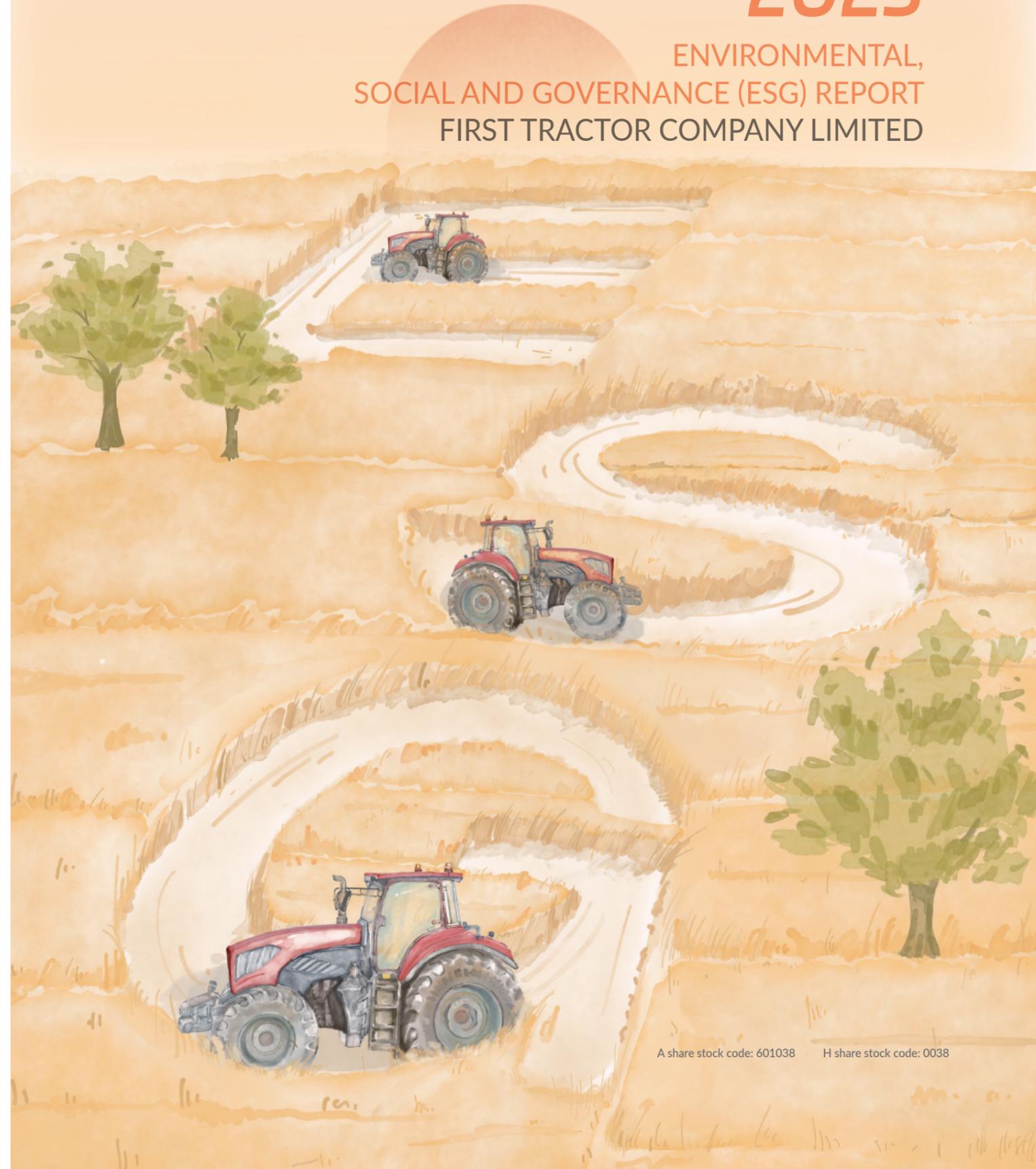


2023

ENVIRONMENTAL,  
SOCIAL AND GOVERNANCE (ESG) REPORT  
FIRST TRACTOR COMPANY LIMITED



# About this Report

This report is prepared in an objective, standardized, transparent and comprehensive manner to fully disclose the specific measures, major practices, highlight cases and key performances in proactively assuming social responsibilities and executing effective management of ESG risks and opportunities by First Tractor Company Limited in 2023, with a view to responding to the intended expectations of stakeholders and fulfilling its social responsibilities more efficiently.

## Reporting Period

The period covered by this report starts from January 1, 2023 to December 31, 2023. Some of the information provided in this report may cover more than the aforementioned period.

## Reporting Scope

This report is concerned with the First Tractor Company Limited and covers its subsidiaries. Unless otherwise indicated, the reporting scope is consistent with that of the Company's annual report.

## References

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide by Hong Kong Exchanges and Clearing Limited (HKEX) and the Guidelines of the Application of Self-Regulation Rules for the Listed Companies on the SSE STAR Market No. 1 – Regulated Operation by Shanghai Stock Exchange (SSE). This report also references the Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council, the GRI Standards released by Global Sustainability Standards Board (GSSB), and ISO 26000: 2010 Guidance on Social Responsibility by the International Organization for Standardization.

## Reporting Principles

This report has been prepared following the four principles listed in the Hong Kong Stock Exchange's Environmental, Social and Governance (ESG) Reporting Guide.

- Materiality:** Analysis of material topics helps to determine what should be disclosed and how detailed the disclosure should be for each of these topics.
- Quantitative:** Quantitative data in environmental and social areas is to be disclosed in order to show the Company's performance in accordance with KPIs.
- Balance:** All the information contained in this report is primarily based on internal management documents, statistics and public disclosures, and public media reports, reflecting objective facts and ESG practices.
- Consistency:** Unless otherwise stated, all data disclosed in this report has been collected and processed according to the uniform processes established by the Company to ensure meaningful comparisons of data over time.

## Data Source & Assurance of Reliability

All of the information and data referenced in this report are based on the in-house documentation, statistical report, financial report, etc., of First Tractor Company Limited. This report is issued after full review by the Board of First Tractor Company Limited and no presence of inaccurate records, misleading statements or major omissions will be found in this report.

## Names in the Report

FTC, YTO, this Company, Company, We	Refers to	First Tractor Company Limited
Diesel engine company	Refers to	YTO (Luoyang) Diesel Engine Co., Ltd.
Flag Company	Refers to	YTO (Luoyang) Flag Auto-Body Co., Ltd.
Casting and Forging Company	Refers to	YTO (Luoyang) Casting and Forging Co., Ltd.
Hydraulic Transmission Company	Refers to	YTO (Luoyang) Hydraulic Transmission Co., Ltd.

## Access to the Report

This report is to be issued electronically and will be made available on the websites of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong, in addition to FTC's official website (<http://www.first-tractor.com.cn>), for your browsing and download.

## Comments & Feedback

Any comments or suggestions regarding the content of this report or the Company's performance in ESG may be communicated to us by phone (0379-64967038) or email ([msc0038@ytogroup.com](mailto:msc0038@ytogroup.com)). Your opinions will help us further improve this report.

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# Message from Chairman

## ☐☐ Tireless Cultivation, Steady Progress ☐☐

The year 2023, recently concluded marked the commencement of fully implementing the spirit of the 20th National Congress of the Communist Party of China. Our nation achieved its twentieth consecutive year of abundant grain production, and rural revitalization entered a new chapter. FTC has been preserving its red heritage and devoted to its growth mission. Eying the goal of building a strong agricultural nation, the Company focused on "enhancing the level of agricultural machinery and safeguarding national food security", concentrated on advancing China's agricultural machinery and equipment development, and accelerated the breakthrough in critical technologies of agricultural machinery. The Company took up the responsibility of sustainable development, endeavored to securing China's "food bowl", promoted the development of the country's agricultural machinery and equipment industry, and expedited the modernization of agriculture.

### This year, we firmly kept in mind the "responsibilities of the pillars of the nation", writing a new chapter in high-quality growth

The Company solidly advanced themed education, led the enterprise's high-quality growth with the guidance of Party development, transforming educational outcomes into effectiveness in promoting high-quality growth. We have fully, accurately, and comprehensively implemented the new growth concept. Facing challenges such as the decline in market demand after the implementation of National Emission Standards Stage IV, we coordinated production, improved quality and efficiency, reformed growth efforts, and brought the glory back to the "Dongfanghong" brand, serving the needs of China's modern agricultural development and forging a strong engine for the Company's high-quality development.

### This year, we persisted in independence and self-improvement, igniting new momentum for the building of a strong agricultural nation

We actively leveraged the advantage of the "chain leader" of the modern agricultural machinery industry chain and "chain owner" of tractors, aligning with the strategic needs of building a "strong agricultural nation", gathered the strategic forces of agricultural machinery technology, continuously built up the resilience of our industry and supply chains, led the entire industry chain's upgrade to high-end manufacturing capabilities, accelerated the domestic breakthroughs in critical technologies and critical components that are import-dependent, and boosted the effectiveness of agricultural scientific and technological innovations, thus creating new momentum for the transition from an "big agricultural nation" to a "strong agricultural nation".

## This year, we have upheld the concept of responsibility, developing a harmonious win-win responsibility system.

We firmly established a sense of responsibility as an industry-leading enterprise, reinforced the development of our environmental management system, actively expanded green products and services, implemented environmental requirements in every aspect of our business growth and operations, and further developed an environmentally friendly operational model. We actively listened and responded to the demands of all stakeholders, striving for harmonious relations between the Company, the environment, society, and our employees. We endeavored to harmonically unify economic, environmental, and social benefits, creating a new pattern of shared and mutual benefit.

## This year, we steadfastly advanced our reform efforts, solidifying the foundation for healthy and robust growth.

We continually improved corporate governance and effectively improved the modern enterprise system. We paid critical attention to tightening the controls of compliance operations and risk management, elevating our capacity for legal compliance, and standardizing our compliance management system. By deepening reforms to stimulate progress and unleash developmental vitality, we comprehensively elevated operational management levels, established fair, transparent, and open investor communication channels, actively conveyed the intrinsic value of the enterprise, and provided a strong barrier for higher quality and more sustainable growth.

## ☐☐ Race against time and cherish the prime of life ☐☐

FTC takes responsibility to heart, shoulders it, and puts it in action. By publishing the 2023 Environmental, Social, and Governance (ESG) Report, we reflect on our hard work in 2023, paying tribute to every brilliant and warming moment. We take this opportunity to express our respect to all sectors of society, especially our stakeholders, who pay attention to the development of the Company. We will set off again with united focus and full commitment on a new journey, continuously injecting the "First Tractor" strength into the grand cause of advancing national rejuvenation and building a powerful nation.



# About Us

## Company Profile

The First Tractor Company Limited is a critical manufacturer of agricultural machinery in China and the first company of its kind to be listed on both Chinese mainland stock market and the Hong Kong stock market. It successfully offered H shares (stock code: 00038) and was listed on the Hong Kong Stock Exchange in June 1997, then launched its initial public offering on the Chinese mainland (stock code: 601038) after getting listed on the Shanghai Stock Exchange in August 2012. The Company is among the largest manufacturers of agricultural machinery and possesses the most advanced technologies and strongest comprehensive capabilities. It is dedicated to supplying agricultural equipment featuring advanced technologies and reliable quality in support of China's shift towards agricultural mechanization.

In recent years, the Company has focused on technological upgrading and structural optimization across the industry chain, sped up core technological breakthroughs, and continuously promoted the integration of agricultural machinery and technology, with its overall advantages in R&D, manufacturing, products, brand operations, channel operations and services being further manifested. It has continued to offer new technologies and new products to customers, providing efficacious support for the development of the broader agricultural machinery industry, the implementation of China's rural revitalization strategy and the modernization of the country's rural areas and agricultural production.

## Company Culture

-  **Vision** To become a world-class enterprise
-  **Mission** To lead the development of agricultural machinery and safeguard national food security
-  **Credo** Stay true to our original aspiration, remain committed to our mission, unite and forge ahead, dare to be the pioneers
-  **Business Management Philosophy** Quality foremost, efficiency prioritized, customer first, employee focused
-  **Core Values** Make the best products, develop the best people and achieve the best performance
-  **Talent Philosophy** Give opportunities to those who desire them, establish promotions for those who are competent, and offer incentives to those who succeed
-  **Quality Philosophy** Aim for zero defects and adhere to internationalized standards
-  **Service Philosophy** Be a close friend to our customers

## Business Overview

### Product Brand

For domestic markets, the Company's brand is "  ", and "  " for international markets.



"Dongfanghong" is the most influential and well-known national brand in China's agricultural machinery history. It has become an important symbol of the era for the growth and road to power of China's national industry.

### Core Product

The main product of the Company is tractors, with powers ranging from 25 to 400 horsepower. The Company possesses a comprehensive technology platform for its entire product line, including gear meshing sets, synchronizers, power shifting/directional control, and continuously variable transmission. These products are widely adaptable to different usage scenarios in China, such as paddy fields, dry fields, forestry and fruit cultivation, hilly and mountainous areas, and facility agriculture, fully meeting the diversified needs of agricultural production. The Company actively accelerates its transformation towards green, intelligent, and high-end development. Our advancements in technologies such as tractor power shifting and continuously variable transmission, as well as the electronic control of entire machines and components, are at a leading position domestically and at an advanced level internationally. The "Dongfanghong" off-road diesel engine products range from 2 L to 12 L in displacement and 10 kW to 450 kW in power, covering high, medium, and low horsepower segments. The products are primarily used in agricultural machinery such as tractors and harvesters, and can also support construction machinery, ships, and generator sets.



# About Us



## Honors & Awards



**White Paper on Observations of Chinese Enterprises' ESG Practices and Analysis Report on the Current Situation and Trends of ESG in Listed Companies Excellent Cases in Environmental Dimension (E)**  
CHINA TIMES



**The First CRHC Cup - ESG Golden Bull Award Top 50 Central Government Enterprises**  
China Securities Journal,  
China Reform Holdings Corporation Ltd. (CRHC)



**2023 Yellow River Fortune Forum ESG Leading Enterprise in Central Plains**  
DaHe Fortune Cube



**Awards of the Value of Listed Companies in China The 17th China's Top 100 Listed Companies with Fastest Growth**  
Securities Times



**The 18th China Gold Round Table Awards for Boards of Listed Companies Special Contribution Award to Corporate Governance**  
Directors & Boards



## ESG Management

The Company has remained steadfast in its efforts to improve its ESG management, for which the Board of Directors serves as the highest decision-making body, taking on responsibilities to clarify its ESG management structure and associated duties. The Company, under the leadership of the Board of Directors, incorporates the ESG activities into the routine departmental business management and operations, carries out ESG information collection, collation and analysis, and increases the statistical control efficiency and ESG activity performances to provide extensive support in the efficient execution and implementation of ESG activities, and ensure the robust operations of the Company and sustain its future development.

ESG Management Duties

- The Board of Directors proposes strategic planning and system-based policies about ESG to ensure the effective implementation of relevant policies, and is also liable for the disclosure of relevant policies, systems and related information.
- The Strategy, Investment and Sustainable Development Committee under the Board, which consists of 3 directors and is chaired by the Board Chair, is responsible for exploring mid- and long-term development strategies for the Company, developing its ESG values and behavioral principles, and responding to the requests from stakeholders.
- The Committee also reviews the Company's ESG performance, supervises its ESG management and information disclosures, and reports to and provides ESG-related proposals to the Board in order to ensure the effective implementation of its ESG management duties.

ESG Risk Management

- The Company sets great store on ESG management by attaching a high degree of importance to any significant impacts on the Company caused by ESG risks. Given the ongoing changes to macroeconomic policies, society and the environment, as well as its own corporate strategies and business situation, the Company actively identifies and analyzes ESG risks, including performing regular stakeholder surveys. The Board also reviews and finalizes important ESG topics on which more efforts are directed for the purposes of their management and improvement.

ESG Target Management

- With a target-based ESG management scheme, the Company has continually improved its ESG data collection and has embedded its ESG KPIs into its annual work targets, with KPIs that include energy savings and emissions reductions, safety management and quality management.
- Moreover, the Company has incorporated ESG KPIs into the performance review system for its management level and subsidiaries to ensure the implementation of ESG practices.

# About Us



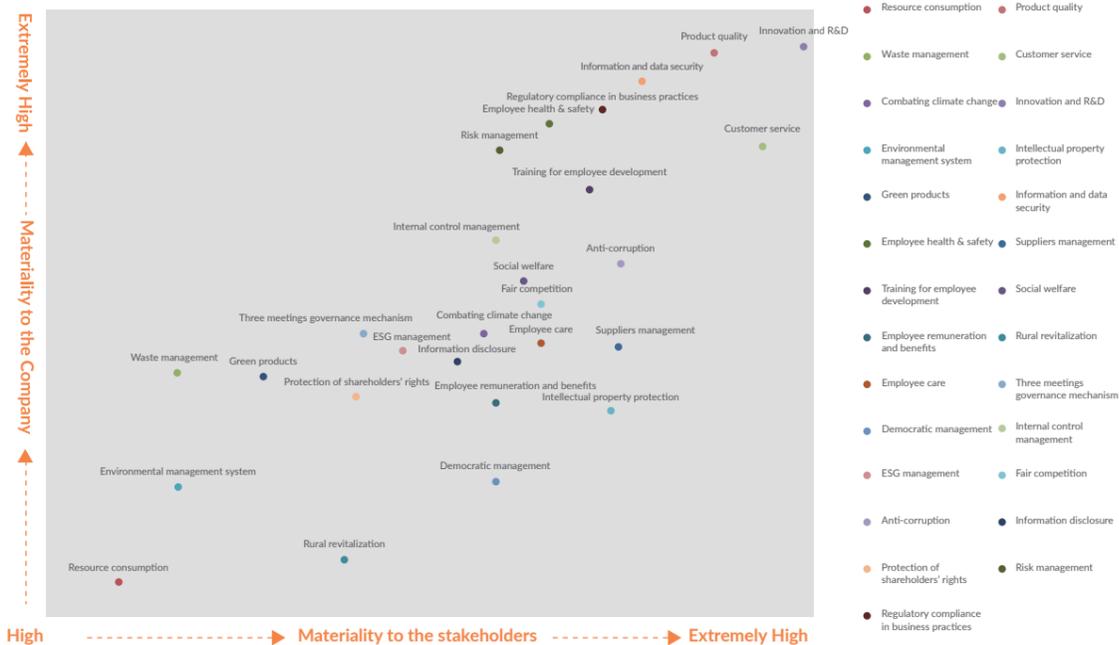
## Analysis of Material Topics

FTC carries out close interactions with the stakeholders in its routine operations as directed by the principles of substantiveness, full coverage and proper balancing to comprehensively collect and analyze the priorities and requirements from the stakeholders, then the Company identifies and updates the key ESG issues periodically by fully considering the national policies and key points of high concern in the capital market.

In 2023, the process for establishing material topics is described below:

<p><b>Identification of topics</b></p> <p>Identify major trends pertinent to the Company through full industry-based investigation, then identify the important issues based on national policies and key points of high concern in the capital market.</p>	<p><b>Internal and External Surveys</b></p> <p>By conducting interviews with stakeholders such as executives of the Company, internal and external specialists, subordinate companies, employees, customers, and suppliers, we aim to fully understand their assessment of the significance of ESG issues to our Company.</p>	<p><b>Analysis of materiality</b></p> <p>Perform rational analysis of the results obtained from the questionnaires and give a final ranking for the material topics of stakeholders by fully considering the ESG-related guidelines and criteria, focus points of high concern in the capital market.</p>	<p><b>Confirmation by the Management</b></p> <p>The management of the Company performs careful perusal and review of the results from the analysis of materiality to finally establish key information to be disclosed in this report, objectives of future ESG management and specific implementation plans.</p>
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In 2023, the material topics of FTC are as shown below:



## Communication with Stakeholders

The Company is committed to achieving an effective alignment between corporate value and social value to seek common development, share opportunities and create a future together. We actively establish regular communication channels with governmental and regulatory agencies, shareholders, employees, customers, partners, and local communities, comprehensively raising our understanding of the expectations and requests of various stakeholders, and responding to and resolving any relevant issues in a targeted manner, in this way promoting coordinated development alongside all stakeholders.

Stakeholders	Expectations for FTC	Communication Mechanisms
<p><b>Governmental and Regulatory Agencies</b></p> <ul style="list-style-type: none"> <li>Developing the industry of agricultural machinery and equipment</li> <li>Operating under the law and regulations</li> <li>Paying taxes in accordance with the law</li> <li>Promoting social development</li> <li>Focusing on green development</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of versatile agricultural machinery</li> <li>Work report</li> <li>Participating in meetings</li> <li>Reporting documents and special reports</li> <li>Accepting supervision</li> </ul>	
<p><b>Shareholders and Investors</b></p> <ul style="list-style-type: none"> <li>Creating economic value</li> <li>Persisting in stable and robust operations</li> <li>Guaranteeing information transparency</li> <li>Providing superior service</li> <li>Strengthening investor relation management</li> <li>Timely, accurate and comprehensive information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Periodic report, interim announcement</li> <li>Roadshow, reverse roadshow, performance presentation</li> <li>Releasing report</li> </ul>	
<p><b>Customers</b></p> <ul style="list-style-type: none"> <li>Providing superior service</li> <li>Satisfying customer's requirement</li> <li>Technology innovation and R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Products and services</li> <li>Interview, panel discussion and questionnaire</li> <li>On-site survey</li> <li>Convention and exhibition service</li> </ul>	
<p><b>Partners</b></p> <ul style="list-style-type: none"> <li>Mutual benefits</li> <li>Common development</li> <li>Emphasizing business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation and exchange</li> <li>Contract implementation</li> <li>Routine communication</li> </ul>	
<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>Protecting basic rights</li> <li>Remuneration and benefits</li> <li>Guaranteeing occupational health and safety</li> <li>Career promotion and development</li> <li>Employee care</li> </ul>	<ul style="list-style-type: none"> <li>Workers' Congress, panel discussion and training</li> <li>Suggestions and feedback</li> <li>Participating in decision-making communication</li> </ul>	
<p><b>Community and the Public</b></p> <ul style="list-style-type: none"> <li>Providing accurate information in a timely manner</li> <li>Participating in community events</li> <li>Building a harmonious society together</li> <li>Protecting the public interest</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure through company announcements</li> <li>Exchange and communication</li> <li>Joining in charitable activities to promote better regional development</li> </ul>	

## Subject One

### Remembering our Mission

### Gathering Momentum for High-Quality Growth

FTC actively takes the responsibilities as a central government enterprise as the backbone of national economy, remaining steadfast in our undertaking of business, and building upon the practical experiences of corporate development, we tied our vision to "Become a World-Class Enterprise" to the management philosophy in "Quality Foremost, Efficiency Prioritized, Customer First and Employee Focused". We are committed to continuously gathering momentum in high-quality growth, writing a new chapter in FTC's contemporary road back to greatness and growth.

SDGs Response:



# Subject

## Remembering our Mission · Gathering Momentum for High-Quality Growth



### Quality Foremost

### Creating the "Dongfanghong" Exceptional National Brand

FTC firmly establishes the concept of "Quality Foremost", benchmarking against world-class businesses. The Company promotes in-depth comprehensive quality management, relentlessly pursuing excellence in product quality, and leading the upgrade and replacement of agricultural machinery. Behind "Quality Foremost" lies our commitment to leading the industry in product technology, internal management, and talent team development, thereby achieving top performance. "Quality Foremost" is also an inherent requirement of practicing the Company's core values of "three bests", essential for bringing about high-quality growth. The Company has actively cultivated a quality culture atmosphere and implemented the work ethics of "Doing it right the first time" and the works standards targeting "zero defects", thus enhancing the "Dongfanghong" national brand through actions.

#### Case | The Company Awarded as the "2023 National Quality Benchmark"



The Company continually deepens its quality management model centered around the "three bests" principle. By solidifying the foundation for "making the best products", it strives to play a leading role in building a strong country in manufacturing, quality, and world-class enterprises. In recent years, the Company's independent innovation capability has significantly strengthened, leading product quality has steadily improved, and it has been awarded with the title of the "2023 National Quality Benchmark".



### Efficiency Prioritized Activating and Enhancing the "Strong Engine" for Quality and Efficiency

FTC regards "Efficiency Prioritized" as its essential principle that must be implemented in the Company's growth. It is the fundamental guarantee for the Company's continuous and healthy growth and the well-being of its employees. FTC insists on conducting business operations based on the principle of "Efficiency Prioritized", focusing efforts across the entire value chain, balancing various aspects, seeking efficiency from management, and following an efficiency-driven development path to ensure the maximization of benefits.

In 2023, The Company seized the opportunity presented by the transition to the National IV emission standards, aggressively securing orders and expanding markets. It leveraged the technical and product advantages of the National IV standards to intensify efforts in tackling key technologies that represent weak links in large, high-efficiency agricultural machinery equipment, thereby meeting market application demands. Additionally, The Company implemented multiple measures to enhance operational quality. With a focus on optimizing for National IV standards, it continually strengthened its value creation capabilities, thoroughly advancing cost management across the entire value chain, resulting in continuous improvement in operational quality.

#### Case | FTC Included in the List of Creating a World-Class, Specialized, and Innovative Exemplary Enterprise



In 2023, the State-owned Assets Supervision and Administration Commission of the State Council announced the list of world-class exemplary enterprises and specialized, innovative demonstration enterprises. FTC was selected as one of the first batch of 200 companies nationwide aimed at creating world-class specialized and innovative exemplary enterprises.





## Customer First Strengthening the "100%" High-Quality Service Bond

FTC upholds the principle of "Customer First" as an essential guideline for business growth and a key to achieving market-driven growth. The company takes proactive and innovative actions to continuously meet market demands, win customer satisfaction, and tightly weave the bond of "100%" high-quality service that closely connects the enterprise with its customers.

The Company continuously strengthens the optimization and implementation of after-sales service systems, establishes service hotlines for rapid response to customer feedback, and enhances the protection of customer information and privacy. Through an "internal and external" comprehensive and objective assessment, customer satisfaction is thoroughly evaluated. Furthermore, on a higher level of "Customer First", the Company actively serves national strategies and utilizes its corporate strengths. It demonstrated its responsibility and commitment by enhancing the level of agricultural equipment and safeguarding national food security.

### Case | Unrelenting Floods, Compassionate "Dongfanghong"!



In mid-August, a customer in Zhuozhou, Hebei – an area severely affected by floods – reported that their tractor was inoperable due to flood damage. In response to the urgent needs of disaster-affected customers during the production recovery process, the Company promptly organized its service system to initiate an emergency plan. FTC offered a "careful maintenance scheme for flood-damaged vehicles within the warranty period", providing free door-to-door service and other considerate maintenance measures, thus waiving labor, travel, auxiliary, and fuel costs for the affected customers.



## Employee Focused Building a Harmonious and Happy "Family"

FTC adheres to the philosophy of "Employee Focused", taking "meeting employees' aspirations for a better life" as the starting and end points of all its operations. The Company respects, serves, and treats each employee equally, fostering their comprehensive development and continuously enhancing their sense of achievement and happiness, thereby consolidating their commitment to persistent progress.



FTC focuses on optimizing the income distribution system, paying attention to special employee groups, and safeguarding employee rights and interests, thereby continuously strengthening employee compensation, benefits, and rights protection. In 2023, the Company distributed over RMB 3 million in relief and protection funds and continued to advance psychological health checks and counseling services to further improve the physical and mental well-being of employees in both their work and personal lives. The Company conducts various specialized inspections to monitor relevant work conditions and carries out employee satisfaction surveys and evaluations. Over the past three years, employee satisfaction has consistently exceeded 96%.

### Case | "Achieving Goals in the 14th Five-Year Plan, Forging Ahead on a New Journey" Series of Recreational Activities



In 2023, FTC organized a series of recreational activities themed "Achieving Goals in the 14th Five-Year Plan, Forging Ahead on a New Journey". The activities included mixed team competitions in table tennis and badminton, photography contests, speech competitions, basketball matches, and the "Employee Good Voice" brand event, all of which saw high participation levels. The Company's various subsidiaries organized unique recreational activities suiting employees' interests and hobbies, such as the "Fun Spring Festival", "Joyous Mid-Autumn Festival", "Summer Evening Party", and special classes in jazz and classical dance. These events were widely beloved and highly praised by the majority of employees.



## Subject Two

### Strengthening Advantages

### Power up on the Road Toward the "Agricultural Powerhouse"

FTC has consistently adhered to the guiding principle of "enhancing the level of agricultural machinery and safeguarding national food security". This central tenet drives its three major initiatives: building a high-end modern agricultural machinery industrial chain, fostering original agricultural machinery technology, and addressing gaps in agricultural machinery and equipment. By accelerating the resolution of key core technologies, FTC propels the transformation and upgrade of the agricultural machinery industry, powering up the initiative toward an "Agricultural Powerhouse".

SDGs Response:



# Subject

## Strengthening Advantages · Power up on the Road Toward the "Agricultural Powerhouse"



### Respond to the Strategy

### Safeguarding Food Security with Technology

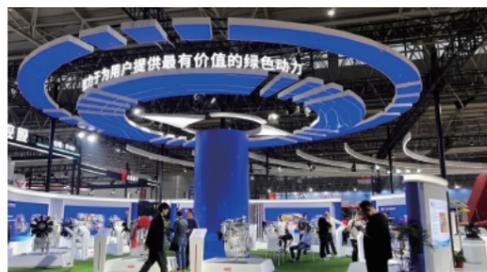
As an originator of innovative technology in the agricultural machinery, FTC focuses on its primary responsibilities and services to meet the needs of China's modern agriculture. Leveraging its strengths in the research and development (R&D) and manufacturing of agricultural machinery and equipment, FTC intensively tackles challenges in development and manufacture of advanced intelligent agricultural machinery, core technologies, breakthroughs in domestic production of import-only components, and strengthening weaker areas of agricultural machinery and equipment. FTC has led national-level technological projects in several areas, including high-horsepower intelligent tractors, equipment for hilly and mountainous areas, large hydraulic tools, new energy power, and unmanned autonomous operation equipment. These efforts address such significant technological challenges as "the lack of machinery and robust machinery" that hinder the progress toward an "Agricultural Powerhouse".

The Company beefs up on technological innovation and increases investment to improve its manufacturing capabilities and core component production systems. This fosters deep integration of the industrial and innovation chains, accelerating the creation of a range of high-end, domestically-produced flagship agricultural machinery products. This initiative leads the industry towards high-end, intelligent, and green transformation and upgrading. By strengthening the advantages of agricultural machinery development, the Company plays a vital role in promoting the mechanization of agriculture and the transformation and upgrade of the agricultural machinery industry.

#### Case | "Dongfanghong" Sparkle in Wuhan



On October 26, 2023, "China International Agricultural Machinery Exhibition 2023", the largest exhibition in this field in Asia and renowned worldwide, opened ceremoniously in Wuhan. FTC showcased its industry-leading capabilities in agricultural machinery R&D, manufacturing, and production by participating with a range of products, including Dongfanghong hybrid tractors, continuously variable transmission tractors, tractors for hilly and mountainous terrain, as well as YTN, YD, LR, and other series of diesel engines. This exhibition highlighted the Company's innovative achievements in the high-end modern agricultural machinery industrial chain and its accomplishments in agricultural machinery manufacturing and R&D.



## Making Breakthroughs via Collaboration Improving Industrial Resilience Together

As a leading enterprise in China's high-end agricultural machinery modern industrial chain, FTC takes on the responsibility of being the "chain leader", leveraging the "co-chain" platform to rapidly scale up domestic production of certain core components that are dependent on imports and jointly boost the core competitiveness and safety level of the industrial chain through collaboration with businesses upstream and downstream and joint R&D breakthroughs with suppliers revolving around critical components to resolve the challenge of import dependency of critical technologies and key component in China's agricultural machinery.

In 2023, The Company comprehensively reviewed the imported components of mass-produced models. Centering on the implementation of domestic substitution plans for imported components, it actively cooperated with leading domestic enterprises in the industry. The Company initiated the 'flagship project' for the domestic substitution of imported components to accelerate the progress of this initiative, further consolidating supply chain security and enhancing industrial resilience.



#### Case | "Dongfanghong" Debuts at the First "CISCE"



On November 28, 2023, the inaugural China International Supply Chain Expo (referred to as "CISCE") opened in Beijing, as a major initiative to "strengthen international cooperation in industrial and supply chains and promote global economic recovery". At CISCE, FTC showcased its YTN4Z and LR4A series diesel engines, both meeting the Euro V emission standards, which attracted visits of various ministries and commissions including the China Council for the Promotion of International Trade and the State Commission Office for Public Sector Reform and other guests. This demonstrated the Company's innovative achievements in the independent research and development of core components.



## Overcoming Weaknesses Boosting Industry-wide Comprehensive Growth

In the new journey towards a "strong agricultural nation", China's agricultural machinery still faces weaknesses and gaps in meeting modern agricultural needs and when compared to international advanced nations. For instance, in 2023, the comprehensive mechanization rate of crop cultivation and harvesting in China exceeded 73%. But in hilly and mountainous areas, this rate is still about 20 percentage points lower than the national average, highlighting a significant shortcoming in China's agricultural mechanization.

As a leading enterprise in the agricultural machinery industry, the company is based on its own advantages, targeting the urgent needs of the industry, actively undertaking the task of "filling the gaps" in agricultural machinery equipment, and helping to continuously improve the mechanization rate of agriculture in hilly and mountainous areas of China.

FTC concentrates on overcoming the challenges traditional tractors face in terms of power, braking, hill-climbing ability, and maneuverability, which are insufficient for the terrain and working conditions in these regions. Adopting a "highly efficient and practical" technology approach for tractors in hilly and mountainous areas, FTC has independently developed specialized tractors suitable for the loess hilly regions, as well as adaptable wheel tractors for both wet and dry conditions and light-duty paddy field caterpillar tractors. These products contribute to forming a comprehensive range of specialized tractors that meet the diverse agricultural production conditions in different regions of China.



## Case | The Dongfanghong MH804M Hill and Mountain Tractor's Debut at the 2023 China · Dingxi Potato Expo

On the occasion of the Chinese Farmers' Harvest Festival, the China · Dingxi Potato Expo was held in Dingxi, Gansu, known as "China's Potato City" from September 15th to 17th, 2023. FTC showcased the Dongfanghong MH804M hill and mountain tractor along with 34 sets of products including Dongfanghong MF504, LX1604, LY1204, etc. at the exposition and demonstrated their operations. This model features strong stability on hilly and mountainous terrains, with high flexibility in steering and safety, making it particularly suitable for special operational environments such as hilly and mountainous fields, sloped farmlands, and orchards.

-  **Strong stability**
-  **High flexibility in steering**
-  **Safety**



# Green Section

## Driving Green Transformation

FTC is embracing the new stage of growth, guided by the “dual carbon” strategic goal, continuously improves the development of its environmental management system, actively addresses the challenge of climate change, and is dedicated to providing users with green, low-carbon agricultural machinery and equipment. This initiative drives the green and low-carbon transformation of the industry, contributing to the achievement of “peak carbon emissions and carbon neutrality”, and playing a leading role in the agricultural machinery industry towards building a beautiful China.

SDGs Response:

**7** AFFORDABLE AND CLEAN ENERGY

**11** SUSTAINABLE CITIES AND COMMUNITIES

**13** CLIMATE ACTION

## Low-Carbon and Environmental Protection Responding to the Dual Carbon Strategy

### Dual Carbon Strategic Goals

FTC actively responds to the "dual carbon" strategy, creating a low-carbon growth path. The Company has integrated energy conservation and ecological environment protection into its "14th Five-Year" strategic plan, setting low-carbon growth goals based on the principles of "systematic advancement, focused breakthrough; prioritizing conservation, technology-led; based on reality, steady and orderly".



**Systematic advancement,  
focused breakthrough**



**Prioritizing conservation,  
technology-led**



**Based on reality,  
steady and orderly.**

#### Major Goals

- By 2025, FTC aims to significantly improve energy utilization efficiency, make notable progress in the research, development, and application of green, low-carbon technologies for agricultural machinery, cut comprehensive energy consumption per RMB 10,000 of output value by 20% compared to 2020, and put total energy consumption under reasonable control. The carbon dioxide emissions per RMB 10,000 of output value will decrease by 20% compared to 2020. The revenue proportion from energy-saving and low-carbon products shall increase substantially, laying a solid foundation for achieving peak carbon emissions.
- By 2030, green, low-carbon products and technologies will be widely applied, the energy structure will be further optimized, and the proportion of non-fossil energy consumption will significantly increase. The carbon dioxide emissions will reach their peak and gradually decline, marking significant achievements in high-quality development and green transformation.



### Dual Carbon Strategic Measures

The Company has formulated the Carbon Peak Action Plan, which identifies key tasks in areas such as green and low-carbon energy transformation, resource conservation and efficient utilization, development of green and low-carbon infrastructure, green and low-carbon circular transformation, digital and intelligent upgrade, green and low-carbon technology innovation, green and low-carbon supply chain management, and green and low-carbon capacity building, ensuring the achievement of carbon dioxide emissions per unit of output value targets.

FTC has drafted the 2023 Key Tasks for Energy Conservation, Ecological Environment Protection, and Carbon Peak and Carbon Neutrality. These tasks are subdivided into 16 key works and 38 actions, which are being implemented according to set goals and measures. Through specific actions and tracking implementation mechanisms, the Company beefed up source governance, systematic management, and overall governance. It improved ecological environment risk control, reduced energy and resource consumption, and carbon emissions, elevating the Company's green and low-carbon status.

The Company's greenhouse gas (GHG) emissions primarily originate from GHG emitted during energy consumption in production operations. The main emissions are Scope 1 and Scope 2, which consist of carbon dioxide, excluding air conditioning. In 2023, FTC's comprehensive energy consumption per unit of output value decreased by more than 3% year-on-year, and the carbon dioxide emissions per unit of output value decreased by more than 3.6% year-on-year. In 2023, the total GHG emissions of the Company reduced by 13,320 metric tons of carbon dioxide equivalent compared to the previous year.

Indicator	Unit	2023	2022	2021
Total GHG emissions	tCO2e	185,909	199,229	211,573
Total GHG emissions intensity	tCO2e/RMB 10,000 output value	0.179	0.227	0.196
Direct GHG emissions (Scope 1)	tCO2e	25,032	27,786	32,005
Direct GHG emissions intensity (Scope 1)	tCO2e/RMB 10,000 output value	0.0241	0.0273	0.0344
Indirect GHG emissions (Scope 2)	tCO2e	160,877	171,442	179,568
Indirect GHG emissions intensity (Scope 2)	tCO2e/RMB 10,000 output value	0.155	0.169	0.193



## Prioritizing Ecology Stepping up Environmental Management

### Construction of Environmental Management System

FTC strictly adheres to the Environmental Protection Law of the People's Republic of China and other relevant laws and regulations, and is committed to a philosophy of "people-oriented, risk precaution and management, environmental protection, clean production, collective responsibility, compliance with laws and regulations, continuous improvement, and harmonious development". We have solidified our credo of "prioritizing ecology and green growth", and insist on lawful and regulated corporate governance.

The Company references the ISO:14001 Environmental Management System construction standards to continually enhance its environmental management system. In 2023, it successfully passed the re-certification audit of its environmental management system. The Company consistently elevates its environmental management standards. It integrates ecological environmental protection, energy conservation, and strict constraints on water with the green and sustainable development of the enterprise. This approach effectively guards against significant environmental pollution risks, propelling the evolution of energy conservation and ecological environmental protection work towards systematization, institutionalization, standardization, and informatization.



Environmental Management System Certification

#### Adhere to the rule of law and regulations in governing enterprises



#### The Company fulfilled 100% of its environmental management goals



### Environmental Risk Management

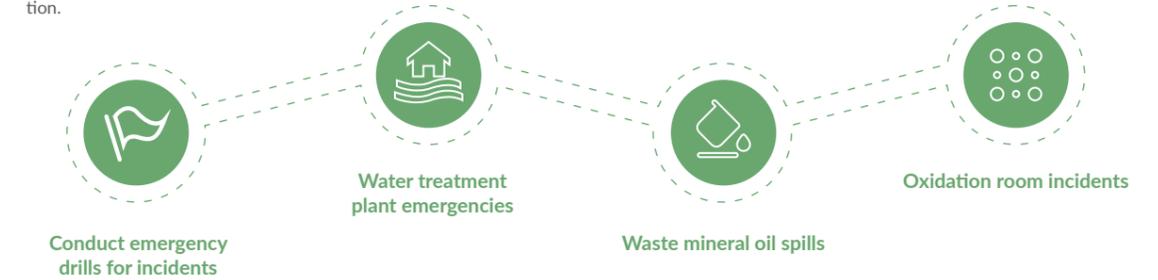
FTC strictly complies with national laws and regulations, treating environmental risk identification and response as a crucial and routine aspect of its environmental management efforts. This approach minimizes the damage caused by sudden environmental incidents, ensuring the protection of public health and safety, as well as property security.

#### Environmental Risk Identification and Response

The Company conducts annual environmental factor identification, assessing the severity of risks associated with these factors. It identifies key environmental aspects and formulates control measures. By performing monthly checks and quarterly evaluations, the Company ensures the implementation of these control measures. Furthermore, it conducts annual compliance evaluations, adjusting the focus of risk control based on the evaluation results and establishing risk response measures.

#### Contingency Plan for Sudden Environmental Incidents

The Company has developed and perfected a contingency plan for sudden environmental incidents. It organizes relevant units to conduct emergency drills for incidents such as water treatment plant emergencies, waste mineral oil spills, and oxidation room incidents. The effectiveness of these drills is assessed, and based on these assessments, emergency plans are revised. This continuous improvement enhances the Company's ability to respond to sudden environmental events and further implements its primary responsibility for environmental risk prevention.



## Waste Gas Management

FTC stringently adheres to the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution. In compliance with national and local laws and regulations, the Company intensifies its efforts in the daily operation and maintenance of waste gas pollution control facilities and regularly monitors the performance of these facilities.

The primary pollutants in waste gas emissions during the Company's production process include particulate matter, non-methane hydrocarbons, and nitrogen oxides. The Company has installed waste gas treatment devices such as bag dust collectors, zeolite wheels with Regenerative Thermal Oxidation (RTO) incinerators, activated carbon adsorption and desorption with catalytic combustion, and Diesel Oxidation Catalysts (DOC) + Particle Oxidation Catalyst (POC) + Selective Catalytic Reduction (SCR) systems to fulfill the waste gas treatment needs.

 In 2023, all types of waste gas treatment facilities functioned well, with complete operation records maintained. All exhaust emissions satisfied relevant requirements. 

### Case | Upgrading Waste Gas Treatment in Painting Operations



The Company has adopted activated carbon adsorption and desorption with catalytic combustion, and zeolite wheels with RTO technologies to improve the treatment of waste gases from painting processes, thereby reducing the emission of waste gas pollutants. Anemometers have been purchased to measure wind speed and direction around production equipment, standardizing the monitoring of unorganized emissions from painting waste gases, and meeting government industrial pollution control requirements.

## Wastewater Management

FTC rigorously complies with the Law of the People's Republic of China on the Prevention and Control of Water Pollution and other laws and regulations. The Company implements a "rain and sewage diversion" management system, with domestic wastewater discharged into a municipal sewage network and then treated at sewage treatment plants. Industrial wastewater is pre-treated at subsidiary wastewater treatment stations and then subjected to advanced treatment at the Company's wastewater treatment station. After reaching the standards for reclaimed water, it is reused for production, landscaping, and flushing toilets, achieving zero discharge of industrial wastewater.

 In 2023, all types of wastewater treatment facilities functioned well, with complete operation records maintained. All the wastewater discharge satisfied relevant requirements. 

### Case | Optimization and Upgrading of Wastewater Management in the Diesel Engine Subsidiary

The diesel engine subsidiary of the Company transitioned from wet painting to dry painting and upgraded its test benches. This change allowed for the recycling of test wastewater without external discharge, reducing industrial wastewater discharge by an average of 400 metric tons annually. Additionally, a new lift pumping station for domestic wastewater was constructed. Part of the domestic wastewater is now lifted to the wastewater treatment station for bacterial cultivation, enhancing the treatment effectiveness of industrial wastewater.

 Reducing industrial wastewater discharge by an average of 400 metric tons annually 

## Solid Waste Management

FTC strictly complies with the requirements of the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste. In alignment with its actual operational conditions, the Company has formulated the Solid Waste Pollution Prevention and Control Management Regulations to strengthen the management of solid waste. In the prevention and control of solid waste pollution, the Company employs devices and processes that are highly efficient in resource and energy utilization and result in minimal pollution emissions. It adopts economically viable technologies for the comprehensive utilization and treatment of solid waste to reduce the generation of solid waste and mitigate its hazardous impacts.

 General industrial solid waste

The Company implements a system of categorized collection and proper temporary storage. Solid waste is handed over to professional treatment units for recycling or comprehensive utilization. In compliance with the Standard for Pollution Control on the Non-Hazardous Industrial Solid Waste Storage and Landfill (GB18599-2020) and the Guidelines for the Establishment of General Industrial Solid Waste Management Ledgers, the Company maintains a ledger for registration and tracking purposes.

 Hazardous Waste

The Company adheres to the Technical Specification for Setting Identification Signs of Hazardous Waste (HJ1276-2022) and the Pollution Control Standards for Hazardous Waste Storage (GB18597-2023). It classifies, collects, and stores hazardous waste in accordance with these guidelines and entrusts disposal to qualified units for harmless treatment. Simultaneously, through process improvements and the use of non-polluting or low-polluting raw and auxiliary materials, the Company reduces the hazardous nature and production of hazardous waste.

## Energy Conservation and Consumption Reduction

### Efficient Use of Resources

### Management of Water Use

FTC is committed to a water-saving priority and green development. The Company has set water conservation goals for each unit. By implementing water-saving technology and facility transformations, strengthening routine inspections and maintenance, and intensifying water conservation propaganda and training, the Company continuously improves its water utilization rate. This commitment has earned it provincial and municipal titles of "Water-Saving Enterprise".



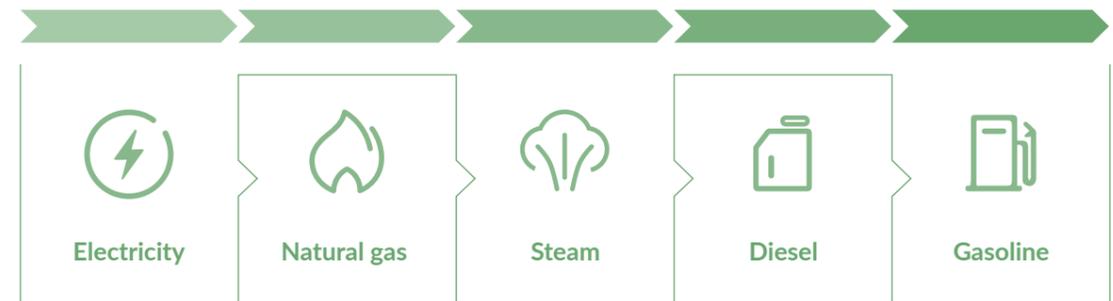
■ Water-saving targets for the subsidiaries of the Company for year 2023 (Fresh water consumption per RMB 10,000 of output value m<sup>3</sup>/RMB 10,000).

Company	Targets in 2023	Actual Progress in 2023
Large tractor company	0.1078	0.0862
Middle and small tractors company	0.1198	0.1196
Diesel engine company	0.3607	0.3069
Hydraulic transmission company	2.1061	1.7808
Gear transmission company	0.5741	0.4323
Casting and forging company	2.6506	2.6436
Flag Company	1.8044	1.7131

### Management of Energy Use and Energy Conservation

FTC strictly follows the Energy Conservation Law of the People's Republic of China and other relevant laws, regulations, and standards, advancing its energy management work and actively responding to calls for energy conservation and consumption reduction. The Company, combining its production and operational practices, has formulated the Energy Conservation Work Management Measures, Energy Statistics Management Measures, and Key Energy-Consuming Equipment Management Measures. It has established an energy-saving target responsibility system, reinforcing the decomposition and implementation of energy-saving indicators. It strengthens the management of energy consumption processes, investigates the energy efficiency levels of key equipment, eliminates outdated equipment and facilities, and enhances energy utilization efficiency.

The primary sources of energy used in the Company's production process are electricity, natural gas, steam, diesel, and gasoline, all of which are externally purchased.



■ Energy-saving targets for the subsidiaries of the Company for year 2023 (Comprehensive energy consumption per RMB 10,000 of output value TCE/RMB 10,000).

Company	Targets in 2023	Actual Progress in 2023
Large tractor company	0.0096	0.0115
Middle and small tractors company	0.0122	0.0121
Diesel engine company	0.0290	0.0257
Hydraulic transmission company	0.0655	0.0626
Gear transmission company	0.0748	0.0788
Casting and forging company	0.2808	0.2784
Flag Company	0.0997	0.0925

**Case | Energy Efficiency Improvement in the Refrigeration Station of Flag Company's Coating Workshop**



Adapting to the temperature variations of different seasons, the Company timely adjusts the operation frequency of the refrigeration machines and heat engines in the refrigeration station. While meeting the process requirements, the replenishment volume of the refrigeration system has been reduced by approximately 50%. Through effective energy management strategies, the Company has successfully reduced energy consumption.



While meeting the process requirements, the replenishment volume of the refrigeration system has been reduced by approximately **50%**.



**Energy-Saving and Carbon Reduction Monitoring**

The Company has developed the Environmental Statistics Management Measures, Energy Statistics Management Measures, and Environmental Protection Management Assessment Methods. It has established an energy-saving and carbon reduction monitoring and assessment mechanism, improved energy metering instruments, and persisted in pollutant emission monitoring. Monthly supervisory checks are conducted on the implementation of these systems in its subsidiary units, with quarterly evaluations.

The Company accurately accounts for its pollutant carbon emissions, establishing statistical ledgers. Monthly statistics and calculations are conducted on the pollutant emissions of each unit, with quarterly analyses of these results. Regular reports are submitted on provincial and municipal energy procurement and consumption statistics, ensuring that energy-saving, environmental protection, and dual-carbon statistical information are accurate and complete.

**Promoting Clean Production**



**Waste minimization**



**Resource utilization**



**Harmlessness**

The Company diligently implements clean production requirements by adopting improved designs, utilizing clean energy and raw materials, phasing out outdated equipment, and employing advanced technological processes and equipment. Measures such as waste minimization, resource utilization, and harmlessness are taken to reduce pollution at the source, enhance resource utilization efficiency, and mitigate or eliminate environmental hazards.

**Case | Dongfanghong Diesel Engine Thermal Test Line Intelligent Environmental Improvement Project**



To effectively enhance the production and utilization efficiency of diesel engine thermal test benches, reduce operational costs, improve the working environment, and lessen occupational hazards, the Company has carried out effective treatment of exhaust emissions from thermal test benches to meet environmental protection requirements. A plan was devised for the layout of Plant No. 2's LR diesel engine thermal test line, incorporating additional functional facilities for quality control and efficiency improvements in thermal testing. The existing production thermal test benches have also been modified to purify emissions generated during engine thermal testing, achieving the goal of standard-compliant discharge. The total investment for the project amounted to RMB 25 million, and it has now been constructed and put into use.



**Materials and Packaging Materials Management**

FTC actively promotes green production and operation to respond to resource and environmental constraints. The Company focuses on promoting the circular and reduced utilization of materials and packaging materials, contributing continuously to the reduction of carbon emissions from the production side and stimulating the potential of the circular economy.

The main materials used by the Company include engines, gearboxes, covering parts, castings, forgings, and other major components and parts that are complementary to agricultural machinery. Each internal unit has its own material storage warehouse for the receipt and distribution of parts.

The packaging materials primarily used by the Company are cardboard boxes for material delivery. After assembly, these boxes are centrally collected and disposed of.

## Forward-Looking Layout Combating Climate Change

### GHG Emissions Management

FTC implements the national dual-carbon work deployment, ensures the organization and goal responsibility mechanism of the dual-carbon work, perfects the energy-saving and emission-reduction management system, and tracks the progress of key tasks.

#### Development of Organization

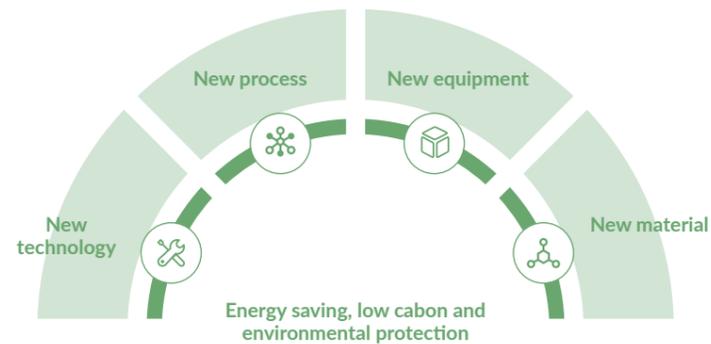
The Company has established a Carbon Peak, Carbon Neutrality, Energy Conservation and Environmental Protection Work Leadership Group, led by the General Manager and the Deputy General Manager. This group coordinates and advances the work on carbon peaking, carbon neutrality, energy conservation, and environmental protection.

Additionally, FTC has set up an office for the Carbon Peak, Carbon Neutrality, Energy Conservation and Environmental Protection Work Leadership Group. This office is responsible for the daily supervision and management of various tasks, advancing the completion of tasks according to the work plan. Each key unit within the Company has established a Carbon Peak, Carbon Neutrality, Energy Conservation and Environmental Protection Management Institution and managers, who are responsible for their unit's carbon peaking, carbon neutrality, energy conservation, and environmental protection work, ensuring the smooth implementation of various tasks.

#### Establishing Work Ledgers

The Company has compiled the 14th Five-Year Plan for Ecological and Environmental Protection Development. At the beginning of each year, key work tasks are issued, target responsibility agreements are signed, energy conservation and environmental protection targets are allocated, and work task ledgers are created. The completion of these targets is tallied monthly, and the achievement of the ledger tasks is evaluated quarterly to ensure the successful realization of annual goals.

- The Company promotes the application of new technologies, processes, equipment, and materials for energy saving, low carbon, and environmental protection. It phases out high-energy-consuming and outdated equipment, enhancing the energy efficiency of equipment.



- Additionally, the Company controls energy consumption in the production process, increasing the synergy between energy-saving management and production organization. It improves the construction of the energy statistics monitoring system to control total energy consumption and reduce carbon dioxide emissions.

## Climate Risk Management

FTC continuously focuses on global climate change issues, proactively identifying and analyzing the potential impacts of climate risks and opportunities on the Company, and developing measures to actively respond to and mitigate the impact of climate change.

Climate-related risk		Response
Physical Risks	<b>Contingency Risks:</b> <b>Extreme weather</b> Factory, workshops, office buildings and equipment might be damaged to cause asset loss, and even employee safety accidents; Facility damage, service interruption or major equipment damage may directly or indirectly sabotage the continuity of business operations and economic interests.	This includes issuing early warnings for natural disasters, and organizing timely risk identification and inspection activities to reduce losses related to acute weather events.
	<b>Chronic Risks:</b> <b>Lasting heatwave, drought, etc.</b> Higher temperatures may result in the need for additional cooling equipment and maintenance costs, increasing operational costs;	Equipped with more energy-efficient refrigeration and cooling technology and system;
Transition Risk	<b>Policies and Laws Risks</b> New policies and regulations on greenhouse gas (GHG) emissions may increase the Company's compliance costs and related litigation or claims may also increase in numbers.	Pay close attention to changes in environmental laws, regulations and policies and respond timely.
	<b>Technology Risks</b> Failure to identify and apply low-carbon technology, clean technology and other technologies in a timely manner may lead to greater climate-related risks in businesses.	The Company actively advances the research and application of clean energy and low-carbon technologies in its products, enhancing its ability to respond to risks.
	<b>Market Risks</b> Shifts in upstream and downstream supply chains and customer preferences may intensify the focus on green and low-carbon products.	FTC continuously optimizes its supply chain assurance capabilities, focusing on building a green supply chain, actively developing green and low-carbon products, keeping track of market dynamics, and meeting consumer demands.
	<b>Reputation Risks</b> Poor performance in combating climate change and sustainability giving rise to negative feedback from associated stakeholders.	Boost sustainability of the Company and actively combat climate change; Improve the transparency of associated management systems and respond to stakeholders' concerns.

# People-oriented Section

## Respecting Employees' Rights

FTC implements a "Talent Empowers Enterprise" strategy, adhering to the talent philosophy of "giving opportunities to those who desire them, establishing promotions for those who are competent, and offering incentives to those who succeed". The Company respects and cares for every employee, offering them fair opportunities and platforms for growth. It acknowledges individual differences among employees, pays attention to their career development needs, inspires their initiative, and achieves mutual accomplishment and promotion between employees and the Company. This approach fosters a harmonious team, working together for shared growth.

SDGs Response:

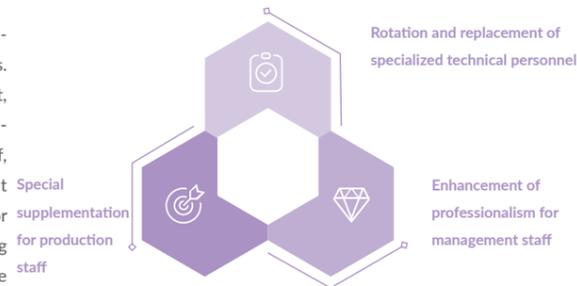


## Equal Employment Adhering to Labor Standards

FTC diligently implements relevant laws and regulations such as the Labor Law, Labor Contract Law, and the Regulation on the Implementation of the Employment Contract Law. The Company enforces the labor contract system, perfects its labor employment regulations, and safeguards the legitimate rights and interests of workers. All employees legally and equally enter into labor contracts, fostering a harmonious and stable labor relationship. The Company ensures that there is no discrimination in employment based on gender, ethnicity, age, etc., and there are no instances of child labor or forced labor.

### Employee Hiring

The Company has established recruitment systems such as the Talent Introduction Methods and College Graduates Recruitment Management Methods. Centered around the overall principle of "seeking efficiency from management, effectiveness from technology, and productivity from production", the Company follows the approach of "special supplementation for production staff, rotation and replacement of specialized technical personnel, and enhancement of professionalism for management staff". It develops optimization schemes for various personnel configurations, categorizing and dynamically supplementing talent to provide new employment opportunities for society while meeting the Company's strategic development needs for talent.



### Guarantee of Remuneration and Benefits

Adhering to the principle of "salary based on position, and payment tied to performance and caliber", the Company has established an internal mechanism linking total wages with economic benefits. This mechanism favors subsidiaries with better profitability, significant value contribution, high labor efficiency, and rapid growth. The Company has established an income distribution system primarily consisting of annual salary system, position performance wage system, project wage system, and piece-rate wage system. Incentives such as bonus pools, incentive funds, and over-target rewards are adopted, aligning compensation distribution with key positions, core personnel, frontline production staff, and high-level, highly-skilled talents in urgent demand.

The Company continuously improves its compensation and benefits system, ensuring timely and full payment of salaries. It legally contributes to social insurance, housing funds, and corporate annuities for employees, establishing a relatively comprehensive welfare and security system. The Company advocates for efficient work and reasonable arrangements for rest and vacation. Employees enjoy various paid leave, including statutory holidays, annual leave, marriage leave, home leave, bereavement leave, maternity leave, sick leave, and injury leave that law stipulates.

### Employee Satisfaction Survey

The Company continuously monitors the implementation of various subsidiaries in public factory affairs, democratic management, and employee services through methods such as rights protection democratic inspections, production safety special inspections, welfare procurement special inspections, and evaluations of the "Employees' Home". During these inspections, random anonymous surveys and evaluations of employee satisfaction are conducted.



In public factory affairs



Democratic management



Employee services

## Safeguarding Health Building a Safety Bulwark

### Safeguarding the Health of Employees

FTC places high importance on the physical and mental health of its employees, actively implementing workplace health protection measures. The Company continually conducts occupational health monitoring and fosters a culture of occupational health, striving to ensure that while employees pursue career success, they also enjoy healthy bodies and happy lives.

FTC pays close attention to health protection in the workplace, enhancing control over occupational disease hazards in the work environment, and actively creating a healthy and safe work setting for its employees.

- The Company stepped up the operation, maintenance, and regular inspection and supervision of 390 units/sets of occupational disease prevention facilities, ensuring that the control of occupational health hazards in the workplace meets national standards.
- FTC has installed 1196 warning signs, 283 hazard notification cards, 40 notice boards, 106 alarm devices, and 38 washing facilities, effectively preventing occupational disease hazards. The Company has achieved a 100% rectification rate for occupational disease hazard projects, ensuring no occupational disease accidents occur.



Occupational Disease Hazard Notification Card



Occupational Health Notice Board

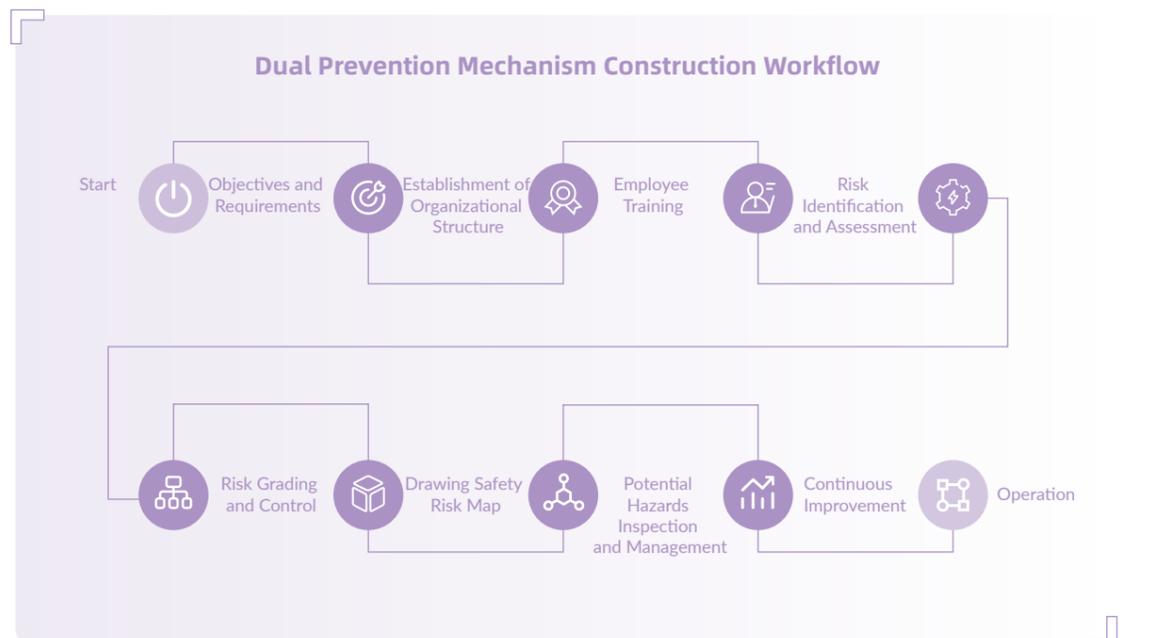
FTC diligently conducts identification of occupational disease hazards, continually carrying out detection, evaluation, and health monitoring of these hazards, and strengthening education and training for employees in occupational disease hazard positions.

- The Company has developed and progressively implemented occupational disease hazard assessment and detection plans for workstations in hazardous operation areas. The comprehensive compliance rate for occupational disease hazard factors is 92.65%, an increase of 1.52% compared to the previous year.
- FTC has completed occupational health examinations for 1,860 employees exposed to occupational disease hazards, and followed up on examination results, achieving a 100% plan completion rate and a 100% on-the-job examination rate. In 2023, there were no newly diagnosed cases of occupational diseases.
- The Company has conducted widespread occupational health education, organizing 12 specialized training lectures and over 220 consultation and warning education activities in various units.

## Building a Safety Bulwark

FTC steadfastly upholds the concept of safe development, insisting on treating both symptoms and root causes, comprehensive governance, and source control. It continuously perfects and implements a comprehensive safety production responsibility system and regulations. FTC focuses on preventing major manufacturing accidents and occupational hazard incidents as its fundamental starting point and deliverables. It takes the actions of Safety Management Enhancement Year as the main line and major accident hidden danger special inspections and rectifications as the key, deeply implementing directives instruction on production safety, thereby building a strong safety defense.

The Company has included the development of a dual prevention mechanism in the important agenda of the Company's Safety Committee. The office of the Safety Committee and the department responsible for safety management in each subsidiary are tasked with leading and implementing this, establishing a two-level monitoring and five-level management control mechanism and daily management work flow.



FTC adheres to the principles of "hierarchical management, line-specific responsibility, and category-specific supervision", focusing on strengthening the implementation of the Safety Supervision and Management Methods for Risk Points (Hazard Sources), solidifying safety control responsibilities and autonomous safety prevention measures at all levels.

### Key data

Indicator	2021	2022	2023
Number and proportion of fatalities	0	0	0
Number of working days lost due to occupational injuries in the year	392	235	364

Safety Hazard Screening

- The Company effectively conducts inspections to identify safety hazards, and places a strong emphasis on supervising the implementation of safety responsibilities at all levels of each subsidiary and the adequacy of safety control measures for various hazard sources. It inspects and verifies the intrinsic safety status of the production and operation sites of each subsidiary and the results of rectifying and closing safety hazards.

Safety Accidents Management

- Adhering to the principles of being "scientific, rigorous, law-abiding, realistic, and result-oriented", the Company promptly and accurately investigates the causes of accidents, identifies the nature and responsibility of accidents, summarizes lessons from accidents, proposes rectification measures, and imposes strict accountability according to relevant regulations. The Company timely disseminates accident reports.

Safety Emergency Plan

- The Company has developed a comprehensive emergency rescue plan for production safety accidents and reasonably equipped emergency gear and materials. Organize regular emergency drills and training on workplace safety accidents to beef up the emergency response capabilities of employees.
- In 2023, the Company conducted training and drills on 3 comprehensive emergency plans, 18 specialized emergency plans, and 115 on-site handling plans as part of its emergency drill exercises.

Safety culture construction

- FTC firmly establishes the idea that "inadequate safety education is a hazard itself" and has established a three-level training system for occupational health and safety. It organizes specialized training such as "Safety Lecture Hall".
- In 2023, the Company organized 110 sessions of safety education training.

### Case | "Everyone Behaves Safety, Everyone Knows Emergency Response" Safety Month Activity



In 2023, the Company launched the "Everyone Behaves Safety, Everyone Knows Emergency Response" themed Safety Month activity, including organize safety production hazard inspection and governance, emergency drills, watching warning education films, specialized training for key corporate personnel on safety production, and online security knowledge competitions. These series of activities aimed to ensure that all employees understand, acknowledge, fulfill, and take responsibility for their duties, and pursue accountability in negligence. This initiative strengthens the safety awareness of all staff and firmly establishes the concept of safety in development.



### Case | FTC's New Apprenticeship Training Program



The Company has established an "industry-education integration and school-enterprise cooperation" mechanism and a comprehensive lifelong vocational skill training system. Both enterprises and vocational schools collaboratively devise teaching plans, set up training courses, and jointly form high-quality training and teaching teams. The "dual mentoring and alternating work-study" approach aligns the quality of skilled talents more closely with production realities, reducing the time required for skilled talents to adapt to positions. This effectively alleviates the shortage of skilled talents and provides robust skilled talent support for the Company's development.

### Employee Career Development

FTC has established operational management channels and professional job channels, with the latter divided into engineering technology, professional management, and skilled operation categories. Actively implementing the national action for skills improvement and the requirements of the "14th Five-Year" vocational skills training plan, the Company has built a platform for the growth of skilled personnel, strengthening the cultivation of innovative, applied, and skilled talents.

In 2023, the Company conducted vocational skill level certification for over ten trades, improved the cultivation, utilization, evaluation, and incentive systems for skilled talents, creating favorable conditions for employees' skill level advancement through skill training and certification evaluation.



### Case | The 2023 General Vocational Skills Course Internal Trainer Selection Competition



The Dongfanghong Training Center organized the 2023 General Vocational Skills Course Internal Trainer Selection Competition. In this competition, 21 internal trainers from 17 secondary units of the Company participated. After three rounds of intense competition, 8 trainers stood out and were awarded for their excellence.



## Empowering Talent Supporting Employee Development

FTC is committed to providing a platform for employees of all categories to showcase their talents, actively conducting occupational skills training, offering diverse career growth pathways, and creating a win-win scenario for both the Company's development and employee growth.

### Training for Employee Development

The Company has established the "Dongfanghong Training Center" and the "Employee Training Center", further perfecting its talent cultivation system. It has organized various types of training for mid-to-senior management employees, marketing personnel, skilled operators, functional managers, and professional technical personnel. A training and course system has been developed, primarily internally sourced with external support, to build a knowledge and skills learning platform for the professional development of the Company's employees. Additionally, FTC has established an "industry-education integration and school-enterprise cooperation" mechanism. In collaboration with educational institutions, it has developed new apprenticeship models and practical training bases. This joint approach by enterprises and schools in dual mentoring and alternating work-study programs cultivates high-skilled talents suited to the Company's growth needs and skills requirements.



## Facilitating Communication Protecting Employee Rights



## Employee Caring and Assistance

FTC continuously focuses on special employee groups. The Company has formulated the Love Fund Assistance Management Methods, Warmth Fund Management Methods, and "Ten Practical Matters" Implemented for Employee Welfare, consistently paying attention to the work and lives of employees and expanding the scope and intensity of assistance for employees in need.

### In 2023, the Company

- Offered assistance to 1,017 individuals, distributing over RMB 1.8 million in various kinds of relief funds, a 26.8% increase compared to 2022.
- Distributed nearly RMB 400,000 in mutual aid and relief funds, and claimed over RMB 1 million in major illness and medical mutual aid funds for approximately 400 employees, reducing their burden of medical expenses for treatment and hospitalization.
- Vigorously promoted the Dongfanghong EAP (Employee Assistance Program) to address mental stress of employees, providing psychological check-ups and counseling services to 192 employees throughout the year.



### Case | Childcare Services for Employees' Children



The Company offers childcare services for employees' children during winter and summer vacations and high-yield months on weekends. It also extends free loving care evening classes in kindergartens, providing high-quality childcare services for over 320 employee families. The Company continued its "Golden Autumn Fellowship" initiative, distributing suitcases to 223 employees' children who were admitted to university and arranging summer internships for 11 children of financially challenged employees attending university.



## Protecting Democratic Rights

FTC places high importance on ensuring and protecting employees' democratic rights, continuously enhancing organizational system, refining procedures, ensuring standardized operations, focusing on source participation and fully leveraging democratic supervision and management mechanisms.

### In 2023, the Company

- Reviewed and passed several systems and documents closely related to the employees' interests, such as the 2023 collective wage agreement, the adjustment plan for employee meal subsidies, and the detailed implementation rules for the corporate annuity plan.
- Focused on negotiation within the enterprise, pushed for the implementation of systems such as paid annual leave and minimum wage guarantees, and signed the 2023 collective wage agreement.
- Perfecting the enterprise's democratic management and open factory affairs system, organized democratic inspections and self-examinations, and formed a democratic inspection report.



## Providing Smooth Communication Channels

With a focus on business-employee relationship, FTC improved mechanisms for addressing employee grievances, ensure smooth channels for rights and grievance appeals, and conducted research on employee thoughts and dynamics. The Company always paid attention to the needs and thoughts of employees in their work and life, maintaining harmonious and stable labor relations within the enterprise.

### In 2023, the Company

- Held meetings and discussions with employee representatives, with over 10 suggestions from employees being earnestly listened to and collected, then fed back to relevant departments for coordination and resolution.
- Further perfected the labor dispute mediation process, with 10 instances of employee letters and visits received throughout the year, ensuring that every visit is recorded, every issue responded to, and achieving a 100% resolution rate for letters and visits.



# Innovation Section

## Riding the Crest of Innovation

FTC firmly grasps the development opportunities brought by the modernization of agriculture and the transformation and upgrading of the agricultural machinery industry. The Company consolidates and enhances the core technological advantages of its leading products, continually working on quality improvement and process technology research and development innovation. It actively meets the urgent demand for high-quality, efficient, and adaptable agricultural machinery equipment required by China's agricultural modernization, providing equipment support for consolidating the foundation of food security and accelerating the construction of an "agricultural powerhouse".

SDGs Response:



**Empowered by Technology**  
**Led by Innovation**

**Innovation-Driven Development**

FTC has refined its innovation and R&D management systems, revising the Process R&D Management Methods, formulating the Youth Science and Technology Fund Project Management Methods and the Research Project Implementation Management Methods (Trial). These efforts are in line with actual R&D management needs, continuously perfecting the science and technology management processes. The Company emphasizes practical implementation, continuously driving the realization of standardized and procedure-based scientific research management, and establishing and improving the R&D management system.

**The Company's Research and Development Innovation Awards in 2023**



Key Technologies and Industrialization of Large and Medium Agricultural Power and Supporting Dryland Equipment

**First Prize at the 2023 Henan Province Science and Technology Awards**



Key Technologies and Application of Intelligent Control of Automatic Transmission Systems in Tractors

**Second Prize at the 2023 SINOMACH Science and Technology Awards**



Development and Application of Key Technologies for Efficient and Clean Agricultural Diesel Engines

**Second Prize at the 2023 Henan Province Science and Technology Awards**



Key Technologies and Application of Automated Driving in Tractor Operations

**Third Prize at the 2023 SINOMACH Science and Technology Awards**



Key Technologies and Industrialization of Large and Medium Dryland Agricultural Power and Supporting Tillage and Seeding Equipment

**First Prize at the 2023 SINOMACH Science and Technology Awards**



Key Technologies and Application of Large and Medium Agricultural Power and Supporting Equipment for Tillage in Dry Fields

**First Prize at the 2023 Machinery Industry Science and Technology Progress Awards**



Key Technologies and Application of Modular Electro-Hydraulic Control in Heavy-Duty Wheel Tractors

**Third Prize at the 2023 Machinery Industry Science and Technology Progress Awards**



Key Technologies and Application of Orchard-type Wheel Tractors

**Third Prize at the 2023 Agricultural Machinery Science and Technology Awards**



Key Technologies and Application of Enclosed Cabins in Tractors

**Third Prize at the 2023 Machinery Industry Science and Technology Progress Awards**



Development and Promotional Application of Energy-saving and Environmentally Friendly Agricultural Diesel Engines

**Third Prize at the 2023 Agricultural Machinery Science and Technology Awards**



Research and Application of Intelligent Detection Technologies for Tractor Assemblies

**Second Prize at the 2023 Agricultural Machinery Science and Technology Awards**



Research and Application of Intelligent Detection Technologies for Tractor Assemblies

**Second Prize at the 2023 Science and Technology Achievement Awards of the Education Department, Henan Province**

**Case | Three Internationally Advanced, One Nationally Leading**



The third scientific and technological achievements evaluation meeting of 2023, organized by China Association of Agricultural Machinery Manufacturers, was successfully held. Four of the Company's projects received high praise from the expert panel. These include "Key Technologies and Application of Intelligent Chili Seedling Transplanting Machines", "Key Technologies and Application of Single-Body 60 cm Hydraulic Reversible Plough", "Key Technologies and Application of Electronic System Inspection in National IV Stage Tractors", and "Key Technologies and Application of Large Horsepower National IV Stage Agricultural Diesel Engines".

The Company adheres to innovation-driven strategies, aiming for the transformation and development of the agricultural machinery industry towards "large-scale, high-efficiency, intelligent, and green" solutions. Benchmarking against international advanced brands, it accelerates the transformation and application of scientific and technological achievements to address the challenges in China's agricultural mechanization, such as the lack of available and quality machinery.

### Case | Launch of Dongfanhong HB2204 Hybrid Tractor



On October 26, 2023, at the China International Agricultural Machinery Exhibition 2023, the commercial launch of the Dongfanhong HB2204 hybrid tractor was grandly announced.



### Case | The Arrival of New Force in National IV Standards! New Dongfanhong Power Shift Tractor with High Horsepower



On March 20, 2023, the Dongfanhong LQ2104 power shift tractor rolled off the assembly line. This new product, with high horsepower meeting National IV standards, was developed by FTC for large domestic farms and to replace imports. It possesses full independent intellectual property rights, injecting new vitality into the "Dongfanhong National IV Power Shift Family".



## Joint Innovation and Research Development

The Company enhances innovation platform management to promote industry technical development, actively plans and builds R&D infrastructure, strengthens industry-academia-research cooperation, and accelerates the transformation of scientific and technological achievements to marketable products.



The State Key Laboratory of Intelligent Agricultural Power Equipment developed the "2023 Key Laboratory Research and Development Plan". The laboratory hosted more than ten industry conferences, including the "Academic Symposium on Intelligent Production of Main Food Crops". Collaborative discussions on laboratory construction were conducted with the State Key Laboratory for High Performance Tools, Jilin University, and other entities, continuously exploring innovative channels.



FTC established the 2023 Work Ledger for Henan Province Agricultural Machinery Equipment Industry Research Institute Projects. The Company regularly tracks the implementation of projects, reports on the Construction and Operation of Henan Province Agricultural Machinery Equipment Industry Research Institute, and actively participates in related inspection, learning, and research exchange meetings organized by provincial and municipal departments of industry and information technology. The Company also actively responded to the construction responsibility of the Henan Province Industry Research Institute.



Leveraging the State-owned Assets Supervision and Administration Commission's (SASAC) co-chain action platform, the Company collaborates with leading domestic industry enterprises to implement the "Open Bidding" project for the localization of imported components. This accelerates the substitution of imported components with domestically produced ones, further consolidating supply chain security and effectively mitigating risks.

## Intellectual Property Protection

FTC, as an entity integrating an intellectual property management system, has developed and implemented a set of normative requirements and institutional documents, including the Company 2023 Intellectual Property Work Focus, Trademark Management Methods, and Patent Management Methods. This establishes a comprehensive intellectual property management system and signifies the shift of the Company's IP focus from "quantity" to "quality".



In 2023, the Company passed the intellectual property management system certification and received the Intellectual Property Management System Certification issued by the certifying agency.

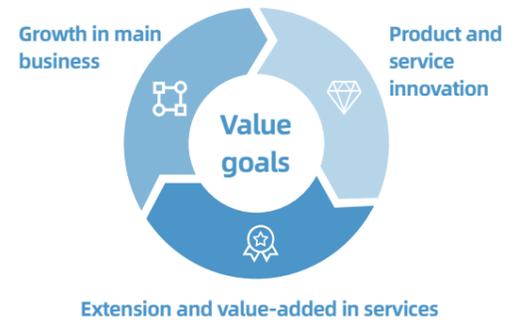


## Riding the Tide Bravely Exploring Intelligent Transformation

### Digital Construction

FTC, oriented towards value and efficiency, focuses on building new capabilities, deeply mining the value of data assets, and pragmatically advancing the digital transformation of the Company and intelligent upgrading of its products.

The Company continuously improves its digital transformation management system, elevates the digitalization level of its production and operations, enhances its capability in digital technology innovation, and strives to achieve value goals such as product and service innovation, growth in main business, and extension and value-added in services. It combines enterprise realities to create a digital transformation demonstration model, leading industry transformation and upgrading.



#### Digital construction progress in 2023

Creating a Marketing Service Cloud Platform to Boost Information Support Capabilities

Through the Dongfanghong Marketing Service Cloud Platform, the Company showcases its first-class products and services, enhancing corporate image and driving business model innovation. Internally, it offers an integrated work platform to improve operational efficiency and provide better services and support to customers.

Building an IAM Unified Identity Management Platform to Enhance Data Center Security and Authentication Control

By strengthening internal network security and establishing a unified user login and verification mechanism, the Company, through its IAM system, centralizes user management. This achieves unified management and centralized authentication of personnel accounts, and unified user management for group users, forming a "user-centric" authentication service system of "trusted front-end, real-name back-end".

Establishing a Ransomware Prevention Security Control Platform to Enhance Corporate Data Security

The establishment of an anti-ransomware platform creates an active detection and defense system. It can accurately, comprehensively, and swiftly detect modern network threats such as new APT attacks, latent threats, and ransomware. This enhances the Company's ability to detect and respond to emergent network security events.

## Automation and Intelligent Development

During the "14th Five-Year Plan" period, automation and intelligent agricultural machinery equipment are embracing new growth opportunities and increasing demand. FTC is seizing the initiative in the production and R&D of intelligent agricultural machinery, empowering the transformation of a major agricultural nation into a smart, digital agricultural powerhouse.

### Case | Dongfanghong Autonomous Tractor Precision Sowing



The Dongfanghong autonomous tractor, utilizing precise Beidou satellite navigation positioning, conducts precision sowing along pre-set routes. It achieves complete mechanization in laying drip irrigation tapes and plastic mulch, with a straight-line error of less than 2 cm. Compared to traditional sowing methods, this approach saves over 50% of cotton seeds, enhances land utilization, and facilitates later mechanized field operations and harvesting.

### Case | High-Efficiency, Low-Emission YTN3 Diesel Engine Intelligent Manufacturing Project



To effectively improve the manufacturing level and quality of new off-road diesel engines, and meet the requirements for process manufacturing capacity upgrades brought by the National IV and V emission standards, the Diesel Engine Company focuses on the core LR and YTN series diesel engines. Through technological transformation and process upgrades, the Company further enhances its level of intelligent manufacturing, digitization and intelligence rate.



Processing line for cylinder block



YTN3 assembly line



YTN3 robotic arm

## Superior Quality Enriching Brand Value

FTC adheres to the quality policy of "Focusing on market demand, pursuing customer satisfaction, continuously improving processes, and enriching brand value". Based on market research and analysis, the Company aligns its quality objectives with customer needs, continuously improving and perfecting its quality management system. This ensures the provision of products and services that meet requirements and ultimately achieve customer satisfaction, enriching and boosting the value of the "Dongfanghong" brand.



## Quality Management System

The Company strictly follows the Product Quality Law and other relevant laws and regulations, standardizes its quality management system according to GB/T19001-2016 and IATF16949 standards and practices the quality philosophy of "Zero Defects in Quality, International Standards in Quality Management". The Company has developed and strictly implemented 16 program documents and 26 management methods, as well as various level management systems, including Production Operation Management Measures, Non-conforming Product Management Measures, Component Quality Random Inspection Management Measures, New Product Quality Management Measures, Quality Improvement Management Measures, and Quality Management Team Management Measures. These documents focus on process control in production, service, and management personnel, enhancing quality in key processes, physical quality, and management quality.



## Quality Culture Cultivation

The Company has implemented the National Quality Development Outline, initiating a series of "Quality Month" activities themed "Implementing National Quality Development Strategy and Creating a World-Class Enterprise". This initiative strengthens the awareness of "quality first", providing robust support for the Company's high-quality development.

In 2023, the Company successfully won several awards: a third-place prize in the Annual Quality Management Team Activity, a second-place prize in the 6th Central Government Enterprises Quality Management Team Activity, and in the 2nd Quality Innovation Competition, one gold, one silver, and four excellence awards. Additionally, the Company successfully applied for the national quality benchmark.

FTC's Feiyue QC Team received a second-place award in the 6th Central Government Enterprises QC Team Achievement Competition.

## Case | Award-winning Projects in the 2nd National Machinery Industry Product Quality Innovation Competition

- Gold Award

- Mid-horsepower Tractor Intelligent Manufacturing Factory Project
  
- Silver Award

- Research and Application of Inspection and Testing Technology for Power Shift (CVT) Transmission Systems
  
- Excellence Awards

- Development of 50-80 horsepower tractors for hilly and mountainous areas, Development,
  - Production and Promotion of the LF2204 Tractor
  - Development and Application of the Dongfanghong YTN3 Series Diesel Engines
  - and Development and Promotional Application of the Self-propelled Intelligent Chili Seedling Transplanter

## Customer-Oriented Providing Quality Service Assurance

FTC has been upholding the service concept of "being a close friend to our customers", insisting on customer needs-orientation, and continuing to improve customer satisfaction by raising the bar of quality of product and customer service. The customer satisfaction surveys adopt the form of "internal and external combination" to comprehensively and objectively evaluate the customer satisfaction. On the "internal" front, we make full use of internal sales, packaging, and shipping data to "self-assess" the Company's products and services; on the "external" front, we analyze customer satisfaction with specific products and services by sending the Customer Satisfaction Questionnaire to them, and help the Company to pin point major concerns of customers and ascertain the key areas for product improvement on this basis.



### Case | "National IV" First Season Market Technical Training

2023 marked the first season after the transition to National IV standards. To provide better service to customers, the Company organized National IV skills enhancement activities. Experienced engineers and service trainers were dispatched nationwide to conduct extensive market training. They delved into the maintenance, repair, and fault case analysis of National IV post-treatment, combined with practical drills using Dongfanghong's National IV medium and high-horsepower tractors.



### Customer Feedback Channels and Handling

The Company has established comprehensive sales management policies to ensure compliance and fairness in market competition. The Company has established procedures such as the Customer Hotline Service Information Management Method, Complaint Information Early Warning Management Method, and Customer Feedback Control Procedure. A service hotline at 400-659-1899 has been set up, staffed by over 60 call center agents who promptly answer service and complaint calls from users. These measures enable the efficient mobilization of service resources and rapid resolution, ensuring customer feedback is categorized by department for responsive and effective handling.



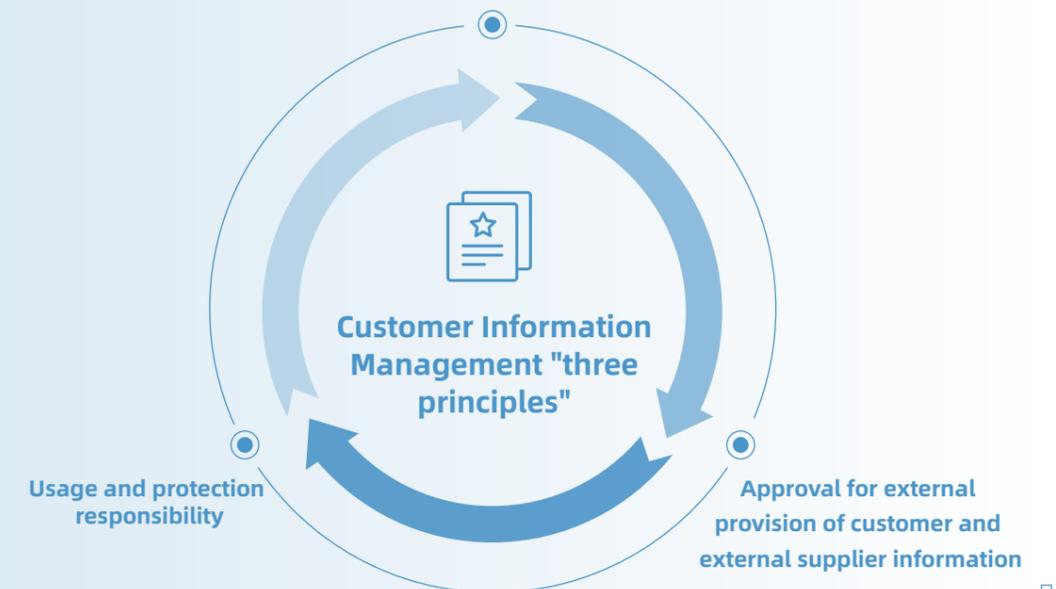
Set up service hotline at 400-659-1899,  
staffed by over **60** call center agents



### Protection of customers' information and privacy

The Company has implemented the Customer and External Supplier Property Management Method, adhering to three principles: "establishment and maintenance responsibility", "usage and protection responsibility", and "approval for external provision of customer and external supplier information". Responsible units, in line with their duties, manage customer information establishment, maintenance, and usage to prevent customer information leakage.

#### Establishment and maintenance responsibility



On top of ensuring high availability of existing networks and terminals, the Company has achieved network zero-trust access control for all office PC terminals across its factories, ensuring unauthorized terminals cannot access the network and all connections are subject to strict security control. By installing ADS devices, the Company promptly detects various types of attack traffic in background data flows, rapidly intercepting and neutralizing these attacks.

# Responsibility Section

## Continuing the Development Mission

FTC firmly embeds a sense of responsibility as a leading industry enterprise, consolidating stakeholder responsibility foundations, fostering mutual understanding and value recognition. By leveraging its strengths and cultivating rural fields, FTC supports "Rural Revitalization" and the construction of a harmonious society. It seeks to lead and inspire through its efforts, continuing its mission in the new era and making greater contributions to demonstrate exemplary effects in the new journey.

SDGs Response:



## Leveraging Strengths to Support Rural Revitalization

FTC places high importance on rural revitalization efforts, implementing measures in organizational building, talent support, inspection and research, and consumption aid to deeply understand rural revitalization needs. It uses its agricultural machinery technology strengths to consolidate rural revitalization efforts and enhance agricultural production efficiency, ensuring the effective implementation of support policies. The Company has established a "Rural Revitalization" work leadership group to regularly study and supervise the deployment of rural revitalization-related work and ensure the effectiveness of various support measures.



Pairing aid

Top executives from subsidiaries provide one-on-one support to 22 aid-receiving households, conducting annual visits and delivering support and comfort goods.



Targeted aid

Continuing to lead in its region, FTC has conducted six on-site inspections and supervisory checks, ensuring the smooth completion and implementation of support projects.



Consumption aid

During the "Double Festival" and "Central Government Enterprise Consumption Aid for Agriculture Week", notifications were issued to carry out consumption aid activities. The units collectively purchased agricultural and sideline products worth RMB 1.2446 million from the aid regions, consolidating the poverty alleviation achievements of these areas.

### Case | Targeted Aid for Zhifang Village



On September 22, 2023, the Company's leadership led a team to Zhifang Village to conduct research on targeted aid efforts, visiting and offering solace to households in poverty that were receiving direct assistance. Over a 10-year aid period, through concerted efforts and a focus on the actual conditions of Zhifang Village, precise aid was delivered, such as helping to sell agricultural and sideline products, addressing employment for the labor force, and one-on-one pairing methods, laying a solid foundation for the rural revitalization of Zhifang Village. Presently, Zhifang Village leverages its local advantages to vigorously cultivate specialty industries such as mushroom planting and traditional Chinese medicine herbs, aiding rural revitalization through industrial development.

## Charitable Activities Building a Better Society Together

FTC continuously focuses on the development of public welfare projects, promoting the construction of better communities through pragmatic actions and genuine care to meet public expectations, vigorously propagating the spirit of the era.

### Case | National Patriotic Education Demonstration Base

The Company has launched various educational activities themed around "Experiencing Cultural Depth, Touching Industrial Civilization" and "Exploring Technological Innovation, Seeking the Craftsman Spirit" to meet the diverse research and study needs of primary and secondary school students. It was recognized as a National Patriotic Education Demonstration Base, National Science Education Base, National "Major Ideological and Political Course" Practical Education Base, and a National Primary and Secondary Students' Research and Experiment Education Base. Its YTO Agri-Cultivation Museum attracts over 300,000 visitors annually.



The Company established the "Happiness No. 10" social service system, providing public welfare-oriented social services to the surrounding residential areas, benefiting the local residents.

<b>Happiness Book Bar</b>	Services include free reading, free Wi-Fi, and free charging, facilitating self-study for students and book borrowing for the elderly.
<b>University for the Aged</b>	The variety and quality of courses strongly support the retired life of the community.
<b>YTO Table Tennis Club</b>	Regular technical exchange and guidance activities are organized and a comprehensive sports space for the surrounding public and table tennis enthusiasts is provided.
<b>Placement of People with Disabilities and Veterans</b>	In 2023, a total of 93 people with disabilities were placed, and regular reports on the placement of people with disabilities were submitted to local government departments for audit and inspection. The Company actively liaised with the local veterans affairs bureau to secure placement quotas for veterans, fully accepting retired soldiers.

## Strengthening Suppliers Management

FTC integrates mechanisms of process transparency, information disclosure, and collective review in its supplier management system. It has formulated and implemented the Supplier Management Method to ensure that cooperating suppliers are legally established enterprises with full qualifications and lawful operations. The Production and Operations Department strengthens the standardized management of supplier introduction, exit, cooperation, optimization, and evaluation.



In the Compliance Operation Agreement signed with suppliers, it is explicitly agreed that both parties must fulfill social responsibilities in aspects such as quality, environmental protection, safety, intellectual property rights, and lawful employment. In 2023, the rate of compliance operation agreements signed with cooperating suppliers reached 100%.

In 2023, the rate of compliance operation agreements signed with cooperating suppliers reached **100%**.

The Company has established the Blacklist Supplier Management Method to evaluate suppliers and related personnel who violate laws and regulations, fail to fulfill legal obligations, contravene business ethics, or breach contracts (agreements) and promises during the procurement or fulfillment process. The suppliers in the blacklist are either restricted or disqualified from entry into the Company's list depending on the degree of their misconduct.

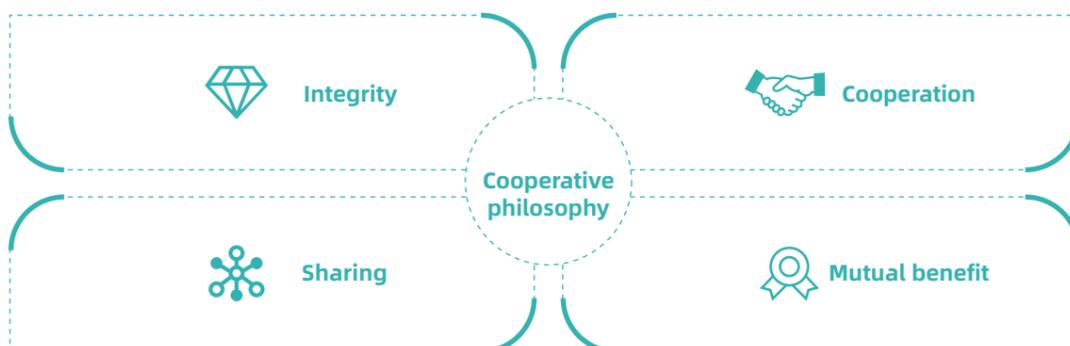
### Case | Small-to-medium Sized Tractor Company's Supplier Safety and Environmental Knowledge Training

The training detailed safety and environmental protection requirements in various supply chain links, such as logistics, storage, transportation, and information security. It educated suppliers on identifying potential safety risks, taking preventive measures, and responding to emergencies such as fires and accidents.



## Cooperative Win-Win, Enhancing the Supply System

FTC adheres to the cooperative philosophy of "integrity, cooperation, sharing, and mutual benefit". By establishing an open, transparent, professional, and standardized procurement platform, the Company is dedicated to creating a professional and advantageous procurement supply chain. It aims to build a healthy, green supply system ecosystem, jointly promoting a sustainable supply chain development that is both healthy, stable, and environmentally friendly.



Case | Large Tractor Company's Supplier Cleanliness Special Training Event



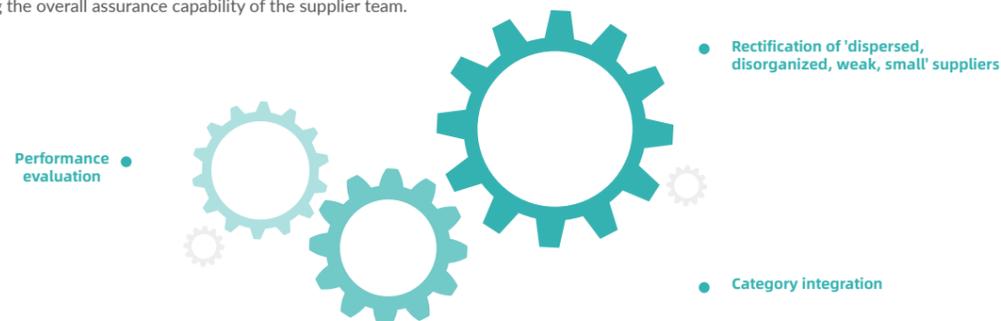
The event featured expert-led specialized training on cleanliness, including cleaning processes, control, and cleanliness gravimetric method testing. The training covered issues such as blank sand sticking, oil channel burrs after machining, the adhesion of primer paint, workstation tools, etc. It provided professional training on the implementation of cast parts and purchased parts free from cleaning and assembly, enhancing the collaborative synergy of supply and demand and the overall supply guarantee capacity of the supply chain.



Reducing Supply Chain Risk

The Company continually advances the optimization of its supply chain layout, eliminating the concentration of unreasonable products and regional concentration of suppliers. It vigorously promotes the elimination of unreasonable exclusive supply practices, preventing the impact of regional emergencies and legal risks of suppliers on the stability of the supply chain, thereby minimizing hidden risks in supply chain assurance.

To strengthen supply chain risk management, the Company, based on principles of integrity and fair cooperation, uses methods such as performance evaluation, category integration, and rectification of 'dispersed, disorganized, weak, small' suppliers to improve the survival of the fittest mechanism. Suppliers are managed differentially according to strategic, bottleneck, leverage, and secondary categories, continually enhancing the overall assurance capability of the supplier team.



Exporting Advantages  
Jointly Building the "Belt and Road"

In recent years, FTC has optimized the layout of its overseas business, transitioning from pure international trade to a combination of "international trade, overseas marketing, and overseas operations". It has gradually established an international business management concept focusing on "technical and commercial trade", achieving continuous high growth in tractor export sales volume and revenue, with a constant improvement in the economic operation quality of international business.



Case | Supporting Agricultural Modernization in Africa! Selected in the "Top 10 Splendid Moments of Central Government Enterprises Overseas in 2023"



On April 6, 2023, the agricultural equipment assembly plant project in the Republic of the Congo undertaken by the Company successfully passed inspection. This marked the landing of the first tractor production line in the Congo, ending its history of being unable to manufacture tractors. Once operational, this project will become one of the most advanced tractor production lines in African countries, with a capacity to produce 3,000 tractors annually. It will meet the agricultural machinery equipment needs of the local and neighboring countries, further enhancing the Republic of the Congo's mechanical industrial manufacturing capacity and agricultural mechanization level.

On December 24, 2023, the results for the "Top 10 Splendid Moments of Central Government Enterprises Overseas in 2023", hosted by "Guozi Xiaoxin" (SASAC's News Center) in conjunction with the SASAC website and the State-owned Assets Report magazine, were announced. "Supporting Agricultural Modernization in Africa! The First Tractor Production Line in the Republic of the Congo" was successfully selected as one of the top ten cases.



While transforming its business, the Company actively strengthens trade cooperation with countries along the "Belt and Road". By leveraging FTC's strong comprehensive capabilities in R&D, cost control, production manufacturing, and quality control, and using high-quality products as carriers, it actively promotes agricultural development in the "Belt and Road" countries.

# Practical Action Section

## Solidifying the Development Foundation

FTC is deepening the perfection of its corporate governance and compliance operations, building a solid foundation for high-quality, sustainable development of modern enterprises. It adheres to Party building as a guiding force, consolidating developmental synergy and forging a robust organizational foundation. By improving the modern corporate system, the Company reinforces compliance internal control baselines and risk control frontlines. Continuously enhancing the quality of information disclosure, it actively carries out investor communication activities, and conveying the intrinsic value of the enterprise to the capital market.

SDGs Response:



## Realistic Innovation Fortifying Governance Foundations

FTC strictly adheres to relevant laws, regulations, and the listing rules of its stock exchange. It has established a corporate governance structure with clearly defined roles and mutual checks and balances among the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Management, ensuring rational and scientific decision-making and the effective operation of the Company.



**General Meeting of Shareholders**

FTC rigorously follows its Articles of Association and the Rules of Procedure for General Meeting of Shareholders to ensure General Meetings are convened as stipulated. The Company is committed to protecting the rights of shareholders, especially the minority shareholders.



**Board of Directors**

The ninth Board of Directors of FTC consists of eight members, elected by the General Meeting of Shareholders and accountable to it, with a term of three years. Directors, prioritizing the interests of all shareholders, adhere to principles of diligence, integrity, and pragmatism in fulfilling their responsibilities. Four special committees including the Audit Committee, Nomination Committee, Remuneration Committee, and Strategy, Investment and Sustainable Development Committee are set up under the Board.



**Board of Supervisors**

The ninth Board of Supervisors of FTC comprises five members. In line with the Company's Articles of Association and Rules of Procedure for the Board of Supervisors, and with a sense of responsibility towards all shareholders, they diligently perform the supervisory and inspection duties assigned by the General Meeting of Shareholders. They effectively oversee the Company's standard operations, financial conditions, internal control systems, and the performance of directors and senior management.



**Managers**

The Managers serve as the Company's executive body, appointed by and accountable to the Board of Directors. In accordance with the Company Law, the Articles of Association, and the authorization of the Board of Directors, they implement resolutions of the Board and organize the Company's production and business activities.



**Remuneration System of the Management**

The remuneration for FTC's directors is proposed by the Board's Remuneration Committee, discussed and passed by the Board, and then submitted to the General Meeting of Shareholders for approval. The annual compensation for senior management is determined by the Remuneration Committee of the Board in accordance with the Senior Management Performance Appraisal Measures approved by the Board of Directors. The remuneration of directors, supervisors, and senior management personnel is determined based on industry standards, combined with the Company's compensation system and annual business performance, among other comprehensive factors.

## Compliant Operations Preventing and Mitigating Risks

### Internal Audit

FTC has established an independent auditing institution to exercise the Company's internal audit functions, playing a role in improving internal controls, preventing, detecting, and correcting fraudulent activities, and enhancing risk prevention and control capabilities. The internal audit institution operates under the leadership of the Board of Directors, deploying auditors whose expertise aligns with their assigned tasks, and ensuring a relatively stable audit team.

### Internal Control Evaluation

The Company's internal control evaluation procedure includes forming an evaluation team, devising an evaluation plan, issuing evaluation inspection notices, conducting on-site tests, identifying control deficiencies, summarizing evaluation results, compiling and reporting evaluation reports, and issuing management advice letters and deficiency rectification notices.

<p><b>The Board of Directors is the supreme decision-making body and the ultimate responsible entity for internal control evaluation</b></p>	<p>Be tasked with approving the internal control evaluation report, determining major and significant internal control deficiencies, and ensuring the authenticity of the internal control evaluation report</p>
<p><b>The audit department serves as the Company's internal control evaluation body</b></p>	<p>Be responsible for organizing and implementing the evaluation work</p>
<p><b>The Management layer is charged with providing the necessary administrative resources for internal control evaluation</b></p>	<p>Coordinate and resolve significant issues that arise during the evaluation process, review the internal control evaluation report, and organize the implementation of rectification work for identified deficiencies</p>

### Compliance Operation

FTC strictly adheres to state-owned assets supervision requirements and the Company's compliance management regulations. With the goal of "promoting the rule of law and enhancing comprehensive compliance management" at FTC, and based on the principles of "Party leadership, comprehensive coverage, clear responsibilities, and pragmatic efficiency", the Company is progressively achieving full employee compliance and comprehensive compliance.



**Compliance System Development**

FTC continually strengthens its compliance system, embedding compliance management in all areas of business operations.



**Compliance System Execution**

Following the principle that "business management must include compliance management", the Company clarifies the responsibilities of business and functional departments, compliance management departments, and supervisory departments, implementing compliance responsibilities for employees.



**Supervision and Assessment of Compliance**

In May 2023, a comprehensive effectiveness evaluation of the compliance management system was conducted, focusing on major compliance risk events in asset bidding, overseas commissions, and goods trade – three key business areas. Compliance reports are submitted regularly to higher-level units.

FTC strictly adheres to legal and regulatory requirements, including the Law of the People's Republic of China on the Administration of Tax Collection, ensuring lawful and standardized tax payments. In 2023, the Company paid taxes and fees amounting to RMB 263.09 million.

## Risk Management

In strict compliance with the Interim Regulation on the Supervision and Administration of State-owned Assets of Enterprises stipulated by the State Council and the Central Government Enterprise Comprehensive Risk Management Guidelines required by SASAC, FTC has established a risk management system, which is headed by the Company's Board of Directors and includes a risk management leadership team, an office, various functional systems, and respective responsible entities, all working in a coordinated and collaborative manner with full staff participation, as well as the working mechanism, including risk identification, assessment, response, early warning, regular tracking, and real-time reporting.

**The overall goals of risk management:**

- Focusing on the Company's development strategy, the risk shall be controlled within the scope that adapts to the development strategy and operational status;
- Ensuring compliance and effectiveness in management, as well as the reliability of information, and improving the efficiency and effectiveness of operational activities while reducing uncertainties in achieving business objectives.





**The Company has not had any major risk incidents in 2023.**



### Anti-corruption

FTC strictly adheres to legal and regulatory requirements such as the Criminal Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, implementing a series of systems and measures such as the Work Rules of the Party Integrity Construction and Anti-Corruption Work Coordination Group (Trial) and Management Measures for the Integrity Files of Leading Personnel.

In 2023, The company fully implemented anti-corruption campaign. It focused on key links and positions, conducting targeted supervision and inspections on risk control in areas where power is concentrated, funds are intensive, and resources are abundant, such as "procurement, asset management, and capital management". It deeply carried out warning and education activities for Clean Governance Education Month, such as watching warning education films, participating in on-site court hearings of suspected criminal cases, and holding clean governance education report meetings and anti-corruption propaganda special meetings, so as to continuously build a strong ideological defense line against corruption and change for all Party members and cadres.



The Company adopts a "zero tolerance" attitude towards any form of corruption, fraud, extortion, or embezzlement. It strictly prohibits any form of commercial bribery and does not provide any financial or non-financial support for commercial bribery. Upon receiving a report of such conduct, the Company will initiate analysis and investigation, then seriously handle and rectify the reported incidents based on the results and company regulations. FTC's Discipline Inspection Committee steadfastly advances comprehensive and strict governance of the Party, upholds integrity and innovation, actively takes responsibility, and promotes the construction of an environment where officials do not dare to be corrupt, cannot be corrupt, and do not want to be corrupt, focusing on creating a clean and positive political ecosystem.



**The Company adopts a "zero tolerance" attitude towards any form of corruption, fraud, extortion, or embezzlement.**



## Integrity and Transparency Conveying Corporate Value

### Information Disclosure

FTC strictly follows the regulatory requirements of both Shanghai and Hong Kong markets, continually refining the content and format of information disclosure to enhance transparency. This ensures that information disclosures are legal, compliant, accurate, complete, and timely.

In 2023, the Company issued four periodical reports for A-shares, and 110 documents including interim announcements, special reports, and General Meeting materials, primarily involving related-party transactions, performance forecasts, and investor relations management. For H-shares, 70 announcements and circulars (including four periodical reports) were released in both Chinese and English, along with 69 overseas regulatory announcements. The Company designates China Securities Journal, Shanghai Securities News, and the websites of SSE and HKEX as its official channels for information disclosure, ensuring all shareholders have equal access to information.

### Investor Relation Management

In accordance with the Company Law, Securities Law, Work Guidelines for the Investor Relations Management of Listed Companies, and other legal and regulatory requirements, as well as the Company's Investor Relations Management System, FTC has further strengthened its investor relations management.

Considering its actual operational situation, the need for sustainable development, and reasonable investor returns, In accordance with the 2022 annual profit distribution plan reviewed and approved by the annual general meeting of shareholders, the company implemented profit distribution work and shared the growth of the company with investors.

#### Focused on High-Quality Information Disclosure

Adhering strictly to the regulatory requirements of China Securities Regulatory Commission (CSRC), SSE and HKEX, FTC fulfills its information disclosure obligations to ensure transparency in company operations and performance.

#### Enhancing communication and connection with investors and potential investors

Enhancing communication to deepen investor understanding and recognition of the Company, and by relaying information from the capital market to the Management, fostering a positive interaction between investor relations management and overall company operations, thereby improving corporate governance.

### Development of Organization

As stipulated in the Investor Relations Management System of the Company, the Chairman of the Board is the primary person responsible for investor relations management, with the Board Secretary acting as the specific officer in charge of these affairs. The Board Office functions as the department for investor relations management, carrying out daily tasks under the leadership of the Board Secretary. Other functional departments of the Company assist the Board Office in managing investor relations effectively.

### Investor Exchanges

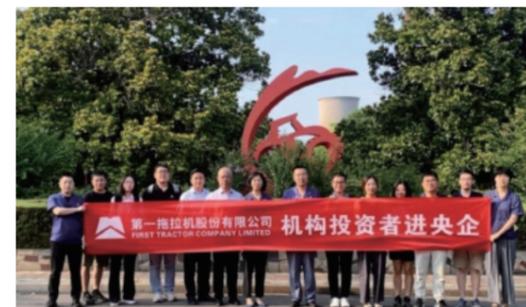
The Company maintains close communication with investors through multiple channels, promptly responding to investor calls and actively replying to investor inquiries on the SSE e-interaction platform, effectively addressing the concerns of small and medium investors. The frequency and format of the Company's performance presentations have evolved from once a year to three times a year, becoming a systematic and regular occurrence, shifting from solely text-based communication to live video broadcasts, thereby increasing the frequency and enriching the format of these events.

### Case | FTC holds 2022 Performance Presentation



### Case | Investors Visit FTC

- In July 2023, FTC organized an "Institutional Investors Visit Central Government Enterprises" event, where more than ten institutional investors participated through targeted invitations and public promotion by SSE.
- On December 5, 2023, FTC, in conjunction with Zhongtai Securities, held the "I am a Shareholder - Investors Visit FTC" event, inviting over 20 investors to participate.



"Institutional Investors Visit Central Government Enterprises" event

# Outlook

With strong winds propelling our sails  
across thousands of miles,  
we take up our responsibilities  
and stride forward with renewed vigor

Building a powerful agricultural nation primarily requires achieving agricultural modernization. To ensure stable and secure supplies of food and key agricultural products, support from agricultural science and technology, as well as equipment, is indispensable at all times.

In the future, FTC will always uphold our founding mission, constantly bearing in mind the major concerns of the nation. We will deepen our development advantages in agricultural machinery, continue to shoulder the “chain leader responsibility”, safeguard the development of China’s modern agriculture, and create a “powerful engine” driving innovative development. We will accelerate the digitalization, informatization, intellectualization, and greening of our manufacturing processes, leading the industry’s technological advancement and transformation. Our goal is to become a solid assurance for the Chinese people to “hold our food bowls in our own hands”.

FTC will adhere to the concept of sustainable development, continuously build up the ESG system development, and promote the full integration of sustainable development concepts into corporate management, comprehensively enhancing the Company’s value creation capabilities in economic, social, and environmental aspects. FTC will continuously deepen ESG management, build harmonious, dependent and mutually beneficial partnerships, guide stakeholders to actively take social responsibility, and join hands to promote the high-quality growth of the agricultural machinery industry chain.



## Key Performance Indicators (KPIs)



### Environmental

Indicator	Unit	2023	2022
Total water consumption	metric ton	9,753,052	10,302,260
Fresh water consumption	metric ton	738,307	728,550
Total recycled water consumption	metric ton	9,014,745	9,573,710
Proportion of recycled water consumption	%	92.43	92.93
Water consumption intensity	metric ton/RMB 10,000	0.712	0.716
Total energy consumption	TCE	49,918	48,719
Fossil energy consumption	TCE	12,705	12,943
Gasoline consumption	TCE	37.69	65.65
Kerosene consumption	TCE	14.31	31.69
Diesel oil consumption	TCE	5,646.13	4945.76
Gas consumption	TCE	7,006.57	7900.26
Non-fossil energy consumption	TCE	928.37	1,132.14
Photovoltaic power	TCE	928.37	1,132.14
Outsourced electric power	10,000 kWh	23,489.35	23,413.99
Outsourced heating power	GJ	244,704	205,270
Non-fossil energy use ratio	%	1.86	2.32
Energy consumption intensity	TCE/RMB 10,000	0.048	0.048
Packaging materials consumption	metric ton	1,216	
Discharge of wastewater	metric ton	158,184	166,778
Discharge of industrial wastewater	metric ton	0	0
Discharge of domestic wastewater	metric ton	158,184	166,778

Indicator	Unit	2023	2022
Waste gas pollutant emissions (including Sulfur dioxide, Nitrogen oxide, particulate matter, etc.)	kg	78,530	78,926
Sulfur dioxide	kg	3,169	3,670
Nitrogen oxide	kg	13,565	16,820
PM	kg	32,287	29,536
Non-methane hydrocarbon	kg	29,509	28,900
Volume of General Industrial Solid Waste Disposal	metric ton	63,200.17	43,084.56
Production intensity of general industrial solid waste	metric ton/RMB 10,000	0.0609	0.0432
Volume of hazardous waste disposal	metric ton	952.64	713.16
Production intensity of hazardous waste	metric ton/RMB 10,000	0.0009	0.00074
GHG emissions (Scope 1) - sources that are controlled or owned by an organization	tCO2e	25,031.64	27,786
Emissions from combustion in stationary sources	tCO2e	24,521.08	
Emissions from combustion in mobile sources	tCO2e	74.92	
Emissions from production process	tCO2e	435.64	
GHG emissions (Scope 2) - Outsourced energy	tCO2e	160,877.2	171,442
Electricity	tCO2e	133,959.75	
Heat	tCO2e	26,917.45	
Steam	tCO2e	0	
Investment in green technology upgrades and recycling	RMB 10,000	7,875.25	
Total GHG emissions intensity	tCO2e / RMB 10,000 output value	0.179	0.196
Direct GHG emissions intensity (Scope 1)	tCO2e / RMB 10,000 output value	0.0241	0.0273
Indirect GHG emissions intensity (Scope 2)	tCO2e / RMB 10,000 output value	0.155	0.169

# Key Performance Indicators (KPIs)



## Social

Indicator		Unit	2023	2022
Total number of employees		person	6,891	7,145
Ethnic minority		person	169	177
People with disabilities		person	98	98
Contract type	Full-time	person	6,891	7,145
	Part-time	person	0	0
Gender structure	Male	person	5,665	5,848
	Female	person	1,226	1,297
Age structure	Under 30	person	572	618
	31-40	person	2,139	31-50: 4,571
	41-50	person	2,192	
	Over 50	person	1,988	1,956
Degree of education	PhD	person	6	Master's degree and above: 268
	Master's degree	person	273	
	Bachelor's degree or below	person	6,612	
Geographical region	China (the Chinese mainland)	person	6,856	
	China (Hong Kong, Macao and Taiwan)	person	0	
	Foreign countries	person	35	
Occupational safety training	Sessions held	time	110	
	number of participants	attendance	19,583	19,078
	Coverage rate	%	100	100

Indicator		Unit	2023	2022
Investment in occupational injury insurance for employees		RMB 10,000	451.57	
Coverage rate of occupational injury insurance for employees		%	100	
Number of work-related fatalities		person	0	0
Rate of work-related fatalities		%	0	0
Number of lost work hours due to various safety accidents		day	364	235
investment in employee assistance		RMB 10,000	180	
Funds allocated for consolation payments		RMB 10,000	24.3	
Total training expenditure in the year		RMB 10,000	973.8	
Total number of training participants		attendance	48,359	38,000
Average duration of training per year per employee		hour	38	38
Senior management employees		hour	78	43
Middle management employees		hour	47	58
Primary employees		hour	36	36
Training coverage rate	Senior management employees	%	100	100
	Middle management employees	%	100	100
	Primary employees	%	100	100
Employee Satisfaction		%	99.82	99.25
Number of labor dispute cases		-	6	
Total employee turnover rate		%	1.41	1.34
Male		%	1.15	1.05
Female		%	0.26	0.29
Under 30		%	0.79	0.64

## Key Performance Indicators (KPIs)



### Social

Indicator	Unit	2023	2022
30-50	%	0.49	0.63
Over 50	%	0.13	0.07
Headquarters (Henan Province)	%	0.86	0.91
Other provinces and cities	%	0.55	0.43
Number of R&D personnel	person	1,093	1,145
Number of patents authorized	—	54	68
Number of patents in force	—	363	330
Number and distribution of suppliers	—	734	745
China	—	725	
Foreign countries	—	9	
Investment in rural revitalization consumer assistance	RMB 10,000	164.72	139.18
Number of personnel invested in rural revitalization	person	25	



### Governance

Indicator	Unit	2023	2022
Number of General Meetings of Shareholders	time	3	5
Directors	person	8	7
Independent Directors	person	3	3
Executive Directors	person	2	
Average annual tenure	year	2.24	

Indicator	Unit	2023	2022
Number of meetings of the Board of Directors	time	10	9
Gender	Male	%	100
	Female	person	0
Age	Under 30	person	0
	30-50	person	3
	Over 50	person	5
Supervisors	person	5	5
External Supervisors	person	0	
Employee Supervisors	person	2	
Number of meetings of the Board of Supervisors	time	6	6
Gender	Male	person	4
	Female	person	1
Number of the Management	person	6	
Average annual tenure	year	5.74	
Gender	Male	person	5
	Female	person	1
Age	Under 30	person	0
	30-50	person	3
	Over 50	person	3
Number of major litigation cases	—	0	
Number of arbitration matters	—	0	
Number of people involved in legal cases regarding corrupt practices	person	1	
Number of legal cases regarding corrupt practices	—	1	
Number of personnel in anti-corruption positions	person	8	
Number of anti-corruption training sessions for the Management	time	68	
Number of participants in anti-corruption training for the Management	attendance	1,024	
Duration of anti-corruption training for the Management	hour	262	
Number of anti-corruption training sessions for employees	time	72	53
Number of participants in anti-corruption training for employees	attendance	3,583	2,840
Duration of anti-corruption training for employees	hour	156	106
Number of petition cases	—	44	

# Indicators Index List

## Disclosure Index of Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central Enterprises

### Section I: Environmental (E)

	Major Scopes, Topics		Disclosure Index	
E.1: Resource Consumption	E.1.1 Water	E.1.1.1 Fresh water consumption	Key Performance Indicators	
		E.1.1.2 Recycled water consumption		
		E.1.1.3 Proportion of recycled water consumption		
		E.1.1.4 Water consumption intensity		
	E.1.3 Energy	E.1.3.1 Fossil energy consumption		
		E.1.3.2 Non-fossil energy consumption		
		E.1.3.3 Non-fossil energy use ratio		
		E.1.3.4 Total energy consumption		
		E.1.3.5 Energy consumption intensity		
	E.1.4 Packaging Materials	E.1.4.1 Packaging materials consumption		
		E.1.4.2 Lightweight and reduction of packaging materials		
	E.2: Prevention and Control of Pollution	E.2.1 Wastewater		E.2.1.1 Discharge compliance of wastewater
				E.2.1.2 Wastewater management and emission reduction measures
				E.2.1.3 Discharge of wastewater
E.2.2 Exhaust		E.2.1.4 Discharge of wastewater pollutant		
		E.2.1.5 Discharge concentration of wastewater pollutant		
		E.2.2.1 Emission compliance of exhaust		
E.2.3 Solid Waste	E.2.2.2 Exhaust pollutant emissions			
	E.2.2.3 Emission concentration of exhaust pollutant			
	E.2.3.1 Disposal compliance of solid waste			

	Major Scopes, Topics		Disclosure Index
E.2: Prevention and Control of Pollution	E.2.3 Solid Waste	E.2.3.2 Management of general industrial solid waste	Prioritizing Ecology, Strengthening Environmental Management
		E.2.3.3 Volume of General Industrial Solid Waste Disposal	Key Performance Indicators
		E.2.3.4 Hazardous waste management	Prioritizing Ecology, Strengthening Environmental Management
		E.2.3.5 Volume of hazardous waste disposal	Key Performance Indicators
E.3: Climate Change	E.3.1 Greenhouse Gas (GHG) Emissions	E.3.1.1 GHG source and type	Forward-Looking Layout, Combating Climate Change
		E.3.1.2 GHG emissions management	
		E.3.1.3 Emissions of Scope 1	
		E.3.1.4 Emissions of Scope 2	Key Performance Indicators
		E.3.1.6 GHG emissions intensity	
	E.3.2 Emission Reduction Management	E.3.2.1 Reduction management of GHG emissions	Forward-Looking Layout, Combating Climate Change
	E.3.2.2 Reduction of GHG emissions	Key Performance Indicators	
	E.3.4 Climate Risk Management	E.3.4 Climate risk management	Forward-Looking Layout, Combating Climate Change
	E.5.1 Low-carbon Development Goal Setting and Strategic Measures	E.5.1 Low-carbon Development Goal Setting and Strategic Measures	Low-Carbon and Environmental Protection, Responding to the Dual Carbon Strategy
E.5: Systems and Measures of Resource and Environment Management	E.5.2 Resource Management Measures	E.5.2.1 Management of water use	
		E.5.2.2 Management of material use	Energy Conservation and Consumption Reduction, Efficient Use of Resources
		E.5.2.3 Management of energy use and energy conservation	
	E.5.3 Statistical Monitoring and Assessment Reward and Punishment System for Energy Conservation and Carbon Reduction	E.5.3 Monitoring, Statistical Report and Assessment System for Energy Conservation and Carbon Reduction	Forward-Looking Layout, Combating Climate Change
	E.5.4 Green and Environmental Protection Actions and Measures	E.5.4.1 Clean production	
		E.5.4.2 Green technology upgrades and recycling	Energy Conservation and Consumption Reduction, Efficient Use of Resources
		E.5.4.4 Green office and operation	
		E.5.4.5 Green procurement and green supply chain management	Cooperative Win-Win, Enhancing the Supply System
	E.5.5 Green and Low Carbon Certification	E.5.5.1 Environmental management system certification	Prioritizing Ecology, Strengthening Environmental Management
	E.5.6 Compliance in Environmental Field	E.5.6.1 Emergency response plan for sudden environmental incidents	
E.5.6.2 Incidents illegal or of non-compliance in environmental field		Prioritizing Ecology, Strengthening Environmental Management	

# Indicators Index List

## Section II: Social (S)

	Major Scopes, Topics		Disclosure Index
S.1: Rights and Interests of Employees	S.1.1 Employee Recruitment and Employment	S.1.1.1 Enterprise recruitment policy and implementation	Equal Employment, Adhering to Labor Standards
		S.1.1.2 Employee composition	Key Performance Indicators
		S.1.1.3 Avoiding child labor or forced labor	
	S.1.2 Remuneration and Benefits of Employees	S.1.2.1 Remuneration philosophy and policy	Equal Employment, Adhering to Labor Standards
		S.1.2.2 Work Hours, rest, and vacation policy	
		S.1.2.3 Guarantee of remuneration and benefits	
		S.1.2.4 Democratic management of employees	
	S.1.3 Employee Health and Safety	S.1.3.1 Management of employee occupational health and safety	Safeguarding Health, Building a Safety Bulwark
		S.1.3.2 Prevention and control of employee safety risks	
		S.1.3.3 Response to accidents and work-related injuries	
		S.1.3.4 Employee care and assistance	
	S.1.4 Employee ©Development and Training	S.1.4.1 Employee incentive and promotion policy	Facilitating Communication, Protecting Employee Rights
		S.1.4.2 Employee education and training	
		S.1.4.3 Support for employee career planning and position change	
	S.1.5 Employee Satisfaction	S.1.5.1 Employee satisfaction survey	Equal Employment, Adhering to Labor Standards
S.1.5.2 Labor disputes		Key Performance Indicators	
S.1.5.3 Employee turnover			
S.2 Products and Services Management	S.2.1 Product Safety and Quality	S.2.1.1 Policies and measures of production standard management	Safeguarding Health, Building a Safety Bulwark
		S.2.1.2 Quality management	Superior Quality, Enriching Brand Value
		S.2.1.3 Products recall and withdrawal	
		S.2.1.4 Negative incidents about products or services	Key Performance Indicators
	S.2.2 Customer Service and Rights	S.2.2.1 Customer satisfaction	Customer-Oriented, Providing Quality Service Assurance

	Major Scopes, Topics		Disclosure Index
S.2.1 Product Safety and Quality	S.2.2 Customer Service and Rights	S.2.2.2 Customer complaints and handling	Customer-Oriented, Providing Quality Service Assurance
		S.2.2.3 Protection of customers' information and privacy	
	S.2.3 Innovative Development	S.2.3.1 R&D and innovation management system	Empowered by Technology, Led by Innovation
		S.2.3.2 R&D investment	Key Performance Indicators
S.3: Safety and Management of Supply Chain	S.2.3.3 Innovative accomplishments	S.2.3.3	Empowered by Technology, Led by Innovation
		S.2.3.4 Intellectual property protection	
	S.3.1 Suppliers Management	S.3.1.1 Suppliers selection and management	Cooperative Win-Win, Enhancing the Supply System
		S.3.1.2 Number and distribution of suppliers	
	S.3.2 Management of Supply Chain Links	S.3.2.1 Policies and measures of supply chain management	Cooperative Win-Win, Enhancing the Supply System
S.3.2.2 Safety guarantee and emergency plan of supply chain			
S.3.2.3 Major Risks and Impact Events (in the Supply Chain)			
S.4: Social Contribution	S.4.1 Tax Payment	S.4.1 Tax Payment	Compliant Operations, Preventing and Mitigating Risks
	S.4.2 Community Co-building	S.4.2.1 Policies and measures to participate in the construction of local communities	Charitable Activities, Building a Better Society Together
		S.4.2.2 Contribution to and influence on local communities	
	S.4.3 Social Welfare Activities	S.4.3.1 Policies and measures of participating social welfare activities	
	S.4.4 Response to National Strategies	S.4.4.1 Industrial transformation	Riding the Tide Bravely, Exploring Intelligent Transformation
		S.4.4.2 Rural revitalization and regional coordinated development	Leveraging Strengths to Support Rural Revitalization
		S.4.4.3 Belt and Road and fulfillment of responsibilities overseas	Exporting Advantages, Jointly Building the "Belt and Road"

## Section III: Governance (G)

	Major Scopes, Topics		Disclosure Index
G.1 Governance Strategies and Organization Chart	G.1.1 Governance Strategies and Processes	G.1.1.1 Formulation of governance strategies	Realistic Innovation, Fortifying Governance Foundations
		G.1.1.2 Processes for the supervision of governance strategies	
		G.1.1.3 Processes for the approval and review of governance strategies	
	G.1.2 Organization Structure and Functions	G.1.2.2 Organization structure and functions of the Board of Directors, the Board of Supervisors and the Management	Realistic Innovation, Fortifying Governance Foundations
		G.1.2.3 Nomination procedure and composition of the Board of Directors, the Board of Supervisors and the Management	

## Indicators Index List

	Major Scopes, Topics		Disclosure Index	
G.1 Governance Strategies and Organization Chart	G.1.3 Remuneration Management	G.1.3.1 Remuneration plan of Directors and Supervisors	Realistic Innovation, Fortifying Governance Foundations	
		G.1.3.2 Remuneration transparency of the Board of Directors		
		G.1.3.3 Remuneration rationality of the Management		
G.2: Standardized Governance	G.2.1 Internal Control	G.2.1.1 Internal audit	Compliant Operations, Preventing and Mitigating Risks	
		G.2.1.2 Internal control structure, mechanism and process		
	G.2.2 Integrity Construction	G.2.2.1 Integrity construction systems and standards		
		G.2.2.2 Integrity construction measures and effects		
	G.2.3 Fair Competition	G.2.3.1 Fair competition systems and standards		Customer-Oriented, Providing Quality Service Assurance
		G.2.3.2 Fair competition measures and effects		
G.3: Investor Relation Management and Shareholders' Rights	G.3.1 Investor Relation Management	G.3.1.1 Strategies of investor relation management	Integrity and Transparency, Conveying Corporate Value	
		G.3.1.2 Communication with investors		
		G.3.1.3 Development of investor relation management department		
	G.3.2 Shareholders' Rights	G.3.2.1 (General) Meeting of Shareholders		
		G.3.2.2 Communication with shareholders		
		G.3.2.3 Shareholders' rights to be informed and participate in decision making		
G.4: Transparency of Information Disclosure	G.4.1 Information Disclosure Systems	G.4.1.1 Financial information disclosure	Integrity and Transparency, Conveying Corporate Value	
		G.4.1.2 Non-financial information disclosure		
G.5: Compliance Operation and Risk Management	G.4.2 Quality of Information Disclosure	G.4.2.1 Periodical supervision, audit and assessment for all disclosed information	Compliant Operations, Preventing and Mitigating Risks	
		G.5.1 Compliance Operation		G.5.1.1 Compliance operation systems
				G.5.1.2 Compliance system construction
	G.5.1.3 Detailed process of compliance investigation			
	G.5.2 Risk Management	G.5.2.1 Risk identification and early warning		
		G.5.2.2 Risk control and tracking		
G.5.2.3 Risk report and management				

## Disclosure Content Index of GRI Standards

GRI Standard	Disclosure Items	Section	
GRI 2: General Disclosures 2021	2-1 Organizational details	About this Report, About Us	
	2-2 Entities included in the organization's sustainability reporting		
	2-3 Reporting period, frequency and contact point		
	2-6 Activities, value chain and other business relationships	About Us	
	2-7 Employees	People-oriented Section: Respecting Employees' Rights	
	2-8 Workers who are not employees	Practical Action Section: Solidifying the Development Foundation	
	2-9 Governance structure and composition		
	2-10 Nomination and selection of the highest governance body		
	2-11 Chair of the highest governance organ		
	2-12 Role of the highest governance body in overseeing the management of impacts		
	2-13 Delegation of responsibility for managing impacts		
	2-14 Role of the highest governance body in sustainability reporting		ESG Management
	2-15 Conflicts of interest		Communication with Stakeholders
	2-16 Communication of critical concerns		ESG Management
	2-17 Collective knowledge of the highest governance body		
	2-18 Evaluation of the performance of the highest governance body		Practical Action Section: Solidifying the Development Foundation
	2-19 Remuneration policies	People-oriented Section: Respecting Employees' Rights	
	2-20 Process to determine remuneration	ESG Management	
	2-22 Statement on sustainable development strategy		
	2-25 Processes to remediate negative impacts	Practical Action Section: Solidifying the Development Foundation	
	2-26 Mechanisms for seeking advice and raising concerns	ESG Management	
	2-27 Compliance with laws and regulations	Practical Action Section: Solidifying the Development Foundation	

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GRI Standard	Disclosure Items		Section
GRI 2: General Disclosures 2021	2-28	Membership associations	Practical Action Section: Solidifying the Development Foundation
	2-29	Approach to stakeholder engagement	Communication with Stakeholders
	3-1	Process to determine material topics	
GRI 3: Material Issues 2021	3-2	List of material topics	Analysis of Material Topics
	3-3	Management of material topics	
	201-2	Financial implications and other risks and opportunities due to climate change	
GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	Green Section: Driving Green Transformation
	202-2	Proportion of senior management hired from the local community	People-oriented Section: Respecting Employees' Rights
GRI 202: Market Presence 2016	203-1	Infrastructure investments and services supported	Key Performance Indicators
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	Responsibility Section: Continuing the Development Mission
	205-2	Communication and training about anti-corruption policies and procedures	Practical Action Section: Solidifying the Development Foundation
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	No Such Cases
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
GRI 207: Tax 2019	207-1	Approach to tax	Practical Action Section: Solidifying the Development Foundation
	207-2	Tax governance, control, and risk management	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Key Performance Indicators
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Green Section: Driving Green Transformation
	303-2	Management of water discharge-related impacts	
	303-3	Water withdrawal	Key Performance Indicators
	303-4	Water discharge	
	303-5	Water consumption	

GRI Standard	Disclosure Items		Section	
GRI 305: Emissions 2016	305-1	Direct GHG emissions (Scope 1)	Key Performance Indicators	
	305-2	Indirect GHG emissions from purchased energy ( Scope 2)		
	305-4	GHG emissions intensity		
	305-5	Reduction of GHG emissions		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		
	306-1	Waste generation and significant waste-related impacts		Green Section: Driving Green Transformation
	306-2	Management of significant waste- related impacts		
GRI 306: Waste 2020	306-3	Waste generated	Key Performance Indicators	
	306-4	Waste diverted from disposal		
	306-5	Waste directed to disposal		
	308-1	New suppliers that were screened using environmental criteria		Responsibility Section: Continuing the Development Mission
	308-2	Negative environmental impacts in the supply chain and actions taken		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Key Performance Indicators	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part- time employees		
	401-3	Parental leave		
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	People-oriented Section: Respecting Employees' Rights	
	403-2	Hazard identification, risk assessment, and incident investigation		
	403-3	Occupational health services		
	403-4	Worker participation, consultation, and communication on occupational health and safety		
	403-5	Worker training on occupational health and safety		
	403-6	Promotion of worker health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8	Workers covered by an occupational health and safety management system		

# Indicators Index List

GRI Standard	Disclosure Items	Section
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	People-oriented Section: Respecting Employees' Rights
	403-10 Work-related ill health	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Key Performance Indicators
	404-2 Programs for upgrading employee skills and transition assistance programs	People-oriented Section: Respecting Employees' Rights
	404-3 Percentage of employees receiving regular performance and career development reviews	Key Performance Indicators
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	People-oriented Section: Respecting Employees' Rights
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	No Such Cases
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	No Such Cases
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Responsibility Section: Continuing the Development Mission
	413-2 Operations with significant actual and potential negative impacts on local communities	No Such Cases
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsibility Section: Continuing the Development Mission
	414-2 Negative social impacts in the supply chain and actions taken	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Innovation Section: Riding the Crest of Innovation
	417-2 Incidents of non-compliance concerning product and service information and labeling	
	417-3 Incidents of non-compliance concerning marketing communications	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	

## Disclosure Content Index of ESG Reporting Guide of the Hong Kong Stock Exchange

### A. Environmental

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Index
Aspect A1: Emissions	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Prioritizing Ecology, Strengthening Environmental Management
	KPI A1.1 The types of emissions and respective emissions data.	Key Performance Indicators
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in metric ton) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	
	KPI A1.3 Total hazardous waste produced (in metric ton) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	
	KPI A1.4 Total non-hazardous waste produced (in metric ton) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	
	KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.	
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	
Aspect A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Conservation and Consumption Reduction, Efficient Use of Resources
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Key Performance Indicators
	KPI A2.2 Water consumption in total and intensity (e.g., per unit of production volume, per facility).	

# Indicators Index List

Subject Areas, Aspects, General Disclosures and KPIs			Disclosure Index
Aspect A2: Use of Resources	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Conservation and Consumption Reduction, Efficient Use of Resources
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	
	KPI A2.5	Total packaging material used for finished products (in metric ton) and, if applicable, with reference to per unit produced.	
Aspect A3: Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.		Energy Conservation and Consumption Reduction, Efficient Use of Resources, and Forward-Looking Layout, Combating Climate Change
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
Aspect A4: Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Forward-Looking Layout, Combating Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	

## B. Social

Subject Areas, Aspects, General Disclosures and KPIs			Disclosure Index
<b>Employment and Labor Practices</b>			
Aspect B1: Employment	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Equal Employment, Adhering to Labor Standards, and Facilitating Communication, Protecting Employee Rights
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	
			Key Performance Indicators

Subject Areas, Aspects, General Disclosures and KPIs			Disclosure Index
Aspect B1: Employment	KPI B1.2	Employee turnover rate by gender, age group and geographical region	Key Performance Indicators
Aspect B2: Health and Safety	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards. The types of emissions and respective emissions data.		Safeguarding Health, Building a Safety Bulwark
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Indicators
	KPI B2.2	Lost days due to work injury.	
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safeguarding Health, Building a Safety Bulwark
Aspect B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Empowering Talent, Supporting Employee Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Key Performance Indicators
	KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labor Standards	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labor.		Equal Employment, Adhering to Labor Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

# Indicators Index List

Subject Areas, Aspects, General Disclosures and KPIs			Disclosure Index
<b>Operating Practices</b>			
Aspect B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.		Cooperative Win-Win, Enhancing the Supply System
	KPI B5.1	Number of suppliers by geographical region	Key Performance Indicators
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Cooperative Win-Win, Enhancing the Supply System
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Cooperative Win-Win, Enhancing the Supply System
Aspect B6: Product Responsibility	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.		Superior Quality, Enriching Brand Value, and Customer-Oriented, Providing Quality Service Assurance
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Key Performance Indicators
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Superior Quality, Enriching Brand Value
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Empowered by Technology, Led by Innovation
	KPI B6.4	Description of quality assurance process and recall procedures.	Superior Quality, Enriching Brand Value
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer-Oriented, Providing Quality Service Assurance

Subject Areas, Aspects, General Disclosures and KPIs			Disclosure Index
Aspect B7: Anti-corruption	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering.		Compliant Operations, Preventing and Mitigating Risks
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Key Performance Indicators
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Compliant Operations, Preventing and Mitigating Risks
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	
<b>Community</b>			
Aspect B8: Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Charitable Activities, Building a Better Society Together
	KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport).	Charitable Activities, Building a Better Society Together
	KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Key Performance Indicators

# Questionnaire

Dear reader,

Thank you very much for taking your precious time reading the FTC 2023 Environmental, Social and Governance (ESG) Report. We look forward to your comments and suggestions on the report and our work. You can send your completed questionnaire back to us by mail or by scanning and emailing your valuable comments. Thank you!

## 1. What type of stakeholders does your employer belong to:

- Internal management
- Stockholders/Investors
- Internal employees
- Suppliers/Partners
- Customers and potential customers
- Government and regulatory authorities
- Communities
- Experts and scholars
- Non-governmental
- The public
- Others (please specify) \_\_\_\_\_

## 2. Is the information you are concerned with fully presented in the report?

- Yes
- Partially
- No

## 3. Your overall comment on the 2023 ESG Report:

-Readability (expressions of clarity, attractive design, engaging and easy to find the required information)

- 3 points (Excellent)
- 2 points (Average)
- 1 point (Bad)

-Credibility (reported information is true and credible)

- 3 points (Excellent)
- 2 points (Average)
- 1 point (Bad)

-Integrity of information (balanced positive and negative information and meets your needs on the information)

- 3 points (Excellent)
- 2 points (Average)
- 1 point (Bad)

## 4. Are you able to find the information you are interested in from the report with ease?

- Yes
- Partially
- No

## 5. What would you like to see in addition to what has been disclosed in the report?

\_\_\_\_\_