



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022



# ESG

ENVIRONMENTAL  
SOCIAL  
GOVERNANCE





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## ABOUT THIS REPORT

### Introduction

This report is the 2022 Environmental, Social and Governance Report (“ESG Report” or the “Report”) issued by Niu Technologies and its subsidiaries (“NIU”, the “Company” or “We”). The Report intends to demonstrate the environmental, social and governance strategies and management practices of the Company and its principal subsidiaries.

### Reporting period

Unless otherwise noted, the scope of this Report is consistent with that of the 2022 annual report.

This Report covers the period from January 1, 2022 to December 31, 2022. To enhance the level of disclosure, portions of the Report cover the period extending to the publication date.

### Reporting standards

This Report has been prepared with reference to the following criteria:

- Nasdaq ESG Reporting Guide 2.0
- Global Reporting Initiative (GRI) Standards 2021
- United Nations Sustainable Development Goals

### Sources

The information and data cited in the Report is sourced from the Company’s internal documents, statistical reports and financial reports, and has been compiled and reviewed by the relevant internal departments. Unless otherwise noted, all monetary figures in this Report are in Renminbi (RMB).

### Release format

The electronic version of this Report is available on the Company’s official website. This report is available in Chinese and English. If there is any conflict between the Chinese version and its English translation, the Chinese version shall prevail. We welcome readers’ feedback on the Report. If you have any questions or comments, please send an email to [ir@niu.com](mailto:ir@niu.com).

### Disclaimer

The Report may contain some forward-looking statements, which are subject to material changes due to uncertainties. The Company assumes no responsibility for updating any forward-looking statements in the Report.

# MESSAGE FROM THE CEO

Dear Stakeholders,

The development of the clean energy industry in response to climate change has been nothing short of remarkable, which stands as perhaps the greatest shared challenges for the global community. As climate change becomes increasingly tangible in our daily lives, the urgency to contribute to a solution has never been greater. We strongly believe that the smart electric two-wheeled vehicle category we pioneered has enormous potential to be at the forefront of this green revolution. Whether we are designing technology, promoting workforce diversity and inclusivity, or developing eco-friendly manufacturing processes, we are always working towards fostering a cleaner, greener, and more socially responsible future. Today, our teams around the world work to infuse these deeply held values into redefining urban mobility.

Our smart electric two-wheeled vehicles provide a clean alternative for urban mobility that make cities more livable and sustainable when compared to traditional fossil fuel or electric vehicles which continue to congest roads. Whether in our home market of China, which has committed to achieving carbon neutrality by 2060, or in Europe, which set this target for 2050, urban consumer preferences are consciously shifting towards two-wheeled electric vehicles, as individuals and societies embrace sustainable choices that benefit both the environment and public health. NIU has a unique opportunity to play a pivotal role in driving these trends through the design and manufacturing of high-performance electric motorcycles, mopeds, bicycles and kick-scooters. Our diversified product portfolio directly addresses this global shift in consumer preference. While Europe and North America represent our most dominant markets outside of China, our presence is growing globally with our products available in more than 50 countries. As of today, we have sold more than 3.8 million e-scooters across the globe, enabling users to cover an astounding distance of nearly 20 billion kilometers. This collective effort has resulted in a substantial reduction of carbon emissions by nearly 4.8 million tons, equivalent to planting nearly 240 million trees.

As the global green transformation continues, technology will play a crucial role. Our continued investments in R&D ensure that the design and engineering of our products are the cleanest and most efficient possible and reflect our commitment to contributing to this greener future. The "lithium-ion battery revolution" for two-wheeled vehicles we started in China continues to lead the market as we leverage big data to further optimize

battery performance, and enhance driving range, power, lifespan, and safety. The groundbreaking SQi model we launched in 2022 pioneered the use of aviation-grade magnesium alloy, resulting in a lighter and stronger frame with a more eco-friendly manufacturing process earning it the prestigious "Red Dot: Best of the Best" award in the two-wheeler category for product design. This was followed by the launch of our MQiL in May 2023 which puts a modern twist on heritage scooter designs. This next-generation flagship model has already become very popular due to its industry-leading performance such as a driving range of 170 km and additional cutting-edge smart functionality.

The green revolution isn't only about our products, it also requires promoting environmental protection concepts among our customers and staff at large and integrating these principles into their daily lives. We have established NIU clubs in multiple cities worldwide to connect people from all walks of life and organize eco-friendly online and offline activities on a regular basis. For example, NIU organized Earth Day activities in various regions such as Europe, South Asia and Latin America in 2022 that brought together store staff and customers worldwide to participate in community and street clean-up initiatives. Whether through our app or clubs, NIU's fan culture revolves around promoting healthy, environment-friendly, and green travel. The passion our customers and staff have for the environment breaks down cultural barriers and national borders, bringing people together and fostering a vibrant and diverse community united by a common goal.

Upholding these concepts requires a deep commitment to local social responsibility and fostering a diverse and inclusive workplace. Our dedication to creating an empowering environment for all our employees drives us to maintain a workforce that reflects the rich diversity of talent we employ globally. We actively promote gender equality and take pride in the fact that approximately 30% of our employees are women with this diversity also extending to our C-level executives. We provide some of the highest standards of social security benefits to our employees globally, ensuring that they feel supported and valued. Motivated and thriving employees are key to generating new ideas and driving innovation and growth. We are also investing in the development of the communities and economies around us. Our manufacturing base in Changzhou, Jiangsu Province, serves as a testament to our commitment where we are actively participating in the

development of eco-friendly supply and production chains and contributing to the sustainable growth of the community with the creation of new jobs. In recognition of our efforts, we were recognized by the local government as a Jiangsu Industrial Design Center and a Changzhou Intelligent Workshop in 2022. Social responsibility is not just a goal, it's an integral part of our identity.

To improve our ability to make positive and lasting contributions to the environment, society, and our stakeholders, we established an ESG management structure consisting of the Board, Management Team, Sustainable Development Steering Group, and Sustainable Development Working Group. With this comprehensive structure in place, we are confident in our ability to continue contributing to a more sustainable future.

Our focus on sustainable practices has led us to become the world's leading provider of smart urban mobility solutions, and we are pleased to share with you the progress we have made throughout the past year. By embracing the green transformation, we have not only contributed to the global efforts in combating climate change but also fostered a positive impact on the communities we serve. We do all of this because it's the right thing to do, and we want to leave the world in a better place for the generations to come. While one company alone cannot change the trajectory we are on, together we can inspire far greater change. Thank you for your interest in our ESG strategy and unwavering support on this journey toward a more sustainable future.



Chief Executive Officer

Dr. Yan Li

# COMPANY PROFILE



## Company profile

NIU is a leading provider of smart urban mobility solutions, and the first lifestyle company in China’s urban travel sector with a brand that embraces style, freedom and technology. Since its establishment, Niu Technologies has dedicated itself to the mission of “redefining urban mobility and making life better” by providing convenient, environmentally-friendly and intelligent vehicles to global consumers.

A pioneer in the new category of smart electric two-wheelers, NIU combines Internet of Things technology with lithium-ion battery-powered electric two-wheeled vehicles to create a world-leading urban mobility brand. The Company has elevated the electric two-wheeler from a functional mode of transport to a high-end, stylish lifestyle product while boosting awareness of green mobility solutions and advancing smart, green technologies.

The Company develops and manufactures high-performance electric motorcycles, electric mopeds, electric bicycles, electric kick-scooters and e-bikes and has built a diverse product lineup that meets the mobility needs of users across various urban transit scenarios. It also provides accessories, including riding gears and other daily necessities. A NIU scooter is not just a scooter – it embodies a lifestyle.

NIU is headquartered in Beijing, and operates a research and development center in Shanghai and a production base in Changzhou, Jiangsu Province, with annual capacity of 2 million units. As of the end of 2022, the Company had over 3,100 franchised stores across 239 cities in China, and over 50 distributors across 52 countries and regions.



### Mission

Redefine urban mobility and make life better



### Vision

Become a world-leading urban mobility brand through design and technology



### Brand philosophy

Technology, style and freedom

# MAJOR MILESTONES

SINCE 2014...



○ 2014

NIU is founded.

○ 2015

NIU launches its first vehicle, the NQi, and receives RMB 72 million in funding from the JD Equity Crowdfunding platform, a record sum for a domestic product in China.

○ 2016

Launch of the MQi series. Total distance ridden by users globally tops 100 million kilometers.

○ 2017

Release of the UQi series. Global sales exceed 300,000 vehicles.

○ 2018

Total distance travelled by NIU scooters tops 1 billion kilometers. The Company lists on NASDAQ (NASDAQ: NIU) in October.

○ 2019

Release of the UQi+ /UQis series and NIU AERO, a professional outdoor sports bicycle series.

○ 2020

The NIU 2.0 strategy is initiated, and the MQi2, MQis, GOVA G0, G2 and G3 series are launched in succession. Global sales exceed 1.5 million vehicles.

○ 2021

NIU enters the micromobility market with the launch of the KQi kick-scooter series. Cumulative distance travelled by global users tops 10 billion kilometers; global sales exceed 2.7 million vehicles.

○ 2022

The revolutionary SQi series debuts. The BQi electric bicycle is released in overseas markets. Global sales exceed 3.5 million; total distance driven by users hits 15 billion kilometers.

○ 2023

MQi L, a new electric bicycle with an extended riding range and super charge function, and RQi, a high-performance electric motorcycle, hit the market.

# 2022 HONORS AND AWARDS

 **China's Top 10 Electric Motorcycle Exporters of 2022**  
China Chamber of Commerce for Motorcycle  2023.03

 **Riders' Choice Award: Best Scooter Brand**  
Micromobility Industries  2023.01

 **2022 THE BRAND X New Consumer Brand Power Rankings**  
EqualOcean  2023.01

 **China Top 100 Global Brand Pioneers in 2022**  
EqualOcean  2022.12

 **2022 National Consumption & Green Consumption Innovation Case Study**  
People.cn  2022.12

 **2022 EDGE AWARDS - Best Two-wheel Electric Vehicle of the Year**  
TMTPost  2022.12

 **9th TMA Mobile Marketing Awards: Gold Award in the Content Marketing Category**  
wangyingtianxia  2022.12

 **9th TMA Mobile Marketing Awards: Gold Award in the Automotive and Transportation Category**  
wangyingtianxia  2022.12

**9th TMA Mobile Marketing Awards: People's Choice Award**  2022.12  
wangyingtianxia

**Top Chinese Brand 2022**  2022.10  
YiMagazine

**2022 Outstanding Digital Economy Emerging Pilot Case Study**  2022.08  
Securities Daily

**Tech Innovation Awards - Leading Product Award**  2022.08  
hexun.com SGI

**Global Cross-border E-commerce Summit 2022 - Rising Brand of the Year Award**  2022  
Amazon

**Jiangsu Industrial Design Center**  2022  
Industry and Information Technology Department of Jiangsu

**Changzhou Intelligent Workshop**  2022  
Industry and Information Technology Department of Changzhou



reddot winner 2023  
best of the best



reddot winner 2023



# 1 CORPORATE GOVERNANCE AND SUSTAINABILITY



## 1.1 CORPORATE GOVERNANCE

### Sound corporate governance structure

We believe that a sound corporate governance structure provides a solid foundation for NIU's sustainable development. For this reason, we strictly comply with the Company Law of the People's Republic of China, the NASDAQ Listing Rules and all other applicable laws and regulations. We have established a rigorous and efficient governance structure with a clear division of rights and responsibilities among the Board of Directors, various committees and senior management, as clearly defined in our Articles of Association, Committee Charters, Rules of Procedure of the Board of Directors and other documents. We strictly comply with the highest business ethics standards and with all applicable regulations protecting the

interests of shareholders to work towards the sustainable and healthy development of the Company.

Our Board has six directors, of which four are independent directors, accounting for 67% of the total. The Board has three committees, namely the Nomination and Corporate Governance Committee, the Compensation Committee, and the Audit Committee. All the members of each committee are independent directors. In 2022, the Company held 14 meetings of the Board of Directors and its committees, with an attendance rate of 100%.

### The Board's organizational structure



## Nomination and compensation

During the nomination and selection process for the Board and its committees, we give due consideration to ensuring the diversity, independence and competence of the Board and its committees. Candidates for the Board are considered and selected based on a wide range of factors, including gender, age, cultural and educational background, professional experience, skills and knowledge. The current six directors have relevant professional qualifications and extensive experience in the motor vehicle industry, finance, legal matters and business administration. Their expertise ensures that the Board effectively monitors and supervises management's processes and procedures and safeguards the interests of all shareholders, including minority shareholders.

**Dr. Yan Li** serves as chairman and CEO of the Company. Prior to joining NIU in 2016, Dr. Li was a principal of KKR Capstone Limited, overseeing its portfolio operations in China. Prior to that, Dr. Li worked for McKinsey & Company, where he advised companies in the high-tech, industrial goods and retail sectors. Prior to joining McKinsey, Dr. Li worked as a senior research engineer at Qualcomm Inc., focusing on the development of 3G and 4G communications technologies. He holds three patents on 3G communications. Dr. Li holds a Bachelor's degree from the University of California at Berkeley and a Ph.D. in electronics and electrical engineering from Stanford University.

**Mr. Token Yilin Hu** has served as Company director since our inception. Mr. Hu served as our vice president of research and development from September 2014 to October 2022. He has over 15 years of design experience in design spanning a variety of products and industries, such as consumer electronics, fashion, autos and smart hardware. In November 2011, Mr. Hu co-founded UTLAB to introduce high-tech materials into the aerospace and automotive sectors. Prior to that, Mr. Hu worked for Frog Design, a globally renowned design firm, and Microsoft China.

**Mr. Changqing Ye** is a certified public accountant in China, and has over 25 years of experience in accounting, financial advisory and investment. Mr. Ye served as an investment committee member and then group chief financial officer and managing director of CITIC PE Group. Prior to these positions, Mr. Ye was a partner at PricewaterhouseCoopers. Mr. Ye received his bachelor's degree from Huazhong University of Science and Technology and an MBA from Warwick University.

**Mr. Mei-Wei Cheng** has extensive corporate management experience and in-depth knowledge of the motor vehicle industry. Mr. Cheng has served as CEO of Siemens Northeast Asia, president and CEO of Siemens China, corporate vice president of Ford Motor Company and chief executive officer of Ford Motor (China) Ltd. Prior to joining Ford, Mr. Cheng held several executive positions at General Electric Corporation and AT&T. Mr. Cheng received his bachelor's degree from Cornell University and an MBA from Rutgers University.

**Mr. Julian Juul Wolhardt** is a certified public accountant and certified management accountant in the US. He was a partner at KKR Asia Limited and led Morgan Stanley Private Equity Asia for China. Mr. Wolhardt has broad experience in corporate operations and financial management.

**Mr. John Jinshu Zhang** has extensive experience in mergers, acquisitions, private placements and public offerings of securities, and other sophisticated business transactions. From 2000 to 2021, Mr. Zhang was a partner at Greenberg Traurig LLP, Reed Smith LLP, Edwards Wildman LLP, and Dentons LLP, successively. Mr. Zhang received his Juris Doctor degree from the University of California, Berkeley.



The Company formulates the compensation plan for the CEO and other executive directors in accordance with the relevant laws and regulations of the U.S. Securities and Exchange Commission (SEC), the NASDAQ Stock Exchange and other regulatory bodies. The current compensation structure for senior management consists primarily of fixed salary and variable compensation (which mainly includes performance-related and share-based compensation). In addition, the Compensation Committee reviews the compensation plan for the CEO and other executive directors of the Company and the Company's long-term equity incentive plan at least on an annual basis in accordance with the company's objectives. We have not established or set aside any amount for pensions, retirement or other similar benefits for our directors or executives.

### Preventing conflicts of interest

To avoid conflicts of interest and ensure that the Company's related-party transaction decisions are fair and just to all shareholders, we have formulated the Articles of Association, Rules of Procedure of the Board of Directors, Code of Business Conduct and Ethics, and Management Policies for Preventing Insider Trading. These are designed to regulate the conduct of related-party transactions, reduce unwanted related-party transactions, and prohibit controlling shareholders, actual controllers, directors and senior management of the Company from conducting related-party transactions to the detriment of the interests of the Company and minority shareholders.

Our Board is composed of six members, four of whom qualify as independent under the Nasdaq listing standards. Our Chief Executive Officer, Dr. Yan Li, serves as Chairperson of the Board. We believe this structure provides effective independent oversight while allowing our Board to benefit from Dr. Yan Li's leadership and years of experience at NIU.



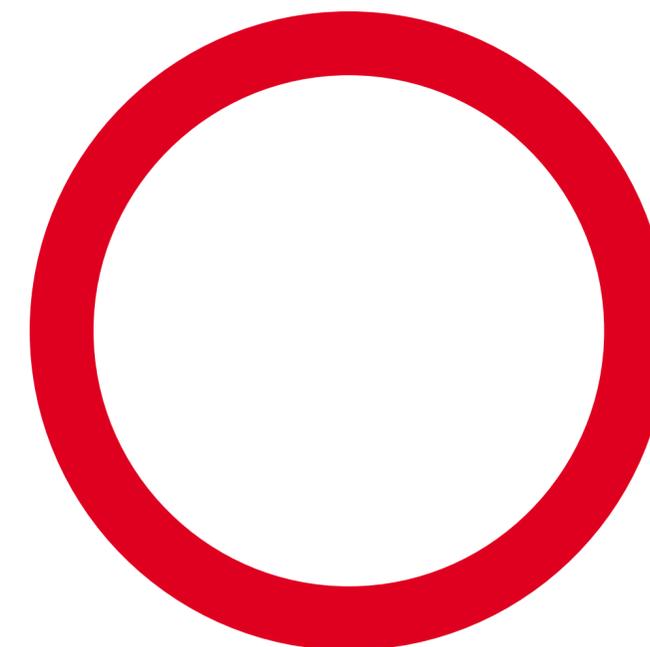
### Protecting investors' rights and interests

We carry out investor relations management and implements an information disclosure system in strict accordance with relevant laws and regulations. In order to maintain strong, adequate and effective communications with investors, we provide a variety of convenient communication channels that enhance investors' understanding of the Company. We have formed a positive and interactive relationship with our investors.

During the reporting period, we communicated with investors in the following ways:

- Quarterly earnings conference calls/webcasts
- Investment summits organized by banks including Citi, Bank of America, Credit Suisse, Daiwa and Morgan Stanley
- Online institutional investor conferences
- On-site investor tours including company, factory, and store visits
- Investor relations website, investor email box and official accounts on third-party financial information platforms

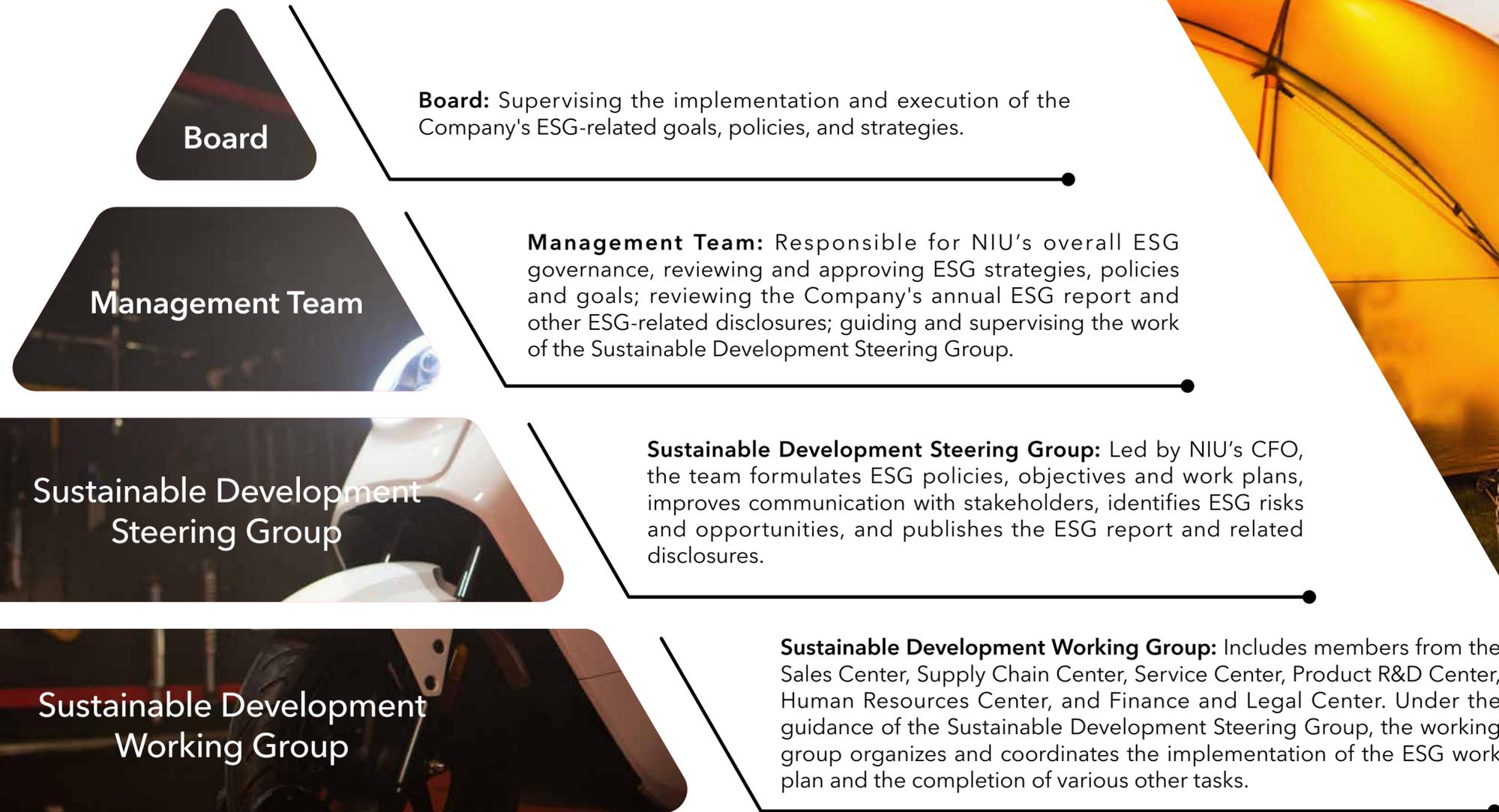
We welcome investor suggestions on our products, operations and governance through regular communications channels where we then pass the feedback on to relevant business functions. We are fully committed to protecting investors' right to know and participate in Company matters, safeguarding the interests of small and minority shareholders, and continuing to create value for shareholders.



# 1.2 ESG GOVERNANCE

## ESG governance structure

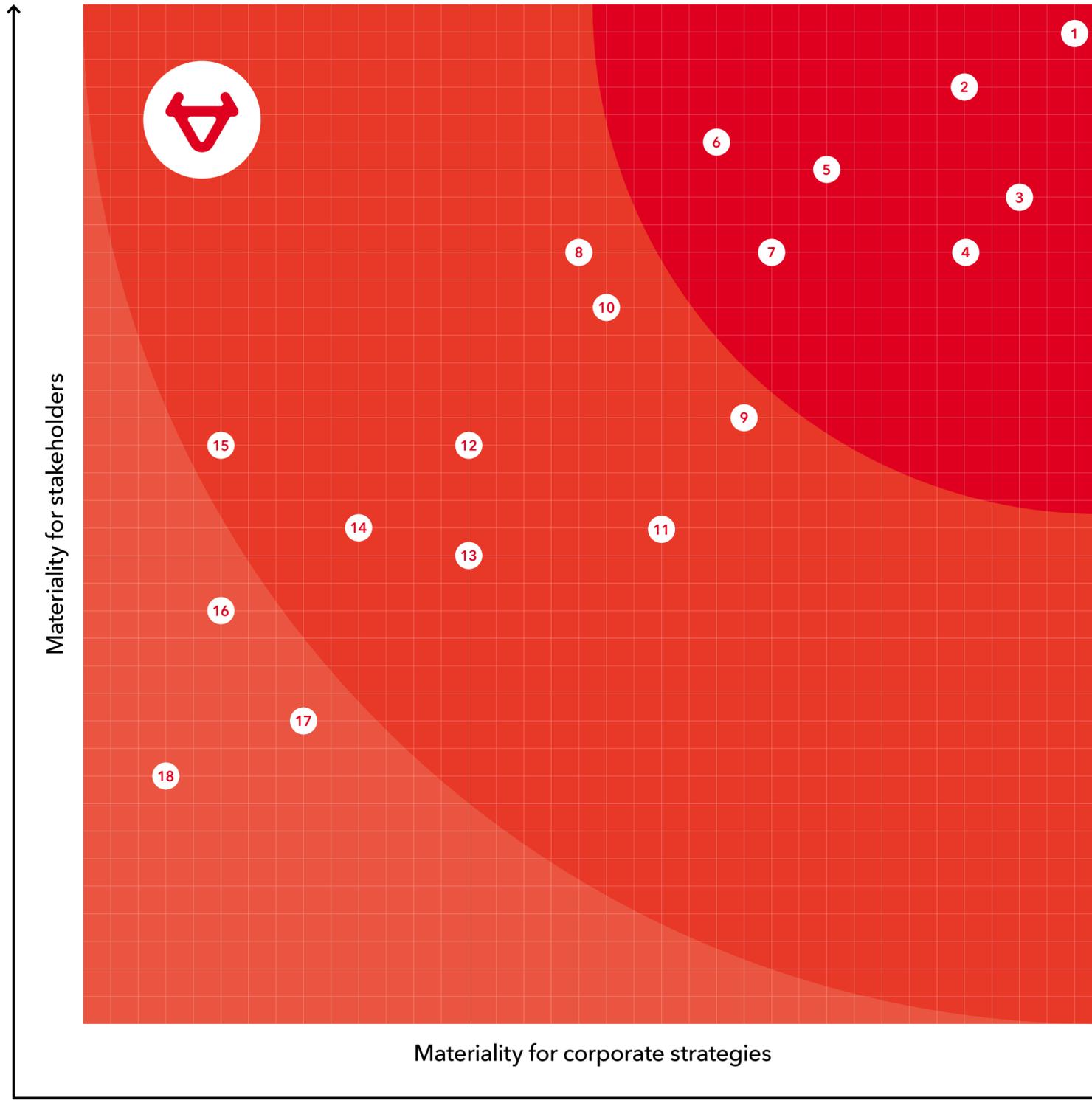
We place a premium on good governance and achieving harmony among stakeholders to create sustainable corporate development and value. Based on NIU's needs, we adjusted our ESG management structure in 2022 and established a Sustainable Development Steering Group and a Sustainable Development Working Group to coordinate and implement ESG-related matters.



**Stakeholder engagement**

We work closely with stakeholders and take their needs and concerns as an important input to the ESG management process. In 2022, we remained in close contact with stakeholders through multiple communications channels, and responded promptly to their concerns as set out in the following chart.

Stakeholders	Topics of concern		Company responses and initiatives	
Users and consumers	<ul style="list-style-type: none"> <li>R&amp;D &amp; technological innovation</li> <li>Product quality and safety</li> <li>Quality customer service</li> </ul>	<ul style="list-style-type: none"> <li>Information security &amp; privacy protection</li> <li>Responsible marketing</li> </ul>	<ul style="list-style-type: none"> <li>Provide innovative, high-quality products</li> <li>Optimize customer service system and customer feedback and complaint mechanisms</li> <li>Strengthen our information security system and protect customer information</li> </ul>	<ul style="list-style-type: none"> <li>NIU APP community &amp; NIU club activities</li> <li>Interaction through corporate websites and global and domestic social media platforms</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Return on investment</li> <li>Adequate disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Green business opportunities</li> <li>Integrity &amp; compliance</li> </ul>	<ul style="list-style-type: none"> <li>Regularly publish reports and disclose information truthfully and fully</li> <li>Strengthen communication with investors via conference calls, online and offline meetings, road shows, surveys, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Improve corporate governance and risk management</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Compliance with employment law</li> <li>Occupational health and safety</li> <li>Employee training &amp; development</li> </ul>		<ul style="list-style-type: none"> <li>Strictly comply with the terms of labor contracts and improve the salary and benefits systems</li> <li>Disclose the Company's management policies in an open and transparent manner</li> <li>Provide a safe and healthy work environment</li> </ul>	<ul style="list-style-type: none"> <li>Provide career development opportunities and training for staff</li> <li>Hold quarterly all-hands meetings and provide direct channels for communication between employees and the CEO</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>Integrity &amp; compliance</li> <li>Information security &amp; privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Public welfare activities</li> <li>Response to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Comply with laws and regulations, strengthen compliance management and respond to relevant national policies</li> </ul>	<ul style="list-style-type: none"> <li>Fulfill our social responsibilities, promote environmental protection and carry out public welfare activities appropriate to our business</li> </ul>
Suppliers and distributors	<ul style="list-style-type: none"> <li>Integrity &amp; compliance</li> <li>Supply chain CSR management</li> </ul>	<ul style="list-style-type: none"> <li>Distributor and retail store management</li> <li>Product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>Fulfill our obligations under contracts and the integrity agreement, conduct procurement in an open and transparent manner, and maintain a responsible supply chain</li> <li>Conduct quarterly and annual supplier reviews</li> </ul>	<ul style="list-style-type: none"> <li>Provide innovative, high-quality products</li> <li>Hold annual distributor meeting; management conducts regular store visits to discuss sales with distributors in various regions</li> </ul>
Peers and industry associations	<ul style="list-style-type: none"> <li>R&amp;D &amp; technological innovation</li> <li>Intellectual property protection</li> </ul>	<ul style="list-style-type: none"> <li>Product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen exchanges and cooperation with peers to promote a healthy and orderly competitive environment</li> </ul>	<ul style="list-style-type: none"> <li>Invest in R&amp;D that advances innovation in the industry; earn awards and recognition from industry peers; participate in the establishment of industry standards</li> </ul>



**Material issue identification and materiality assessment**

Based on effective communication with our stakeholders, and with reference to the UN SDGs and the procedures required by the Global Reporting Initiative (GRI) for the determination of materiality, we have conducted surveys and interviews with relevant individuals to understand the ESG issues that our major stakeholders are concerned about. We have analyzed and prioritized these topics according to their materiality. Based on relevant industry research and from the perspective of the Company's sustainable development strategy, we made certain adjustments to the list of material issues in 2022, as well as their prioritization level.

**Material ESG issues for 2022 :**

- |  |   |
|--|---|
| 1 Very important: Product quality and safety             | 10 Important: Occupational health and safety    |
| 2 Very important: Quality customer service               | 11 Important: Responsible marketing             |
| 3 Very important: R&D & technological innovation         | 12 Important: Resource consumption management   |
| 4 Very important: Green business opportunities           | 13 Important: Intellectual property protection  |
| 5 Very important: Integrity & compliance                 | 14 Important: Employee training and development |
| 6 Very important: Supply chain management                | 15 Important: Response to climate change        |
| 7 Very important: Partner and retail management          | 16 Relevant: Social welfare events              |
| 8 Important: Information security and privacy protection | 17 Relevant: Solid waste management             |
| 9 Important: Compliance with employment law              | 18 Relevant: Emissions management               |

## 2023 ESG GOALS



### Corporate governance

1. Enhance board diversity.
2. Further refine our ESG sustainable development strategies, policies and goals.



### Work safety

1. Ensure full accountability for work safety.
2. Conduct a full scope work safety inspection.
3. Ensure that all of our employees are given work safety training.
4. Finish the year with no major safety incidents or workplace fatalities.



### Public welfare

1. Pay close attention to the needs of our local communities and society at large, and act wherever possible to improve social welfare.
2. Consider vulnerable groups in product design.



### Product liability

1. Ensure all products comply with applicable safety standards in China or wherever they are sold.
2. No major quality-related recalls during the year.
3. Extended frame warranty period.



### Green operations

1. Promote energy and resource conservation, recycling and waste sorting.
2. Promote the digital office and digital factories.
3. Encourage employees to travel green.



### Employee rights and interests

1. Improve the skills and professional knowledge of all employees.
2. Focus on employee benefits.
3. Pay attention to the health and safety of employees, and ensure that the workplace meets health and safety standards.
4. Promote employee diversity, encourage recruitment and support for employees from different backgrounds.
5. Enhance transparency and trust.



### Customer satisfaction

1. Improve the efficiency of customer complaint handling.
2. Carry out regular "customer satisfaction surveys" and continuously improve them.
3. Continue to support stores to improve customer service quality.



### Collaboration for mutual benefit

1. Sign Integrity Agreements with all of our suppliers.
2. Sign Integrity Agreements with all of our distributors.
3. Enhance the level of technology and automation in our supply chain and retail outlets.

# 1.3 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Effective risk management empowers us to deal with risks on all fronts, engage in production and business operations and achieve sustainability. As per the Internal Control Framework suggested by COSO and Sarbanes-Oxley Act (SOX) Section 404, we continue to improve our risk management systems, strengthen internal controls across the business, and cultivate a company-wide risk management culture, as part of our efforts to provide reasonable assurance as to the achievement of our risk management objectives.

We have adopted a “Three Lines of Defense” risk management structure to identify, assess, and formulate appropriate response measures to risks including strategic, financial, market, operational and legal risks. We regularly review and evaluate the design and implementation of internal controls, and carry out periodic special audits based on risk assessments.

The “**THREE LINES OF DEFENSE**” system is designed to ensure the effectiveness of our risk management and internal control systems.



**First line of defense: Operational management control**

As the first line of defense, each business department or function is responsible for carrying out its own operational and management duties, maintaining effective internal controls and executing risk control procedures on a day-to-day basis.



**Second line of defense: Internal control and monitoring functions**

As the second line of defense, the Finance, Legal Affairs and Quality and Safety departments, among others, are responsible for continuously monitoring risks, implementing internal control policies and procedures, and collecting information in order to establish a company-wide understanding of risks and internal controls.



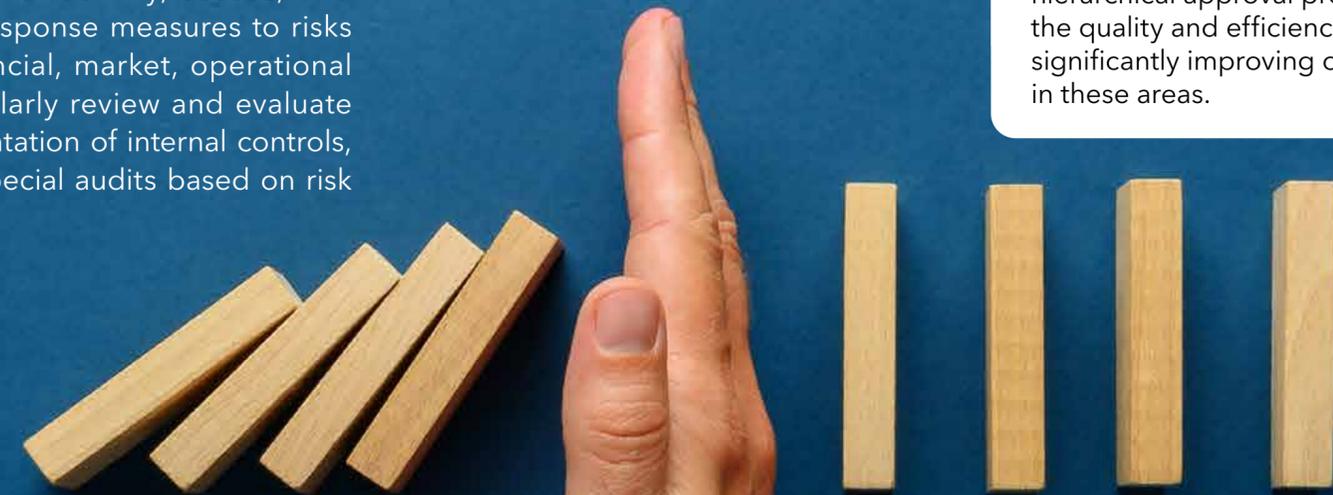
**Third line of defense: Internal audit**

The Company has set up an Internal Audit department staffed by a professional internal audit team. The team regularly conducts independent evaluations and provides assurance on the operating effectiveness of our risk management and internal control systems, and it monitors and supervises changes by management to internal controls. To maintain its independence, the Internal Audit department reports to the Audit Committee on a quarterly basis.

**Case: Optimizing the business approval process**



In 2022, we streamlined and optimized business approval processes including contract approval, contract payment, travel reimbursement, day-to-day expenses and employee loans. By refining the hierarchical approval process, we have improved the quality and efficiency of approval decisions, significantly improving our operational efficiency in these areas.



We conduct an annual evaluation to assess the effectiveness of our risk management and internal control systems. In 2022, through interviews, research, risk assessments, document reviews and information system audits, the internal audit team updated our risk control matrix in accordance with the Company’s operating conditions and audited our internal controls and risk management system to ensure their effectiveness. The 2022 audit was comprehensive, covering nearly all business functions.

In addition, we engaged third-party experts in the internal control of information systems to conduct risk evaluations and audit our internal controls. No material deficiencies or weaknesses were found in the general or applied controls related to our information systems.

## 1.4 BUSINESS ETHICS

### Anti-corruption and anti-bribery

We maintain a zero-tolerance stance towards all forms of corruption and bribery, and strictly abide by all relevant laws and regulations including the Anti-Money Laundering Law of the People's Republic of China, the Supervision Law of the People's Republic of China, and the Law of the People's Republic of China Against Unfair Competition, and all other applicable laws and regulations in the places where we operate. We have enacted and strictly observe a Code of Business Conduct and Ethics and a Management Policy for Insider Trade Prevention, which clearly define behaviors that constitute corruption and bribery, including bribes, kickbacks, illegal gains and money laundering. We require all employees to undergo compliance training, sign a letter confirming their compliance obligations, and promise strict adherence to relevant Company policies.

Our internal audit and control department formulates and regularly updates compliance and management policies, conducts compliance training programs, manages a dedicated e-mail account (audit@niu.com) to receive information on suspected fraud, investigates violations of our code of conduct, and reports to the Audit Committee on a quarterly basis.

We have also adopted robust anti-bribery and anti-corruption preventative measures. During the annual internal controls audit, we evaluate the separation of duties for key positions across all business processes and determine whether our existing constraints and division of labor are sufficient to prevent bribery and corruption.

We sign an integrity agreement with every supplier or distributor before entering into a contract, as part of efforts to ensure the integrity of our supply chain. If a supplier or distributor were to violate our integrity policy, we would immediately terminate the partnership and take legal action. The integrity agreement clearly states that neither party may engage in any form of bribery.

### Anti-unfair competition

We are committed to upholding a fair marketplace and strictly abide by such laws and regulations as the Anti-monopoly Law of the People's Republic of China and the Law of the People's Republic of China Against Unfair Competition. We ensure that our business functions follow sound business practices and maintain fair competition in the industry. Our legal team runs compliance audits on all contracts entered into to prevent the emergence of any horizontal or vertical monopoly, and reviews the Company's promotional content to prevent unfair competition. In 2022, we were not involved in any lawsuits relating to violations of the national Anti-monopoly Law or other relevant laws or regulations.

1. All of the Company's board of directors, supervisory board and management are aware of our anti-corruption policies
2. All of the Company's employees are aware of our anti-corruption policies
3. All of the Company's partners, including suppliers and distributors, are aware of our anti-corruption policies



## 1.5 INTELLECTUAL PROPERTY PROTECTION

Intellectual property is one of our key intangible assets and is a form of soft power that can help us excel in our industry. We are committed to advancing innovation and highly value the protection of intellectual property rights. We proactively protect the intellectual property rights of the Company and our customers, and we also respect the intellectual property rights of third parties.

We strictly abide by the Patent Law of the People’s Republic of China, the Trademark Law of the People’s Republic of China, the Copyright Law of the People’s Republic of China, the Civil Code of the People’s Republic of China, and other relevant laws and regulations in the places where we operate. We have established a systematic and structured system for intellectual property rights management and have formulated a set of Intangible Asset Management Rules to clarify our management standards for protecting intellectual property rights, including patents, trademarks, copyrights and non-patented technologies. Additional measures in the area of intellectual property rights management include providing training on summarizing and writing patents, Freedom To Operate analysis for important projects we have commissioned and the deployment of advanced trademark and brand strategies.



We have established a series of measures for protecting intellectual property rights from infringement identification to rights protection to safeguard our rights in a systematic and legal way:

- **Infringement identification:** Business functions identify infringements during daily operations and report them to our Legal Department;
- **Rights protection planning:** The Legal Department verifies the situation and works with external law firms to conduct an assessment, generate a written report on infringement and formulate corresponding solutions, subject to the nature and extent of the infringement;
- **Rights protection implementation:** The Legal Department leads the enforcement process, taking legal action against major patent/trademark infringements; sending legal letters to those involved in minor infringements and lodging complaints against individual infringers on third-party e-commerce platforms.

As of the end of 2022, NIU had acquired a total of **590** patents and software copyrights, and **857** registered trademarks. During 2022, NIU acquired **18** patents and software copyrights, and **305** registered trademarks.

## 1.6 ENSURING INFORMATION SECURITY AND PROTECTING DATA PRIVACY



### INFORMATION SECURITY

To ensure information security and protect data privacy, we strictly abide by applicable laws and regulations in China, including the Cybersecurity Law of the People's Republic of China; the Data Security Law of the People's Republic of China; the Personal Information Protection Law of the People's Republic of China; Methods for Identifying the Illegal Collection and Use of Personal Information by Apps; Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications; the Administrative Measures for the Hierarchical Protection of Information Security; Regulatory Measures for Cybersecurity; and Information Security Technology–Personal Information Security

Specification. We also strictly comply with relevant data security laws and regulations that apply to our overseas operations, such as the European Union's General Data Protection Regulation (GDPR).

In addition, we closely monitor any changes to existing laws and regulations. For example, the China Securities Regulatory Commission (CSRC) issued the Provisions on Strengthening Confidentiality and Archives Management of Overseas Securities Issuance and Listing by Domestic Enterprises in February 2023, and the Cyberspace Administration of China issued the Administrative Provisions on the

Account Information of Internet Users and the Security Assessment Measures for Outbound Data Transfers in June and July 2022, respectively. We have conducted internal inspections to confirm compliance with the requirements of these regulations.

During the Reporting Period, we did not experience any cybersecurity incidents, or any incident that compromised customer information privacy or data privacy.



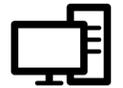
### Information security management

To ensure data security, we have put in place the Management Measures for Information Security, which are designed to help identify information security risks, standardize the day-to-day information security management process, and ensure the confidentiality, integrity and availability of information and data. In 2022, we continued to improve the information security and privacy protection system and update relevant internal systems based on the realities and external policies we face.

○ **Information security goals:** Defend the integrity, confidentiality and availability of the information system against attacks to the maximum extent possible; control major information security incidents (Level II) to the lowest manageable level, with a target of zero incidents per year.



○ **System security improvement:** We formulated standard management procedures for maintaining system security, including server intrusion detection, system security vulnerability analysis and reinforcement, upgraded security for server host systems.



○ **Information security management framework:** We adopted a “Plan-Do-Check-Action” management model based on our relevant characteristics and the goals and items for control under the Requirements for Information Security Management Systems (ISO/IEC 27001).



○ **Secure access to applications:** We formulated standards for building and managing system security at the application level, including unified authentication, authorization and access control and encrypted communication, improving the overall security of business application systems.



○ **Organization in charge of information security management:** We set up a dedicated information security leading group that oversees the development of information security policies and the operation of information security systems.



○ **System and data backup management:** We established a standardized system for data backup employing advanced data backup technologies. We have engaged a reliable third party to store some of our data, and we have signed a confidentiality agreement with this supplier. In addition, we regularly review the third party’s independently audited information security certification reports.



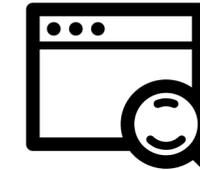
○ **Cybersecurity development:** We formulated a set of consistent standards for building and managing cybersecurity systems such as firewalls and network intrusion detection systems.



During the Reporting Period, the Company obtained Level 3 Certification of Information System Security Protection.

**Case:**

In 2022, to enhance management’s awareness of information security and privacy protection, improve data management, standardize external communication and disclosure practices, and implement various information security guidelines and controls, we engaged a third-party agency to conduct a compliance investigation into our management of confidential information and archival material. We have adopted in full all of the external experts’ recommendations for improving our information security and privacy protection systems.



**Information security training**

We provided information security training to our staff on a regular basis throughout 2022. These training modules covered various topics including computer virus removal, information security protection, guidelines for cybersecurity behaviors, etc. To further improve company-wide awareness of information security issues, we also send e-mails on an ad hoc basis reminding staff to stay alert for phishing attempts and new viruses.

**Information security incident response mechanism**

To respond effectively to information security incidents, companies first need to classify them properly. During the Reporting Period, we revised the Management Measures for Information Security Incidents, which classifies information security incidents into three levels based on the confidentiality level of the information compromised

in the incident, the impact on the business, and the magnitude of the resulting losses. This document also clarifies the process for handling incidents at each level to ensure NIU mitigates information security risks in the most efficient way possible.

**User data collection**

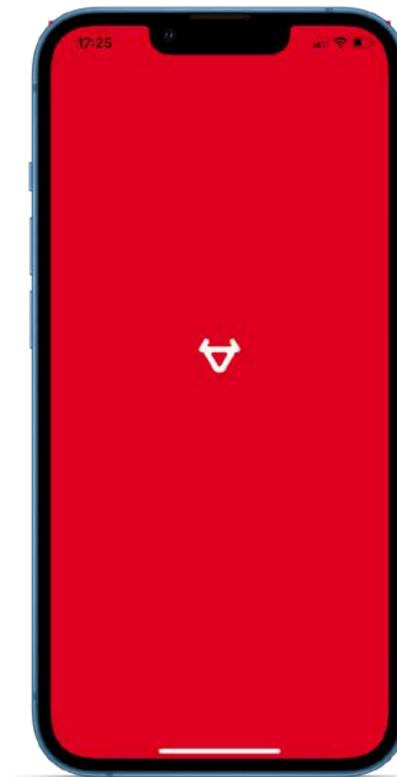
We place a high premium on the security of users' personal information and privacy. In 2022, we updated and released the NIU User Privacy Policy to ensure the standardized management of users' personal information throughout the entire process of collection, storage, and use.

○ **Collection:** We collect customer data based on the “minimization” principle, and detail the scope, purpose and usage of collecting personal information.

○ **Storage:** We keep user data for a certain period of time in accordance with legal requirements; We do not transfer user data across borders; We take industrial-standard security measures to ensure the security of user data; We use encryption and desensitization technologies to ensure data confidentiality.

○ **Usage:** We only use the data we collect for specific, explicit and legitimate purposes, and we absolutely do not use such data for other unknown purposes. We will not provide user data to any third party without the user’s consent.

○ **User Rights:** We ensure that users are free to access, supplement, and correct their personal information.



# 2 ENSURING PRODUCT AND SERVICE QUALITY



## 2.1 PRODUCT INNOVATION

### Innovation system

Our mission is to create the premium e-scooters of the future with leading technology and design and we are committed to delivering lighter, smarter and more distinctive products based on independent research and development (R&D), design and manufacturing.

To develop products, we have established forward-looking departments such as Industrial Design, Innovative Experience, and Core Technology to introduce cutting-edge trends into the Company and help elevate our industry. Product quality is the cornerstone of our business. We have an extensive high-quality management, inspection and production system and we develop new materials, new technologies and new structures to create smart and reliable products for users. All departments work together to continuously break the established conventions of two-wheeled travel and provide better travel experience to our users.

In 2022, our R&D staff accounted for 30% of the Company's total workforce



**NIU Smart™: Seven innovative technologies that elevate the riding experience to a new level**

NIU Smart™ is the proprietary technology system that makes NIU's two-wheeled vehicles genuinely smart. It combines a massive database, the NIU IoT platform and a Cloud ECU intelligent central control unit to continuously analyze riding data and optimize the rider experience.

NIU Smart™ provides our riders with smart riding experiences that are safe, reliable, convenient and fun. We believe that smart technologies are much more than just a set of technical parameters and stacked hardware configurations – at their core, they should be about creating a positive rider experience across every use case. NIU Smart™ puts users at the heart of our innovation efforts, as we aim to deliver enjoyable riding experiences and technologies that **know users better**.



**Case: Expanding the smart ecosystem**



In 2022, NIU partnered with Alipay to integrate NIU's smart services into the Alipay platform. After owners connect their NIU e-scooters to Alipay's travel services by navigating "Alipay Home > Travel > Ride > My e-scooter" on the Alipay app, they can use one-stop smart services such as one-touch start-up, remaining battery query and mileage estimation within the Alipay app. Through collaboration with influential platforms like Alipay, NIU is building a complete smart ecosystem that provides convenient all-round smart services.

The Seven Core NIU Smart™ Technologies and their Applications

<p><b>One-touch start-up/ shutdown, OkGo!</b></p>	<p><b>Smartphone NFC (Near Field Communication) key fob</b> Riders can turn their smartphone into a key fob by pairing it with their e-scooter via Bluetooth; the e-scooter will unlock automatically when the smartphone is nearby.</p> <p><b>Electronic handlebar lock</b> The electronic handlebar lock automatically disengages when the NFC key fob is nearby.</p> <p><b>Side stand sensor</b> The e-scooter automatically enters riding mode when the side stand is lifted.</p> <p><b>Seat sensor</b> When a rider mounts the scooter, the seat sensor informs the central control unit to prepare for riding mode, enabling a quick one-touch start-up.</p>	<p><b>Enhanced rider safety</b></p>	<p><b>Seat sensor</b> The seat is fitted with a sensor that monitors body weight; when the rider shifts their weight off of the seat, the e-scooter will automatically enter P-mode to prevent the e-scooter from sliding.</p> <p><b>Side stand sensor</b> The throttle will not engage when the side stand is down, preventing accidental acceleration.</p> <p><b>NIU Smart Lighting system</b> NIU's proprietary advanced lighting system improves rider safety at night.</p>
<p><b>Smart security measures</b></p>	<p><b>Smart app monitoring</b> The NIU App monitors the operation status of the e-scooter in real time.</p> <p><b>Precise location tracking</b> Three-mode automotive-grade positioning chips track the e-scooter's location to within 5 meters of accuracy through GPS and base stations.</p> <p><b>One-touch remote locking</b> Stolen e-scooters can be locked remotely via the NIU App.</p> <p><b>Smart alarm</b> The NIU App detects disturbances to the e-scooter in real time; the intelligent central control unit filters out irrelevant information to reduce false alarms.</p> <p><b>Battery tracking</b> Incidents of battery theft can be reported on the NIU App; users will be notified of the battery's position when it is used again.</p> <p><b>Stolen vehicle and component blacklist</b> Once blacklisted on the NIU App, stolen e-scooters and batteries are difficult to resell, disincentivizing theft.</p>	<p><b>Intelligent maintenance management</b></p>	<p><b>Intelligent maintenance check 2.0</b> The all-new central control and electronics system provides automatic smart monitoring of the entire vehicle, identifying issues in real time and enabling users to request repairs with one touch.</p> <p><b>Real-time tire pressure monitor 2.0</b> Tire pressure is monitored in real time; any detected abnormality results in an immediate warning displayed on the dashboard.</p>
		<p><b>Personalized riding experience</b></p>	<p><b>Navigation projection screen</b> Riders can project navigation information from their smartphones to the dashboard with one touch, allowing them to focus on the road.</p> <p><b>Riding data stored on NIU App</b> Data on every ride, including the route and battery status, is stored on the NIU App to help us continuously improve the vehicle's range and power performance.</p> <p><b>Five-gear adjustable energy recovery</b> Riders can adjust the energy recovery intensity based on their personal habits and usage environment.</p>
		<p><b>Household account</b></p>	<p><b>Remote control</b> The vehicle owner can remotely unlock, turn on, or shut down the e-scooter via a shared household account on the NIU App.</p> <p><b>Remote permission</b> Vehicle owners can grant non-owners permission to log into their household account on the NIU App as a guest and use the e-scooter independently.</p>
		<p><b>Smart upgrades</b></p>	<p><b>OTA (Over-the-Air) upgrade 2.0</b> The e-scooter's firmware is automatically downloaded and updated to immediately enable new features.</p>



## NIU ENERGY SMART POWER TECH



### A lithium-ion battery revolution: Safe riding with NIU's proprietary 7<sup>th</sup> generation NIU Energy™ technology

NIU's proprietary AI-powered NIU Energy™ lithium-ion battery system integrates several technologies developed in-house to create lighter and safer batteries with longer ranges, longer lifespans and more power:

- Using data from more than 900 billion rides, we have developed proprietary energy efficiency solutions, configuring 18650 automotive-grade lithium-ion battery cells to enable a longer driving range.
- We analyze performance data from the 400 million battery cells that travel around the world in our e-scooters every day, maximizing the performance of each battery cell while protecting battery health. We also extend battery life through the PACK energy efficiency matrix, our dynamic AI-powered battery management system (BMS) and charging dynamic balance algorithms.
- With BID authentication and an independent battery positioning chip, we are able to monitor battery location and status anytime, anywhere.
- Our unique NIU Boost technology reduces waste while enabling smoother and more efficient power output.



**Innovative industrial design**

Our design team employs a coherent and dynamic design language and high-tech design techniques to create stylish electric two-wheelers that appeal to urban consumers from the younger generations. In 2022, we launched the straddle-type vehicle SQi, a lightweight electric bicycle with a low-carbon design. In 2023, SQi became the first and only Chinese two-wheeler to win the "Red Dot: Best of the Best" award, beating out over 10,000 submitted products and 2,150 award-winning submissions from more than 60 countries.

The futuristic-looking SQi features groundbreaking design and materials that enabled us to overcome the limitation of the new national standard. Its frame is made of aviation-grade magnesium alloys that are 75% lighter than steel and 30% lighter than aluminum alloys, with remarkable torsional rigidity and strength. The frame is hollow-carved, resulting in a lightweight body that combines functionality with aesthetics. The aviation-grade magnesium alloy used in the SQi has a lower melting point than traditional materials, which significantly reduces carbon emissions in the manufacturing process, in keeping with NIU's commitment to providing global users with environmentally friendly smart urban mobility solutions.



**Case**

In 2022, NIU and RAZER launched the NIU x RAZER SQi limited edition with the tagline: "A Tribute to Gamers by Gamers". The co-branded model prominently featured RAZER's trademark fluorescent green brand color, and customized "NIU x RAZER" nameplates were added to both sides of the battery compartment, producing a striking appearance and a differentiated design. The collaboration between the two parties achieved deep integration at both the technical and design levels, and enhanced NIU's brand image as a provider of smart, fashionable and environmentally friendly mobility solutions.





**Industrial exchanges**

As a pioneer in the use of smart lithium-ion batteries for electric two-wheelers, we regularly conduct technical exchanges with peers and participate in formulating industry standards in key areas to advance progress in the space together with our partners. NIU helped draft the White Paper on the Intelligent Development of the Bicycle and Electric Bicycle Industry in China, as well as the following industry and local standards:

- T/GDEVA 0002 - 2022      Lithium-ion Cells and Batteries Used in Electric Bicycle - Technical Specification
- T/GDEVA 0001 - 2022      General Rules for Electric Bicycle Product Quality Classification Assessment
- T/TJZX 005 - 2022          General Technical Specification for Electric Control System of Electric Bicycle
- T/JSEBA 002 - 2022          Communication Protocol for Electric Bicycle
- T/BIKE 9 - 2022              Safety Requirements of Lithium-ion Batteries and Charger for Electric Bicycle
- T/CHINABICYCLE 12 - 2022    Lithium-ion Cells and Batteries Used in Electric Bicycle - Technical Specification

As of end-2022, NIU had participated in formulating a total of 22 standards, of which 12 have been published.

## 2.2 PRODUCT QUALITY

We put product quality first, and strictly adhere to laws and regulations including the Product Quality Law of the People’s Republic of China, as well as industrial standards including the Safety Specifications for Electric Motorcycles and Electric Mopeds (GB24155-2020), the Safety Technical Specifications for Electric Bicycle (GB17761-2018) and the Structure, Performance Requirements and Test Methods for Brake Hose (GB16897-2022). We also comply with global standards including the the Standard for Electrical Systems for eBikes (UL2849) published by UL Solutions, the global leader in applied safety science, as well as the Standards for Electric Bicycles (EN15194) issued by the European Committee for Standardization. We have implemented a quality management system covering R&D design, material inspections, process inspections and after-sales feedback, and we are committed to maintaining the highest standards of product quality.



### R&D quality management

We implement quality management and monitoring measures at every stage of the product development process. Through safety and reliability tests, software and hardware function tests, battery tests for power performance, and user experience and use case analysis, we identify and verify potential problems, generate test documentation and reports and implement strict quality measures at all levels to ensure that we deliver final products of the highest quality.

During the design stage, we conduct dynamic and static CAE strength and rigidity analysis on all our e-scooter frames.

The finished frames must pass over 300,000 vibrations tests, while the whole vehicle must pass the 5,000km vibration endurance test to rule out any fatigue problems and minimize safety risks.

### Case: Automotive-grade manufacturing

To improve frame stability, SQi became the first two-wheeler in the industry to adopt the same die-casting process used to build premium cars. The SQi’s 4kg frame is produced under 3,000 tons of pressure and screwed without solder joints to achieve a sub-millimeter level of precision.



**Incoming materials quality control**

We comply with the Incoming Quality Control Inspection Manual when controlling the quality of incoming materials from our suppliers. We fully inspect critical parts, and for other parts we conduct full or random inspections covering appearance, size, assembly and function based on the class of materials. We regularly audit suppliers and impose rectification and improvement measures on suppliers found to provide substandard materials.

Battery pack quality control is of paramount importance to NIU. We employ a proprietary intelligent battery inspection system for full inspection of every unit and require inspectors to use special inspection software to test various parameters of the battery packs themselves as well as their software, according to established standards. We conduct regular training for inspectors to ensure that they operate with the highest possible levels of proficiency.

**Production quality management**

We focus on key process controls in the manufacturing and assembly process to ensure the utmost production quality. Our Input Process Quality Controllers (IPQC) confirm the

quality of materials, the consistency of key parts and the operation of each key process in the first round of inspection. For the critical torque processes that are more complex and difficult to control, IPQCs use advanced fixed-torque equipment to monitor in real time and record all data and inspection results.

After final assembly is complete, we carry out four rounds of inspections, namely initial inspection, final inspection, road testing and distribution inspection. These checks are conducted according to the Inspection Instructions and Appearance Inspection Standards to ensure the quality of every vehicle.

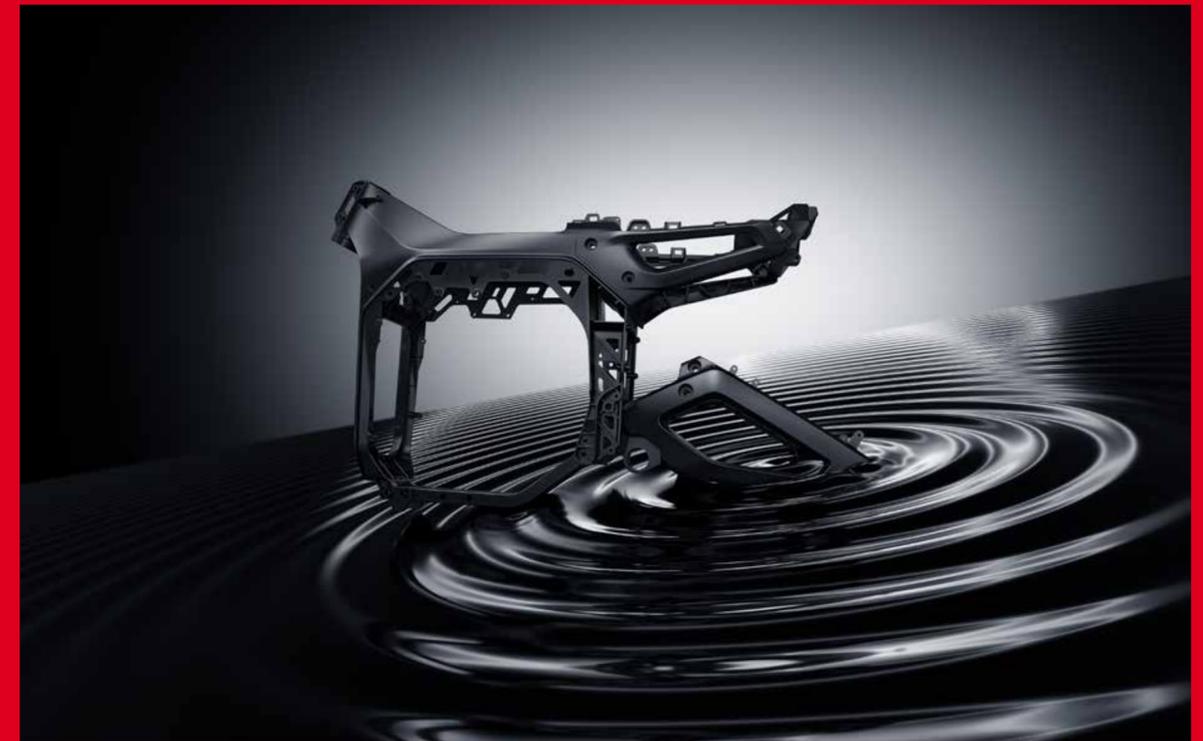
**Feedback and improvement in product quality**

We handle all product quality issues reported by customers in accordance with the Customer Consultation and Complaint Management Rules. The Certified Quality Engineer adds customer complaints collected from sales and after-sales channels to the QMS (quality management system), and conducts internal analysis, tracking and feedback to formulate product quality improvement plans. We closely monitor the monthly-generated list of customer complaints and feedback to guide our quality improvement efforts.



**Case: High-precision materials testing**

The SQi's frame was tested with an advanced X-ray technology capable of detecting miniscule air bubbles with a diameter of just 0.01cm.



## 2.3 QUALITY CUSTOMER SERVICE



NIU is a customer-centric company committed to providing excellent customer service and great customer experiences. We strictly abide by relevant laws and regulations including the Law of the People's Republic of China on the Protection of Consumer Rights and Interests. We have formulated several systems and processes to improve customer service and elevate the customer experience, including the Products and Services Management System, the Customer Consultation and Complaint Management Rules, the Control Procedure for Product, Technology and Service Processes, the Refunds and Exchanges Procedures and the Customer Satisfaction Management Procedures.



### Sustained engagement throughout the sales cycle

We treat customer feedback and complaints in any form very seriously. Customers can express their complaints or feedback through online sales platforms (e.g. Tmall, JD.com), Weibo, our customer service hotline (**400-6388-666**) and NIU App. Our staff respond quickly to all complaints and provide feedback in accordance with the Customer Consultation and Complaint Management Rules to ensure a timely and effective response and protect NIU's reputation. We engage with customers during the following stages of the sales cycle:



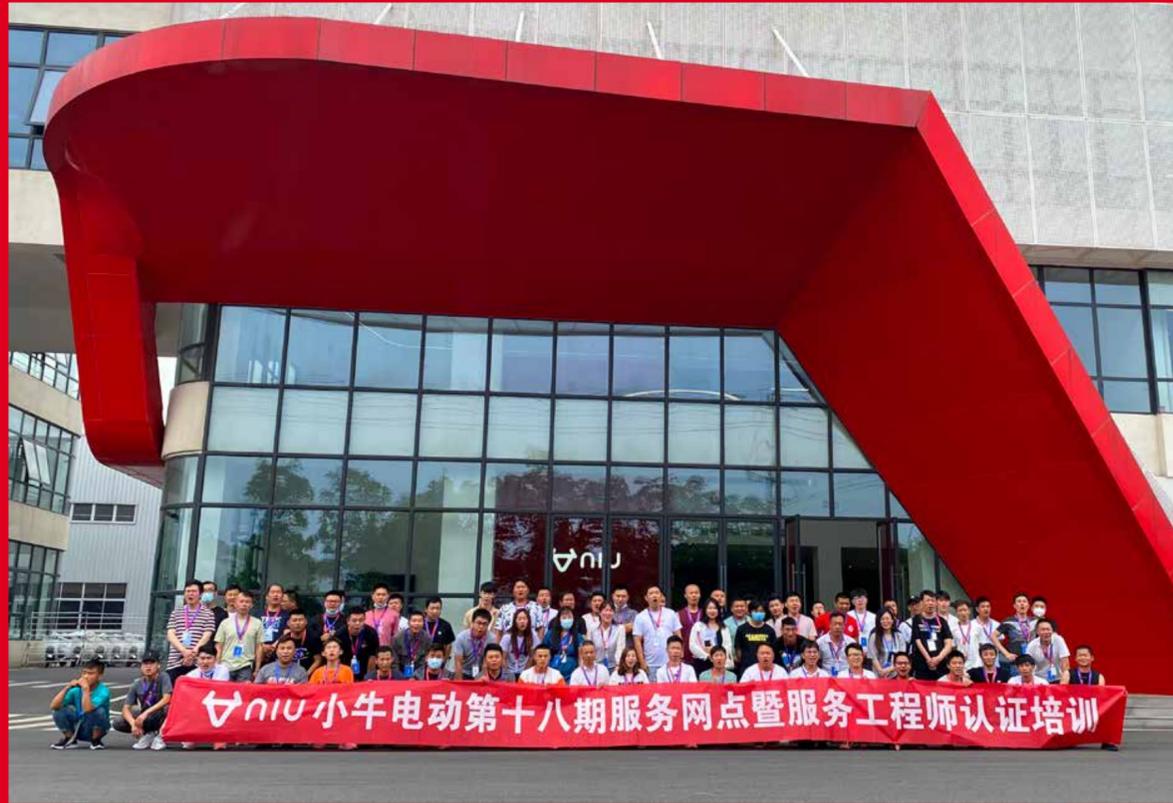
### Refining our after-sales service network

NIU has built a fully developed after-sales service network comprising over 1,000 service stores in China offering services such as repair, maintenance and components replacement. Upon a request for repair via our app, or by calling the customer service center, we guarantee completion of repair within 8 hours for general malfunctions, and within 72 hours for more challenging problems, as per our after-sales policy. We work with our network to ensure that all repairs are carried out in an efficient, correct and attentive way



### Case: Ensuring a high-quality service

NIU conducts regular training for certified service engineers to ensure high-quality after-sales services. We provide engineers with instruction on topics including our manufacturing processes, disassembly and assembly, and troubleshooting on a regular basis as well as ahead of new product launches.



### Comprehensive customer service

NIU is committed to providing users with comprehensive and customized after-sales services. We were the first in our industry to offer customized insurance services NIU Cover,

which is the only insurance program for electric-two wheelers that integrates driver safety, third-party safety and vehicle damage, setting a new industry benchmark.

### Case: Digital warranties

In 2022, we began providing innovative digital warranties, based on feedback from customers, as part of our effort to address customer pain points, boost customer awareness of the warranty period and expedite the delivery of warranty-covered services. The digital warranty was launched in June 2022, and is available to all customers once they have registered their e-scooter via the NIU App.



**Customer satisfaction**

We conduct yearly customer satisfaction surveys to better understand our customers' requirements and expectations and improve both the customer experience and our corporate brand image. We also generate a weekly list of common issues raised in customer feedback based on the Customer Satisfaction Management Procedures. Based on the results of these efforts, we conduct improvement programs and work with the responsible departments on rectification and monitoring programs to continuously improve product and service quality.

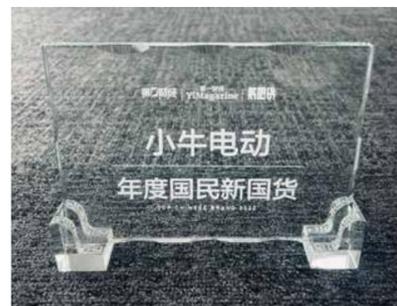
We are constantly working to improve our customer satisfaction metrics, and we use customer satisfaction survey results as an important assessment parameter in the performance reviews of relevant departments and service stores. During the Reporting Period, we achieved an average customer satisfaction score of 4.86/5.

Our customer service network has won the appreciation of our large customer base, as well as recognition from many prestigious organizations.

- **Service Center:** Responsible for collecting, processing, verifying and analyzing customer complaints. The Service Center promptly reports relevant information to the Quality and Technical Department and follows up on remedial actions.
- **Quality and Technical Department:** Confirms and analyzes quality-related information reported by the Service Center, formulates responses to customer complaints, tracks and verifies the results and regularly reports to senior management on the handling of major customer complaints.
- **Other responsible departments:** Responsible for analyzing the reasons for customer complaints and formulating and implementing corrective and preventive measures.



NIU was recognized as an Innovative Example of Green Consumption at People.cn's 2022 Consumption Creativity Conference.



NIU was named Yicai magazine's Top Chinese Brand of 2022.



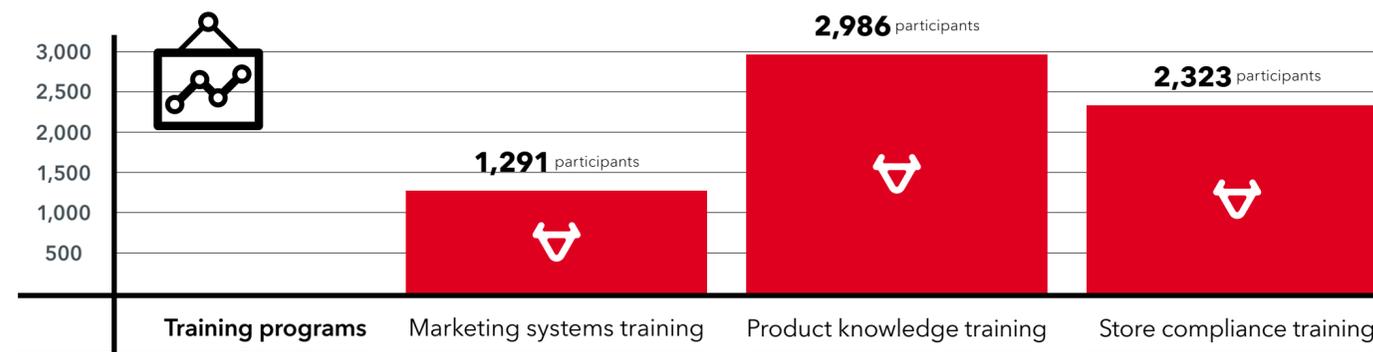
## 2.4 RESPONSIBLE MARKETING

We strictly abide by the Advertising Law of the People's Republic of China and other relevant laws and regulations governing marketing activity. We operate a comprehensive compliance system for external communications to ensure that all our advertising content provides complete, accurate, objective and truthful information to consumers. We have recently strengthened our marketing compliance system in several areas to protect the rights and interests of consumers.

### Responsible marketing training

We provide training to all sales staff to ensure that they provide a positive customer experience and engage in standardized and compliant marketing practices. Sales representatives are required to inform customers of all the risks involved in buying a product, provide instruction on using the product and ensure fairness throughout the marketing process spanning sales, delivery and after-sales service. Following are some highlights from our responsible marketing training during 2022:

We launched an online training platform featuring ample learning resources covering responsible marketing and an online examination system.



We held 43 face-to-face marketing training sessions during 2022, attended by 978 employees. The number of face-to-face training sessions was relatively low due to the pandemic, but we have resumed a more normal pace of training in 2023.



Face-to-face marketing training sessions

### Product marking and labelling

In keeping with the principles of responsible marketing, we include information on each product's possible environmental and social impacts in the user manual, certification of quality and product label. For example, the user manual for the G100 electric bicycle provides clear information on what materials are used in the product, how the raw materials are sourced and their potential impact on the environment in compliance with the relevant laws and regulations in the places we operate.

# 3 ENVIRONMENTAL PROTECTION AND GREEN OPERATIONS



## 3.1 GREEN FACTORIES

Based on our green supply chain philosophy, we incorporate sustainability principles throughout the entire lifecycle of our electric two-wheelers and processes. This spans from manufacturing, packaging, and logistics to transportation and resource recycling. We are dedicated to building green factories through a range of initiatives, placing a strong emphasis on low-carbon development, green energy utilization, and waste and emissions reduction. NIU is committed to being a resource-efficient and environmentally conscious company.

Our global R&D and manufacturing base covers an area of 170 acres with more than 110,000 square meters of floor space. The manufacturing base includes supply chain, production, logistics, R&D, testing, and after-sales service centers.



### Green manufacturing

We uphold the principles of green manufacturing and strictly comply with the Environmental Protection Law of the People's Republic of China and the pertinent regulations governing polluting emissions in the regions we operate. To reduce waste, we actively monitor and manage the use of resources and polluting emissions in the manufacturing process. We are committed to cultivating a low carbon energy framework through careful control and optimization of our production processes.

Embracing a lean production philosophy, our factories uphold exemplary quality and safety standards. Based on customer specific requirements, we have implemented a pull system for lean production through the utilization of JIT (Just in Time) and automated production techniques. The integration of CRM, ERP, MES, WMS and TMS systems has streamlined operations at our supply chain center. This has created a digital factory characterized by safety, reduced energy consumption, environmental consciousness and intelligent manufacturing.

We have built best-in-class fully automated production and assembly lines as well as testing lines. We have 12 lines for two-wheelers and three for kick-scooters with annual capacity of 2 million units. The production facility features automated torque assembly and functional testing, autonomous diagnosis and data analysis of core modules, and the automated loading and distribution of parts and vehicles. It successfully manufactures and delivers over 10,000 units a day.

The production facility also houses independent R&D laboratories, including those dedicated to smart BMS for lithium-ion batteries, CLOUD-ECU intelligent central control system, Field Oriented Control system, electronic braking system, dynamic performance system and the NIU INSPIR data analysis system. It also houses leading testing laboratories in China which evaluate the performance, strength and durability of electric motorcycle components and vehicles. This robust infrastructure lays a solid foundation for product development and quality assurance.

During the production process, the primary resources consumed consist of electricity and water which are mainly used for lighting, operating equipment, vehicles and routine office activities. In 2022, we consumed 31,375 cubic meters of water, equivalent to 8.75 cubic meters per million RMB in revenue. Additionally, we consumed 3072.2MWh of electricity in 2022, equivalent to 857kWh per million RMB in revenue.

### Case: Embracing clean energy for decarbonization



We have promoted several energy conservation and emissions reduction projects and championed the adoption of clean energy. For example, we began working on Phase I of a distributed photovoltaic project for our Changzhou manufacturing base in May 2022. By May 2023, this endeavor was fully operational. This project fitted the facility's unused roof space with a distributed photovoltaic power generation system covering an area of 11,000 square meters with an installed capacity of 1.4MW. The project can generate 1.47 million kWh of electricity annually, with a projected consumption rate of 83%. This is projected to reduce carbon dioxide emissions by 1,526 tons each year while conserving 6,440 tons of water, equivalent to planting 910 trees annually. Looking ahead, Phase II of the project will outfit the facility's remaining unused roof space of 50,000 square meters with a 6MW distributed photovoltaic power generation system. Once complete, the entire system is projected to reduce carbon dioxide emissions by 6,540 tons and save 27,600 tons of water, equivalent to planting 3,900 trees per year. We will continue to promote the use of clean energy and contribute more to China's ongoing decarbonization initiatives.

**Green packing**

We are dedicated to upholding our environmental obligations by recycling, reducing and recovering packing materials.

○ **Reusable packing**

The outer packing of our upstream products is of great environmental concern to us. Consequently, we have cooperated with our seat and rear carrier suppliers to replace un-reusable plastic packing bags with cloth bags. Upon receiving the supplies, we return the cloth bags to the upstream suppliers for re-use to minimize waste. We recycle about 2 million cloth bags each year. In addition, we are encouraging our suppliers to adopt uniform-sized plastic baskets and boxes across all supply categories. This initiative covers approximately 40 electric component suppliers, including those providing controllers, main harnesses, meters, and other components.

○ **Reduction of packing materials**

Packing materials used for deliveries include wooden supports, iron stands, cloth bags, cartons, foam pads, plastic bags and nylon ties. To streamline the usage of packing materials while conserving resources and ensuring the product can be safely delivered, we have adopted a precise and integrated approach to product packing. Depending on the size of the vehicle, distinct specifications are set for the wooden support and carton used to safeguard products during

transportation. The average volume of packaging materials consumed by a single vehicle varies between 1.20 and 1.60 cubic meters.

**Green logistics**

In 2022, we launched the Transportation Management System, ensuring fast and efficient collaboration between internal departments as well as between NIU and our distributors. This not only enhances corporate efficiency, but also reduces paper waste from routine office work. This directly aligns with our green operational philosophy.

○ **Systematic data transmission:** Operational processes are all managed by the system, ranging from shipment planning, carrier coordination, stocking and loading, to post-delivery feedback. This approach effectively ensures the timeliness, accuracy and integrity of data transmissions.

○ **Improved shipment accuracy:** The system prints picking lists, scans stocked items against the list, and promptly identifies inconsistencies.

○ **Enhanced shipment efficiency:** Upon receiving pick up instructions, drivers can pre-schedule appointments. We then efficiently allocate loading platforms which optimizes shipment efficiency and volumes by reducing driver waiting times within the factory during peak pick-up periods.

○ **Real-time warehouse data:** The system ensures inventory data accuracy by scanning goods when they are shipped from the warehouse and directly integrates with our accounting systems.

○ **Streamlined communication:** Effective online communication and confirmation take place between various transit stages, carriers, and drivers ensuring that they are all on the same page.

○ **Electronic documentation:** Drivers electronically sign documents and gate guards verify and release drivers based on an electronic release permit, minimizing the need for paper documentation

○ **Higher on-time delivery rates:** The system seamlessly transmits shipment updates back to the sales system, visually displaying the status of each order in real-time which reduces communication costs and improves customer satisfaction.





**Green recycling**

Our main sources of waste include production waste, packing material waste from incoming materials, returned scrap, and domestic waste from business operations. To address this, we have implemented management policies outlining procedures for the collection, storage and depositing for different types of scrap and waste. These policies clearly define the responsibilities and tasks of relevant functions to ensure standardized management, orderly operations and environmental safety.

Among the different types of scrap, we have recently focused on battery packs due to their significant environmental impact from improper disposal. As a solution, we have established a full life-cycle management process covering battery pack assembly, sale, customer use, recovery and recycling. BID coding and big data monitoring are utilized to remind customers about battery pack maintenance and recovery. Recovered battery packs as well as those used in the R&D process are delivered to qualified recovery companies for cascade utilization or disassembly for reuse by upstream companies, contributing to sustainability. In 2022, we increased the recycling of used battery cells and packs, recycling approximately 45 tons, a significant increase over 2021. Moving forward, we will strengthen recycling and cascade utilization of various types of batteries, maximizing economic benefits while minimizing the environmental impact of used battery cells and packs.

NIU employs categorized management processes for waste generated from production and business operations. A warehousing management policy was also put into place that outlines temporary storage requirements for waste. In 2022, we recycled nearly 286 tons of production process-generated waste. The types of waste and their corresponding weights are as follows:

Type	Recycled weight (kg)
Cardboard	159,747
EPE	5,650
Iron	63,986
Polypropylene	18,992
ABS	10,677
Plastic foam	18,900
Aluminum	2,124
Motors	2,755
Copper	1,050
Others	1,957

## 3.2 GREEN WORKPLACE

In our daily office activities, we promote green practices among our staff to conserve resources and energy. The specific measures we have implemented include:

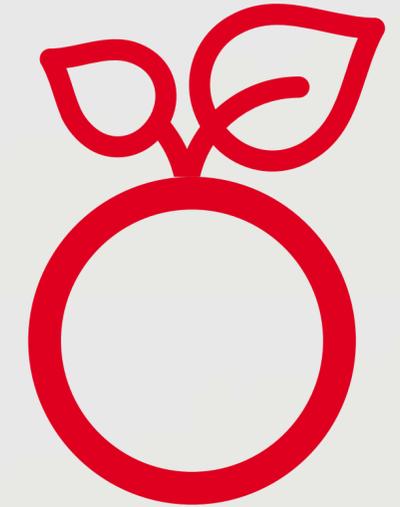


○ **Promoting energy and resource conservation:** We have increased the use of clean energy and maintain office air conditioning temperatures at 26 degrees Celsius. Employees are encouraged to print on both sides of the paper and switch off equipment like lights and air conditioners when leaving shared spaces.

○ **Adopting a digital office approach:** We encourage employees to adopt digital tools, such as electronic documents, e-mails and online meetings, to reduce resource consumption from paper documents and in-person meetings.

○ **Promoting eco-friendly commuting:** We have built parking lots for two-wheelers and installed charging stations and lockers for staff use.

○ **Ensuring recycling and garbage sorting:** We have increased the recycling rate for used battery cells and packs and have placed informative posters in prominent areas to raise employee awareness of the importance of garbage sorting and support food waste sorting.



# 3.3 RESPONSE TO CLIMATE CHANGE

Climate change is a global challenge. In line with China's goal of achieving peak emissions by 2030 and carbon neutrality by 2060, we are committed to actively participating in carbon emissions reductions and advancing sustainable development. NIU has integrated the identification and management of climate change risks into its daily operations and risk management system. We regularly identify, assess and respond to climate change risks.

Climate risk control matrix

Risk	Description	Measures
<b>Legal &amp; policy risks</b>	The government might introduce new environmental regulations and policies aimed at curbing greenhouse gas emissions and facilitating the shift towards cleaner energy sources. It may also impose requirements for entry into the electric two-wheeler market, potentially resulting in more stringent compliance requirements for the production and sales procedures.	We closely monitor and follow policy trends and respond promptly to any policy changes. We constantly optimize management processes to ensure that our products meet environmental standards and regulations.
<b>Technical risks</b>	The pursuit of low-carbon economic activities has driven the advancement of lightweight materials, new battery technologies and smarter control systems. Companies are compelled to adopt more cost-effective materials and develop low-carbon products in response.	Expand R&D efforts to improve battery technology, performance, and range. Closely monitor emerging material technologies and swiftly incorporate new materials to enhance product performance and competitiveness. Establish partnerships with technology companies and research institutions to leverage external innovation and advance our technology.
<b>Cost risks</b>	Climate-related risks can create additional costs for NIU such as carbon taxes and higher costs for traditional energy and batteries. These factors could adversely impact our financial performance.	Develop alternative materials to decrease reliance on a single source of energy and resource. Accelerate the construction of photovoltaic projects and increase the use of clean energy
<b>Extreme weather risks</b>	Climate change can generate extreme weather events including heavy rainfall, typhoons and prolonged droughts. Such events may disrupt production and supply chain operations.	Set up a risk assessment mechanism to identify potential climate-related risks and vulnerabilities. Develop resilient facilities to withstand disasters and enhance crisis management capabilities.
<b>Stakeholder pressure</b>	Societal forces, including public opinion, stakeholders, and investors, could impose more stringent environmental requirements on NIU.	Improve communication and transparency with stakeholders. Address concerns raised in the public sphere and participate in sustainable environmental protection activities. Promote NIU's environmental conservation efforts and accomplishments.

# 4 CARING FOR EMPLOYEES AND BUILDING MUTUALLY BENEFICIAL PARTNERSHIPS



## 4.1 PROMOTING EMPLOYEE EQUALITY AND DIVERSITY

We strictly abide by the Labor Law of the People’s Republic of China, Labor Contract Law of the People’s Republic of China, and other labor and social security laws and regulations in China and other places where we operate. In addition, we have developed our own guidelines and policies for employees to ensure equality and create a diversified and inclusive work environment.

We implement our hiring strategy in alignment with our annual business plan. Our employee recruitment process is conducted fairly,

transparently and openly. We offer equitable employment opportunities to individuals regardless of gender, age, race, religious affiliation, nationality, or disability, and our recruitment is solely based on merit. Additionally, we enforce the adherence of our suppliers and partners to employment equality laws and regulations. At present, our workforce includes seven employees who are living with disabilities.

### Gender



● Male: **71.6%** ● Female: **28.4%**

### Ethnicity



● Ethnic minorities: **3%**

### Age



● Below 30: **31.2%**  
 ● 31-40: **61.5%**  
 ● 41 and above: **7.3%**

## BY LOCATION



### Employee remuneration and benefits

As a matter of policy, we provide equal compensation for equal work. Our salary framework is rooted in market standards and aligns with employees’ skills, performance, and job duties to ensure the competitive remuneration of our workforce.

In 2022, we revamped our Performance Management System to foster the mutual growth of employees and the business. These revisions enhanced the clarity

of performance evaluation criteria and procedures. Additionally, we also refined performance feedback and salary disbursement protocols to enforce the implementation of transparent guidelines. This approach allows us to adhere to evidence-based decisions, information transparency and timely communication with staff during the assessment, evaluation, review, calculation, and disbursement of salaries.

### Safeguarding employee rights and benefits

To safeguard employee rights and benefits, we have compiled a comprehensive employee information database and conduct rigorous background checks to ensure the prevention of child labor and forced labor. We adhere to information management policies where the confidentiality of employees’ personal information is rigorously maintained. We also built sophisticated communication channels, which facilitate employees’ ability to file complaints through the human resources management system and enable outsourced workers to directly communicate with relevant departments, bypassing the outsourcing agency.

## 4.2 EMPLOYEE WELFARE AND BENEFITS



### Employee benefits

We are committed to providing our employees with an attractive remuneration and benefit package to support them in their pursuit of a better and happier life. To strengthen employee sense of belonging and happiness, in 2022, we enhanced our cohesiveness through the following measures:

- We contributed to social insurance schemes (including pension, medical insurance, unemployment insurance, job-related injury insurance and maternity insurance) and a housing provident fund, as required. We contribute at the highest local rate to the housing provident fund. We also provide annual health check-ups and purchase supplementary medical insurance for employees.
- We held festive activities for traditional Chinese holidays like Mid-Autumn Festival, Dragon Boat Festival and Lunar New Year, including distributing gift boxes.
- We provided employees with gifts on their first day as well as their third and fifth anniversaries at NIU.
- We held activities and events including an annual dinner, mini-birthday parties for employees every month, tea breaks every afternoon, and quarterly team-building activities.
- We created a relaxing and comfortable workplace with complementary facilities and beverages including gyms, yoga studios, and coffee and beverage machines.
- We helped employees complete formalities required to obtain a residence permit, registering their household, or applying for subsidies under the local government's talent scheme.
- We rolled out a stock incentive plan for core employees.
- We supported female employees with convenient nursery rooms, gifts on International Women's Day and additional days-off.

### Employee communications

We care deeply about our employees and actively engage with them through diverse communication channels to get their feedback and thoughts on how to improve their work environment and overall experience.

- We hold quarterly town hall meetings: an all-hands meeting where the CEO provides staff with updates on our strategy, performance, and future priorities. Following the town hall, management engage with all employees in a face-to-face Q&A session.
- We hold one-on-one meetings between HR and employees.
- We enhanced communication within each department to manage performance and implement improvements.
- We publish an editorial column to solicit feedback and highlight significant team events and work culture.

In addition, we regularly conduct employee satisfaction surveys.

- The internal survey focuses on fundamental employee needs, the work environment, and support functions to gauge employee satisfaction levels and highlight what needs to be improved.
- We have enlisted the expertise of specialized agencies to assess our capabilities and present their findings along with solutions for any problem in any department.



## 4.3 EMPLOYEE DEVELOPMENT AND TRAINING

### Career development

We support every employee in the development of their career at NIU, empowering them to unlock their true potential and contribute their expertise within any specialized domain. We've instituted a qualification assessment and review mechanism through which we conduct quarterly and annual talent assessments and reviews. To motivate our workforce to grow along alongside NIU, we've introduced various incentives such as performance-linked bonuses, performance-related salary increases, promotions, and regular appraisals.

We are also gradually rolling out a management pipeline program, identifying exceptional employees with a strong sense of responsibility and managerial aptitude for management training. We are also implementing a managerial rotation program that offers employees more on-the-job training opportunities to enhance their skills.

### Employee training

We are consolidating internal and external resources to offer employees continuous professional development. We have built a multi-dimensional and comprehensive training system available to all employees that will equip them with the knowledge and skills essential to supporting NIU's sound and sustainable growth and further their careers.



#### ○ Training for new recruits

To accelerate the onboarding process for new recruits and prepare them for their new position, we have established a comprehensive training program that covers corporate culture, design concepts, manufacturing processes, fire safety, information security and compliance.

#### ○ Professional skills training

We require all departments to develop professional skills training programs that cater to their specific needs. We encourage all our employees to participate in professional skills certification programs.

#### ○ Management training for middle and senior-level personnel

We engage external professional organizations to deliver management training and operate an internal Objectives and Key Results (OKR) program for middle and senior-level personnel. This program is designed to cultivate an OKR management mindset among core management personnel. Our goal is to strengthen their ability to manage targets and improve overall performance by aligning team objectives with organizational goals.

#### Case: External training and coaching courses

We introduced the Simultaneous Evolution of the Organization - The Leaders' Self-awakening coaching course for middle and senior-level personnel in 2022.

# 4.4 OCCUPATIONAL HEALTH AND SAFETY

We care about our employees' physical and mental wellness and are committed to creating a safe and healthy working environment. NIU's work safety and occupational health system covers all our staff.

### Safety management system

In order to strengthen oversight and management of safety, environment protection, and occupational health, and ensure a safe, stable, long-term and high-quality work environment, we strictly abide by the Work Safety Law of the People's Republic of China, the Prevention and Control of Occupational Diseases Law of the People's Republic of China, and other pertinent laws and regulations. To further enhance our work safety management system, we have enlisted the expertise of a professional third-party agency to assist in developing work safety systems, principles and objectives, as well as dissemination of laws, regulations, principles and policies related to work safety.

- Work safety rules and systems: safe guidelines and operating procedures, emergency rescue plans, and on-site response protocols.
- Work safety accountability system: comprised of a work safety steering group, a work safety office, and safety specialists in all departments.

- Fostering a work safety culture: displaying work safety posters on bulletin boards and in workshops, showcasing work safety videos on displays, and encouraging employees to provide suggestions and recommendations related to work safety.

### Risk assessment and control

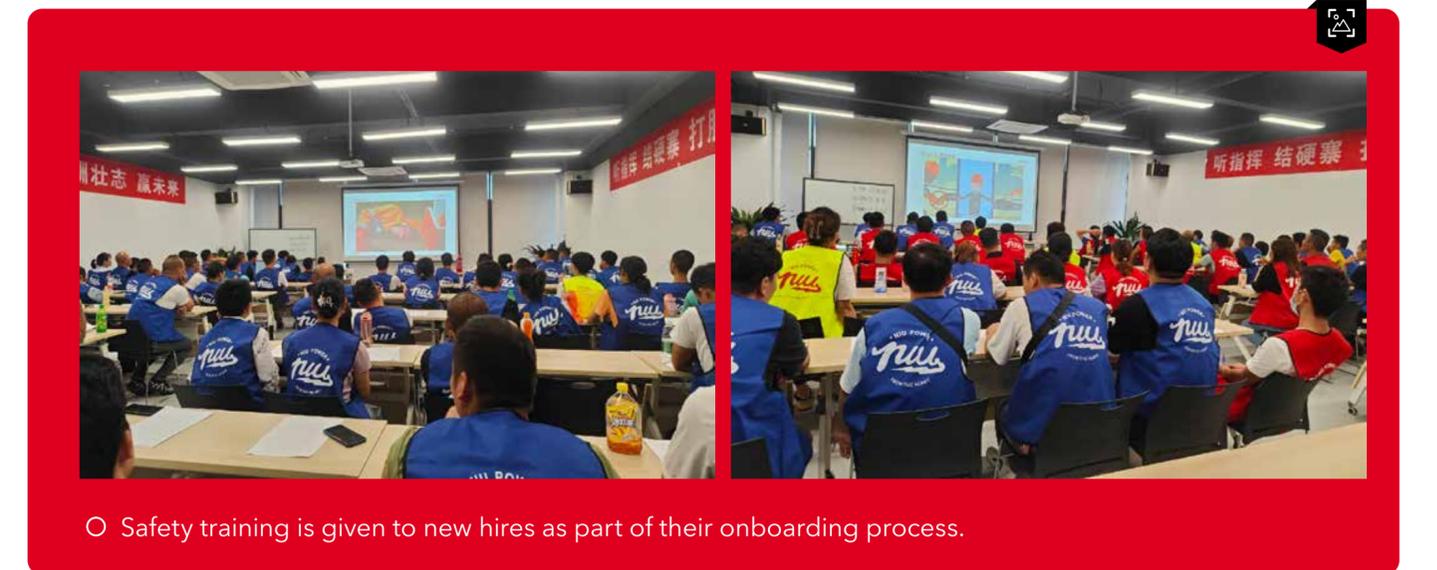
We employ the LEC risk assessment method to identify, analyze, classify and prioritize all potential risks that could lead to safety incidents both at the production site and across the Company. Additionally, we create and prominently display risk warning posters at strategic locations, enabling our employees to swiftly familiarize themselves with the risks associated with various tasks and activities.



### Health and safety training

We have implemented a comprehensive three-tier occupational health and safety training system at the company-wide, departmental, and group levels. The training curriculum spans a wide-array of topics, including three-tier introduction safety training for new hires, safe operating protocols, fire safety, occupational health and

protection, risk alertness and response, work safety regulations and systems, work safety accountability, emergency rescue protocols, incidents review procedures, and refresher courses for job transfers or those returning to work.



○ Safety training is given to new hires as part of their onboarding process.

**Emergency management**

We have implemented a comprehensive contingency plan for incidents and emergencies. In the event of an incident, we will communicate critical information to all staff members through internal communication channels, text messages and phone calls. NIU facilities are equipped with fire extinguishers and first-aid resources to ensure employee safety during emergencies.

We have established a dedicated incident investigation team responsible for conducting inquiries, analyzing the causes, assigning accountability, compiling investigation reports, and promptly reporting to relevant management. NIU will take follow up action and make necessary adjustments to prevent the recurrence of similar incidents.

**Occupational health management**

NIU has established individual occupational health records for employees, which comprehensively outline in detail the occupational hazards present in the workplace, along with the necessary protective equipment that we are obligated to provide. We engage qualified testing organizations on an annual basis to assess workplace occupational hazards, identify potential risks, and promptly implement protective measures.

We conduct annual employee health check-ups to monitor the well-being of employees and offer supplementary health insurance for enhanced protection and increased medical benefits. We

operate an onsite gym for employees to improve their physical and mental wellness while our canteen provides nutritious and balanced meals for staff.

**Battery safety management**

Given the characteristics of battery products, we have implemented additional safety measures, including:

**1. Precautionary measures**

- Separate battery warehouses positioned on the periphery of our factories are partitioned into small spaces with walls;
- Warehouses are equipped with smoke or infrared detectors, which can send alerts automatically to on-duty personnel;
- Water cannons are placed inside the warehouses and fire hydrants outside;
- New batteries are subject to voltage, current, temperature or other parameter tests before they are put into storage with a charge of just below 50%;
- Within our factories, a designated power supply area has been established, complete with a specialized explosion-proof battery charging cabinet;
- All batteries are stored in a dedicated explosion-proof battery cabinet.

**2. Management protocols**

- Bringing batteries to any e-scooter plant is prohibited, as the vehicle assembly process does not involve battery assembly;
- Batteries must not be stored overnight anywhere except in the designated battery warehouses;
- A weekly safety inspection of fire-fighting equipment is conducted at the battery warehouses;
- Security personnel conduct patrols of the warehouses every 2 hours during non-working hours.

**3. Emergency measures**

- An emergency response process for battery fires has been implemented, along with the establishment of an emergency rescue team to ensure prompt allocation of emergency resources;
- Regularly training and drills are conducted to ensure that all employees perform their responsibilities and respond effectively to incidents.



## 4.5 SUPPLIER MANAGEMENT

We abide by applicable laws and regulations of the regions where we operate and have implemented the Supplier Management System to standardize processes related to supplier development, selection, evaluation, review, rectification, and replacement. We engage with suppliers in a transparent manner to build mutually beneficial, stable and long-term partnerships.

We prioritize working with local suppliers, taking certain factor into consideration which include climate change, transport efficiency, geopolitical impacts and the structure of industrial chains. Our objective is to build an eco-friendly and reliable supply chain, which not only shortens the procurement cycle and improves logistics efficiency but also ensures the prompt products delivery. By doing so, we are effectively mitigating risks and minimizing the adverse environmental impact associated with long-distance transportation.

As of the end of 2022, we established partnerships with 274 suppliers of structural, standard, electronic, and electrical components.

### Distribution of NIU suppliers

 Location of supplier	Amount
China	273
Overseas	1

### Supplier development and admission

We engage in the development and selection of suppliers with a commitment to fairness and impartiality. Our evaluation process considers potential suppliers based on their ability to deliver high-quality products and services. We start this process by preparing a Prequalification Form for Potential Suppliers to provide an initial assessment. Relevant departments within NIU review each shortlisted supplier, assessing them on aspects such as product and service quality, process technology, and business condition. Based on this assessment, we select the most suitable candidates for future partnerships. Once admitted, each qualified supplier signs an Integrity Agreement and Quality Assurance Agreement with us. In addition, specific suppliers are asked to sign a separate Warranty Against the Use of Prohibited Substances.

### Supplier ESG management

Incorporating environmental and social responsibilities into the supplier admission and annual audits, our Quality and Technical Department evaluates a supplier's (i) quality standards and certifications (including IATF 16949, ISO 9001, or equivalent third-party certifications); (ii) environmental protection credentials (such as environmental impact assessments for construction projects); and (iii) 3C (China Compulsory Certification) validation. In addition, our attention extends

to the well-being and occupational health and safety of employees within our supplier network, particularly in facilities like paint or electrophoresis factories. We are fully committed to improving raw material traceability across our supply chain and strictly adhere to responsible procurement principles. We actively encourage key suppliers to conduct due diligence on any raw materials or parts they supply to ensure that they do not involve conflict minerals.

### Routine supplier management

In the event that materials or parts are found to have defects, repeat instances of the same defect, or contribute to significant customer complaints, the Supplier Quality Engineer (SQE) will issue a Supplier Quality Feedback Form which requires them to undertake necessary rectifications within a stipulated timeframe. For suppliers experience difficulties meeting these standards, we will provide on-site assistance to ensure that any identified issues are efficiently and promptly resolved. In addition, the SQE will offer on-site training to suppliers whenever there are updates to our technical or quality requirements.

### Annual supplier audits

Our suppliers are categorized into three tiers and managed according to the impact components would have on the safe performance of our

products. Each December, we prepare a Schedule for the On-site Audit of Suppliers for the upcoming year. These on-site audits are done annually for tier one suppliers, every two years for tier two suppliers, and every three years for tier three suppliers. Our audit scope also extends to suppliers of critical parts, OEMs, or those associated with major customer complaints or quality incidents in the preceding year. During on-site audits, the SQE will prepare a Rectification Plan which lists identified issues and mandates suppliers to respond in a prompt manner. Within one month of the audit, a re-evaluation is conducted, and suppliers that fail to meet our standards are replaced.



## 4.6 DISTRIBUTOR AND STORE MANAGEMENT

### Channel management system

NIU has built stable and close partnerships with distributors, establishing a well-developed distributor management system that is mutually beneficial. We have outlined specific requirements for the admission, training, review and evaluation of each distributor.

Once a partnership is established, we hold training sessions with each distributor on a range of topics including compliance, empowerment, and specialized fields. We also offer distributors assistance in areas such as sales planning, market promotion, and enhancing customer satisfaction. This comprehensive approach is aimed at boosting their competitiveness and our standing in the market. We are committed to providing more support and technical expertise to our distributors and building an enduring partnership.

### IT assistance

To offer improved operational support to our key channel partners, we have independently developed a store and dealer management system. Our retail management system (RMS) comprehensively supports all aspects of running a retail store from its setup, making purchases, and running marketing campaigns to warehouse maintenance, after-sales service orders and accounting. Our order management system (OMS) is divided into two segments: one for domestic orders and the other for overseas orders. The domestic pre-sale and after-sale modules provide support for distributor purchases and returns and exchanges. We are continuously enhancing the capabilities of the overseas segment in addition to the existing contract and order management functions.

### Case: How we create interdependence and mutually beneficial growth with suppliers

We hold our annual distributors conference to revisit our shared journey and invite dealers to share their experiences in business development, team management and market promotion. We also conduct distributor assessments, offer face-to-face meetings between distributors and NIU's management team, and promptly identify and resolve issues concerning customer satisfaction, supply timeliness, branding and channel development.



# 5 CONTRIBUTING TO SOCIETY AND FULFILLING CORPORATE RESPONSIBILITIES



## 5.1 WORKING TOWARDS A GREENER FUTURE

As a global pioneer in urban mobility, NIU created a new market category - smart electric two-wheeled vehicles, offering environmentally friendly, energy-efficient, and cost-effective mobility solutions that are aligned with China's decarbonization goals. Since its establishment in 2014, NIU has integrated eco-friendly principles into product design. Through ongoing development of lithium-ion battery technology and lightweight product design, we have consistently reduced the energy footprint of our offerings, contributing to the sustainable long-term development of the industry.

Riding report

To advocate for green commuting solutions more effectively, we have issued an Annual Riding Report since 2019. This report combines the collective efforts of NIU fans worldwide based on our comprehensive big data. It allows NIU fans to conveniently access yearly insights into the cumulative distance ridden, carbon emissions reductions, the equivalent number of trees planted, and their individual contributions. As a manufacturer of smart electric two-wheeled vehicles, our pride in contributing to sustainability even surpasses the success we have had as a business. As of August 11, 2023, the cumulative distance covered by NIU fans across the world surpassed 19.1 billion kilometers, which is equivalent to a reduction of over 4.77 million of carbon emissions. This reduction is the equivalent to planting 238 million trees in the Mu Us Desert in north central China.



### Rider achievements

We rolled out a “Rider Achievement” mode within the NIU App to inspire and recognize environmentally conscious and low-carbon riding practices. Users can earn rewards based on the distance, conditions, and ride duration, accumulating points that can be exchanged for virtual or physical pins as well as other merchandise. The points-based reward system encourages users to ride more frequently and increase their contribution to sustainability. It not only instills a sense of pride among riders but also reinforces the notion that riding a NIU vehicle reflects a green and eco-friendly lifestyle.



## 5.2 GREEN INITIATIVES

The focus on low-carbon and sustainable development has intensified in the public eye. The NIU brand attracts young individuals who seek to engage with responsible businesses that share a mission that aligns with their values. Sustainability has become a prominent subject of discussion among riders on social media. By capitalizing on events such as Arbor Day and Earth Day, we have promoted the concept of green mobility and consistently reinforced our "making life electric" philosophy through online campaigns and offline activities centered around our ESG values.

Throughout the year, we organized five offline events to enhance engagement with new and existing users and to inspire more individuals to embrace riding. Our online initiative, Search for Earth Guardians, encourages users globally to participate in recycling activities and contribute to the protection of the planet. Numerous online influencers and brands have expressed their support on social media platforms for the initiative and are seeking to collaborate with us on promoting green mobility.



### Earth Day - the Search for Earth Guardians

On Earth Day 2022, we inaugurated the ReNIU program which coincided with eco-friendly events hosted at NIU stores worldwide. As part of this initiative, we offered support, provided accessories and promotional materials, and rallied store staff and Niu users to engage in community-wide clean-up efforts. The events raised public awareness to maintaining a clean environment, revitalizing public spaces and spreading the concept of low carbon and environmentally conscious living. The event also solidified the sense of unity within the NIU community and strengthened the bond between NIU and its fans.

We received global support for the inaugural Earth Day event, with participation from NIU stores in Antwerp, Belgium; Guatemala City, Guatemala; Milan, Italy; and Santo Domingo, the Dominican Republic.

Many stores went above and beyond. For instance, the Guatemala City store collaborated with the local government to paint road markings to enhance the urban environment. In 2023, we extended the event to 75 cities globally. We rallied Earth Guardians to safeguard the planet through simple actions and by adopting riding as a facet of a sustainable lifestyle. Stores in Nepal, Indonesia, and Honolulu, Hawaii organized independent activities themselves as well. For example, Honolulu collaborated with social welfare organizations for a beach cleaning drive. The event featured electric transportation tools like scooters on-site to promote the idea of green mobility.



## 5.3 CO - CREATING A BETTER LIFE



### NIU COMMUNITY

We want to offer millions of NIU fans worldwide a green and convenient urban mobility solution along with a way of life characterized by progress, joy, and independence. Starting with smart electric two-wheelers, we engage with users to create a NIU community that shares in the joy of eco-friendly living and grows together.

We are committed to promoting more sustainable and profound values with NIU fans. Through this platform, NIU fans around the globe can share their riding stories, capture scenic riding moments, and organize offline community events. Our users, empowered by our scooters, transform into independent photographers, long-distance travel enthusiasts, urban trendsetters, or environmental advocates. Each participant in the NIU community embodies the NIU lifestyle in their daily lives.

**NIU CLUB**

In 2022, we hosted 15 events where NIU fans gathered for some fun and to engage with each other. In Chengdu, we hosted a concert by the band Age of Water and Wood. In Zhongwei, we hosted a special riding event through the Gobi Desert. In multiple cities, we all ventured outside to play Frisbee. Moving forward, we want to inspire and co-create more "make life electric" moments with our users and work together to "redefine urban mobility and make life better".



NIU Club Frisbee Event



NIU Club Desert Riding Event



NIU Club Age of Water and Wood Concert



NIU Club Movie Night



# APPENDIX INDEX OF REPORTING STANDARDS

	GRI Disclosures	Nasdaq ESG Reporting Guidelines	Section
GRI 2-1	Organizational details		Company profile
GRI 2-2	Entities included in the organization’s sustainability reporting		About this report
GRI 2-3	Reporting period, frequency and contact point		About this report
GRI 2-4	Restatements of information		Not applicable
GRI 2-5	External assurance	G10. External Assurance	Unrelated
GRI 2-6	Activities, value chain, and other business relationships		Company profile Product innovation Product quality Quality customer service Supplier management
GRI 2-7	Employees		Employee development and training
GRI 2-8	Workers who are not employees		Employee development and training
GRI 2-9	Governance structure and composition		Corporate governance
GRI 2-10	Nomination and selection of the highest governance body	G2. Board Independence	Corporate governance
GRI 2-11	Chair of the highest governance body		Corporate governance
GRI 2-12	Role of the highest governance body in overseeing the management of impacts		Corporate governance ESG governance

	GRI Disclosures	Nasdaq ESG Reporting Guidelines	Section
GRI 2-13	Delegation of responsibility for managing impacts		Corporate governance
GRI 2-14	Role of the highest governance body in sustainability reporting		ESG governance
GRI 2-15	Conflicts of interest		Corporate governance
GRI 2-16	Communication of critical concerns		ESG governance
GRI 2-17	Collective knowledge of the highest governance body		Corporate governance
GRI 2-18	Evaluation of the performance of the highest governance body		Unrelated
GRI 2-19	Remuneration policies		Corporate governance
GRI 2-20	Process to determine remuneration		Corporate governance
GRI 2-21	Annual total compensation ratio		Unrelated
GRI 2-22	Statement on sustainable development strategy		Message from the CEO
GRI 2-23	Policy commitments	G2. Board Independence	Business ethics
GRI 2-24	Embedding policy commitments		Business ethics
GRI 2-25	Processes to remediate negative impacts		Business ethics
GRI 2-26	Mechanisms for seeking advice and raising concerns		Business ethics
GRI 2-27	Compliance with laws and regulations		Please refer to all sections of this report

	GRI Disclosures	Nasdaq ESG Reporting Guidelines	Section
GRI 2-28	Membership associations		Not applicable
GRI 2-29	Approach to stakeholder engagement		ESG governance
GRI 2-30	Collective bargaining agreements	G4. Collective Bargaining	Not applicable
GRI 3-1	Process to determine material topics	G8. ESG Reporting G9. Disclosure Practices	ESG governance
GRI 3-2	List of material topics		ESG governance
GRI 3-3	Management of material topics		ESG governance
GRI 201-1	Direct economic value generated and distributed		Not applicable
GRI 201-2	Financial implications and other risks and opportunities due to climate change	E9. Climate Oversight/ Management E10. Climate Risk Mitigation	Response to climate change
GRI 201-3	Defined benefit plan obligations and other retirement plans	G2. Board Independence	Employee welfare and benefits
GRI 201-4	Financial assistance received from government		Abide by laws and regulations in the regions we operate
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Unrelated
GRI 202-2	Proportion of senior management hired from the local community		Not applicable
GRI 203-1	Infrastructure investments and services supported		Green initiatives
GRI 203-2	Significant indirect economic impacts		Not applicable
GRI 204-1	Proportion of spending on local suppliers		Supplier management
GRI 205-1	Operations assessed for risks related to corruption		Business ethics
GRI 205-2	Communication and training about anti-corruption policies and procedures	G5. Supplier Code of Conduct G6. Ethics & Anti-Corruption	Business ethics

	GRI Disclosures	Nasdaq ESG Reporting Guidelines	Section
GRI 205-3	Confirmed incidents of corruption and actions taken		Business ethics
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Business ethics
GRI 301-1	Materials used by weight or volume	E7. Environmental Operations	Green factories
GRI 301-2	Recycled input materials used		Green factories
GRI 301-3	Reclaimed products and their packaging materials		Green factories
GRI 302-1	Energy consumption within the organization	E3. Energy Usage	Green factories
GRI 302-2	Energy consumption outside of the organization		Green factories
GRI 302-3	Energy intensity	E4. Energy Intensity	Green factories Green workplace
GRI 302-4	Reduction of energy consumption		Green factories Green workplace
GRI 302-5	Reductions in energy requirements of products and services		Product innovation
GRI 303-1	Interactions with water as a shared resource		Green factories
GRI 303-2	Management of water discharge-related impacts		Green factories
GRI 303-3	Water withdrawal		Green factories
GRI 303-4	Water discharge		Unrelated
GRI 303-5	Water consumption	E6. Water Usage	Green factories
GRI 305-1	Direct (Scope 1) GHG emissions	E1. GhG Emissions	Unrelated
GRI 305-2	Energy indirect (Scope 2) GHG emissions		Unrelated

	GRI Disclosures	Nasdaq ESG Reporting Guidelines	Section
GRI 305-3	Other indirect (Scope 3) GHG emissions	E1. GhG Emissions	Unrelated
GRI 305-4	GHG emissions intensity	E2. Emissions Intensity	Unrelated
GRI 305-5	Reduction of GHG emissions		Working towards a greener future
GRI 306-1	Waste generation and significant waste-related impacts		Green factories
GRI 306-2	Management of significant waste-related impacts		Green factories
GRI 306-3	Waste generated		Green factories
GRI 306-4	Waste diverted from disposal		Green factories
GRI 306-5	Waste directed to disposal		Green factories
GRI 308-1	New suppliers that were screened using environmental criteria		Supplier management
GRI 308-2	Negative environmental impacts in the supply chain and actions taken		Supplier management
GRI 401-1	New employee hires and employee turnover		Unrelated
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Employee welfare and benefits
GRI 401-3	Parental leave		Employee welfare and benefits
GRI 402-1	Minimum notice periods regarding operational changes		Employee welfare and benefits
GRI 403-1	Occupational health and safety management system	S7. Injury Rate S8. Global Health & Safety	Occupational health and safety
GRI 403-2	Hazard identification, risk assessment, and incident investigation		Occupational health and safety
GRI 403-3	Occupational health services		Occupational health and safety
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety		Occupational health and safety

	GRI Disclosures	Nasdaq ESG Reporting Guidelines	Section	
GRI 403-5	Worker training on occupational health and safety	S7. Injury Rate S8. Global Health & Safety	Occupational health and safety	
GRI 403-6	Promotion of worker health		Occupational health and safety	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Occupational health and safety	
GRI 403-8	Workers covered by an occupational health and safety management system		Occupational health and safety	
GRI 403-9	Work-related injuries		Occupational health and safety	
GRI 403-10	Work-related ill health		Occupational health and safety	
GRI 404-1	Average hours of training per year per employee			Unrelated
GRI 404-2	Programs for upgrading employee skills and transition assistance programs			Employee development and training
GRI 404-3	Percentage of employees receiving regular performance and career development reviews			Employee development and training
GRI 405-1	Diversity of governance bodies and employees		S4. Gender Diversity G1. Board Diversity	Corporate governance Promoting employee equality and diversity
GRI 405-2	Ratio of basic salary and remuneration of women to men		Promoting employee equality and diversity	
GRI 406-1	Incidents of discrimination and corrective actions taken	S6. Non-Discrimination	Promoting employee equality and diversity No incidents during the reporting period	
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Not applicable	

	GRI Disclosures	Nasdaq ESG Reporting Guidelines	Section
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	S9. Child & Forced Labor	Promoting employee equality and diversity Supplier management No incidents during the reporting period
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	S10. Human Rights	Promoting employee equality and diversity Supplier management No incidents during the reporting period
GRI 410-1	Security personnel trained in human rights policies or procedures		Not applicable
GRI 411-1	Incidents of violations involving rights of indigenous peoples		Not applicable
GRI 413-1	Operations with local community engagement, impact assessments, and development programs		Green initiatives Co-creating a better life
GRI 413-2	Operations with significant actual and potential negative impacts on local communities		Not applicable
GRI 414-1	New suppliers that were screened using social criteria		Supplier management
GRI 414-2	Negative social impacts in the supply chain and actions taken		Supplier management
GRI 415-1	Political contributions		Unrelated
GRI 416-1	Assessment of the health and safety impacts of product and service categories		Product quality Quality customer service

	GRI Disclosures	Nasdaq ESG Reporting Guidelines	Section
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Product quality Quality customer service
GRI 417-1	Requirements for product and service information and labeling		Responsible marketing
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling		No incidents during the reporting period
GRI 417-3	Incidents of non-compliance concerning marketing communications		No incidents during the reporting period
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G7. Data Privacy	Ensuring information security and protecting data privacy No incidents during the reporting period



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