively enhancing the efficiency of operation and management, and in turn empowering the Group to promote the high-quality development of its resellers.

5.3 Data Privacy Protection

In order to strengthen the protection of network security, in respect of customers' personal information and privacy protection, the Group strictly followed relevant laws, regulations and management regulations applicable in its operation locations, and kept relevant information cautiously and confidentially. The Group formulated and implemented the *Security and Confidentiality System*, requiring management units at all levels to manage and use internal information and documents as required. The Group was equipped with a terminal transaction database management mechanism to systematically manage the data information inquiry and analysis functions and to monitor the retrieval of data by users to avoid the risk of data leakage. Only the personnel of the customer service department were entitled to access the data related to the Group and customer information. For relevant project personnel of the non-customer service departments, if it became necessary to obtain samples of user information, such as product demand analysis, market research or other projects linked to sensitive information of users, keyword sections could only be used after review by the Group's big data centre and audit and supervision department. In addition, the data platform only showed the results that had been processed and automatically calculated, so the operators were not able to obtain any personal information of individual customers. In order to enhance the safety of operators, in 2023, the Group built and used a bastion machine audit system, which strictly regulates the permissions and behaviours of operators, so that operators cannot get access to any data involving personal privacy. To enhance corporate data protection, in 2023, the Group built and used a terminal anti-virus system, a data leakage prevention system and a zero-trust access system to strengthen data privacy protection in terms of identity control, terminal anti-virus and terminal data leakage prevention, and strictly blocked and audited personal privacy data. For the purpose of strengthening network security protection, the Group has established a HIDS host intrusion prevention system platform since 2022 and has continued to utilise such platform during the Reporting Period to solidify the host security baseline and formulate a standardised host security system, and at the same time, conduct regular host-side security risk inspections to strictly prevent the leakage of information on the network platform.

During the Reporting Period, the Group did not have any case of non-compliance in relation to privacy information management, and was not aware of any complaint or case of serious infringement or leakage of consumer information and privacy in production and sales activities and after-sales services.



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5.4 Upholding Integrity and Honesty

The Group attached great importance to business compliance and strictly followed the “Criminal Law of the People’s Republic of China”, the “Anti-Unfair Competition Law of the People’s Republic of China” and other relevant laws and regulations, and also continuously strengthened its works on anti-corruption and adopted a zero-tolerance attitude towards any form of corruption, bribery, extortion, money laundering and fraud. The Group formulated the “Integrity Management Regulations (V1.0)” to clarify the relevant responsibilities of individual departments of the Group and the person in charge of integrity management and to strictly regulate the fraud behaviours of the management, members of the governance level, employees or third parties of the audited unit to obtain improper or illegal benefits by deceptive means. In addition, the Group issued the “Anti-corruption Proposal” and required distributors and suppliers to sign the “Anti-commercial Bribery Agreement” in the contract to further promote the works on anti-corruption among partners.

The Group continued to carry out in-depth works on anti-corruption with reference to complaints and reports, inspections, internal audits and special inspections, and also set up an independent department dedicated to the supervision and investigation of integrity issues. The Human Resources and Administration Centre and the Audit and Supervision Department regularly initiated promotion campaigns for anti-corruption knowledge and complaint channels and enhanced employees’ awareness of anti-corruption and that of the responsibility for reporting anti-corruption incidents, for the purpose of effectively preventing and controlling the occurrence of corruption, bribery, insider trading and other related issues.

In order to encourage all employees of the Group to actively report relevant suspicious behaviours, the Group formulated and implemented the “Whistleblower Protection and Reward System” which clearly stipulated the targets and scope of reporting, the protection policies and measures for whistleblowers and the rewards for whistleblowers. Employees could report through mails, whistleblowing hotlines, emails, WeChat official accounts, etc. After receiving the report, the dedicated department of the Group would register the reported incident according to the special handling procedures, verify the reported clues and report the results to the whistleblower after investigations, while the information of the whistleblower would be kept confidential strictly.

The Group’s internal whistleblowing channels are as follows:

Mailbox	Complaint mailbox designated by the Audit, Supervision and Legal Centre
Whistleblowing Hotline	0510-88101338 or 18112399637
Email	audit@yadea.com.cn
WeChat Anti-corruption Official Account	Yadea Staff Station (Integrity Yadea Section)
Other Channels	Other means or channels deemed appropriate by whistleblowers



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The Group consistently insisted on providing anti-corruption training to all employees of the Group, with the focus on key positions. Yadea organised anti-corruption training for all employees each year, including directors, and kept on inviting experts to promote the concept of integrity to all employees and to explain in detail the cases of corruption and bribery of employees of the non-state-sector. Meanwhile, through internal announcements, employee handbooks, departmental morning and evening meetings, etc. Yadea made multiple advocacy and essential explanations to ensure that employees had a thorough understanding of the spirit of anti-corruption and the specific requirements of which. In addition, the Group also incorporated “Anti-corruption and Compliance Management” into the basic training courses for new employees, requiring all new employees to study and pass the examination before joining the Group.

During the Reporting Period, the Group initiated “Anti-corruption and Integrity Education” training for newly promoted cadres at each base as well as staff members in technical, material, procurement, quality and other related positions, with a total of approximately 2,000 employees participating online and offline.



Employees taking part in the “Anti-corruption and Integrity Education” training

During the Reporting Period, the Group was not aware of any adjudicated material legal case regarding corruption brought against the Group or its employees or any other material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering that had a significant impact on the Group.



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6. PEOPLE-ORIENTED

UNSDGs involved in this section:



6.1 Standardised Employment Management

6.1.1 EMPLOYMENT AND LABOUR STANDARDS

The Group regarded talents as the cornerstone of its development, and strictly followed the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, the “Social Insurance Law of the People’s Republic of China” and other laws and regulations. The Group also formulated and implemented internal policies and systems, such as the “Employee Handbook”, the “Management Measures for Recruitment”, the “Implementation Rules for Cadre Management” and the “Management Measures for Labour Contract”, so as to strive to protect the legitimate rights and interests of employees and to clarify the standards of employee benefits and benefits, including remunerations, recruitment, employment, working hours, equal pay for equal work and holidays. All these aimed to effectively improve the efficiency of human resources and operation management.

The Group strictly complied with all applicable labour standards and strictly prohibited all forms of illegal labour, including but not limited to forced labour and child labour. The Group ensured that labour contracts were signed with all employees on a free and voluntary basis in accordance with the laws and that employees had the right to resign freely so long as reasonable notices were given and transparent resignation procedures were in place. The Group resolutely avoided detaining or in any way managing employees’ personal documents, such as identity cards, passports and work permits. Before inviting candidates to the interview, the Group would verify their basic information, and no interview would be arranged for candidates under 16. Once any violation of the above labour standards was found, the Human Resources Department of the Group would immediately stop the relevant behaviour and rectify the case, circulate an internal notice to report the violation and publicise the corrective measures to prevent the recurrence of such a case. The Group would also conduct investigation on existing employees to prevent other similar non-compliance. During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations that had a significant impact on the Group relating to preventing child and forced labour.

In respect of recruitment, according to the needs of business and development and in accordance with the principles of “open recruitment, equal competition, strict assessment and merit-based employment”, the Group recruited outstanding talents from the public through various external channels, such as annual campus recruitment and college student training programs. Candidates were needed to pass the Group’s written examinations, interviews, background checks and physical examinations and they could become the Company’s formal employees only upon confirmation of their eligibility. Before formal employment, the Group would sign labour contracts with applicants in accordance with the laws to ensure that the rights and obligations of both employees and the Group could be protected.



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In respect of dismissal, both the Group and the employee had the right to propose to terminate the labour contract. In particular, the Group strictly abided by applicable laws and regulations and terminate labour contracts with employees in accordance with laws. Where an employee seriously violated national laws and regulations, or violated the Company's rules and regulations and labor discipline, the Group would notify the employee in writing of the reason for termination of the contract and terminate the labor contract upon verification of the case.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations that had a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

6.1.2 EQUAL OPPORTUNITIES AND DIVERSITY

The Group always adhered to the core concept of “people-oriented” and protected the rights and interests of employees, and was committed to building a broad development and growth platform for employees and creating an equal, open and harmonious working environment. The Group implemented an equal opportunity policy, respected employees' basic rights conferred by laws, adopted a “zero-discrimination” attitude towards race, age, gender, social class, nationality, religion, disability, sexual orientation and other conditions of employees and eliminated discrimination or harassment in the workplace. The Group also allowed, encouraged and ensured open communications between employees and the management on working conditions without fear of reprisal, threat or harassment.

In addition, the Group protected employees' right of freedom of association and freedom to join trade unions and the right to represent groups and workers' committees. The labour union was committed to safeguarding the legitimate rights and interests of employees in production safety, actively undertaking the responsibility of educating employees to strictly abide by various production safety regulations and operating procedures of the enterprise, adapting to the safety training policy of the enterprise, assisting in the administrative implementation of the rules and regulations on enterprise safety and health and supervising the implementation of labour safety and health regulations of China. Meanwhile, where the labour union discovered any dangerous operation behaviour, obvious hidden dangers of accidents and occupational hazards or conditions endangering the life of employees, the labour union had the right to organise employees to evacuate the dangerous place and propose solutions, and required the Group to make timely decisions on administrative issues.

6.1.3 EMPLOYER BRAND BUILDING

With the extensive application of the Internet and social media, the Group actively carried out employer brand building, kept pace with the times and innovated the recruitment mode to attract talents in an all-round manner, thus continuously expanding Yadea's talent team. During the Reporting Period, the Group recruited talents from universities through offline campus recruiting, including but not limited to school-enterprise cooperation and the “Offer Warming Programme for Students Recruited from Universities”, so as to strengthen our employer brand building. Meanwhile, during the Reporting Period, the Group utilised the functions of various recruitment websites and concurrently increased the incentive mechanism for internal recommendation.



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As at the end of the Reporting Period, the Group had a total of 12,338 employees, all of whom were full-time employees.

The specific distribution is as follows:

Number of Employees By gender

Male	8,422
Female	3,916

By age

30 or below	5,233
31-40	5,559
41-50	1,372
51 or above	174

By geographical region

Mainland China	11,981
Hong Kong, China	7
Other countries and regions	350

As at the end of the Reporting Period, a total of 580 employees left the Group, representing an overall turnover rate of 4.70%. Details of the turnover rate are as follows:

Employee Turnover Rate¹ By gender

Male	4.70%
Female	4.70%

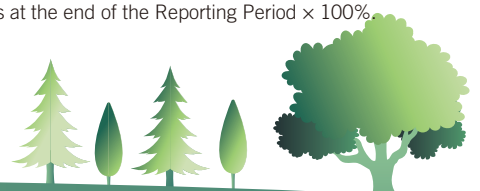
By age

30 or below	4.70%
31-40	4.70%
41-50	4.74%
51 or above	4.60%

By geographical region

Mainland China	4.70%
Hong Kong, China	14.29%
Other countries and regions	4.57%

¹ The formula for the calculation of employee turnover rate of each category: Number of employee turnover of the category during the Reporting Period/Total number of employees of the category as at the end of the Reporting Period × 100%



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6.2 Protection of Employee Benefits

The Group was committed to enhancing employees' sense of happiness, as well as their sense of identity and belonging to the Group. We provided superior employee benefits, strived to create a healthy and comfortable working environment equipped with advanced instruments and office appliances and to keep the office and the catering area clean and tidy. We also increased green plants in the office, and ancillary facilities, such as pantry, library, staff canteen, gym room and baby care room, were provided.

For employees with residence relevantly far from the Company, we arranged staff quarters close to their workplaces and provided shuttle bus services and other supporting arrangements to maximise the convenience of employees' work and life. Besides, the Group provided all employees with meal subsidies, high temperature subsidies and other welfare subsidies centered to assure them of a basic life standard and normal working conditions.



Staff gym room



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The Group attached great importance to the physical and mental health of employees, and actively organised various cultural and sports activities to enrich their life in leisure time, so as to strike a balance between life and work. We provided employees with holiday gifts, employee birthday benefits and additional departmental team building expenses, including but not limited to birthday parties, gifts for Women's Day, Spring Festival shopping cards, gifts for Mid-Autumn Festival, gifts for Dragon Boat Festival, Mother's Day care, etc. Meanwhile, we also actively organised various employee activities, including family days, employee tea parties, youth culture salons, Spring Festival reunion dinners, group movie viewing, reading sharing sessions, fun sports games, Mid-Autumn Festival lantern riddles quiz, community charity activities and low-carbon actions, enabling our employees to enjoy exciting moments in time.



Activities on Family Day



Activities on Women's Day

In addition, the Group provided study trip opportunities to employees from time to time to promote their personal growth and career development, as well as to broaden their horizons. We believed that, given these activities and opportunities, our employees could learn more and grow stronger, thereby providing robust support for their career development.

6.3 Occupational Health and Care

The Group emphasised the importance of employees' health and safety, adhered to the principle of "Safety First, Care for Life", strengthened the management of production safety and risk monitoring, established and consolidated the culture of safety production and created a safe and healthy workplace. The Group strictly complied with laws and regulations such as the "Production Safety Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases", the "Regulations on Emergency Response to Occupational Safety and Health Accidents" and the "Management Regulations on Occupational Health in Workplaces", and formulated and implemented internal policies such as the "Management Measures for Production Safety", the "Management Measures for Special Equipment", the "Management Measures for External Construction Personnel", the "Management Measures for Fire Control", the "Regulations on Emergency Response to Occupational Safety and Health Accidents" and the "Management Regulations on Occupational Health in Workplaces" to provide guidance for occupational health and safety measures.



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The Group took a series of specific measures to ensure the health and safety of employees in daily operation, including but not limited to:

Employee Health

- Organise corresponding physical examinations for employees in different positions, establish health records for them and assist them in treatment;
- Optimise the working environment, realise dust-free and harmless workplaces and reduce occupational hazards;
- Improve the management system on canteen sanitary to ensure food safety;
- Encourage employees to participate in sports activities by organising annual basketball matches and sports games to relieve employees' pressure.

Production Safety

- Set up targets for production safety and sign letter of responsibility, establish an organisation for production safety covering the Company's management, department heads, safety officers and the Company's department in charge of production safety;
- Provide mandatory safety training to all employees at induction, and only those passing the assessment are allowed to take jobs;
- Provide personal protection equipment to employees at production plants and conduct relevant training;
- Leave all the mobile phones in the common areas of the plant for centralised management whenever on duty to prevent safety accidents caused by distraction;
- Establish a three-level safety inspection and hazard rectification mechanism.

Safety Education

- We organised the Safety Production Month in June and November 2023, and provided safety education to all employees through safety banners, fire drills, training, etc.;
- Provide weekly safety training to production departments with reference to real-time safety conditions, so as to train employees' safety skills and enhance their safety awareness, etc.;
- Organise relevant employees to participate in special operation skills training and three-level safety education to ensure that operators are licenced accordingly.

In case of a production safety accident, the Group would immediately follow up and conduct disability identification for relevant personnel. In case of accidents confirmed as work-related injuries after investigations, the Group would reimburse the medical expenses for the relevant personnel and pay the wages during the period of work-related injuries. Meanwhile, in order to reduce the possibility of work-related injuries, the Group actively held various kinds of safety drills and occupational safety training sessions. For example, the Group organised regular and irregular fire safety training sessions, explained the use of fire extinguishers, preventive measures for fire accidents and fire escape methods for employees, so as to strengthen employees' awareness of fire safety measures and enhance their ability to respond to fire safety.



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The number of work-related fatalities for the last three financial years, including the reporting year, is listed below:

	2023	2022	2021
Number of work-related fatalities	0	1	0

During the Reporting Period, there was no incident of work-related death of employee.

During the Reporting Period, the Group lost 177 working days in total due to work injuries. In order to prevent the recurrence of related work-related injuries, the Group adopted various measures to improve the level of safety protection during the Reporting Period. For example, power switch locks were added to the equipment (one lock for one-person operating panel, two locks for two-person operating panel, and the equipment could not be started unless two locks were opened simultaneously). Besides, more production site inspection forms were provided and the management personnel inspected, signed and filed the spotted issues and solutions thereof in those forms while relevant details were explained to all employees in morning meetings. Finally, team training and learning sessions for accident investigation and analysis were arranged and safety management and equipment safety operation training sessions were also organised.

6.4 Talent Development and Training

The Group has always regarded staff training and development as a top priority, and is committed to building a comprehensive talent training and development system. In order to realise our management philosophy of “selecting, using, nurturing and retaining talents”, we have carefully formulated and continuously improved our internal training policies and systems, such as the *Control Procedures for Training*, the *Management Measures for Internal Lecturers of Enterprises* and the *Management Measures for New Employees*. Through the provision of diversified vocational training, we endeavour to build up a team of outstanding talents in line with the Group’s business management philosophy and professional and technical standards, with a view to promoting the continuous enhancement of the Group’s overall competitiveness.

During the Reporting Period, in line with the continuous development and growth of our business, we were committed to optimising our organisational structure and staffing levels, so as to ensure that our existing employees and new recruits were provided with a wide spectrum of room and opportunities for development. To meet the diverse learning needs of our staff, we offer a wide range of general and professional skills training programmes designed to enhance their fundamental and professional competencies. Based on the Group’s strategic development needs, the human resources management centre launched the talent echelon programs, namely the Tutor Program, the Mingdi Program, the Ruidi Program and the Lingdi Program, while other business divisions provided targeted professional training to their employees in accordance with their respective business characteristics. To further enhance the effectiveness and extensiveness of our training, we continue to improve our course system and work closely with external organisations to launch a wide range of training courses, such as in-depth product knowledge, project management, leadership training, quality system, and AI big data.



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In terms of talent cultivation, we have launched the “Ivy (常青藤)” training program for our junior management staff, and we are striving to build an efficient and excellent junior management team through systematic training and practical exercises. At the same time, to develop the core competencies of our overseas teams, we have implemented the “Starry Sky (滿天星)” training program to stimulate organisational vitality and provide strong support for our frontline teams. For our new employees, we place emphasis on the transmission of corporate culture and publicity, through training to strengthen employees’ sense of identification with the corporate culture and to promote the integration of employees with the Company.

During the Reporting Period, the Company and its subsidiaries proactively organised and launched internal and external training activities on various themes, such as new employee training, anti-corruption and integrity training, and tiered and graded general education courses. Detailed statistics on training coverage and training hours are set out below.

	Percentage of Employees Trained ²	Average Training Hours ³
By gender		
Male	68.26%	6.09
Female	31.74%	6.42
By employee category		
Senior management	1.35%	17.77
Middle management	2.23%	5.21
General staff	96.42%	6.05

² The formula for the calculation of the percentage of trained employees in each category: the number of trained employees in the category/total number of trained employees × 100%.

³ The formula for the calculation of the average training hours of each employee in each category: total training hours of employees in the category/trained employees in the category.



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7. ENVIRONMENTAL PROTECTION

UNSDGs involved in this section:



7.1 Response to Climate Change

As an enterprise integrating the R&D, production and sales of electric two-wheeled vehicles and the parts thereof, the Group had inherent natural attributes of environmental protection, low-carbon and green. Adhering to the low-carbon belief, the Group constantly enabled low-carbon footprint through technological revolution, actively responded to climate changes with green products and services and provided customers with green travel experience.

During the Reporting Period, the Group made integrated disclosures of the Group’s risk management on climate changes with reference to the framework recommended by TCFD from four aspects, namely governance, strategy, risk management, metrics and targets. The disclosures included the Group’s emphasis on climate changes at the leadership level, the corresponding strategies formulated and the management and monitoring measures for climate risks. Meanwhile, the Group also disclosed relevant metrics and targets to evaluate and track the Group’s progress in addressing climate changes.

GOVERNANCE

The Group established an ESG governance structure led by the Board. As part of its sustainability efforts, the Group’s climate risk management responsibilities were organically integrated into the Group’s overall ESG governance framework. The Board was responsible for overseeing the development of climate risk-related strategies and targets and the implementation of policies and measures. With the authorisation of the Board, the ESG Committee assisted the Board in formulating climate strategies and plans, identifying, evaluating, managing and reviewing major issues, risks, opportunities, targets related to climate changes and progress in achieving these targets. The ESG Working Group was responsible for implementing climate strategies, policies and other measures, formulating detailed work plans, tracking material climate issues and international trends and reporting to the ESG Committee on a regular basis. In addition, all business departments of the Group worked closely with the ESG Working Group to facilitate sustainable development projects related to climate changes, promote low-carbon working models in the office and disclose relevant information on climate changes and risk management through multiple channels.



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STRATEGY

Climate changes intensified and frequent climate events, such as extreme weather, posted significant risks to the global economy. Physical risks (such as extreme weather) and transition risks (such as low-carbon related policies) imposed direct or indirect impacts on various industries. In recent years, climate changes led to more frequent extreme weather, bringing significant physical risks to the Group. For example, floods caused by typhoons and rainstorms would have negative impacts on the Group's operations and stable supply chain. In addition, China officially announced the goal of "striving to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060" at the 75th General Assembly of the United Nations. Against this backdrop, the Group might face policy risks arising from more stringent environmental regulations. Therefore, the Group paid close attention to the impact of climate changes on its business and continued to keep an eye on relevant risks and opportunities so as to cope with climate changes in a more effective way.

In addition, in response to the "dual-carbon" goal of China, the Group continued to improve the performance of electric bicycles and focused on the R&D of products with lower energy consumption, longer mileage range and longer battery life with its strong belief in green environmental protection and revolutionary technological innovation to create a new future of green travel for consumers. The Group actively developed Yadea's high-end intelligence and adopted the world's advanced Gogoro Network battery exchange technology to continuously extend the single range of batteries of electric vehicles. In addition, the Group also focused on promoting the replacement of lead-acid batteries with graphene batteries and lithium batteries, aiming to increase the coverage of graphene batteries and lithium batteries to 50% of its products.

In 2023, the Group was awarded the Corporate Carbon Labelling Demonstration Unit (企業碳標示範單位) and the Industry Carbon Labelling Construction Flagship Unit (行業碳標籤建設旗幟單位) for its outstanding performance in green mobility. In addition, we were awarded a number of important honours including the Corporate Carbon Labelling Assessment (企業碳標籤評價) and the Chief Climate Officer (首席氣候官), making us a leader in the new green mobility benchmark.

Riding on the wave of the industry's first "Product Carbon Label Assessment (產品碳標籤評價)" certificate for Yadea Guanneng 2nd generation DE8 in 2022, the Group continues to shine in the field of green mobility. At the 2023 China Carbon Label Forum (2023中國碳標籤論壇), we were awarded various important honours including the Corporate Carbon Labelling Demonstration Unit, the Industry Carbon Labelling Construction Flagship Unit, the Corporate Carbon Labelling Assessment and the Chief Climate Officer, creating a new benchmark for green mobility. At the forum, we also signed an initiative on behalf of the industry to participate in the exploration of carbon labelling industry pilot mechanism and the study of effective low-carbon pathways along the whole industry chain, and successfully became a demonstration unit of corporate carbon labelling.



Corporate Carbon Label Evaluation Certificate



Industry Carbon Label Construction Flag Action



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In the future, the Group will continue to keep track of the latest changes in climate change risks, keep abreast of the changes in industry and global risks, and ensure that an effective and appropriate climate change risk management mechanism is in place within the Company to effectively reduce the potential impact of relevant risks and grasp the new opportunities brought by climate changes in a more efficient way.

RISK MANAGEMENT

During the Reporting Period, the Group, through macro trend analysis, peer benchmarking and stakeholder engagement, reviewed climate change-related risks that might have potential and significant impact on the Group's business, and also conducted a gap analysis against existing countermeasures, thereby laying a foundation for the Group to continuously strengthen its capabilities in the management of risks arising from climate changes.

All climate change risks of the highest importance to the Group's business were transition risks. Details are as follows:

Category	Risk	Risk Description	Potential Impact on the Group
Technology risk	Failure in the investment in new technologies	The electric two-wheeled vehicle industry also had the demand for green and low-carbon development. In response to the demand, enterprises needed to increase R&D investment in product development.	In order to adapt to the requirements of green and low-carbon development, the electric two-wheeled vehicle industry needed to initiate energy – saving and carbon-reducing transformation and R&D design in product development, which required a large amount of R&D funds and human and material resources. However, it might be a risk of failure in the investment in new technologies.
	Expense for low – carbon technology transformation	The market's pursuit of low-carbon products would promote the R&D of low-carbon technologies and products by enterprises, and the investment in low-carbon R&D by enterprises might increase.	Replacement of traditional energy/ high energy consumption and outdated equipment with new energy/ energy-saving equipment might lead to an early retirement of existing assets, resulting in an increase in operating expenses. Being lagged behind in energy transformation due to geographical/technical constraints might also lead to an increase in operating expenses.



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Category	Risk	Risk Description	Potential Impact on the Group
Market risk	Additional costs for battery recycling	Electric two-wheeled vehicles also needed batteries and the market was increasingly concerned about the carbon emissions of the entire life cycle of electric two-wheeled vehicles. Since battery recycling involved certain technical requirements, additional costs might be incurred in operation.	The Group may incur additional costs to recycle and reuse batteries, which might have certain financial impact.
	Increased costs of raw materials	Given the market trends, suppliers also faced the same climate risks and technical adjustments were needed to adapt to a low-carbon environment, thus resulting in rising operating costs and raw material costs of suppliers. In addition, the increase in prices of traditional energy and non-renewable resources might push the product costs and selling prices higher.	Failure of suppliers to adjust in a timely manner and failure to meet the requirements of the market and the Group might lead to a shortage of supply or an increase in procurement costs due to an increase of suppliers' costs, which might in turn lead to an increase in operating costs.

Given the potential climate change-related risks mentioned above, the Group set up a special team to focus on the R&D of carbon-reducing and energy-saving technologies in response to the requirements of low-carbon transformation technologies against the backdrop of climate changes. In addition, the Group also optimised the screening mechanism for suppliers, continued to explore potential suppliers, paid attention to suppliers with new technologies for environmental protection and carbon reduction and remarkable performance in terms of sustainable development. The Group also formulated relevant policies and actively avoided the problem of rising procurement costs of corporate raw materials indirectly caused by the increasing environmental compliance costs against the background of climate changes.



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METRICS AND TARGETS

The Group paid close attention to the key metrics related to climate changes, continuously tracked and recorded the Scope 1 and Scope 2 GHG emissions and disclosed relevant information in a fair and true manner in the ESG Report of the Year.

For the data of GHG emissions of each production base of electric vehicles of the Group during the Reporting Period, please refer to the table below:

Electric Vehicle Production Base	Measurement Unit	2023	2022
GHG⁴			
Total GHG emissions	tCO ₂ e	42,312.92	37,021.37
Total GHG emissions intensity	tCO ₂ e/thousand electric vehicles	2.56	2.64
Scope 1 GHG emissions ⁵	tCO ₂ e	9,150.63	7,653.45
Scope 2 GHG emissions ⁶	tCO ₂ e	33,162.29	29,367.92

For the data of GHG emissions of the production base of battery of the Group, namely Huayu, during the Reporting Period, please refer to the table below⁷:

Battery Production Base	Measurement Unit	2023	2022
GHG⁴			
Total GHG emissions	tCO ₂ e	107,874.51	119,915.79
Total GHG emissions intensity	tCO ₂ e/RMB million operating income	11.66	30.99
Scope 1 GHG emissions ⁵	tCO ₂ e	3,026.20	7,019.62
Scope 2 GHG emissions ⁶	tCO ₂ e	104,848.31	112,896.17

⁴ The calculation of GHG emissions for 2023 is based on the Sixth Assessment Report published by the Intergovernmental Panel on Climate Change of the United Nations in 2022.

⁵ The Group's Scope 1 GHG emissions mainly came from gasoline and fuel consumption, machinery fuel consumption and natural gas consumption. The calculation of relevant emission factors was based on the "Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Road Transport Enterprises (Trial)", the "Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Enterprises in Other Industries (Trial)" and the Manual of Accounting Coefficient of the Second National Census on Pollution Sources.

⁶ The Group's Scope 2 GHG emissions mainly came from purchased electricity and purchased steam. The calculation was based on the national grid average emission factors and the thermal power emission factors as provided by the "Notice on the Management of Greenhouse Gas Emission Reporting by Enterprises in the Power Generation Industry from 2023 to 2025".

⁷ The Group's battery production base commenced production in 2022 and full-year operation in 2023.



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During the Reporting Period, the Group compiled a list of potential climate risks by analysing risk disclosures published by international guiding bodies such as the Intergovernmental Panel on Climate Change (IPCC), the TCFD and other industry climate risk disclosures.

IPCC's Sixth Assessment Report has revealed the impact of different actions on climate change. Based on the features of the industry and the circumstances of the Company, the Group has analyzed the current situation of the management of climate-related change risks, and thus selected scenario SSP1-2.6⁸ and SSP3-7.0⁹ as the potential climate change risks we face under various climate scenarios.

Based on scenario SSP1-2.6 and SSP3-7.0, TCFD's recommendations and features of the industry in which the Group is engaged, we have identified the following climate risks.

Type of risks	Name of risks		Potential impact of the risk on the Group
	Climate change risk (Level 1)	Climate change risk (Level 2)	
Physical risk	Acute risk	Adverse effects of frequent extreme weather events	Damages to the natural ecology, electric two-wheeled vehicle plants, operating locations of resource (energy, water, raw materials) suppliers, our own assets and those of our suppliers due to natural disasters (such as floods, typhoons, etc.) and other events, especially the impact on the production bases and plants and the increased probability of damage to natural resources, in addition to the threat to the personal safety of employees, suppliers and customers, which in turn will affect our business and the supply of materials to suppliers, resulting in a decrease in production capacity and revenue.
	Chronic risk	Adverse effects of long-term changes in global climate patterns	A pattern of deteriorating weather in the long term has an impact on the overall operation of the electric two-wheeled vehicle plants, resulting in increased overhead and insurance costs, and could adversely affect the performance of suppliers and customers' business. Circumstances such as a rise in sea level may lead to an increase in depreciation of assets and maintenance costs, for example, relocation of infrastructure, affecting our revenue.

⁸ The SSP1-2.6 scenario is a relatively optimistic sustainable development pathway within the SSP (Shared Socioeconomic Pathways) framework, and aims to keep global warming and limit the global average temperature rise to less than 2 degrees Celsius.

⁹ The SSP3-7.0 scenario is a relatively pessimistic scenario in the SSP (Shared Socioeconomic Pathways) framework, representing a high carbon emitting and unsustainable future.



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Type of risks	Climate change risk (Level 1)	Name of risks Climate change risk (Level 2)	Potential impact of the risk on the Group
Transformation risk	Policy and legal risks	Tighter regulation over existing products and services	Impairment and pre-mature retirement of existing assets due to a change in policy and the need to invest in technological innovation. In order to respond to regulatory requirements, our business needs to further tilt towards energy conservation, environmental protection and low-carbon attributes to reduce environmental impact, pollutant and greenhouse gas emissions, otherwise it will lead to increased operating costs caused by failure to comply with policy requirements.
		Stricter emission and disclosure requirements	In order to respond to national policies and promote the construction of green plants, regulators are imposing stricter requirements on energy conservation, emission reduction and environmental protection management, and increased investment in environmental protection technology transformation according to environmental protection requirements may give rise to increasing operating costs and posing threats to our profit.
		Pricing on greenhouse gas emissions	Any delay in the compliance of governmental policies imposed, such as the various levies including carbon taxes, carbon emission rights and fuel taxes, despite the subsidies offered to the new energy and photovoltaic power generation sectors, may directly or indirectly bring about an increase in operating costs.
		Risk of legal actions	Under stricter rules and regulations, if we were not able to establish an effective internal mechanism to deal with it, we may face potential litigation risks, the resultant fines and judgments may result in increased costs and/or reduced demand for our products and services.
		International green trade barriers	It may lead to an increase in the cost of exporting products overseas in the future.
Technology risk		Expenditure in the transition to Low carbon technologies	Switching to new energy/energy-saving equipment to replace traditional/high energy consuming equipment, obsolete equipment results in the pre-mature retirement of existing assets, which in turn could result in higher operating costs. Any delay in energy transition due to geographical/technological constraints could result in higher operating costs.
		Failure to invest in new technology	In order to meet the requirements of green and low-carbon development, the electric two-wheeled vehicle industry needs to carry out energy-saving and carbon-reducing transformation and research and development design in product development, and is required to carry significant investment in financial and human and material resources term in research and development, however, such investment also carry the risk of failure.

The Group conducted its first qualitative scenario analysis of climate change in 2023 and established the above risks. Going forward, we will continue to track relevant risks and take proactive regulatory and responsive measures to enhance the Group’s resilience to climate change-related risks.

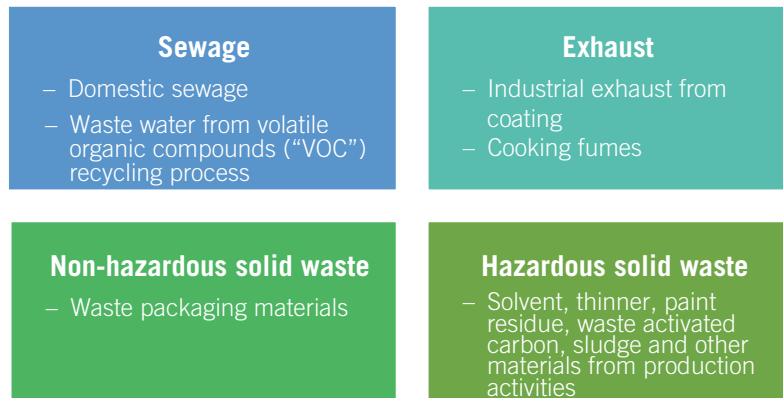


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7.2 Strict Emission Management

The major emissions generated from the Group's operations included sewage, exhaust, non-hazardous solid waste and hazardous solid waste. In order to ensure that the Group's emissions complied with the "Environmental Protection Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", the "Law of the People's Republic of China on the Prevention and Control of Water Pollution," the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", the "Law of the People's Republic of China on Environmental Impact Assessment" and other laws and regulations, and met the national standards, such as the "Integrated Wastewater Discharge Standard" (GB8978-1996), the "Ambient Air Quality Standards" (GB3095-2012) and the "Environmental Quality Standard for Noise" (GB3096-2008), the Group developed a series of internal rules, regulations and policy guidelines. Under the Group's general policy framework, Yadea's production bases formulated management processes, standards and emergency plans for three wastes and noise, including the "Control Procedures for Exhaust Gas Management", the "Control Procedures for Wastewater Management", the "Control Procedures for Waste Management", the "Control Procedures for Noise Management", the "Emergency Plan for Hazardous Waste Accidents" and the "Control System for Hazardous Waste Prevention". During the Reporting Period, the Group was not aware of any material non-compliance of laws and regulations relating to exhaust and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that might have had a significant impact on the Group.

The major types of emissions generated from the Group's operations were as follows:



For the discharge of various pollutants, each production base of the Group was equipped with staff with professional qualifications in health, safety and environment, and strictly implemented the emission treatment procedures in accordance with relevant systems.

7.2.1 EMISSION MANAGEMENT MEASURES

Sewage

For the treatment of discharged sewage, our battery production bases are equipped with rainwater pipe networks and sewage pipe networks, and the principle of segregation of rainwater and sewage is strictly implemented. Lead-containing wastewater and acid-containing wastewater generated in the production plant are treated at the plant's self-built wastewater treatment stations, with some of the treated wastewater reused and the other treated wastewater discharged to the park's wastewater treatment station through the pipeline designated to Yadea for further treatment. At the same time, our battery production base develops its own testing program and commissions a third-party qualified unit to carry out regular testing and issue testing reports to ensure that the wastewater discharge meets the GB30484-2013 standard.

During the Reporting Period, a number of the Group's production bases installed more wastewater treatment facilities to meet the wastewater treatment and discharge requirements in the factory area, thus reaching the level 1 discharge standard of China.



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Air Pollutants

For the emission of air pollutants, the Group strengthened the control and treatment of VOC in the paint spraying and coating process through integrated measures. On one hand, the Group controlled the generation of VOC from the source and promoted the use of relatively clean and ready-to-use coating with VOC content below 420 grams per litre. On the other hand, the Group set up enclosed production sites especially for the paint calibration and spraying process, which were equipped with VOC detection systems meeting the national environmental protection requirements and exhaust collection facilities with a collection efficiency of no less than 90%.

In particular, Tianjin production base collected VOC in the painting room for harmless treatment through water curtain, spray, zeolite runner, adsorption and desorption, so as to carry out combustion treatment finally. The low-concentration exhaust generated by the production line of Anhui production base was first filtered by the philtre box of the washing cabinet, and then concentrated by the rotor to obtain high-concentration exhaust, which then burned and emitted after the regenerative thermal oxidisation (“RTO”) treatment. Wuxi production base applied a set of “paint mist washing cabinet + dry filtration + zeolite runner adsorption + RTO desorption” treatment system for exhaust treatment.



RTO treatment equipment in the production base

Non-hazardous Waste

For the discharge of non-hazardous solid waste, the Group regularly delivered domestic waste to the local environmental sanitation department for treatment each month, while waste packaging materials were recycled and reused by third party agencies to achieve resource recycling.



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Hazardous Waste

For the discharge of hazardous solid waste, the Group's production facilities strictly carried out the process of classification for further treatment. In particular, the treatment of hazardous waste in each production base followed the principle of "production management shall cover environmental protection", which clearly stipulated that the general manager of the Group was the first person-in-charge of the prevention and control of hazardous waste. The Group set up the "Hazardous Waste Pollution Prevention and Control Leading Group" led by the general manager and composed of leaders from various departments, which was responsible for assigning specific locations for the collection, storage and transfer of hazardous waste, and the entry and exit details were signed and recorded by the relevant person-in-charge. During the Reporting Period, the Group engaged enterprises with hazardous waste business licences and within the approved operating categories to dispose of all hazardous waste.

In particular, the Group formulated relevant emergency plans to avoid leakage of hazardous waste or chemicals. For example, Tianjin production base developed the "Special Environmental Emergency Plan for Hazardous Waste", clearly stipulating the following emergency treatment processes:

1. Approach the site of leakage from the downwind direction and never enter the site without regard to safety.
2. Avoid all electrostatic or spark caused by friction and collision and put out any open fire and any other forms of heat and fire source to reduce the risk of fire and explosion.
3. Use tools that do not produce impact and electrostatic spark and recycle the leakage into a closed container for moving to a safe place.
4. Use activated carbon or other inert materials for absorption in case of minor leakage; and build embankments for entrapment, excavate pits for storing and laying sand for covering to alleviate the impact of steam for subsequent transporting to specific locations.
5. Heap up sandy soil for enclosure to prevent hazardous chemical waste from entering restricted areas like sewers and drainage ditches so as to avoid pollution of extensive areas in case of leakage of hazardous chemical waste.

In addition, the Group standardised the control on noise generated from production and operation activities. The production equipment of each base was reasonably distributed in the plants. After taking into account factors like sound insulation of the plants and the reasonable distance of the different equipment, the noise of the plants fell within the level 3 standard of the category of environmental function area outside the boundary of the plant in the "Emission Standard for Industrial Enterprises Noise at Boundary" (GB12348-2008), ensuring that the production noise of the Group did not affect the local environmental quality.



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The data of sewage, air pollutants and waste discharge of each electric vehicle production base of the Group for the Reporting Period is summarised below:

Electric Vehicle Production Base	Measurement Unit	2023	2022
Sewage Discharge			
Total sewage discharge	Tonnes	321,286.80	345,509.50
Total Chemical Oxygen Demand (“COD”) in sewage	Tonnes	12.23	20.40
Total discharge of ammonia nitrogen in sewage	Tonnes	0.85	0.58
Air Pollutant Emissions^{10, 11}			
Total VOC	Tonnes	19.54	15.63
Total particulate matters	Tonnes	7.38	13.65
Total nitrogen oxides	Tonnes	6.95	2.55
Total SO ₂	Tonnes	3.04	1.41
Waste			
Total hazardous waste produced	Tonnes	2,458.98	1,810.84
Intensity of hazardous waste produced	Tonnes/thousand electric vehicles	0.15	0.13
Total non-hazardous waste produced	Tonnes	12,164.87	18,528.60
Intensity of non-hazardous waste produced	Tonnes/thousand electric vehicles	0.74	1.32

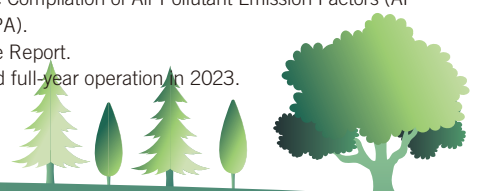
The data of sewage, air pollutants and waste discharge of Huayu, the battery production base of the Group, for the Reporting Period is summarised below¹²:

Battery Production Base	Measurement Unit	2023	2022
Sewage Discharge			
Total sewage discharge	Tonnes	83,678.00	29,760.00
Total COD in sewage	Tonnes	1.15	5.27
Total discharge of ammonia nitrogen in sewage	Tonnes	0.17	0.53
Air Pollutant Emissions¹¹			
Total VOC	Tonnes	/	/
Total particulate matters	Tonnes	0.60	3.10
Total nitrogen oxides	Tonnes	4.41	6.33
Total SO ₂	Tonnes	0.08	8.16
Waste			
Total hazardous waste produced	Tonnes	15,563.24	15,413.40
Intensity of hazardous waste produced	Tonnes/RMB million of operating income	1.68	3.98
Total non-hazardous waste produced	Tonnes	30.70	31.00
Intensity of non-hazardous waste produced	Tonnes/RMB million of operating income	0.0033	0.0100

¹⁰ The air pollutant emissions in 2023 were calculated in accordance with the Compilation of Air Pollutant Emission Factors (AP 42) formulated by the United States Environmental Protection Agency (EPA).

¹¹ The data related to air pollutant emissions are based on this version of the Report.

¹² The Group’s battery production base commenced production in 2022 and full-year operation in 2023.



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7.3 Optimisation of Resource Use

The Group made every effort to conserve resources and improve the efficiency of resource use. The Group was strictly subject to the “Water Law of the People’s Republic of China”, the “Regulations on Management of Economical Use of Urban Water”, the “Energy Conservation Law of the People’s Republic of China”, the “Cleaner Production Promotion Law of the People’s Republic of China” and other laws and regulations. The Group also formulated and implemented internal policies like the “Management System on Environmental Protection and Resources Conservation” and the “Regulations on Management of Energy Use”.

During the Reporting Period, the Group continued to further develop the 5S model and the lean production practice to improve the production efficiency of complete vehicles, and also implemented a series of measures to actively facilitate energy conservation and efficiency enhancement at the same time. In respect of water consumption, the Group initiated quality control activities by using Plan-Do-Check-Act (PDCA) quality management methods to diagnose the problem of abnormal water consumption, and gradually installed water-saving equipment and optimised the production process to enable water recycling. The Group advocated employees to cherish water and took the lead to organise water-saving publicity activities to save water and remind employees to turn off water taps and electricity switches when leaving, and also inspected facilities giving rise to water consumption and replaced equipment used for a long time. During the Reporting Period, the Group had no major difficulty in accessing applicable water resources.

In respect of electricity consumption, the Group regularly inspected its power distribution stations and carried out preventive inspections, and also evaluated the electricity consumption of new equipment to ensure the safety of electricity consumption. Meanwhile, all offices were required to use indoor air-conditioning equipment in a reasonable way. The temperature of indoor air-conditioning was controlled at a level below 20 degrees in winter and above 26 degrees in summer.

In addition, the Group strived to increase the proportion of renewable energy consumption. For example, Wuxi and Zhejiang production bases continued to rely on photovoltaic power purchased from photovoltaic power stations jointly developed with external entities. The photovoltaic power generation project of Anhui production base was also put into operation during the Reporting Period. Meanwhile, production bases in Wuxi, Zhejiang, and Anhui also launched online smart energy consumption monitoring systems to control power consumption from the source. Currently, the Group is actively planning to introduce more green energy projects covering photovoltaic and energy storage to reduce carbon emissions arising from externally purchased electricity.

In respect of energy consumption, the Group advocated oil and gas saving. In production plants, 90% of forklifts were driven by electricity and the traditional forklifts will be replaced by electric forklifts within the next few years. In addition, the Group encouraged employees to use electric vehicles and public transportation and to reduce the use of business vehicles while the mode of carpool and shared vehicles was encouraged. Production bases also implemented various measures to save energy with reference to local conditions. For example, Jiangsu production base shutted down the paint oven before the completion of production activities of the same day and used the residual temperature for the paint work to reduce natural gas consumption.



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In respect of office emission reduction, the Group advocated green offices to save paper usage by encouraging double-sided printing of office documents and toner cartridge refilling in each centre and production base, promoting the use of electronic office and networking, sharing the central data processing capacity for financial functions and arranging paperless and efficient meetings, so as to reduce paper consumption. In addition, each office endeavoured to recycle office paper to reduce packaging materials.



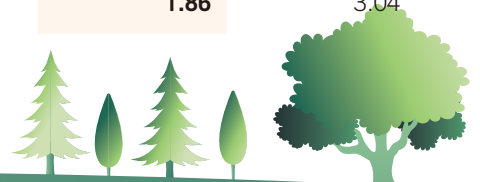
Recycling station in Yadea's office building



Posting paper saving slogans

The details of resources and energy consumption of each electric vehicle production base of the Group for the Reporting Period are summarised below:

Electric Vehicle Production Base	Measurement Unit	2023	2022
Energy			
Consolidated energy consumption	MWh	92,281.48	78,000.17
Production energy consumption intensity	MWh/thousand electric vehicles	5.59	5.57
Total purchased electricity consumption	MWh	58,148.85	51,495.57
Photovoltaic power consumption	MWh	4,368.93	3,834.46
Total gasoline consumption	Ten thousand litres	8.76	14.49
Total diesel consumption	Ten thousand litres	0.80	0.75
Natural gas consumption	Ten thousand cubic metres	276.26	240.20
Water Resource			
Total water consumption	Ten thousand cubic metres	71.50	60.51
Water consumption intensity	Ten thousand cubic metres/ten thousand electric vehicles	0.04	0.04
Packaging Materials			
Packaging material consumption	Tonnes	30,801.55	42,565.77
Packaging material consumption intensity	Tonnes/thousand electric vehicles	1.86	3.04



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The details of resources and energy consumption of Huayu, the battery production base of the Group, for the Reporting Period are summarised below¹³:

Battery Production Base	Measurement Unit	2023	2022
Energy			
Consolidated energy consumption	MWh	220,663.18	224,938.71
Production energy consumption intensity	MWh/RMB million operating income	23.86	58.12
Total purchased electricity consumption	MWh	183,847.64	191,285.32
Photovoltaic power consumption	MWh	7,854.84	7,442.06
Total gasoline consumption	Ten thousand litres	1.29	2.40
Total diesel consumption	Ten thousand litres	13.67	16.41
Natural gas consumption	Ten thousand cubic metres	52.97	212.13
Water Resource			
Total water consumption	Ten thousand cubic metres	28.66	20.46
Water consumption intensity	Ten thousand cubic metres/RMB million operating income	0.00	0.01
Packaging Materials			
Packaging material consumption	Tonnes	5.50	5.00
Packaging material consumption intensity	Tonnes/RMB million of operating income	0.0006	0.0013

¹³ The Group's battery production base commenced production in 2022 and full-year operation in 2023.



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7.4 Environmental Impact Reduction

The Group understood that it was the common responsibility of the Group and its stakeholders to actively respond to environmental protection and sustainable use of resources. As a leading brand in the electric two-wheeled vehicles industry, the Group was committed to mediating the impact of its operations on the environment. To achieve this goal, the Group deployed resources to identify climate risks, upgrade its green production model and develop low-carbon and environment friendly products. We will continue our efforts to work hand in hand with stakeholders and strengthen the awareness amongst stakeholders by setting a role model.

During the Reporting Period, the Group allocated more resources in identifying climate risks, developing and upgrading the Group's green production model and strengthening its R&D to produce more low-carbon and environmentally friendly products. We were committed to minimising the negative impact of our operations on the environment. In order to achieve this goal, a number of measures were taken by the Group. Firstly, during the production process, we actively implemented energy conservation and emission reduction measures, including using highly efficient equipment and optimising production processes to reduce energy consumption and waste generation. Meanwhile, we also optimised our supply chain management and encouraged our suppliers to comply with the standards of environmental protection and sustainable development to ensure the overall environmental performance of products.

In addition, the Group continued to invest resources in R&D and was committed to developing more innovative low-carbon and environmentally friendly products. We encouraged and supported our employees to participate in innovative projects to deliver more environmentally friendly and sustainable solutions. The Group also attached great importance to communications and cooperations with various stakeholders, actively shared the best practices in green environmental protection, encouraged various stakeholders to participate in and support our environmental protection initiatives.

During the Reporting Period, the Group had no material event that had an impact on the environment and natural resources.



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8. GIVING BACK TO SOCIETY

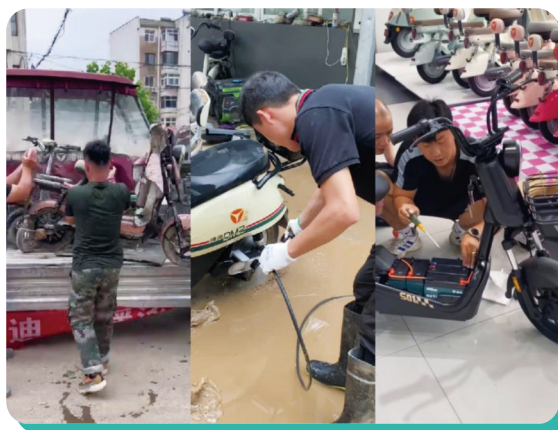
UNSDGs involved in this section:



Support from Yadea will be found in the frontline wherever there is a disaster. During the Reporting Period, Zhuozhou, Hebei and Beijing-Tianjin-Hebei and other places were affected by the northward movement of Typhoon “Doksuri” and suffered from severe floods brought by continuous heavy rainfall. Rescue teams composed of people, social groups and enterprises across the country worked together to lend their helping hands. The Group quickly responded by organising a rescue team and preparing materials to fight against the flood and coordinate disaster relief operations. We made every effort to help victims in Zhuozhou in addressing their difficulties.

After the disaster, the Group immediately mobilised all parties to initiate a series of assistance and rescue programs and support the victims with meaningful actions, including the donation of more than 30,000 pieces of daily necessities and making use of certain stores to serve the purpose of logistics support stations to provide the relief and rescue teams in the surrounding area with basic and daily necessities. Meanwhile, a 24-hour road rescue service hotline was set up to assist in rescuing flooded vehicles.

As the water gradually subsided, many people’s electric vehicles were soaked with water, thus posing safety risks. In this regard, the Group continued to expand its service scope by setting up outdoor rescue service stations for daily supplies, providing free in-store maintenance of electric vehicles (regardless of brand and model) and free replacement of accessories under RMB10, and also organised rescue teams to provide flexible maintenance and replacement services at a “stop at a wave of hand” mode as well as on-site services. At present, the inspection and repair services provided by Yadea Group are still ongoing, helping people in the disaster area to repair and replace their vehicles as much as possible and facilitating them to restore normal life quickly.



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During the Reporting Period, a 6.2-magnitude earthquake with a focal depth of 10 km was recorded in Jishishan, Gansu Province. Numerous victims were subject to such severe conditions as homelessness, extremely low outdoor temperature and lack of daily necessities. The Group also responded quickly by arranging the transportation of emergency supplies to the disaster area immediately.

After communicating with the local people on materials in shortage, the Group actively coordinated with its local stores and surrounding supply chain partners to purchase large quantities of rice, noodles, oil and other food, as well as winter clothings, cotton shoes and other supplies for cold winter immediately. These materials were transported to the disaster areas for direct delivery to victims through a number of village committees, brigades and centralised resettlement sites in the earthquake area as quickly as possible. Our actions were highly acclaimed by the local people.



ENVIRONMENTAL PROTECTION AND PUBLIC WELFARE

In terms of environmental protection, during the Reporting Period, the Group joined hands with more than 70 million users around the world to plant 63 mu of sea buckthorn saplings in Erdos City, Inner Mongolia, and was awarded the title of “Happy Home Charity Partner of the China Green Foundation (中國綠化基金會幸福家園公益夥伴)” by the China Green Foundation. In June 2023, the Group once again joined hands with CCTV News to launch the public welfare activity of “Building Green Cities with Concerted Efforts (風行青愛的城)”, donating vehicles to the ecological caretakers of Sanjiangyuan National Park.



Yadea is actively carrying out environmental protection and public welfare work



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9. CONTENT INDEX OF STOCK EXCHANGE “ESG REPORTING GUIDE” AND “GRI STANDARDS”

HKEX “ESG Reporting Guide” requirements, subject areas, aspects, general disclosures and KPIs		Location of disclosure	
Mandatory Disclosure Requirement			
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews the progress made against ESG-related targets with an explanation of how they relate to the issuer’s businesses. 	3.1 ESG Governance	
Reporting Principles	<p>Description on, or explanation on, the application of the following Reporting Principles in the preparation of the ESG report</p>	<p>Materiality:</p> <ul style="list-style-type: none"> (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted by the issuer, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement. 	1.2 Basis of Preparation
	<p>Quantitative:</p> <p>Information on the standards, methodologies, assumptions and/or calculation tools used, and the source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency:</p> <p>The issuer should disclose in the ESG report any change to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>		
Scope of Reporting	<p>Explanation of the scope of reporting of the ESG report and description of the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	1.1 Scope of Reporting	



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STOCK EXCHANGE “ESG Reporting Guide” requirements, subject areas, aspects, general disclosures and KPIs		Content applicable to “GRI Standards”	Location of disclosure
“Comply or Explain” Provisions			
A. ENVIRONMENTAL			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land and generation of hazardous and non-hazardous waste.	GRI 3: Material Topics Disclosure 3-3 GRI 305: Emissions	7.1 Response to Climate Change 7.2 Strict Emission Management 7.3 Optimisation of Resource Use 7.4 Environmental Impact Reduction
KPI A1.1	Types of emissions and respective emissions data.	GRI 305: Emissions Disclosures 305-1, 305-2, 305-3, 305-6 and 305-7	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305: Emissions Disclosures 305-1, 305-2, 305-3 and 305-4	7.1 Response to Climate Change 7.2 Strict Emission Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Waste Disclosure 306-2 (a)	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Waste Disclosure 306-2 (a)	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	GRI 305: Emissions Reporting Requirements 1.2 and Disclosure 305-5	3.3 ESG Target Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, as well as reduction targets set and steps taken to achieve them.	GRI 306: Waste Disclosures 306-2 and 306-4	3.3 ESG Target Management 7.2 Strict Emission Management



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STOCK EXCHANGE “ESG Reporting Guide” requirements, subject areas, aspects, general disclosures and KPIs		Content applicable to “GRI Standards”	Location of disclosure
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	GRI 3: Material Topics Disclosure 3-3	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (in thousand kWh) and intensity (e.g. per unit of output, per facility).	GRI 302: Energy Disclosures 302-1 and 302-3	7.3 Optimisation of Resource Use
KPI A2.2	Water consumption in total and intensity (e.g. per unit of output, per facility).	GRI 303: Water and Effluents Disclosure 303-1	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 302: Energy Disclosures 302-4 and 302-5	3.3 ESG Target Management
KPI A2.4	Description of whether there is any problem in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	GRI 3: Material Topics Disclosure 3-3 GRI 303: Water and Effluents Disclosure 303-3	3.3 ESG Target Management 7.3 Optimisation of Resource Use
KPI A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, packaging material used per unit produced.	GRI 301: Materials Disclosure 301-1	
Aspect A3: Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	GRI 3: Material Topics Disclosure 3-3	
KPI A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	GRI 3: Material Topics Disclosure 3-3 GRI 303: Water and Effluents Disclosure 303-2 GRI 304: Biodiversity Disclosure 304-2 GRI 306: Waste Disclosures 306-3(c) and 306-5	7.4 Environmental Impact Reduction



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STOCK EXCHANGE “ESG Reporting Guide” requirements, subject areas, aspects, general disclosures and KPIs		Content applicable to “GRI Standards”	Location of disclosure
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate – related issues which have impacted, and those which may impact, the issuer.	GRI 3: Material Topics Disclosure 3-3	7.1 Response to Climate Change
KPI A4.1	Description of significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	“GRI Standards” do not cover this indicator	
B. SOCIAL			
Employment and Labour Practice			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfare.	GRI 3: Material Topics Disclosure 3-3	6.1 Standardised Employment Management 6.2 Protection of Employee Benefits
KPI B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	GRI 2: General Disclosures Disclosure 2-7 GRI 405: Diversity and Equal Opportunity Disclosures 405-1 (b-ii)	6.1 Standardised Employment Management
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401: Employment Disclosure 401-1 (b)	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	GRI 3: Material Topics Disclosure 3-3	
KPI B2.1	Number and ratio of work-related fatalities occurred in each of the past three years, including the reporting year.	GRI 403: Occupational Health and Safety Disclosure 403-2	6.3 Occupational Health and Care
KPI B2.2	Lost working days due to work injury.	GRI 403: Occupational Health and Safety Disclosure 403-2	
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	GRI 3: Material Topics Disclosure 3-3	



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STOCK EXCHANGE "ESG Reporting Guide" requirements, subject areas, aspects, general disclosures and KPIs		Content applicable to "GRI Standards"	Location of disclosure
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work and description of training activities. Note: Training refers to vocational training, which may include internal and external courses paid by the employer.	GRI 3: Disclosures on Material Topics 3-3 GRI 404: Training and Education Disclosure 404-2 (a)	6.4 Talent Development and Training
KPI B3.1	Percentage of employees trained by gender and employee category (e.g. senior management and middle management).	"GRI Standards" do not cover this indicator	
KPI B3.2	Average training hours completed per employee by gender and employee category.	GRI 404: Training and Education Disclosure 404-1	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	GRI 3: Material Topics Disclosure 3-3	6.1 Standardised Employment Management
KPI B4.1	Description of measures to review employment practice to avoid child and forced labour.	GRI 3: Material Topics Disclosure 3-3 GRI 408: Child Labour Disclosure 408-1 (c) GRI 409: Forced or Compulsory Labour Disclosure 409-1 (b)	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	GRI 3: Material Topics Disclosure 3-3 GRI 408: Child Labour Disclosure 408-1 (c) GRI 409: Forced or Compulsory Labour Disclosure 409-1 (b)	



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STOCK EXCHANGE “ESG Reporting Guide” requirements, subject areas, aspects, general disclosures and KPIs		Content applicable to “GRI Standards”	Location of disclosure
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 3: Material Topics Disclosure 3-3	
KPI B5.1	Number of suppliers by geographical region.	GRI 2: General Disclosures Disclosure 2-6	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	GRI 3: Material Topics Disclosure 3-3 GRI 308: Supplier Environmental Assessment Disclosures 308-1 and 308-2 GRI 414: Supplier Social Assessment Disclosures 414-1 and 414-2	5.1 Efficient Supply Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored.	GRI 414: Supplier Social Assessment Disclosures 414-1 and 414-2	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers and how they are implemented and monitored.	“GRI Standards” do not cover this indicator	
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy issues relating to products and services provided and relevant remedies.	GRI 3: Material Topics Disclosure 3-3 GRI 416: Customer Health and Safety Disclosure 416-2 GRI 417: Marketing and Labelling Disclosures 417-2 and 417-3 GRI 418: Customer Privacy Disclosure 418-1	4.2 Building a Brand through Quality 4.3 Responsibility-driven Marketing
KPI B6.1	Percentage of sold or shipped products subject to recalls for safety and health reasons to the total amount of sold or shipped products.	“GRI Standards” do not cover this indicator	4.3 Responsibility-driven Marketing



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STOCK EXCHANGE “ESG Reporting Guide” requirements, subject areas, aspects, general disclosures and KPIs		Content applicable to “GRI Standards”	Location of disclosure
KPI B6.2	Number of product and service related complaints received and how they are addressed.	GRI 2: General Disclosures Disclosure 2-29 GRI 3: Material Topics Disclosure 3-3 GRI 418 Customer Privacy Disclosure 418-1	4.4 Sincere Service to Customers
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	“GRI Standards” do not cover this indicator	4.1 Innovation-driven Development
KPI B6.4	Description of quality assurance processes and recall procedures.	“GRI Standards” do not cover this indicator	4.2 Building a Brand through Quality
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	GRI 3: Material Topics Disclosure 3-3	5.3 Data Privacy Protection
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GRI 3: Material Topics Disclosure 3-3 GRI 205: Anti-corruption Disclosure 205-3	
KPI B7.1	Number of concluded litigations regarding corruption brought against the issuer or its employees during the Reporting Period and the results of the cases.	GRI 205: Anti-corruption Disclosure 205-3	5.4 Integrity and Honesty
KPI B7.2	Description of preventive measures and whistleblowing procedures and how they are implemented and monitored.	GRI 2: General Disclosures Disclosure 2-26 GRI 3: Material Topics Disclosure 3-3	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	“GRI Standards” do not cover this indicator	
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	GRI 3: Material Topics Disclosure 3-3	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture and sports).	GRI 203 Indirect Economic Impacts Disclosure 203-1 (a)	8. Giving Back to Society
KPI B8.2	Resources contributed (e.g. money or time) to the focused areas.	GRI 201: Economic Performance Disclosure 201-1 (a-ii)	

