

# 2025 Environmental, Social and Governance Report



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## About this Report

### Report Statement

First Tractor Company Limited articulates its sustainable development philosophy, actions, and actual work results through the annual release of its Environmental, Social and Governance (hereinafter referred to as "ESG") report. By publishing this ESG report, the Company aims to respond to the concerns of stakeholders, strengthen communication and interaction with them, and jointly promote the sustainable development of the environment, society, and economy.

### Reporting Scope

This report covers the period from 1 January 2025 to 31 December 2025 (hereinafter referred to as the "Reporting Period"). To enhance comparability and forward-looking perspective, certain contents appropriately trace back to previous years or contain forward-looking descriptions. Unless otherwise specified, the scope of the reporting entity is consistent with that of the consolidated financial statements in the annual financial report.

### Basis of Preparation

*Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*

*Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE — Compilation of Sustainable Development Reports*

*Appendix C2 Environmental, Social and Governance Reporting Code to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*

### References for Preparation

*Reference Indicator System for ESG Special Reports of Listed Companies Controlled by Central Enterprises* by the State-owned Assets Supervision and Administration Commission of the State Council

*China Corporate Sustainability Disclosure Standard – Basic Standard (Trial)* by the Ministry of Finance (MOF), People's Republic of China

*IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* by the International Sustainability Standards Board (ISSB)

*China Corporate Sustainability Disclosure Standard No. 1 – Climate (Trial)* by the Ministry of Finance (MOF), People's Republic of China

*IFRS S2 Climate-related Disclosures* by the International Sustainability Standards Board (ISSB)

*GRI Standards 2021* by the Global Reporting Initiative (GRI)

*China Corporate Sustainability Reporting Guide (CASS ESG 6.0)* by the China Enterprise Reform and Development Society (CERDS)

*The 2030 Agenda for Sustainable Development* by the United Nations (SDGs)

*SASB Standards* by the Sustainability Accounting Standards Board (SASB)

*S&P Global Corporate Sustainability Assessment (CSA)* by S&P Global

### Reporting Principles

This report strictly adheres to the regulatory requirements for ESG information disclosure, ensuring accuracy, transparency and comparability.

Materiality	The Company identifies and discloses ESG topics that have the most significant impact on its operations and stakeholders based on ESG regulatory guidelines, effectively responding to market and stakeholder concerns.
Quantitative	The Company has established regular monitoring and statistical mechanisms for key quantitative indicators, with summary and disclosure at year end. All data is accompanied by detailed descriptions of calculation methods and reference standards, which can be found in the relevant sections of this report.
Balance	Both positive and negative information regarding the Company is disclosed impartially, without inappropriate omission or embellishment.
Consistency	The data statistical basis and disclosure scope of this report remain generally consistent with previous years; any changes are explained within the report to facilitate trend analysis and long term tracking by stakeholders.

### Data Description

All information and data contained in this report are derived from the Company's official documents, statistical reports, financial reports, and environmental, social and governance information collected, aggregated and reviewed by the Company. Unless otherwise specified, the amounts stated in this report are in Renminbi (CNY).

### Access to the Report

You can access and download this report on the official websites of the Shanghai Stock Exchange, The Stock Exchange of Hong Kong Limited, and First Tractor Company Limited (<http://www.first-tractor.com.cn/>). This report is prepared and published in multiple languages. In case of any ambiguity, the Simplified Chinese version shall prevail.

### Important Legal Statement

This report may contain forward looking statements. All statements other than historical facts regarding possible or future events (including but not limited to premises, goals, estimates, business plans and strategies) fall within the category of forward looking statements. These forward looking statements are based on information, assumptions and forecasts currently available to the Company and may be subject to various risks, uncertainties and external factors. Consequently, actual results or trends may differ from those statements. Forward looking statements should not be considered as an accurate prediction of the Company's performance, financial condition or business development for any future year. Unless otherwise required by applicable law or regulatory authorities, the Company assumes no obligation to update or revise these forward looking statements.

### Names and Abbreviations in the Report

First Tractor, Company, We	Refers to	First Tractor Company Limited	Large Tractor Company	Refers to	First Tractor Large Tractor Co., Ltd.
YTO Diesel Engine	Refers to	YTO (Luoyang) Diesel Engine Co., Ltd.	Middle and Small Tractors Company	Refers to	First Tractor Middle and Small Tractors Co., Ltd.
Casting and Forging Company	Refers to	YTO (Luoyang) Casting and Forging Co., Ltd.	YTO Flag	Refers to	YTO (Luoyang) Flag Auto-Body Co., Ltd.
Hydraulic Transmission Company	Refers to	YTO (Luoyang) Hydraulic Transmission Co., Ltd.	YTO	Refers to	YTO Group Corporation
Gear Transmission Company	Refers to	First Tractor Gear Transmission Co., Ltd	SINOMACH	Refers to	China National Machinery Industry Corporation

### Review and Approval

This report was confirmed by the management of First Tractor and approved by the Board of Directors on 26 March 2026.

## Message from Chairman



### Time moves forward in surging waves, and the spirit of YTO endures.

The year 2025 marks the conclusion of the 14th Five-Year Plan and the glorious 70th anniversary of the founding of First Tractor. Looking back on seventy years of trials and progress, generations of employees at First Tractor have carried forward the legacy, turning YTO into a cultural symbol that transcends a mere commercial brand. Reviewing 2025, we have not only maintained the resolve for steady operations amid market fluctuations but also left a solid footprint in advancing the high-end, intelligent, and green transformation of the agricultural machinery industry. This year, we successfully concluded the 14th Five-Year Plan with outstanding achievements. Moreover, we have deeply integrated the ESG philosophy into the corporate DNA, depicting the foundation of sustainable development through "green intelligent manufacturing" and answering the call of the times with "major national equipment".



### This year, we remained committed to innovation-driven development, empowering the cultivation of new quality productive forces in agriculture with pillars of a great nation.

We resolutely shouldered the mission of serving as the "national team" in agricultural machinery and the "chain leader" in the tractor industry, focusing on addressing the shortcomings in "large-scale and small-scale" agricultural machinery equipment, and achieved milestone breakthroughs in two key areas: high-end intelligent agricultural machinery and small-scale machinery suitable for hilly and mountainous regions. In 2025, we proudly launched the YTO LF3604 power shift tractor. Developed for typical operating scenarios on large-scale farms, this heavy-duty automatic power shift tractor stands as a benchmark for high-end intelligent high-horsepower agricultural machinery in China. On the Hulunbuir Grassland, we hosted the Ministry of Agriculture and Rural Affairs' "Field Day" for high-end intelligent high-horsepower tractors, showcasing 25 cutting-edge YTO products, including hybrid, continuously variable transmission (CVT) and power shift models. In the vast farmlands of Xinjiang, high-end intelligent products such as the LW3204 CVT tractor and the HB2204 hybrid tractor participated in trials for new energy and high-end intelligent tractors, leveraging innovative technologies to help modern agriculture improve quality and efficiency. At the same time, we accelerated efforts to address the shortcomings in agricultural machinery for hilly and mountainous regions, conducting "terrain-adapted" operational validation in complex terrains such as Southwest China, where "even three feet of flat land is hard to come by", effectively resolving the challenges of "no machinery available" and "no quality machinery available" in these areas. From the Great Northern Wilderness to Hulunbuir, from the farmlands of Xinjiang to the terraced fields of Guizhou, YTO high-end intelligent tractors are now galloping across the land of hope, providing robust equipment support for keeping China's "breadbasket" firmly in our own hands.

### This year, we deepened our commitment to Green Intelligent Manufacturing, setting a benchmark for industry transformation through digital-intelligence integration.

We have consistently regarded digitalisation and green development as the twin drivers of new industrialisation. By deeply integrating 5G technology with automation control and industrial Internet of Things (IIoT), we have achieved optimisation of the entire production process and full lifecycle traceability of product quality—significantly improving production efficiency while taking solid strides in green and low carbon development. In 2025, the Ministry of Industry and Information Technology (MIIT) officially released the *2025 Catalogue of 5G Factories*. The "YTO Diesel Engine 5G Intelligent Factory" was successfully included in recognition of its outstanding performance in the in depth application of 5G technology and the efficient construction of intelligent production systems. The project was also simultaneously selected as a Henan Province 5G Fully Connected Factor. The Company's subsidiaries, the YTO Diesel Engine and the Casting and Forging Company, were both awarded the title of "National Green Factory", demonstrating YTO's leading capabilities in green production. In MIIT's first batch of *Excellent-Level Intelligent Factories*, the New-Type Wheeled Tractor Flexible Intelligent Factory of First Tractor was included, setting a benchmark for the tractor industry.

### This year, we have stayed true to our sense of responsibility, and committed to building a world-class enterprise through shared growth and win-win cooperation.

We have continued to deepen collaborative development across the industrial chain, fostering an industrial and supply chain ecosystem with distinctive YTO characteristics. In 2025, amid increasingly fierce industry competition, the Company remained committed to boosting efficiency through management excellence and invigorating development through reform. We continued to advance lean value chain cost management, while steadily optimizing our procurement and supply chain systems and improving operational efficiency. The Company established a transparent and standardised supplier management system, deeply integrating ESG concepts into the full lifecycle management of suppliers, and collaborated with upstream and downstream enterprises to jointly build a sustainable and resilient supply chain ecosystem. The Company diligently implemented the "Enhancing Quality and Efficiency to Deliver Value" action plan, actively embraced the investor-centric philosophy, and effectively improved investor satisfaction through stable dividend distributions and diversified investor communication mechanisms. As a pioneer in the "going global" journey of China's agricultural machinery industry, the Company accelerated the development and adaptive improvement of export-oriented products tailored to the agricultural characteristics of different countries and regions, driving its overseas business to continuously inject momentum into its high-quality development.

### We would like to take this opportunity to express our sincere gratitude to all sectors of society, especially our stakeholders, for their continued interest in the Company's development.

At the threshold of the *15th Five-Year Plan* period, we will always bear our responsibilities in mind, on our shoulders and in our actions. We will continue to improve our ESG governance system—driving innovation with more pragmatic measures, safeguarding green development with greater determination, and embracing change with a more open stance. Just as the YTO MH804M hilly and mountainous tractor showcased the achievements of China's manufacturing during the *14th Five-Year Plan* period at the National Museum of China, we will continue to lead the transformation and upgrading of the agricultural machinery industry chain with even greater vigour, contributing greater value to safeguarding national food security and accelerating China's drive to become an agricultural power.

# About First Tractor

## Company Profile

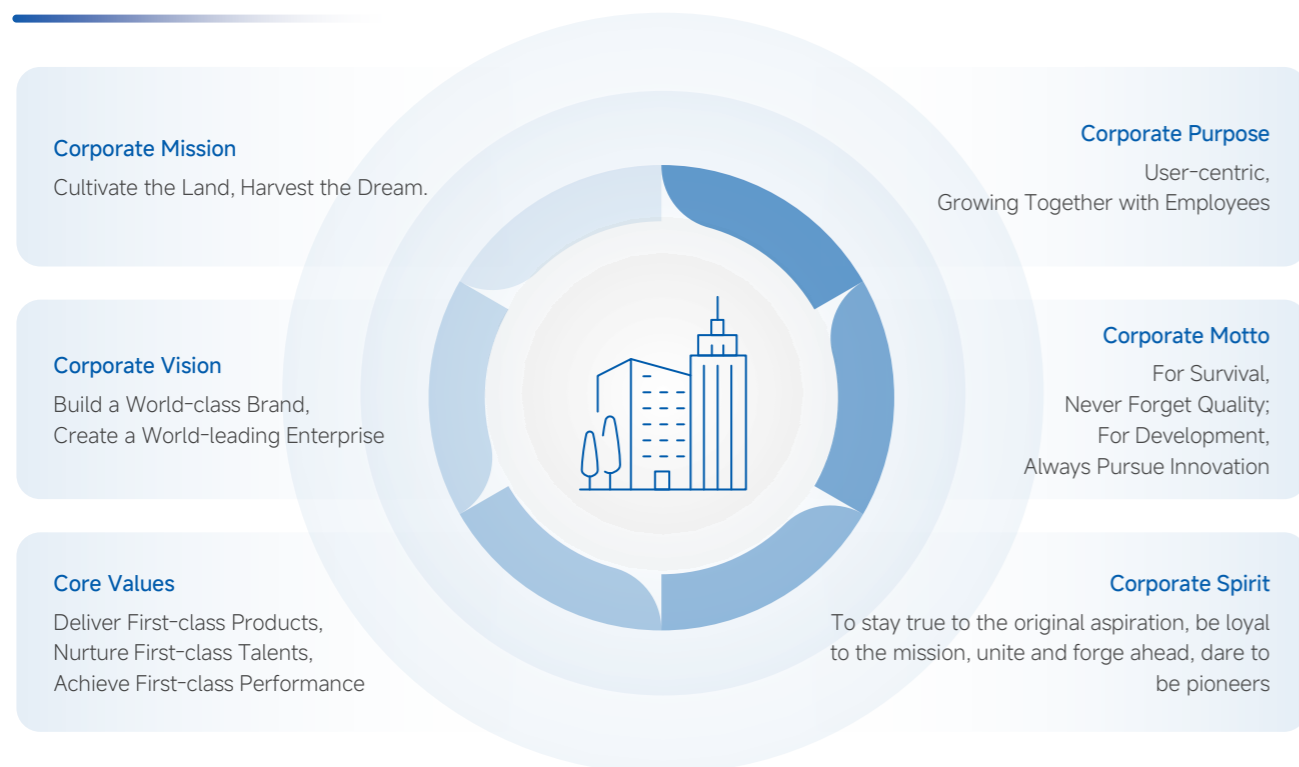
First Tractor Company Limited is a key pillar enterprise in China's agricultural machinery manufacturing industry. In June 1997, the Company successfully issued H shares (Stock Code: 00038) overseas and was listed on The Stock Exchange of Hong Kong Limited. In August 2012, the Company completed its initial public offering of A shares (Stock Code: 601038) domestically and was listed on the Shanghai Stock Exchange.

The Company focuses on the manufacturing of advanced agricultural machinery. Its principal activities encompass the research, development, manufacture and sale of agricultural machinery, power machinery and related components. Its flagship products include large, medium and small wheeled tractors, crawler tractors, as well as off-road diesel engines and spare parts. The Company ranks among China's largest, most technologically advanced and most comprehensively competitive agricultural machinery manufacturers.

The Company is dedicated to providing technologically advanced and reliable agricultural equipment to support China's agricultural mechanisation. YTO large and medium tractors have consistently maintained a leading position in the domestic market, covering technical routes such as mechanical shift, power shift and continuously variable transmission (CVT). The Company has developed a rich product portfolio and a wide range of application scenarios, capable of adapting to diverse operating environments including dry land, paddy fields, orchards, hilly and mountainous terrains, thereby meeting the diverse and differentiated needs of agricultural production.

The Company continues to advance the integration of agricultural machinery and agronomic practices, as well as the development of intelligent agricultural equipment. By enhancing intelligent functions such as smart cockpits, navigation systems, precision operations, comprehensive operational monitoring and data collection, the Company is building its capabilities in intelligent agricultural equipment and smart agriculture system solutions, promoting the integrated development of intelligent agricultural machinery technology and smart agriculture.

## Corporate Culture



## Business Overview

### Corporate Product Brands

First Tractor is committed to the goal of building a world-class brand by implementing a dual-brand strategy.

**东方红** solidifies its presence in the domestic market, while **YTO** expands its reach into global markets,

thereby forging distinctive brand advantages and competitiveness. "Dongfanghong" stands as the most influential and recognised national brand in the history of China's agricultural machinery industry and has become a defining historic symbol of the growth and strengthening of China's national industry.

### Core Products

The Company's core products are tractors and off-road diesel engines.

The Company boasts a rich product portfolio of large and medium wheeled tractors and crawler tractors, with power ratings ranging from 25 hp to 450 hp. These products are widely adaptable to various application scenarios in China, including paddy fields, dry land, orchards, hilly and mountainous areas, and facility agriculture, fully meeting the diverse needs of agricultural production.

YTO off-road diesel engine products cover displacements from 1.3L to 12L and power ratings from 10 kW to 450 kW across high, medium and low horsepower ranges. These engines are primarily used as supporting power for agricultural machinery such as tractors and harvesters, and can also be used as supporting power for construction machinery, marine vessels, generator sets and other applications.

## Honors and Awards of the Year



## 2025 Key Performance Highlights

**5,659.73 tce**  
Total clean energy consumption

2024: 5,373.39 tce up by **5.33%** YoY

**42,452.16 tce**  
Total energy consumption

2024: 47,782.29 tce down by **11.16%** YoY

**121,211.12 tCO<sub>2</sub>e**  
Scope 2 GHG emissions

2024: 157,178.83 tCO<sub>2</sub>e down by **22.88%** YoY

**76.55 tonnes**  
Total air emissions

2024: 98.13 tonnes down by **21.99%** YoY

**579,999.48 tonnes**  
Total water consumption

2024: 687,603.03 tonnes down by **15.65%** YoY

**13,289,338.95 tonnes**  
Total water reuse

2024: 9,652,385.00 tonnes up by **37.68%** YoY

**44.451 million**  
Environmental protection expenditure

**5,231 person-times**  
Environmental training

**100%**  
Non-hazardous waste utilization rate

**21.02%**  
of women in STEM-related positions

2024: 20.90% up by **0.12** PP YoY

**7,011**  
Total no. of trained employees

2024: 6,920 up by **1.32%** YoY

**10.27 million**  
Total investment in employee training

2024: CNY 9.60 million up by **6.98%** YoY

**33,963 person-times**  
OHS training attendances

2024: 32,510 person-times up by **4.47%** YoY

**100%**  
OHS training coverage rate for Employees and Contractors

2024: **100%**

**6,228**  
No. of beneficiaries on rural revitalization

2024: 3,295 up by **89.01%** YoY

**0.579 million**  
Total employee assistance funds distributed

**100%**  
Coverage rate of work safety liability insurance

**100%**  
Supplier integrity agreement signing rate

**549 million**  
R&D investment

2024: CNY 516 million up by **6.39%** YoY

**18.43**  
% of R&D personnel

2024: 16.24% up by **2.19** PP YoY

**288 hours**  
Total training hours on business ethics

2024: 246 hours up by **17.07%** YoY

**3,928**  
Total no. of participants in business ethics training

**3,832**  
General employees participating in business ethics training

**100%**  
Customer complaint resolution rate

## ESG Governance

First Tractor is committed to integrating the core concepts of ESG into its daily business management and operations. The Company continuously refines its sustainability management mechanism led by the Board of Directors, enhancing governance effectiveness by clarifying roles and responsibilities, improving processes and strengthening information disclosure. We actively promote the participation of internal and external stakeholders, establish a multi-level communication and oversight system, and incorporate environmental and social risk management into decision-making processes. Through sound ESG governance, we ensure the Company's stable operations and achieve the long-term goal of sustainable development.

### ESG Governance Structure

To ensure the formulation and implementation of the Company's long-term sustainable development strategy, during the Reporting Period, the Company revised and implemented the Working Rules of the Strategic Investment and Sustainable Development Committee of the Board of Directors, further clarifying the sustainable development governance structure. The Board of Directors has established the Strategic Investment and Sustainable Development Committee, which is responsible for studying and making recommendations on major decisions such as the Company's medium and long-term development strategy and sustainable development.

### Double Materiality Assessment

During the Reporting Period, the Company identified a total of 28 ESG material issues through dimensions such as regulatory requirements, macro-environment analysis and peer analysis. Among these, 8 were environmental issues, 13 were social issues and 7 were governance issues.

#### First Tractor 2025 ESG Issues List

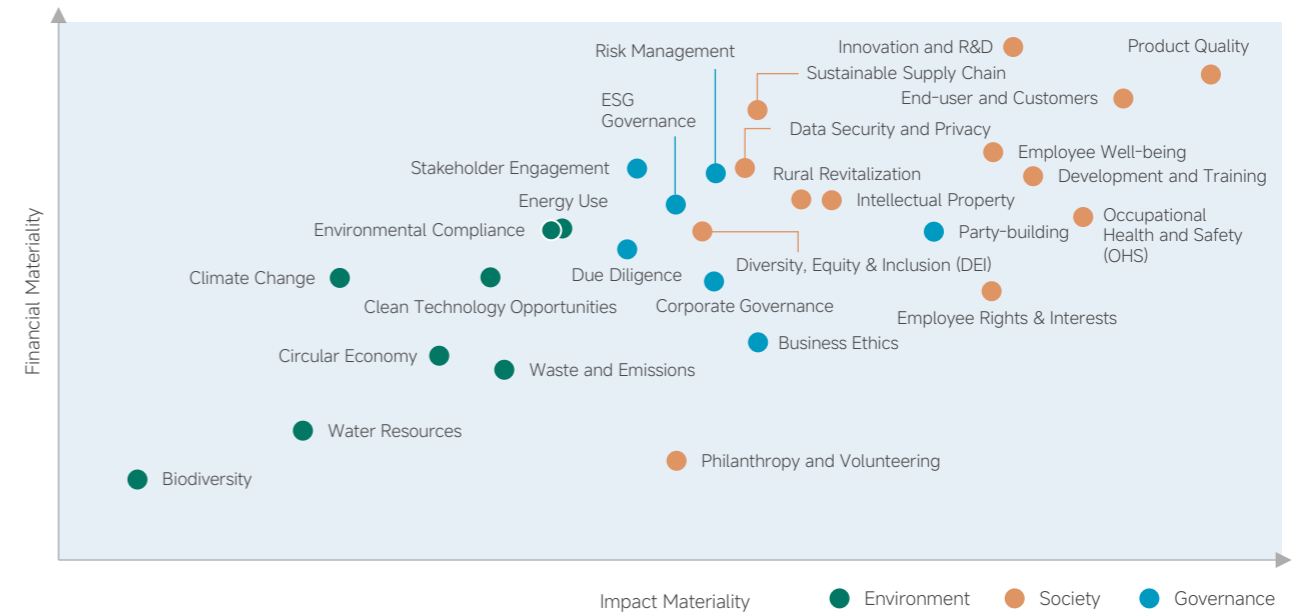
<p><b>Environment</b></p>	<ul style="list-style-type: none"> <li>• Waste and Emissions</li> <li>• Energy Use</li> <li>• Water Resources</li> </ul>	<ul style="list-style-type: none"> <li>• Circular Economy</li> <li>• Environmental Compliance</li> <li>• Climate Change</li> </ul>	<ul style="list-style-type: none"> <li>• Clean Technology Opportunities</li> <li>• Biodiversity</li> </ul>
<p><b>Society</b></p>	<ul style="list-style-type: none"> <li>• Development and Training</li> <li>• Employee Rights &amp; Interests</li> <li>• Employee Well-being</li> <li>• Diversity, Equity &amp; Inclusion (DEI)</li> <li>• Occupational Health and Safety (OHS)</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable Supply Chain</li> <li>• Product Quality</li> <li>• End-user and Customers</li> <li>• Innovation and R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>• Intellectual Property</li> <li>• Data Security and Privacy</li> <li>• Philanthropy and Volunteering</li> <li>• Rural Revitalization</li> </ul>
<p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>• Business Ethics</li> <li>• Risk Management</li> <li>• Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• ESG Governance</li> <li>• Stakeholder Engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Due Diligence</li> <li>• Party-building Leadership</li> </ul>

The Company pays close attention to the demands and concerns of internal and external stakeholders, and actively responds to the compliance requirements of regulatory bodies regarding materiality assessments, including those set forth in *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*. During the Reporting Period, the Company conducted a materiality assessment of ESG issues based on the double materiality principle. After finalizing the results of the material ESG issues analysis, the Strategic Investment and Sustainable Development Committee verified the materiality and completeness of the issues, and reported to the Board of Directors for review and approval.

**First Tractor Double Materiality Assessment Process**



**First Tractor 2025 Double Materiality Assessment Matrix**



Based on the assessment results, the Company identified three ESG issues with double materiality: product quality, innovation and R&D, and End-user and Customers. For these issues, the Company adopts a “four-element” disclosure structure to ensure the comprehensiveness and transparency of information.

**ESG Impacts, Risks, and Opportunities (IROs)**

First Tractor places great emphasis on the significant positive and negative impacts that ESG-related risks may have on the Company. For issues with financial materiality, the Company conducts an in-depth analysis of the risks and opportunities arising from the current management level and future strategic planning related to each issue and assesses their financial implications for the Company. On this basis, the Company formulates targeted management and control measures, specifying timelines, responsible departments and accountable persons, and continuously tracks implementation progress to drive long-term value creation through stable operations. In addition, the Company conducts regular annual ESG-specific training for management-level employees, focusing on areas such as ESG regulatory policies, risk management methodologies, sustainability concepts and practical skills, thereby strengthening the ESG awareness and implementation capabilities of all employees.

**Impact of Financially Material Issues in 2025**





Issue	Time Horizon <sup>1</sup>	Affected Value Chain <sup>2</sup>	IROs	Impact of Financially Material Issues
Innovation and R&D	M L	<●>	Technology Risk	Slow progress or failure in the development of core technologies such as intelligent agricultural machinery equipment and new energy power may result in wasted R&D investment, affecting the Company’s market share and revenue expectations in the fields of smart agriculture and low-carbon agricultural machinery.
	M	<●>	Policy and Regulatory Risk	Changes in policies and regulations, such as adjustments to national and local subsidy policies and upgrades to environmental standards, may bring uncertainties to the Company’s technology R&D direction, product market revenue and production cost control.
	M	<●>	Intellectual Property Risk	Issues such as unclear ownership definition during the patent application, maintenance and utilisation process may lead to intellectual property disputes, resulting in risks including economic compensation and administrative penalties.
	M L	<●>	Market Opportunity	The growing demand for high-end, intelligent and green agricultural machinery equipment will bring new market opportunities and incremental revenue to the Company, helping to enhance overall profitability and market competitiveness.


1. Short-term (S) refers to within 1 year (inclusive); Medium-term (M) refers to from 1 to 5 years (inclusive); Long-term (L) refers to more than 5 years.  
 2. Upstream ◀; Own Operations ●; Downstream ▶

Issue	Time Horizon <sup>1</sup>	Affected Value Chain <sup>2</sup>	IROs	Impact of Financially Material Issues
Product Quality	S M	<●▶	Reputational Risk	Failure to meet quality standards or potential safety hazards in agricultural machinery products may lead to decreased trust among customers such as farmers and cooperatives, damage brand reputation, and affect regional market share and subsequent order acquisition.
	S M	<●▶	Market Opportunity	By enhancing the reliability, operational efficiency and safety of products such as tractors and agricultural implements, the Company can strengthen customer loyalty and drive sales growth.
End-user and Customers	S	<●▶	Loss Risk of Key Account	The loss of key major customers due to untimely service response, insufficient spare parts supply or improper dispute settlement will directly lead to a decline in large-value orders and recurring service revenue. It will also damage the company's reputation in the industry, cause potential major customers to adopt a wait-and-see approach or churn, and exert a significant adverse impact on product sales.
	L	<●▶	Operational Risk	Following the intelligent upgrade of agricultural machinery, insufficient user operational skills and poor adaptability of intelligent systems may easily lead to machinery operation accidents and after-sales disputes.
	S M	<●▶	Market Opportunity	Providing high-quality customer services including agricultural machinery maintenance, spare parts supply and technical guidance can enhance customer satisfaction and repurchase rates, and drive the growth of agricultural machinery and aftermarket service businesses.

## Stakeholder Engagement

Based on its business nature and operational characteristics, combined with industry experience and practices, First Tractor identifies the key stakeholders who have decision-making authority and influence over the Company. Through in-depth interaction with all parties, the Company gains a thorough understanding of stakeholders' expectations and demands regarding the Company's sustainable development, and takes these expectations as an important reference for implementation and improvement in the formulation of its development strategies.

Stakeholders	Key Concerns	Communication Methods and Channels
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Employee Development and Training</li> <li>Employee Rights Protection</li> <li>Employee Well-being</li> </ul>	<ul style="list-style-type: none"> <li>Diversity, Equity and Inclusion</li> <li>Occupational Health and Safety</li> <li>Workers' Congress, forums, training</li> <li>Suggestions and feedback</li> <li>Communication on participation in decision-making</li> </ul>
<b>Government and Regulatory Authorities</b> 	<ul style="list-style-type: none"> <li>Climate Change Response</li> <li>Waste and Emissions</li> <li>Environmental Compliance Management</li> <li>Employee Rights Protection</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Product Quality</li> <li>Corporate Governance</li> <li>Business Ethics</li> <li>Promotion of highly adaptable agricultural machinery equipment</li> <li>Work reporting</li> <li>Participation in meetings</li> <li>Reporting documents and thematic reports</li> <li>Supervision acceptance</li> </ul>
<b>Shareholders and Investors</b> 	<ul style="list-style-type: none"> <li>Innovation and R&amp;D</li> <li>Product Quality</li> <li>Intellectual Property Protection</li> </ul>	<ul style="list-style-type: none"> <li>End-users and Customer Service</li> <li>Business Ethics</li> <li>Corporate Governance</li> <li>General Meetings of Shareholders</li> <li>Regular reports, ad hoc announcements</li> <li>Roadshows, reverse roadshows, results briefings</li> <li>SSE e-Interaction</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Innovation and R&amp;D</li> <li>Product Quality</li> </ul>	<ul style="list-style-type: none"> <li>End-users and Customer Service</li> <li>Clean Technology Opportunities</li> <li>Products and services</li> <li>Interviews, forums, questionnaire surveys</li> <li>End-user research</li> <li>Organization of exhibitions and conferences</li> </ul>

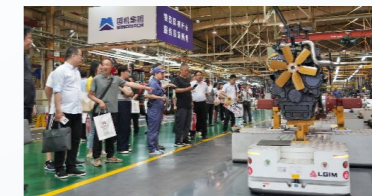
Stakeholders	Key Concerns	Communication Methods and Channels
<b>Suppliers and Other Business Partners</b> 	<ul style="list-style-type: none"> <li>Sustainable Supply Chain</li> <li>Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Supplier conferences</li> <li>Supplier training</li> <li>Regular communication</li> </ul>
<b>Community and the Public</b> 	<ul style="list-style-type: none"> <li>Stakeholder Communication</li> <li>Social Welfare</li> <li>Rural Revitalization</li> <li>Waste and Emissions</li> <li>Environmental Compliance Management</li> </ul>	<ul style="list-style-type: none"> <li>Company announcements and information disclosure</li> <li>Communication and dialogue</li> <li>Participation in public welfare initiatives to promote regional development</li> </ul>

## First Tractor Actively Conducts Investor Communication Activities

To help shareholders and potential investors gain a comprehensive understanding of the Company's operations and to stabilise market confidence, during the Reporting Period, the Company systematically introduced its core competitiveness, operating performance and development plans to investors through investor forums and regular roadshows, thereby building transparent and mutually trusting shareholder relationships. The Company was recognised as an "Excellent Practice for Annual Report Results Briefing" by the China Association for Public Companies (CAPCO) for three consecutive years, reflecting the capital market's full recognition of its investor communication efforts.



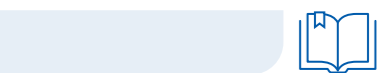
Investors visit the First Tractor Agricultural Machinery Museum



Investors visit the production line

### Key Highlights

**3** Number of Roadshow Events      **48** Number of Investor Forums      **200** person-times Total Investors Hosted



2025 Excellent Practice for Annual Report Results Briefing



2025 Best Practice Case for Board Office

## ESG Awards and Recognitions



The 3rd Guoxin Cup ESG Excellence Central Enterprise Golden Bull Award



(by Hong Kong International ESG Annual Awards)  
Best ESG Pioneer Award



(by Hong Kong International ESG Annual Awards)  
Best ESG Practice Award

# 01

## Strengthening the Foundation of Governance to Build a Cornerstone of Compliance

First Tractor strictly complies with applicable laws, regulations, and listing rules, and has established a governance structure tailored to the characteristics of the agricultural machinery equipment industry, aligned with the Company's strategic layout and operational realities. This robust framework lays a solid foundation for The Company's stable and sustainable development. The Company is committed to deepening standardized operations and strengthening scientific governance, continuously enhancing corporate governance, business ethics, risk management, and Party-building work. By comprehensively improving governance effectiveness, The Company effectively supports deepened reforms and high-quality development.

### ESG Issues

Corporate Governance

Business Ethics

Risk Management

Party-building Leadership

### United Nations Sustainable Development Goals (SDGs)





## Corporate Governance

First Tractor is committed to safeguarding the legitimate rights and interests of the Company and all shareholders, conducting information disclosure in a standardized manner, and proactively fulfilling its management responsibilities. To enhance governance capabilities, the board continues to strengthen independence and diversity, actively engages with investors, and improves investor relations management.

### Corporate Governance Structure

The Company strictly complies with applicable laws and regulations, including the Company Law of the People's Republic of China, the China Securities Regulatory Commission's Code of Corporate Governance for Listed Companies, and the Hong Kong Stock Exchange's Corporate Governance Code. The Company is committed to exploring best practices in modern corporate governance, and has established a sound and effective governance structure comprising the shareholders' meeting, the board of directors, and senior management. This structure ensures clear delineation of responsibilities and standardized operations, supporting fair and scientific decision-making.

#### Corporate Governance Structure of First Tractor

The **Shareholders' Meeting** is the highest authority of the Company. It exercises statutory powers to decide on major matters, including the appointment and remuneration of directors, profit distribution, capital increase, mergers and spin-offs, amendments to the Articles of Association, bond issuance, significant asset acquisitions and disposals, external guarantees, and equity incentive plans.

The **Board of Directors** performs its duties in accordance with the Company Law of the People's Republic of China and the Company's Articles of Association, and is primarily responsible for approving the Company's business strategy and major investment proposals, overseeing financial budgeting and final accounts as well as profit distribution, appointing and dismissing senior management and determining their remuneration, and establishing the internal management structure and fundamental corporate systems.

**Senior management** strictly implements the resolutions passed by the Board and the Shareholders' Meeting. It actively advances business development and internal operations, ensuring the Company's continuous and stable growth.



In addition, to enable company directors to fully perform their decision-making and oversight roles, the Company organized regulatory training for directors during the Reporting Period. The training focused on enhancing independent directors' sensitivity to regulatory requirements and capital market dynamics, while simultaneously strengthening the ability of all directors to perform their duties in a compliant and professional manner.

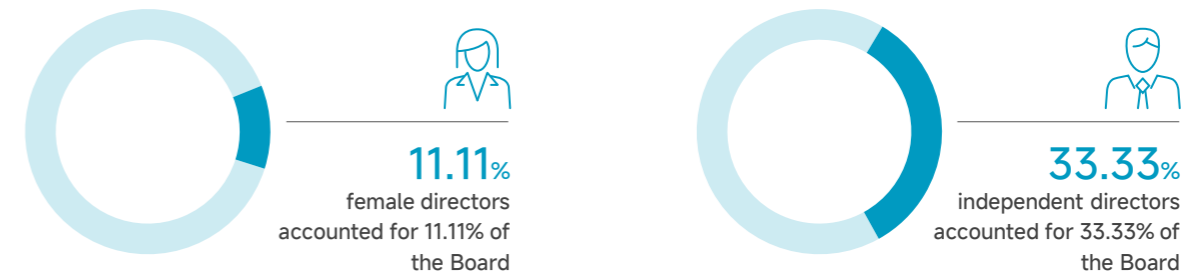
Indicator	Unit	2023	2024	2025
No. of shareholders' meetings held	no.	3	6	6
Directors' attendance rate	%	/	88.89	91.84

### Board Diversity and Independence

The Company firmly believes that a well-structured Board composition ensures scientific and rigorous decision-making. To continuously optimize its structure, the Company is committed to advancing diversity, thereby safeguarding the quality of governance. When electing Board members, diversity — including, but not limited to, gender, age, cultural and educational background, region, professional experience, skills, knowledge, and length of service — is incorporated into appointment considerations to ensure a broad range of perspectives and insights in senior-level decision-making. As of the end of the Reporting Period, female directors accounted for 11.11% of the Board.

In line with its governance structure and business characteristics, the Company continues to support independent directors in effectively fulfilling their oversight and balancing roles. It expects them to exercise independent judgment in Board decision-making processes and to provide professional, objective, and constructive input on major matters. In discussions involving potential conflicts of interest, independent directors are further expected to represent and protect the interests of all shareholders, thereby enhancing the transparency and fairness of corporate governance. As of the end of the Reporting Period, independent directors accounted for 33.33% of the Board.

#### As of the end of the Reporting Period



Name	Gender	Industry Experience		Audit Committee	Remuneration Committee	Nomination Committee	Strategy, Investment and Sustainability Committee
		Global Industry Classification Standard (GICS)	Relevant Work Experience				
<b>Executive Directors</b>							
Zhao Weilin	Male	Industrials — Machinery — Industrial Machinery	Extensive experience in large-scale enterprise management, corporate governance, and international trade			●	●
Wei Tao	Male	Industrials — Machinery — Agricultural Machinery	Extensive experience in agricultural machinery operations and enterprise management				●
<b>Non-Executive Directors</b>							
Fang Xianfa	Male	Industrials — Machinery — Agricultural Machinery	Extensive experience in agricultural mechanization research, agricultural machinery operations, and enterprise management				●
Yang Jianhui	Male	Industrials — Machinery — Industrial Machinery	Extensive experience in machinery industry operations and enterprise management	●			
Sun Feng	Male	Industrials — Machinery — Agricultural Machinery	Extensive experience in agricultural machinery operations and enterprise management		●		
<b>Independent Directors</b>							
Wang Shumao	Male	Industrials — Machinery — Agricultural Machinery	Rich academic experience in agricultural mechanization research	●	●		
Xu Liyou	Male	Industrials — Machinery — Agricultural Machinery	Extensive academic research experience in vehicle and transportation, smart agriculture, and vehicle engineering technology		●	●	
Wong Yee Man	Female	Financials — Diversified Financial Services	Professional experience in accounting, auditing, investment management, and ESG	●		●	●
<b>Employee Director</b>							
Li Peng	Male	Industrials — Machinery — Agricultural Machinery	Extensive technical and managerial experience in the agricultural machinery sector				

Indicator	Unit	2023	2024	2025
Total no. of directors	no.	8	9	9
Female directors	no. (%)	0 (0)	1 (11.11)	1 (11.11)
Male directors	no. (%)	8 (100)	8 (88.89)	8 (88.89)
% of independent directors	%	37.50	44.44	33.33
% of non-independent directors	%	62.50	55.56	66.67
% of external directors	%	75.00	77.78	66.67
No. of directors with doctoral degrees	no.	2	3	3
% of directors with doctoral degrees	%	25.00	33.33	33.33
No. of directors with master's degrees	no.	4	3	3
% of directors with master's degrees	%	50.00	33.33	33.33
No. of directors with bachelor's degrees or below	no.	2	3	3
% of directors with bachelor's degrees or below	%	25.00	33.33	33.33
Average tenure of board members	years	2.24	2.03	1.77

## Director and Executive Compensation

The remuneration of directors is proposed by the Board's Remuneration Committee in the form of a remuneration scheme upon each renewal of the Board, after which it is discussed and approved by the Board, and then submitted to the Shareholders' Meeting for approval. During the term of office of the directors, the remuneration shall be implemented in accordance with the approved scheme, and if any adjustments are made, they shall be resubmitted to the Shareholders' Meeting for approval. The remuneration and assessment methods for senior management shall be implemented in accordance with the *Management Measures for Enterprise Principals' Remuneration* and the *Management Measures for Performance Appraisal of Enterprise Principals*, which have been reviewed and approved by the Board. The Company's Board Remuneration Committee shall specifically determine the annual remuneration outcomes for senior executives in accordance with the performance appraisal methodology, based on the Company's operating performance and the completion of individual performance objectives of senior executives.



## Business Ethics

First tractor recognizes that responsible business conduct is a key foundation for the Company's sustainable development. The Company integrates business ethics, compliance management principles, and the expectations of all stakeholders, respects the principles of market competition, supports and upholds a market environment characterized by integrity, compliance, fairness, and freedom. The Company opposes any form of commercial bribery, extortion, fraud, money laundering, monopolistic practices, and unfair competition. It maintains a zero-tolerance policy toward any act that violates business ethics and is committed to continuously enhancing the Company's level of compliant operations.

### Business Ethics Management System

The Company strictly complies with laws, regulations, and provisions such as the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the Several Provisions on Clean Conduct for Leaders of State-Owned Enterprises, formulates and implements internal systems including the *Rules for the Coordination Group on Party Conduct, Clean Government, and Anti-Corruption Work*, the *Management Measures for Business Hospitality*, and the *Regulations on Souvenir Management*, to promote comprehensive strengthening of compliance management and effectively prevent and control business ethics risks. During the Reporting Period, First Tractor did not have any litigation cases arising from commercial bribery or corrupt practices.

The Leading Group on Party Conduct, Clean Government, and Anti-Corruption is the highest leadership body for business ethics management within the Company, with the Company's Chairman serving as its head, regularly reviews and assesses the status of the Company's business ethics initiatives, urges all employees and partners to strictly abide by code of conduct requirements, and ensures the effective implementation of the Company's business ethics and clean conduct standards.

#### Governance Structure for Business Ethics of First Tractor

##### Head of the Leading Group on Party Conduct, Clean Government, and Anti-Corruption

Served by the Company's Chairman, who is responsible for overall planning and deployment, reviewing and approving systems, and making decisions on major matters.

##### Members of the Leading Group on Party Conduct, Clean Government, and Anti-Corruption

Comprised of company executives and heads of relevant functional departments, the Leading Group establishes an information communication mechanism to regularly exchange updates, promptly report issues, strengthen coordination and collaboration, and promote the sharing of supervisory resources, thereby forming an efficient supervisory synergy.





##### Relevant Functional Departments

Serve as the implementing bodies for business ethics oversight, responsible for day-to-day supervision and discipline enforcement, handling of leads, investigation and handling of cases, and delivery of integrity training.

### Business Ethics Risk Prevention and Control

First Tractor is committed to focusing on the Company's operational, reform, and development objectives, and integrates the core values of integrity, compliance, and clean conduct into the institutional and cultural systems governing daily operations and employee behaviour, to ensure stable and sustainable growth and achieve long-term sustainable development. During the Reporting Period, the Company steadily and effectively advanced anti-corruption initiatives, conducted regular business ethics risk assessments, and further improved the Company's system for preventing and controlling integrity risks; meanwhile, the Company routinely conducted business ethics training for employees, strengthened awareness of clean conduct and behavioral self-discipline across all levels of staff, and fostered a clean, upright, and ethical environment for production and operations.

### Business Ethics Risk Prevention and Control Measures of First Tractor

 <p><b>Supervision and Restraint Mechanism</b></p>	<p>The Company organizes managers and personnel in key positions to sign integrity commitment letters, using contractualized management to urge strict adherence to responsible business ethics and a firm rejection of commercial bribery and improper benefit transfers.</p>
 <p><b>Public Oversight</b></p>	<p>The Company discloses the job-related benefits of managers in an appropriate manner, actively accepting public scrutiny; managers are required to regularly report personal matters of significance, which are recorded in integrity files, thereby forming a closed-loop, end-to-end supervision mechanism for clean conduct.</p>
 <p><b>Strengthening Supervision and Inspection</b></p>	<p>The Company assigns dedicated personnel to form supervision and inspection teams, which conduct special inspections on the implementation of the spirit of the Eight Rules by functional departments and subordinate units.</p>
 <p><b>Improving Long-Term Mechanisms</b></p>	<p>The Company organizes members of leadership teams at two levels to attend the Group's warning education meetings, and convenes warning education meetings for functional departments to further implement the spirit of the Eight Rules</p>

### Employee Training on Business Ethics

To guide employees in upholding business ethics, strictly observing disciplinary red lines, and avoiding corruption risks, during the Reporting Period, the Company focused on managers and personnel in key positions, and effectively delivered targeted warning education sessions, strengthened awareness of clean and ethical performance of duties, promoted strict adherence to business ethics standards and standardized conduct in job responsibilities across all levels, and fostered an operating environment characterized by integrity, compliance, and ethical conduct.



Warning Education Meeting on Business Ethics






## Reporting Channels and Whistleblower Protection

The Company strictly implements the *Management Measures for Handling Problem Leads by Disciplinary Inspection Organs* and the *Implementation Measures for Pursuing Liability in Cases of Irregular Business Operations and Investments* and standardizes the entire process from receiving letters and visits and reports to investigation and review. During the Reporting Period, the Company received a total of 38 letters and reports, accepted 12 problem leads, disposed of all 12 leads, and applied the "Four Forms of Supervision and Disciplinary Action" to criticize, educate, and handle 27 individuals.

The Company encourages all employees to work together to combat fraud, corruption, and other acts that violate business ethics. We respect both employees who raise concerns or file reports and those under investigation, conduct thorough and timely investigations into all reported violations, and take appropriate corrective actions to address them, including but not limited to clarifying company policies, providing additional training, revising processes, and imposing disciplinary actions.

The Company strives to ensure that no employee or stakeholder suffers improper harm as a result of raising concerns or reporting non-compliant or unlawful conduct, assigns dedicated personnel to receive and register reports, and mandates strict confidentiality of the reporter's information. During investigations, the Company strictly prohibits transferring or disclosing reporting materials or the reporter's information to the organizations or individuals being reported, thereby effectively protecting the legitimate rights and interests of reporters.

### Reporting Channels for Business Ethics of First Tractor

 <p>Reporting Email Address jiweijb@yogroup.com.cn</p>	 <p>Reporting Hotline 0379-64966488</p>	 <p>Mailing Address for Reports No. 154 Jianshe Road, Luoyang City, Henan Province, China</p>
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## Anti-Monopoly and Fair Competition

The Company conducts its business operations based on the principles of voluntariness, equality, fairness, and good faith, and firmly opposes unfair competition. The Company strictly complies with laws and regulations such as the Anti-Monopoly Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China. The Company continuously improves its fair competition management system and risk prevention and control mechanisms, strengthens compliance communication and behavioral guidance for all employees, and actively safeguards a fair and orderly market competition environment to ensure the healthy and sustainable development of the industry. During the Reporting Period, the Company did not engage in any illegal or non-compliant conduct related to unfair competition, conflicts of interest, money laundering, or insider trading, nor did it incur any fines, legal proceedings, or significant administrative penalties as a result.

## Tax Management

The Company consistently adheres to the principle of lawful and compliant business operations, strictly complies with national tax laws and regulations, and continuously improves its tax management systems and internal control processes. By establishing a systematic tax compliance framework, the Company integrates tax risk prevention and control into all stages of its business operations. Through the establishment of robust risk early-warning and regular self-inspection mechanisms, the Company continuously enhances its ability to identify and respond to tax risks, and has been consistently rated as an "A-Level Taxpayer" in the tax credit evaluation for multiple consecutive years.

# Risk Management

First Tractor deeply recognizes that risk management is a key enabler for ensuring stable operations and achieving sustainable development. The Company continuously improves and establishes a systematic risk management framework, further strengthens its risk assessment mechanisms, comprehensively identifies, analyzes, and evaluates potential risks in its management and operations, regularly reviews its risk management strategies and internal control systems, ensures that the system can respond promptly to market changes and evolving business needs, and provides a solid foundation for the Company's stable and sound operations.

## Risk Management System

The Company strictly complies with Measures for the Compliance Management of Central Enterprises, formulates and implements internal systems such as the *Internal Control and Risk Management Measures* and the *Compliance Management Measures*, promotes comprehensive strengthening of compliance management, effective risk prevention and control, and supports deepened reforms and high-quality development.

The Company has established a clear and well-defined risk management structure with clearly assigned responsibilities and authorities. The Company's Board of Directors is the highest decision-making body for risk management and internal control, and the Company has established an Internal Control and Risk Leadership Group, responsible for overseeing the development and effective operation of the internal control system. In addition, the Company has established an Internal Control and Risk Working Group, responsible for implementing the construction and operation of the internal control system.

### Governance Structure for Risk Management of First Tractor

**Board of Directors:** As the highest decision-making body for risk management and internal control, the Board reviews the effectiveness of controls over material risks and is responsible for the overall oversight and management of the Company's risk profile.

**Internal Control and Risk Leadership Group:** Responsible for the development and implementation of the Company's internal control system, and accountable to the Board for the effectiveness of risk management and internal control.

**Internal Control and Risk Working Group:** Under the guidance of the Leadership Group, responsible for the construction and operation of the internal control system, the analysis and assessment of significant risks, and for providing risk analysis and evaluation recommendations.

The Company consistently adheres to a bottom-line mindset and a strong awareness of red lines in enterprise-wide risk management. In accordance with internal policies, the Company has established a comprehensive risk management system, fully leveraging the three lines of defense, focuses on strengthening risk management mechanisms in key areas, fosters risk awareness and control capabilities across the organization, and continuously enhances its ability to prevent, respond to, and manage operational risk incidents.

### First Tractor's Three Lines of Defense in Risk Management

1	<b>First Line of Defense Functional and Business Departments</b>	Responsible for establishing and improving compliance management systems and processes within their departments. They develop risk control measures in accordance with risk management standards and integrate them into daily operations.
2	<b>Second Line of Defense Risk Management Department</b>	Supports and monitors the implementation of risk management policies and systems, identifies risk gaps in a timely manner, conducts risk assessments, performs comprehensive analysis and evaluation, and organizes compliance training.
3	<b>Third Line of Defense Internal Audit Department</b>	Operates independently from other functions and conducts specialized risk monitoring, audits, and investigations. Within its authority, it reviews and assesses the implementation of compliance requirements.

## Risk Control Mechanism

Against the backdrop of rapid changes in the global economy, society, and environment, companies face increasingly diverse and complex risk issues. To effectively address these challenges, the Company conducts an annual enterprise-wide risk assessment, including risk identification, evaluation, and response planning, which is implemented by respective responsible departments. The Company continuously monitors and reviews the implementation progress of risk response measures across functional departments, and regularly reports on the status of risk management to the Board of Directors.

### First Tractor's Risk Response Process

<b>Risk Identification</b>	Identify internal and external risks that may affect the achievement of strategic and operational objectives, based on changes in internal and external environments.
<b>Risk Assessment</b>	Analyze and prioritize identified risks according to likelihood, impact, and controllability, to determine key focus areas and risks requiring priority control.
<b>Response Strategy</b>	Define the Company's overall risk appetite and risk tolerance in alignment with strategic development, and select appropriate response strategies — including risk avoidance, reduction, sharing, or acceptance.
<b>Risk Mitigation Plan</b>	Responsible risk management entities at all levels shall develop specific risk management solutions for material risks based on actual operations, and ensure their effective implementation.
<b>Risk Monitoring</b>	Continuously assess changes in the risk landscape and review the progress and effectiveness of risk mitigation measures.
<b>Risk Reporting</b>	Prepare forward-looking assessments of material business risks, and report identified risk issues, potential impacts, and response measures to the Board of Directors.

To strengthen the proactive and forward-looking nature of risk prevention and control, during the Reporting Period, First Tractor conducted an enterprise-wide risk assessment using a combined quantitative and qualitative approach to identify the Top Five Material Risks for the year. For each of these risks, the Company implemented a "One Risk, One Solution" dedicated mitigation plan, clearly defining accountability and establishing a mechanism for regular review, tracking, and analysis to reinforce risk management responsibilities across responsible entities.

The Company places strong emphasis on risk culture development, and is committed to embedding risk awareness into every employee. During the Reporting Period, First Tractor actively delivered risk-related training programs, including organizing key personnel to participate in the "Legal & Compliance and Finance Seminar – Joint Video Conference", effectively enhancing employees' risk awareness and response capabilities.

In 2025

**0**  
No. of material or significant internal control deficiencies

# Party-building Leadership

First Tractor adheres to exercising full and strict governance over the Party as the central thread in improving its corporate governance system. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company has earnestly studied and implemented the guiding principles of the Fourth Plenary Session of the 20th CPC Central Committee and resolutely implemented the important instructions and directives of General Secretary Xi Jinping as well as the decisions and plans of the Central Committee of the Party. The Company has clarified the strategic direction of high-quality development under Party leadership, closely aligning its mission with the national strategies for building a strong manufacturing nation and a strong agricultural nation. By focusing on the upgrading of agricultural machinery equipment, First Tractor effectively transforms the Party's political and organizational strengths into the enterprise's competitive advantages and governance effectiveness.

**Integrated Party Building in Operations**

Grassroots Party organizations across the Company have centered on the core objectives of production and operations, leading Party members, cadres, and employees to actively prepare for the spring farming season and fully serve customers. They have resolutely advanced the successful launch of the power-shift transmission product and strived to "seize market share and ensure growth." Throughout the year, 36 integrated Party building projects were launched, providing strong organizational support to achieve the Company's annual goals and tasks.

# 02

## Igniting the Engine of Innovation to Drive High-Quality Development

As a leader in China's agricultural machinery industry, First Tractor drives high-quality development and industry transformation through innovation and R&D. We remain committed to product quality, uphold a responsible service philosophy, and continuously enhance user experience. Our efforts are focused on strengthening brand reputation and product competitiveness, providing strong support for the Company's financial stability and sustainable growth.

### ESG Issues

Innovation and R&D

Intellectual Property

Product Quality

End-user and Customers

### United Nations Sustainable Development Goals (SDGs)





## Innovation and R&D

The Company has always regarded technological innovation as a core competitive advantage, continuously improving its R&D system and driving the upgrading of agricultural machinery equipment toward high-end, intelligent, and green development. We are committed to fostering synergistic development across R&D, manufacturing, and market application, providing solid technological support and innovative momentum toward building a world-class enterprise.

### Governance

The Company strictly complies with relevant laws, regulations, and industry guidelines, and has established and implemented internal systems including the *Management Measures for Product Planning*, the *Management Measures for R&D Investment*, the *Management Measures for R&D Project Implementation*, and the *Management Measures for New Product Development Requirements*. These systems standardize the management requirements for R&D and innovation, providing strong support for technological advancement and market competitiveness. To meet its developmental needs, the Company has built a comprehensive R&D management system composed of the Department of Technology and Quality, the Technical Center, and other product-related departments. These entities are respectively responsible for managing new product development requirements, conducting process technology research, and formulating product planning, among other functions. Together, they form a well-defined, collaborative, and efficient R&D organizational structure.

### Strategy

The Company regularly assesses and addresses risks associated with innovation and R&D, progressively shifting from a "reactive defense" approach to "proactive management." By building an agile R&D system, strengthening process-driven decision-making, and fostering an open innovation ecosystem, the Company transforms R&D risks into competitive advantages. A trinity innovation mechanism—integrating risk early warning, technology reserve, and resource integration—has been established to closely follow the trends of high-end, intelligent, and green development. This enables the Company to lead industry evolution and maintain its leading position in the market.

Issue	Time Horizon <sup>3</sup>	Impacted Value Chain <sup>4</sup>	IROs	Financial Impact	Response Measures
Innovation & R&D	M L	<●>	Technology Risk	Slow progress or failure in the development of core technologies such as intelligent agricultural machinery equipment and new energy power may result in wasted R&D investment, affecting the Company's market share and revenue expectations in the fields of smart agriculture and low-carbon agricultural machinery.	Conduct user-centric R&D innovation, strengthen technological collaboration and innovation capabilities, enhance demand management, and improve R&D success rates.
	M	<●>	Policy and Regulatory Risk	Changes in policies and regulations, such as adjustments to national and local subsidy policies and upgrades to environmental standards, may bring uncertainties to the Company's technology R&D direction, product market revenue and production cost control.	In response to the China V <sup>5</sup> emission standard upgrade, the Company has strengthened research on national emission regulations and plans to complete integrated innovation in non-road China V technologies and products.
	M	<●>	Intellectual Property Risk	Issues such as unclear ownership definition during the patent application, maintenance and utilisation process may lead to intellectual property disputes, resulting in risks including economic compensation and administrative penalties.	Develop a 2025 patent filing plan to ensure clear ownership at the time of application; establish a full lifecycle intellectual property management mechanism.
	M L	<●>	Market Opportunity	The growing demand for high-end, intelligent and green agricultural machinery equipment will bring new market opportunities and incremental revenue to the Company, helping to enhance overall profitability and market competitiveness.	Release the Management Measures for New Product Development Requirements, proactively conduct product platform analysis, and advance technology and product iteration by monitoring market and technological trends—strengthening competitiveness, meeting user needs, and maintaining product leadership.

3. Short-term **S** refers to within 1 year (inclusive); Medium-term **M** refers to from 1 to 5 years (inclusive); Long-term **L** refers to more than 5 years  
 4. Upstream ◀; Own Operations ●; Downstream ▶  
 5. China V Emission Standard: China's Fifth-Stage Motor Vehicle Pollutant Emission Standard

## IROs Management

To effectively manage risks associated with innovation and R&D, the Company has fully integrated relevant processes into its daily risk management system. A comprehensive risk assessment is conducted annually, and risk identification, assessment, and mitigation are systematically carried out in a standardized manner (*For details, refer to the Risk Management chapter—Risk Management and Control Mechanism*).

To address various risks and opportunities throughout the R&D lifecycle, the Company has established a comprehensive R&D management system covering all stages of product development. The Company continuously refines management standards for each phase, deepens R&D reform and innovation, and enhances both R&D efficiency and the capability to translate research outcomes into practical applications.



### R&D Direction and Portfolio

The Company remains committed to its vision of "Building a World-Class Brand and Creating a World-Leading Enterprise," and adheres to the strategic principles of innovation-driven development, structural optimization, quality improvement and efficiency enhancement, and green growth. To advance high-quality transformation in China's agricultural machinery industry, the Company will continue to refine its new-energy tractor product platform, deepen research into and application of new-energy technology pathways, and deliver customized solutions for specific operational scenarios.

During the Reporting Period, the Company adhered to a market-oriented approach, accelerating the efficient transformation of scientific and technological achievements into tangible productivity. By establishing a dedicated task force for product application, the Company expedited the maturation and deployment of high-end, intelligent products—such as high-horsepower power-shift tractors, continuously variable transmission (CVT) tractors, and hybrid tractors—while simultaneously advancing the development of specialized products for unique operating conditions, including hilly terraced fields and paddy fields. In the current year, the Company's R&D investment reached CNY 550 million, representing a year-on-year increase of 6.39%.

Technology Pathway	Model	Social & Environmental Benefits	R&D Progress
New Energy	YTO HB2204 Hybrid Tractor	Addressing common issues of traditional tractors—such as high fuel consumption, insufficient power, and low intelligence—the Company launched China's first commercially available diesel-electric hybrid tractor. Multiple core component technologies have been localized, and the tractor integrates China's first high-horsepower intelligent hybrid powertrain. With a modular design, it enables efficient operation across multiple working conditions and supports optional autonomous driving systems.	Industrial application
Continuously Variable Transmission (CVT)	YTO LW3204 CVT Tractor	To address high load fluctuations and excessive fuel consumption in high-horsepower tractors, the Company developed the LW3204 CVT tractor using advanced control strategies and a self-developed CVT transmission system. The tractor delivers strong power performance while significantly reducing fuel consumption, meeting the economic demands of heavy-duty operations.	Commercially launched
New Energy	YTO HQ2204 Hydrogen Tractor	To overcome pollution, high energy consumption, and limited intelligence in traditional tractors, the Company developed China's first hydrogen-solar powered autonomous operating tractor. Powered primarily by a hydrogen fuel cell and supported by a lithium battery, the tractor enables zero-emission, pollution-free operation. Multiple core technologies have been broken through, and key component localization bottlenecks have been resolved.	Under verification



The Company independently developed China's first dedicated hilly and mountainous terrain tractor — YTO MH804M.

#### Filling the Gap in China's Hilly and Mountainous Tractor Market

Focusing on the challenges of agricultural mechanization, the Company has developed specialized tractors for hilly and mountainous terrain, filling a critical gap in China's agricultural equipment market. Performance and field validation tests have been successfully completed, leading to the creation of a diversified product series tailored to multiple operating scenarios—including low-profile models, high-ground-clearance variants, tobacco-field-specific designs, and wheel-track convertible configurations. The hilly and mountainous tractors have now been delivered in batch to customers in Gansu Province, providing new momentum to support agricultural development in hilly and mountainous regions.



Heavy-duty rubber-track tractor

#### Heavy-Duty Rubber-Track Tractor Significantly Reduces Soil Compaction Risk

To address the issue of soil compaction caused by traditional wheeled tractors—which can degrade tillage quality, reduce crop yields, and pose risks to food security and sustainable agriculture—the Company independently developed China's first commercially available heavy-duty rubber-track tractor, the CH2202. This product significantly reduces operational slippage, with a maximum reduction of up to 15% compared to conventional wheeled tractors. It plays a critical role in improving agricultural machinery efficiency, reducing energy consumption, and advancing high-level conservation tillage that protects soil health.



Collaborative unmanned operation of seeding, fertilization, and replenishment

#### Innovative Application of Intelligent Unmanned Agricultural Machinery Empowers Efficient Modern Farming

To address challenges such as complex field environments and difficulties in identifying crops and obstacles, the Company has developed a multi-sensor fusion intelligent perception technology. In response to the needs of agricultural machinery autonomous driving and operation quality control, it has successfully developed a series of smart equipment for unmanned land preparation, sowing, fertilization, and replenishment operations. These innovations provide robust support for fully unmanned operations across the entire wheat production cycle—tilling, sowing, and crop management. The autonomous driving capabilities of the equipment meet Level 2 (L2) standards, with overall technical performance reaching international advanced levels. This advancement aligns with the global trend toward intelligent and efficient agriculture, and significantly drives the transformation and upgrading of agricultural production methods.

### Government-Industry-University-Research Exchange and Cooperation

The Company continues to focus on frontier technologies and innovative research, actively deepening industry-academia-research collaboration with government agencies, universities, and scientific research institutions. These efforts have enabled the Company to continuously expand its R&D scope and build momentum for innovation. The Company operates multiple scientific and technological innovation platforms, continuously strengthening platform development and operational management. All ongoing R&D projects are progressing steadily in accordance with planned timelines.

To further broaden innovation thinking, integrate high-quality resources, and overcome key technological bottlenecks, during the Reporting Period, the Company enhanced regular coordination and in-depth communication with multi-level government authorities and organizations—including the Ministry of Industry and Information Technology (MIIT), the Henan Provincial Department of Industry and Information Technology, the Luoyang Municipal Department of Industry and Information Technology, and the Henan Association for Science and Technology. Through proactive engagement, the Company has aligned itself with policy guidance, industrial planning, and innovation resource deployment.

Furthermore, in response to the national call for strengthening collaborative innovation between universities and enterprises, the Company, during the Reporting Period, joined hands with research institutes including China Agricultural University to focus on the research of intelligent mechanized equipment for the whole process of food crop production in dry farming areas of black soil. Meanwhile, the Company has maintained close cooperation with universities such as Zhejiang University, China Agricultural University, Northeast Agricultural University and Henan University of Science and Technology, conducting multi-level exchanges and collaborative research and development in fields including the development of high-end agricultural machinery equipment, the application of intelligent manufacturing technologies, the tackling of key high-tech projects and the breakthrough of bottleneck technologies.

### Intellectual Property Protection

The Company respects the intellectual property rights of others and is committed to protecting its own innovative achievements and intellectual property. It strictly complies with relevant laws and regulations, including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China, and implements internal policies such as the *Patent Management Measures*. Upholding the principle of independent and self-reliant technological development, the Company strengthens innovation-driven growth and accelerates the transformation of scientific and technological achievements into practical applications. The Company establishes intellectual property work objectives for each department annually and strengthens the identification and development of invention patents, providing strong support for the Company's high-quality development.

The Company's intellectual property protection scope includes patents, trademarks, software copyrights, etc. In terms of management mechanism, the Company combines centralized responsibility with collaborative promotion to jointly improve its intellectual property protection system.

### Metrics and Targets

The Company establishes internal management objectives centered on innovation and R&D. By continuously monitoring progress toward these goals, conducting quantitative analysis, and carrying out regular reviews, it ensures that the management process is measurable and traceable. Building on this foundation, the Company has further developed a systematic set of management metrics to enable dynamic monitoring and assessment of performance related to sustainable development. These insights provide a scientific basis for setting future targets and drive continuous improvement in the Company's innovation and R&D initiatives.

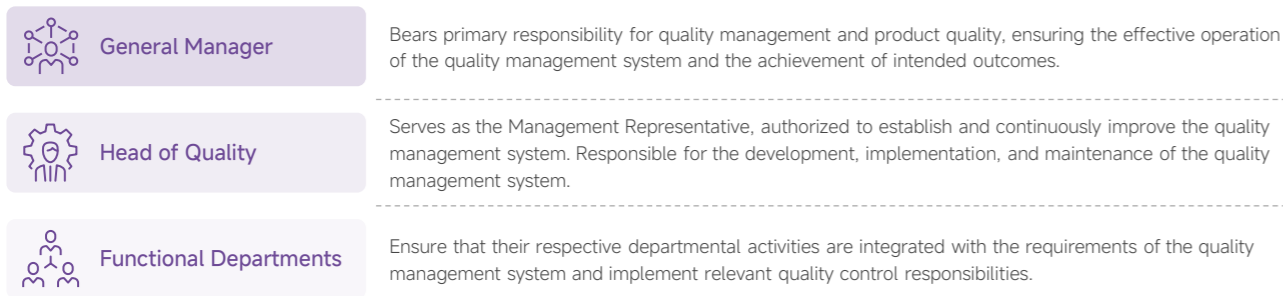
Indicator	Unit	2023	2024	2025
<b>Innovation and R&amp;D</b>				
R&D investment	CNY 10,000	46,134.44	51,637.78	54,937.47
% of R&D investment to revenue	%	4.00	4.34	5.08
No. of R&D personnel	no.	1,093	1,124	1,292
% of R&D personnel	%	15.94	16.24	18.43
<b>Intellectual Property Protection</b>				
No. of patent applications	no.	/	93	112
Invention patents	no.	/	50	75
Utility model patents	no.	/	38	24
Design patents	no.	/	5	13
No. of granted patents	no.	54	123	92
Granted invention patents	no.	/	66	42
Granted utility model patents	no.	/	53	38
Granted appearance design patents	no.	/	4	12
Number of valid patents	no.	105	155	196
No. of invention patents applied in core business	no.	105	155	196

# Product Quality

First Tractor upholds the quality philosophy of "Zero Defects in Quality, International Standards", continuously improving its quality control system. The Company implements strict end-to-end quality management, has established a comprehensive quality management system and standardized control procedures, actively pursues external quality certifications, and deepens the development of a quality-focused culture. These efforts continuously enhance product competitiveness and brand reputation, consolidating and strengthening the Company's leading position in the agricultural machinery industry. During the Reporting Period, the Company did not experience any violations related to health and safety concerning its products or services, nor did it encounter any major liability incidents involving safety or quality.

## Governance

The Company strictly complies with the Product Quality Law of the People's Republic of China and enforces internal regulations including the *Quality Manual*, *Measures for Production Operations Management*, the *Measures for Nonconforming Product Management*, and the *Measures for Supervisory Inspection of Component Quality*, to standardize quality management activities and improve customer satisfaction. The Company consistently prioritizes product quality, establishing a clearly defined, top-down quality management system. The General Manager takes primary responsibility for quality management and product quality, ensuring the effective operation of the quality system and the achievement of intended outcomes.



First Tractor Product Quality Governance Structure

To standardize quality management activities, meet market demands and relevant legal and regulatory requirements, and continuously enhance product competitiveness, the Company ensures the effective operation of its quality management system certification. During the reporting period, the Company maintained effective compliance with the GB/T 19001-2016 Quality Management System standard.

## Strategy

First Tractor will continue to align with the Company's overall development strategy, centering on user needs and guided by quality objectives. Through a series of management enhancement initiatives—including improving the quality performance evaluation system, strengthening the operational foundation of quality management, enhancing end-product quality control, intensifying in-process quality controls, optimizing product quality improvement processes, and continuously upgrading employees' quality awareness and capabilities—the Company is committed to forging excellence in products and building enduring brand value, thereby safeguarding its journey toward becoming a world-class enterprise. The Company regularly assesses and responds to product quality risks, continuously refining its quality target system by introducing key monitoring indicators and implementing decomposed, tiered control mechanisms.

Issue	Time Horizon <sup>6</sup>	Impacted Value Chain <sup>7</sup>	IROs	Financial Impact	Response Measures
Product Quality	S M	<◀▶		Reputation Risk	Failure to meet quality standards or potential safety hazards in agricultural machinery products may lead to decreased trust among customers such as farmers and cooperatives, damage brand reputation, and affect regional market share and subsequent order acquisition. The Company regularly conducts cross-checks on the physical quality of components and special spot-checks on externally sourced parts. A quarterly Quality Risk Analysis Meeting is held to identify and rectify potential risks, accompanied by staff training, strengthened inspection of critical processes, and enhanced product traceability management.

Issue	Time Horizon <sup>6</sup>	Impacted Value Chain <sup>7</sup>	IROs	Financial Impact	Response Measures
Product Quality	S M	<◀▶	Market Opportunity	By enhancing the reliability, operational efficiency and safety of products such as tractors and agricultural implements, the Company can strengthen customer loyalty and drive sales growth.	The Company continuously optimizes product design and manufacturing processes, aligning with international standards to enhance reliability, efficiency, and safety. It has established a customer needs research and full-lifecycle feedback mechanism to iteratively improve product performance, and promotes benchmark case studies to strengthen customer engagement and loyalty.

## IROs Management

To effectively manage product quality risks, the Company has fully integrated relevant processes into its daily risk management system. A comprehensive risk assessment is conducted annually to standardize risk identification, evaluation, and response activities (For details, refer to the *Risk Management chapter—Risk Management and Control Mechanism*).

In addressing both product quality risks and opportunities, the Company continues to strengthen its quality management system to ensure superior product quality and deliver long-term value to customers. During the Reporting Period, the Company revised the *Quality Risk Management Measures*, providing institutional support for end-to-end processes including risk identification, assessment, response, and post-action review. For identified product quality risks, responsible units were organized to develop quarterly quality risk action plans, and all response measures have been fully implemented by the end of the Reporting Period.

### Quality Control Mechanism

The Company has established a full-chain quality control system covering research and development, procurement, production, domestic market operations, and export activities. By optimizing control processes and conducting targeted initiatives, the Company systematically prevents product quality risks. In response to issues arising during quality control, timely corrective and preventive actions (CAPA) are taken to continuously improve and refine the quality management system. These efforts reinforce the foundation of product quality, thereby enriching and enhancing brand value and strengthening core brand competitiveness.

### First Tractor Quality Control Initiatives for 2025

Control Focus	Control Measures
Overall Machine Quality Improvement	<ul style="list-style-type: none"> <li>Optimization of Ride and Operating Experience: User pain points have been incorporated into mandatory inspection items for zero-hour audits. After targeted rectification, smoke test leakage points in large and medium wheel tractors dropped to 0, resulting in a significant improvement in overall machine quality.</li> <li>Benchmarking for Mutual Improvement: The Company organized 3 quality improvement showcase meetings, presenting 15 exemplary improvement cases, to drive cross-unit collaboration and shared progress.</li> </ul>
Procurement and Component Quality	<ul style="list-style-type: none"> <li>Component Quality Cross-Inspection: Conducted mutual physical quality inspections of components, covering 235 components and 7,516 inspection items.</li> <li>Special Cleanliness Control Initiative: Carried out targeted cleanliness spot checks on power-shift transmission components; the pass rate reached 100% after rectification.</li> <li>Risk Prevention for Ad Hoc Procurement Items: Issued rectification directives for ad hoc procurement components such as fasteners and shock absorbers, effectively mitigating supply chain quality risks.</li> </ul>
Closed-Loop Management of Market and Production Issues	<ul style="list-style-type: none"> <li>Daily Tracking of Production Quality: A daily quality information report is generated to track on-site production rectifications and prevent recurrence of similar issues observed in the market.</li> <li>Closed-Loop Resolution of Market Issues: Held monthly market information coordination meetings to facilitate the transformation of customer feedback into R&amp;D improvements and product adaptability enhancements.</li> <li>Rapid Response to Typical Field Issues: Promptly addressed typical market-reported issues such as rim weld cracking and gearbox gear disengagement, reducing customer complaints and improving satisfaction.</li> </ul>
Quality Risk Assessment	<ul style="list-style-type: none"> <li>Enhanced Risk Assessment Capability: The Company holds quarterly special-topic meetings on quality risk analysis to strengthen risk identification and judgment; relevant units are organized to develop risk response measures, all of which have been completed on schedule.</li> <li>Special Control for Key Products: Implemented focused management and control on key products, effectively preventing potential batch-level quality incidents.</li> </ul>
Export Quality Control	<ul style="list-style-type: none"> <li>Progress in Product Certification Compliance: Completed Phase III emission certification for selected models in Brazil. Domestic product certification plans are advancing as scheduled, with certificate renewals and new product type verifications steadily implemented.</li> </ul>

6. Short-term (S) refers to within 1 year (inclusive); Medium-term (M) refers to from 1 to 5 years (inclusive); Long-term (L) refers to more than 5 years

7. Upstream Value Chain: ◀; Own Operations: ●; Downstream Value Chain: ▶

## Quality Culture Development

The Company recognizes the guiding role of quality culture and emphasizes enhancing employees' understanding of quality management. During the reporting period, the Company organized a series of quality-themed activities, including quality knowledge seminars and internal auditor training on the quality management system, to strengthen employees' quality awareness and capabilities. These efforts are aimed at fostering and embedding a strong quality culture across all levels of the organization.

### Advancing QC Circle Activities to Enhance Quality Improvement Effectiveness



During the Reporting Period, the Company actively promoted grassroots quality culture development by widely conducting Quality Control (QC) circle activities, internal achievement evaluations, and external award submissions. These efforts have fostered a strong organizational culture of full participation and continuous improvement, yielding significant results. The Company was awarded **one** Second Prize in the Central Enterprise QC Achievement Competition, **two** Henan Provincial QC Achievement Awards, and the Henan Provincial Quality-Reliable Team title, among other honors.



Second Prize in the Central Enterprise QC Achievement Competition

## Digital and Intelligent Transformation

Guided by the Company's strategic development plan for the 15th Five-Year Plan period, First Tractor is accelerating its transformation into a modern manufacturing enterprise. During the Reporting Period, the Company actively promoted the integrated application of digital and intelligent manufacturing technologies in the agricultural machinery sector. It has achieved deep integration between more than ten types of core intelligent manufacturing equipment and industrial internet information technologies, and has advanced the construction of a smart manufacturing factory for large-scale agricultural machinery. This initiative sets a benchmark and model for the implementation of smart manufacturing in the industry.

### Intelligent Production Line Empowering High-End Agricultural Machinery Manufacturing



During the Reporting Period, the Company took smart manufacturing as a core driver to accelerate its digital and intelligent transformation. By leveraging robotic arm-based automated assembly, AGV-powered intelligent material delivery, and real-time monitoring through an intelligent production management system, the Company has achieved efficient and highly controllable operations across the entire production process. Through the deep application of digital and intelligent technologies, the Company has significantly enhanced production efficiency, product consistency, and process control capabilities — effectively empowering the manufacturing of high-end agricultural machinery with digital intelligence.



Intelligent Diesel Engine Production Line



## Metrics and Objectives

The Company has established and implemented the *Quality Objectives for 2025*, setting internal management targets and conducting monthly assessments of quality performance. Results are regularly communicated through quality bulletins and quality process review meetings to ensure transparency and accountability. In response to any deviations or anomalies in quality metrics, the Company organizes special-topic root cause analyses or quality inquiry meetings with responsible units to identify underlying issues and develop targeted corrective actions. Meanwhile, the Company conducts dynamic monitoring and evaluation of sustainability-related performance indicators, providing a scientific basis for setting future goals and driving continuous improvement in product quality.

In 2025



**100%**  
Pass rate of products

**0**  
Major quality accidents

**CNY 0**  
Amount of impact and damage caused



## End-user and Customers

First Tractor places great importance on customer relationship management, recognizing it as a key foundation for strengthening brand reputation, cultivating long-term customer loyalty, and achieving sustainable development. The Company continuously enhances the capabilities of its service teams and service support systems, optimizes the customer service experience, and delivers efficient, professional support to accurately meet customer needs—consistently improving customer satisfaction and loyalty.

## Governance

First Tractor has established a comprehensive customer service system and strictly implements management systems such as the *Product Service Management Measures* and the *Customer Satisfaction Measurement Control Procedure*. These frameworks standardize service processes and strengthen service assurance, ensuring efficiency and professional support for customers. Aligned with its development needs, the Company has built an integrated service architecture, with the Marketing Management Department serving as the central oversight unit responsible for coordinating key customer service functions, including customer service operations, the Host Machine Call Center, and the User Training Center.

## Strategy

The Company is deepening its presence in the domestic market while steadily expanding overseas, building a comprehensive user and customer service system. Guided by market demand, The Company optimizes product offerings and delivers integrated solutions across the full agricultural operation cycle—plowing, planting, managing, and harvesting. Meanwhile, the Company continues to enhance its global and domestic marketing and service networks, talent development systems, and operational support mechanisms, improving delivery efficiency and service quality. These efforts strengthen customer stickiness and reinforce the core competitiveness of the Yituo brand.

Issue	Time Horizon <sup>8</sup>	Impacted Value Chain <sup>9</sup>	IROs	Financial Impact	Response Measures
	S	<●>	Loss Risk of Key Account	The loss of key major customers due to untimely service response, insufficient spare parts supply or improper dispute settlement will directly lead to a decline in large-value orders and recurring service revenue. It will also damage the company's reputation in the industry, cause potential major customers to adopt a wait-and-see approach or churn, and exert a significant adverse impact on product sales.	<ul style="list-style-type: none"> <li>The Company establishes files and implements category management for key customers, conducts regular visits to promptly understand their demand intentions, and provides tailored product support and service policies.</li> <li>Developed the Special Service Support Plan for the Jiangsu Agricultural Reclamation Integrated Project, delivering dedicated maintenance for 109 agricultural vehicles;</li> <li>Organized exclusive smart agricultural machinery field days for key customers such as Beidahuang and Hulunbeier Nongken.</li> </ul>
End-user and Customers	L	<●>	Operational Risk	Following the intelligent upgrading of agricultural machinery, insufficient user operation skills and poor adaptability of intelligent systems may easily lead to agricultural machinery operation accidents and after-sales disputes.	<ul style="list-style-type: none"> <li>The Company has established a comprehensive training system with internal and external courses. Through the User Training Center, it conducted 16 training sessions, training 711 technicians from 624 service stations, significantly improving user operational proficiency and system adaptability, thereby reducing the risk of accidents and disputes.</li> </ul>
	S M	<●>	Market Opportunity	Providing high-quality customer services including agricultural machinery maintenance, spare parts supply and technical guidance can enhance customer satisfaction and repurchase rates, and drive the growth of agricultural machinery and aftermarket service businesses.	<ul style="list-style-type: none"> <li>The Company plans to build over 26 high-end intelligent tractor service stations to strengthen repair and support capabilities;</li> <li>A new training base is under construction in each major sales region. During the reporting period, five external training bases were established, continuously advancing the "Bring In, Go Out" training model;</li> <li>Established a 400 hotline call center with a structured follow-up and customer satisfaction survey mechanism.</li> </ul>

8. Short-term (S) refers to within 1 year (inclusive); Medium-term (M) refers to from 1 to 5 years (inclusive); Long-term (L) refers to more than 5 years

9. Upstream Value Chain; ◀; Own Operations: ●; Downstream Value Chain: ▶

## IROs Management

To effectively manage risks and opportunities related to customers and customer service, the Company has fully integrated relevant processes into its daily risk management system. It conducts comprehensive risk assessments on a regular annual basis and systematically advances risk identification, assessment, and response measures (For details, refer to the Risk Management chapter – Risk Management and Control Mechanism). To address customer service-related risks and opportunities, the Company continues to strengthen its customer service management system, aiming to create greater value for customers.

### Customer Service Mechanism

The Company strictly complies with national regulations including the Product Quality Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumers' Rights and the Regulation on the Liability of Repairing, Changing and Returning of Agricultural Machinery Products. It has developed and implemented the Customer Service Manual to standardize service delivery. Guided by the philosophy of "Being a Thoughtful Partner to Our Customers", the Company is committed to building a premium "Golden Service" brand.

#### Service Hotline

The Company has established a 24-hour 400 hotline call center operating under a centralized and collaborative model to ensure smooth and accessible channels for handling user inquiries and requests, thereby better meeting customer needs.

#### Complaint Early-Warning Management

The Company has established a complaint early-warning management mechanism and standardized workflows. It systematically tracks and conducts follow-up visits on the handling of all initiated or received service complaint alerts to ensure timely resolution and continuous service improvement.

The Company's agricultural machinery products are characterized by complex structures, high technological content, and diverse operating conditions, which place higher demands on users' professional skills and ability to diagnose and resolve faults. To address this, the Company continues to enhance its "Four-in-One" training system, delivering efficient, precise, and reliable training programs to users—ensuring that agricultural operations proceed on schedule and grain production advances smoothly. In addition, the Company places strong emphasis on spare parts services for agricultural machinery, which are directly linked to equipment uptime, timely farming operations, and stable grain production. The Company is continuously improving its spare parts supply and support system to ensure high efficiency and extensive coverage across its service network.

#### "Bring Them In" Centralized Training

The Company leverages its internal User Service Training Center and external training bases to invite technical backbone personnel and core user representatives from service stations to the factory. Practical skills enhancement programs are conducted on topics such as product reversing operations and maintenance, combining theoretical instruction with hands-on exercises to strengthen professional foundations.

#### "Go Out" On-site Training

The Company has formed a team of expert instructors who travel to key regional service stations across the country. They deliver on-site training on new product knowledge, typical fault resolution, and service emergency response plans, precisely addressing frontline service challenges.

#### Remote Online Training

The Company has established an online learning platform, regularly offering live-streamed and recorded courses covering key new product technologies and fault case reviews. This breaks geographical barriers, enabling service personnel to learn and improve anytime, anywhere.

#### Online Repair Video Library

The Company has developed a standardized video library demonstrating repair procedures, covering disassembly, assembly, and fault diagnosis for various agricultural machinery product lines. Service technicians can access these videos on demand to quickly master repair techniques and enhance service response efficiency.

First Tractor-Four-in-One User Training System

### Overseas Technical Training Program in Nigeria

To support the sustainable development of agricultural mechanization in African markets, during the Reporting Period, the Company dispatched a team of senior engineers to Nigeria. A comprehensive technical training program was conducted focusing on diesel engine structural principles, routine maintenance, fault diagnosis, and repair techniques. The training combined theoretical instruction with hands-on practice, ensuring participants could independently identify and resolve common faults. This initiative significantly enhanced local service capabilities and promoted the standardization and professionalization of agricultural machinery maintenance services in Africa.



"Through technical training, we aim to empower Nigerian users not only to operate YTO diesel engines effectively but also to master independent maintenance skills—truly achieving sustainable development."

— Head of Overseas Markets, YTO Diesel Engine.

Technical training session with users in Nigeria

### Focusing on User Needs – Customized Protective Equipment for Blueberry Farmers in the Americas

During the Reporting Period, in response to feedback from users in the Americas that tractor rear wheels were prone to scraping blueberry blossoms during operations—leading to reduced yields—the Company's Americas team organized technical personnel to conduct on-site field surveys. Based on local farming requirements and agronomic characteristics, the team developed a custom-designed arc-shaped protective guard that effectively shields blueberry flowers during field operations. The product design also fully accommodates the planting environment and agronomic needs of coffee plantations, ensuring stability and reliability during high-intensity, continuous operation. It precisely meets the diverse operational needs of local users and has received high recognition from customers.



The Company's Americas team conducting on-site field surveys

### Responsible Marketing

The Company strictly complies with relevant laws and regulations in its product sales jurisdictions, including Advertising Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests. All advertising and promotional content is ensured to be truthful and lawful. The Company prohibits false or misleading claims, and is committed to maintaining a healthy and orderly market environment and fostering fair competition.

## Metrics and Targets

The Company sets annual internal management targets related to End-user and Customers, with regular monitoring of progress toward goal achievement. During the Reporting Period, the 24-hour closure rate for customer service requests reached **94%**. In addition, the Company conducts dynamic monitoring and evaluation of sustainability-related performance, providing a scientific basis for setting future targets and driving continuous improvement in end-user and customer service.

Indicator	Unit	2023	2024	2025
Product recall ratio	%	0	0	0
No. of product recalls	no.	0	0	0
Quantity of sold or delivered products recalled due to quality, safety and health issues	no.	0	0	0
% of total sold or delivered products subject to mandatory recall for safety and health reasons	%	0	0	0
Customer complaint resolution rate	%	100	100	100
Customer satisfaction	%	92.90	92.30	93.50

# 03

## Committing to Green and Low-Carbon Development to Build a Beautiful China

First Tractor integrates green and low-carbon principles into every stage of its operations. The Company strictly adheres to environmental compliance requirements, systematically advances the resourceful utilization of waste, and optimizes its energy structure. It actively responds to the challenges of climate change, taking practical green actions to protect the lush mountains and clear waters — a vision of ecological integrity — and contribute to sustainable development.

### ESG Issues

Waste and Emissions

Energy Use

Water Resources

Circular Economy

Environmental Compliance

Climate Change

Biodiversity

Clean Technology Opportunities

### United Nations Sustainable Development Goals (SDGs)



# Environmental Compliance Management

Environmental Compliance First Tractor strictly complies with laws and regulations such as the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Environmental Impact Assessment. The Company has established a systematic environmental compliance management system to accurately identify and control environmental risks, driving green and sustainable development through high-standard environmental management.

## Environmental Management System

First Tractor has established and implemented internal management systems, including the *Environmental Protection Responsibility System*, the *Environmental Management Regulations for Construction Projects*, the *Environmental Statistics Management Regulations*, and the *Environmental Protection Management Assessment Measures*. These systems clearly define responsibilities, standardize construction project management, improve data reporting, and strengthen evaluation and incentive mechanisms. Together, they form a comprehensive, end-to-end framework covering responsibility implementation, source control, process monitoring, and performance assessment with accountability.

The Company has established the Carbon Peaking, Carbon Neutrality, Energy Conservation and Environmental Protection Working Leading Group as the highest decision-making body for environmental management, with the Chairman serving as its leader, responsible for overall planning of major decisions and strategic deployment in environmental management. The Carbon Peaking, Carbon Neutrality, Energy Conservation and Environmental Protection Working Leading Group office is established within the Energy Conservation and Environmental Protection Department, and is responsible for the day-to-day coordination, organisation and supervision of environmental protection work.

During the Reporting Period, the Company and its three subsidiaries (YTO Flag, Casting and Forging Company, and Yangdong Co., Ltd.) all obtained ISO 14001:2015 Environmental Management System certification.

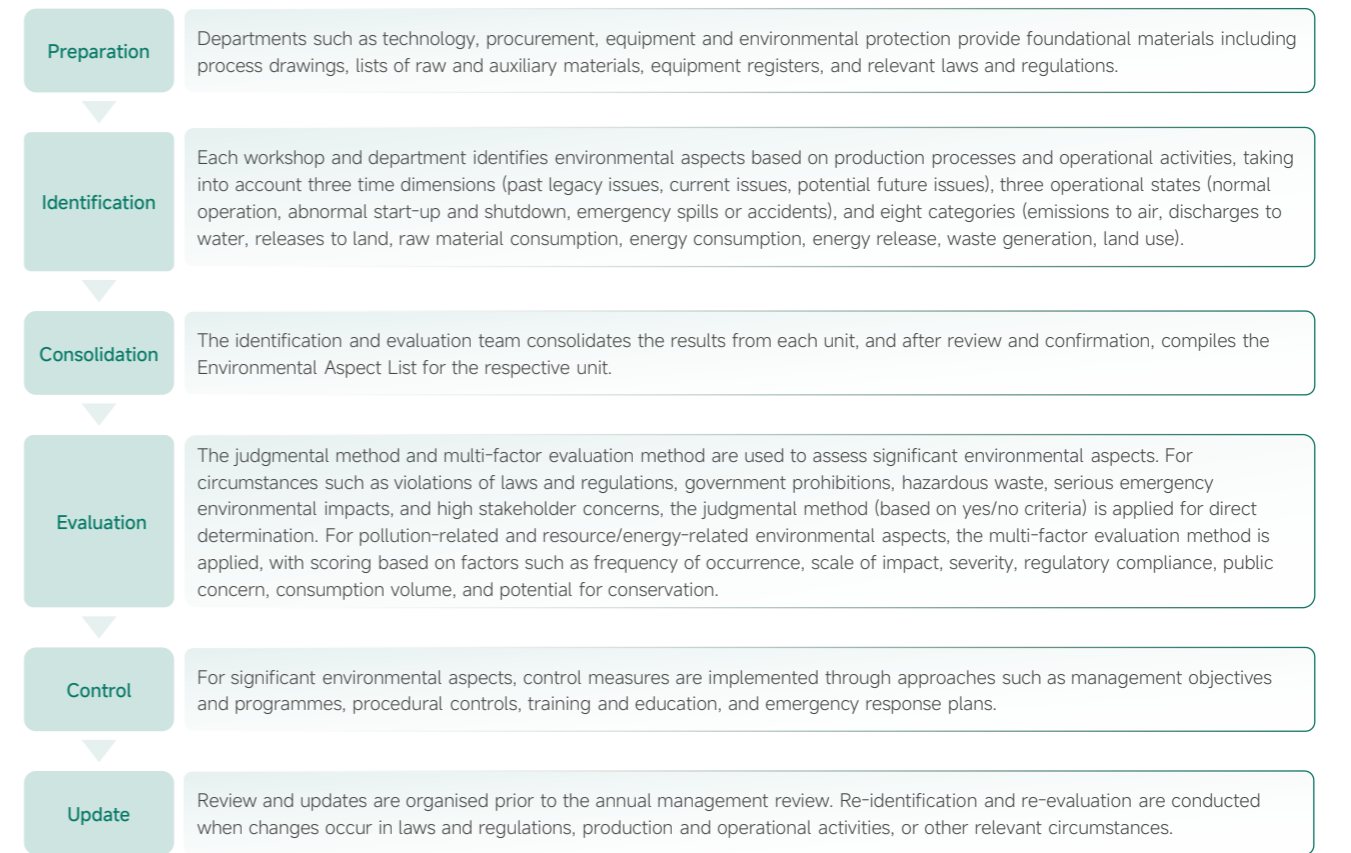


**In 2025**

- 4,445.10 CNY 10,000** Environmental protection expenditure
- 0 CNY 10,000** Amount of major administrative penalties imposed by ecological and environmental authorities due to internal environmental incidents

## Identification of Environmental Factors

First Tractor has established the *Procedure for the Identification, Evaluation, and Control of Environmental Factors*, creating a dynamic management mechanism for environmental factors that covers six stages: "preparation, identification, compilation, evaluation, control, and updating."



## Environmental Compliance Control Measures

The Company implements the *Environmental Protection Management Assessment Measures* and has established an environmental compliance supervision and assessment mechanism. Compliance with pollutant discharge permits is incorporated into routine supervision and quarterly evaluations. The Company has defined four types of assessment methods: performance-based assessments, assessments of environmental pollution incidents, assessments under the economic accountability system, and accountability for management failures. Through problem rectification, point deductions, and rewards, penalties, and accountability, the Company has established a closed-loop environmental compliance management system.

### Environmental Compliance Culture Building

The Company places great emphasis on raising environmental awareness among all employees. It organizes environmental awareness campaigns on occasions such as the World Environment Day and the National Ecology and Environment Day and implements environmental education and training programs at all levels.

#### During the Reporting Period

**5,231**  
The Company conducted training sessions for a total of 5,231 participants



## Waste and Emissions

First Tractor continues to strengthen the standardized management of wastewater, exhaust gases, solid waste, and noise. Through measures such as process optimization, material substitution, and facility upgrades, the company is continuously improving its pollution prevention and control capabilities and promoting the transition to greener production methods.

### Identification of Waste and Emissions

The Company's waste and emissions primarily originate from production processes such as machining, painting, casting, assembly, welding, and testing.

<b>Wastewater Identification</b>	The Company's wastewater mainly consists of industrial wastewater and domestic sewage. Industrial wastewater primarily includes oily wastewater, coating wastewater, cleaning wastewater, and metalworking wastewater, while domestic sewage mainly arises from daily operations.
<b>Air Emissions Identification</b>	The major pollutants in the Company's air emissions include particulate matter, volatile organic compounds (VOCs), sulfur dioxide, and nitrogen oxides.
<b>Waste Identification</b>	The Company's waste primarily falls into two categories: general industrial solid waste and hazardous waste. Hazardous waste mainly comprises waste oil and other harmful waste materials.
<b>Noise Identification</b>	The Company's noise mainly originates from various production equipment and facilities.

### Management and Control of Waste and Emissions

The Company implements systematic, end-to-end management of its waste and emissions. By enhancing treatment facilities, standardizing operational processes, and strengthening monitoring and oversight, the Company ensures effective management of all types of waste and emissions.

<b>Wastewater Discharge Management</b>	<p>The Company manages wastewater treatment and discharge processes through a combination of regular monitoring, routine self-inspections, and third-party supervisory testing to ensure compliance with relevant laws and regulations.</p> <ul style="list-style-type: none"> <li>Industrial Wastewater: By implementing rainwater and wastewater segregation upgrades at its facilities, upgrading wastewater treatment stations, and constructing integrated pumping stations, the Company has continuously improved its industrial wastewater collection and treatment system. During the Reporting Period, the Company completed the construction of 11 integrated pumping stations, achieving full recovery, full treatment, and zero discharge of industrial wastewater.</li> <li>Domestic Sewage: The Company's domestic sewage is discharged in compliance with regulatory requirements into municipal sewage pipelines and centrally treated by local municipal wastewater treatment plants.</li> </ul>
<b>Air Emissions Management</b>	The Company manages air pollutant emissions by deploying emission treatment facilities and conducting routine monitoring and intelligent oversight to ensure compliance with relevant laws and regulations. During the Reporting Period, the Company completed the installation and upgrade of 189 sets of air emission treatment facilities, and installed 10 sets of automated online monitoring equipment at major emission stacks, which were connected to government regulatory authorities to enable real-time pollutant emission monitoring and data transmission.
<b>Waste Management</b>	<p>Through classified management, standardized storage, and compliant transfer, the Company has achieved standardized end-to-end waste management, ensuring that solid waste disposal complies with relevant laws and regulations.</p> <ul style="list-style-type: none"> <li>General Industrial Solid Waste: The Company implements centralized collection and classified storage of general industrial solid waste, strictly maintaining ledger records and ensuring that storage facilities meet requirements for leakage prevention, loss prevention, and fugitive emission prevention. The Company continues to promote the resource utilization of general industrial solid waste, enhancing the level of waste recycling and reuse.</li> <li>Hazardous Waste: The Company implements classified storage of hazardous waste, strictly complying with requirements for standardized labeling, ledger documentation, and dual-access control. Transfer manifests are processed in accordance with regulations, and hazardous waste is entrusted to qualified entities for disposal.</li> </ul>
<b>Noise Management</b>	The Company ensures that boundary noise meets relevant laws and regulatory requirements through quarterly boundary noise monitoring, acceptance of oversight by environmental authorities and the public, and the adoption of measures such as sound insulation, noise reduction, vibration damping, and the selection of low-noise equipment.

## Green Improvement of Waste and Emissions

The Company is committed to continuously promoting source reduction and process minimization of waste and emissions through material optimization, production process optimization, and upgrades to environmental pollution prevention and control facilities, comprehensively advancing the transition toward green production.

<b>Material Optimization</b>	By selecting low-toxicity, environmentally friendly raw materials and optimizing the use of auxiliary materials, the Company reduces the use of hazardous substances and waste generation at the source. During the Reporting Period, the Company implemented measures such as replacing solvent-based paints with water-based paints, substituting traditional phosphating with silanization processes, and extending the service life of emulsions, thereby reducing the generation of air emissions, wastewater, and hazardous waste.
<b>Production Process Optimization</b>	The Company reduces waste and emissions generated during production processes by improving production technologies and upgrading process equipment. During the Reporting Period, the Company advanced continuous, enclosed, and automated production, gradually replacing conventional equipment with computer numerical control (CNC) equipment, thereby enhancing production efficiency while reducing pollutant emissions.
<b>Upgrades to Environmental Pollution Prevention and Control Facilities</b>	Through technological retrofits of environmental treatment facilities such as those for air emissions and wastewater, the Company improves pollutant removal efficiency and reduces secondary waste generation. During the Reporting Period, the Company installed online adsorption-desorption systems in casting and core-making processes, effectively reducing the frequency of activated carbon replacement and decreasing the amount of spent activated carbon generated.

Indicator	Unit	2023	2024	2025
Total wastewater discharge	tonnes	158,184.00	99,725.97	96,804.98
Chemical Oxygen Demand (COD)	tonnes	/	25.56	24.64
Ammonia Nitrogen (NH3-N)	tonnes	/	2.62	2.55
Total air emissions	tonnes	78.53	98.13	76.55
Nitrogen Oxides (NOx)	tonnes	13.57	18.06	13.20
Sulfur Oxides (SOx)	tonnes	3.17	2.12	2.25
Particulate Matter (PM)	tonnes	32.29	44.76	38.72
Volatile Organic Compounds (VOCs)	tonnes	29.51	33.20	22.38
Non-hazardous waste produced	tonnes	/	77,460.98	80,718.64
Non-hazardous waste produced intensity	tonnes/revenue CNY 10,000	/	0.07	0.07
Non-hazardous waste disposed	tonnes	63,200.17	0	0
Non-hazardous waste utilized	tonnes	/	77,460.98	80,718.64
Non-hazardous waste utilization rate	%	/	100	100
Hazardous waste produced	tonnes	/	1,104.60	1,199.77
Water treatment sludge	tonnes	/	/	459.64
Grinding sludge	tonnes	/	/	167.58
Waste mineral oil	tonnes	/	/	120.12
Waste emulsion	tonnes	/	/	107.08
Other hazardous waste	tonnes	/	/	345.35
Hazardous waste intensity	tonnes/revenue CNY 10,000	/	0.001	0.001
Hazardous waste utilized and disposed	tonnes	952.64	1,123.40	1,144.16

# Energy and Resource Utilization

First Tractor places energy conservation, resource recycling, and ecological protection at the core of its green operations, systematically advancing energy structure optimization, efficient resource utilization, and ecological environment protection, while continuously enhancing the level of sustainable development.

## Energy Management

First Tractor strictly complies with laws and regulations such as the Energy Conservation Law of the People's Republic of China and the Administrative Measures for Energy Conservation in Key Energy Consumers, and has formulated and implemented internal policies including the *Administrative Measures for Key Energy-Consuming Equipment and the Supervision*, the *Management and Assessment Measures for Energy Conservation*. The Company has established an energy conservation target management system with comprehensive energy consumption per CNY 10,000 of output value as its core indicator.

The Company has established an energy management organizational structure in which the Energy Conservation and Environmental Protection Department provides overall coordination, while each subsidiary assumes localized responsibility. Based on energy conservation targets issued by competent authorities and local governments, the Company formulates annual targets and progressively allocates them to each production unit, with responsibility implemented through the signing of target responsibility agreements. The Company implements quota management for key energy-consuming equipment and strengthens process control through monthly evaluations and annual assessments.

During the Reporting Period, the Company obtained ISO 50001:2018 Energy Management System certification, with the scope covering the Large Tractor Company, the Medium and Small Tractor Company, the Cab Plant, the Hydraulic Transmission Company, and the Gear Transmission. In addition, two subsidiaries—YTO (Luoyang) Casting and Forging Co., Ltd. and YTO (Luoyang) Diesel Engine Co., Ltd—each independently obtained ISO 50001:2018 Energy Management System certification.

### ISO 50001:2018 Energy Management System Certification

The image displays three certification documents. The first is a 'Energy Management System Certification Certificate' (能源管理体系认证证书) issued by ZOHY to the First Tractor Company. The second is a 'Certificate of Energy Management System Certification' (能源管理体系认证证书) issued by ZOHY to YTO (Luoyang) Diesel Engine Co., Ltd. The third is a 'Certificate of Energy Management System Certification' (能源管理体系认证证书) issued by ZOHY to YTO (Luoyang) Casting and Forging Co., Ltd. All certificates are for the GB/T23331 standard.

## Energy Efficiency Improvement Initiatives

The Company systematically promotes energy conservation efforts through technological upgrades and the elimination of outdated equipment:

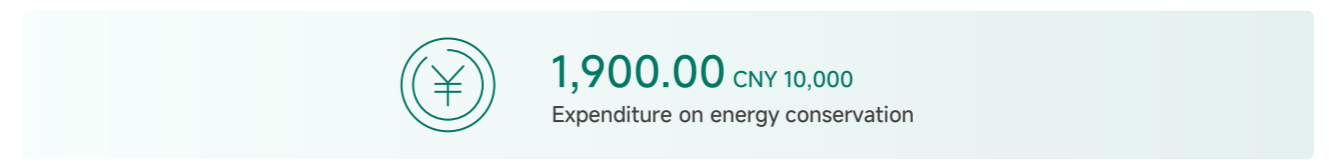
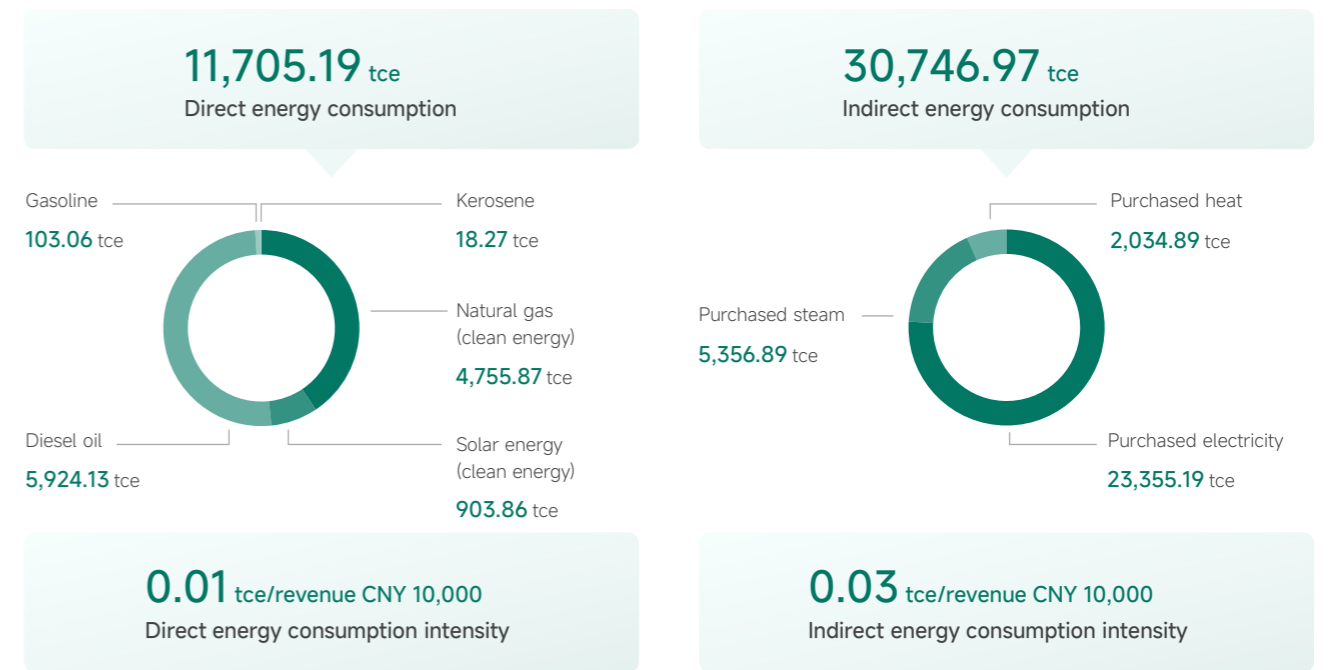
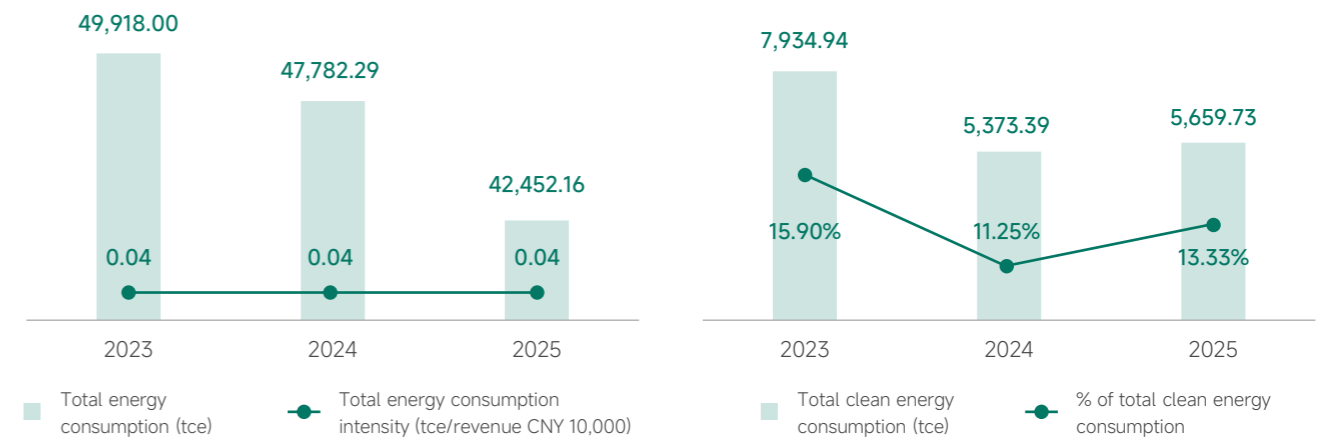
- **Technological Upgrades:** Identifying points of energy loss, the Company improves energy efficiency through technological upgrade projects.
- **Elimination of Outdated Equipment:** Identifying high-energy-consuming equipment, the Company enhances overall energy efficiency through equipment replacement and phase-out. During the Reporting Period, the Company eliminated a total of 162 sets of high-energy-consuming, low-efficiency equipment.

## YTO Diesel Engine Hot Test Bench Energy Efficiency Retrofitting Project

First Tractor's subsidiary, the YTO Diesel Engine, implemented an energy efficiency upgrade for its hot test benches to address the issue of energy loss in the form of heat from traditional dynamometers during the diesel engine break-in process. The Company replaced the original hydraulic and eddy current dynamometers with electric dynamometers and installed an electric energy recovery system, enabling the conversion of diesel consumed during the testing process into electricity for recycling. Following the retrofit, the energy feedback efficiency exceeded **60%**, effectively improving the level of energy utilization.



YTO Diesel Engine Electric Dynamometer



## Water Resources

First Tractor strictly complies with laws and regulations such as the Water Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China, and has established a water resource management system covering the entire process of water withdrawal, water use, and wastewater discharge, systematically advancing water resource risk prevention and efficient utilization.

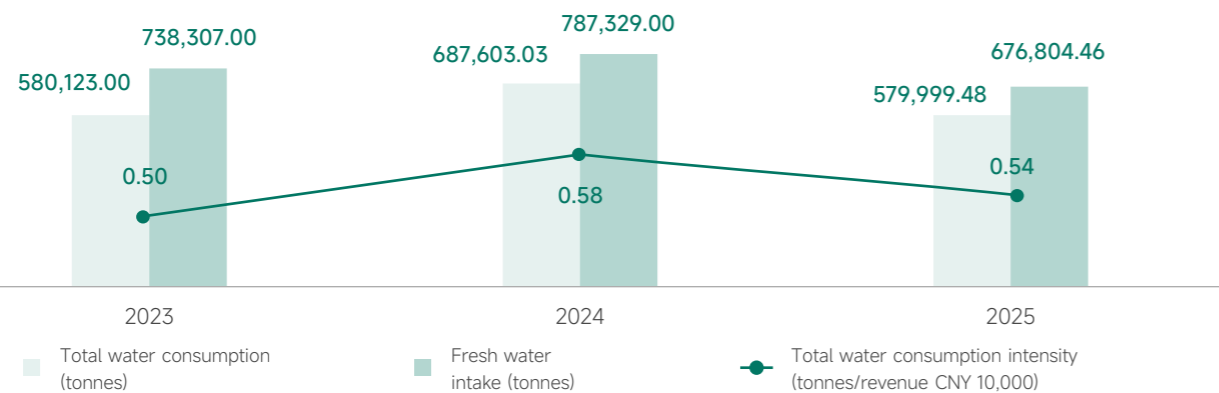


To ensure continuous and stable water supply for key production processes, the Company implements a dual water source system comprising municipal water supply and self-supplied wells. The Company has obtained water withdrawal permits in accordance with the law and strictly implements annual water use plans, ensuring that the entire water withdrawal process remains compliant and controllable. During the Reporting Period, the Company experienced no water use risks.



The Company has established an integrated water conservation system encompassing "source reduction, process control, and end-of-pipe recycling." During the Reporting Period, the water reuse rate reached **95.15%**.

- **Source Reduction:** The Company continuously promotes process water conservation retrofits, converting wet coating lines to dry processes to reduce water consumption at the source, and installing cooling towers on heat treatment quenching tanks to enable recirculation of cooling water, thereby reducing fresh water withdrawal.
- **Process Control:** The Company strengthens end-to-end water use control by setting water conservation targets and enhancing routine inspections of key water use points, while raising water conservation awareness among all employees through Water Conservation Week campaigns.
- **End-of-Pipe Recycling:** By improving the reclaimed water production and supply system and pipeline network, the Company extensively utilizes reclaimed water in equipment cooling, process preparation, landscaping, and cleaning, continuously improving the water reuse rate.



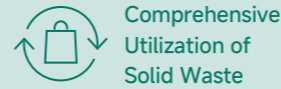
Indicator	Unit	2023	2024	2025
Total water reuse	tonnes	9,014,745.00	9,652,385.00	13,289,338.95
Recycled water	tonnes	/	/	13,168,899.00
Reclaimed water	tonnes	/	/	120,439.95
Water reuse rate	%	92.43	92.46	95.15
Water-related expenditure	CNY 10,000	/	/	404.80
Investment in water conservation	CNY 10,000	/	/	55.56

## Packaging and Circular Economy

First Tractor systematically promotes the management of packaging materials and the resource utilization of solid waste, continuously building a circular economy system.



The Company has established a packaging material recycling and reuse mechanism, implementing centralized collection and disposal of packaging materials such as cartons generated during the tractor assembly process.



In production processes, various types of industrial solid waste are subject to classified collection, resource-oriented treatment, and recycling. Through supporting disposal facilities and regeneration technologies, the Company achieves resource utilization and closed-loop management of solid waste, enhancing resource efficiency and reducing solid waste discharge.

### Waste Sand Recycling and Reuse Project

First Tractor's subsidiary, the Casting and Forging Company, has established a full-chain "zero discharge" solid waste circular utilization system. Through a waste sand regeneration process involving crushing, screening, dust removal, and reclamation activation of used sand generated during casting production, the Company has achieved a waste sand regeneration and reuse rate of over **90%**, with an annual processing capacity of **75,000** tons. For by-products such as electric furnace slag, dust collection ash, and metal scrap, the Company implements refined treatment methods including classified collection, crushing and sorting, and resource-oriented reuse, enabling the recovery of valuable components and material recycling. This forms a closed-loop model of "generation - collection - treatment - reuse," effectively improving resource utilization efficiency and reducing solid waste discharge.



Waste Sand Regeneration Equipment

In 2025



**1,138.00** tonnes  
Total packaging materials consumption

**0.001** tonnes/revenue CNY 10,000  
Packaging materials consumption intensity

## Biodiversity

First Tractor implements the *Measures for Supervision and Management of Ecological and Environmental Protection*, integrating biodiversity conservation into the entire process of project construction and production operations, with full-cycle control implemented across the project planning, construction, and operational stages.

### Full-Cycle Ecological Control Process



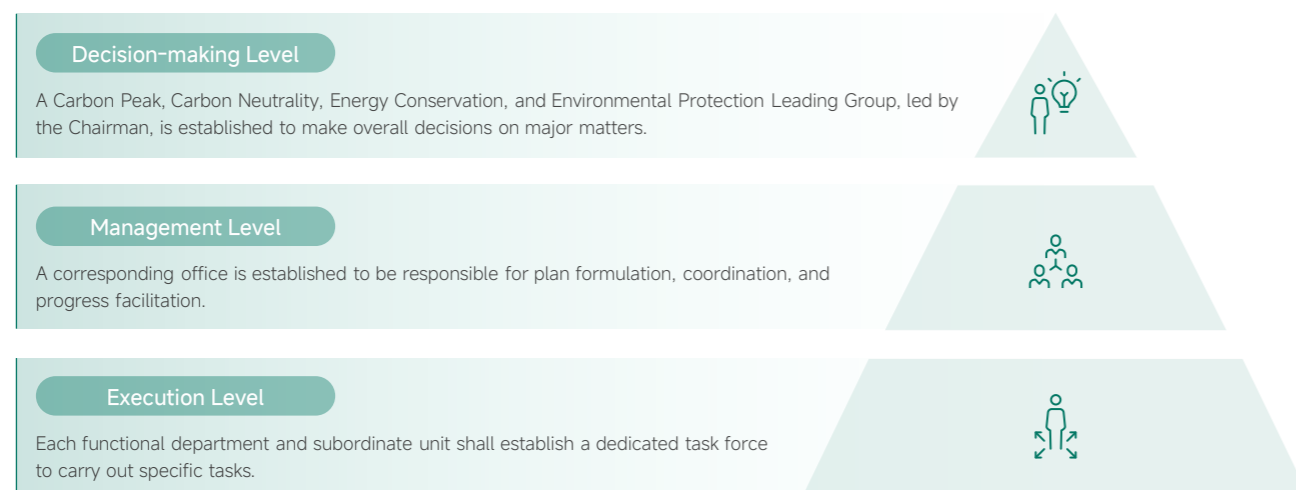
# Climate Change

First Tractor has integrated climate change response into its corporate strategy, systematically advancing energy structure optimization, technological innovation, and operational efficiency enhancement around two major objectives: reducing carbon emission intensity and enhancing climate resilience, taking practical actions to serve the national "carbon peak and carbon neutrality" strategy.

## Governance

The Company has established a clearly defined governance structure for addressing climate change. Led by the Chairman, a Leading Group for Carbon Peaking, Carbon Neutrality, and Energy Conservation and Environmental Protection has been formed to oversee decision-making. The Office for Carbon Peaking, Carbon Neutrality, and Energy Conservation and Environmental Protection is responsible for organizational coordination, while functional departments and subsidiaries are tasked with implementation. Centered on the *Action Plan for Carbon Dioxide Peaking Before 2030* and the *Implementation Plan for Promoting the Construction of a Beautiful China*, the Company has established a comprehensive management system covering the entire chain from "strategic planning - action pathways - assessment and evaluation." The Company incorporates carbon emission-related indicators into its annual performance evaluations, signs target responsibility agreements, and breaks down tasks at each level. It maintains work logs to track progress and implements evaluations and rewards/penalties in accordance with relevant assessment guidelines, thereby forming an effective closed-loop evaluation system. The Company continuously improves supporting systems and safeguards for carbon emission statistics and monitoring, as well as resource conservation and utilization, to systematically advance all tasks related to carbon peaking and carbon neutrality.

### Climate Change Governance Framework



## Strategy

First Tractor has integrated climate change response into its overall corporate development strategy. Guided by green and low-carbon principles, the Company systematically advances the deep transformation of industrial layout, energy structure, technological pathways, and management models, continuously enhancing its sustainable development resilience.

- Optimizing Industrial Layout:** Adhering to green and low-carbon orientation, the Company promotes the evolution of its manufacturing system toward efficiency, cleanliness, and circularity, progressively decoupling industrial development from carbon emissions.
- Adjusting Energy Structure:** Accelerating the transition to clean energy, the Company steadily increases the share of non-fossil energy consumption and builds a diversified, low-carbon energy supply system. During the Reporting Period, the Company, through an energy performance contracting model, completed the construction of a rooftop photovoltaic power generation system with a total installed capacity of 10.443 MW, further increasing the share of renewable energy consumption.
- Strengthening Technological Innovation:** Focusing on the frontiers of green and low-carbon technologies, the Company increases R&D investment in areas such as energy conservation, environmental protection, and new energy, driving industrial transformation and upgrading through technological breakthroughs.
- Enhancing Management Efficiency:** Promoting deep integration of digitalization with green and low-carbon initiatives, the Company establishes a precise and efficient carbon emission control system and continuously improves the level of intensive resource management.

First Tractor systematically identifies the potential impacts of physical risks, transition risks, and related opportunities under the context of climate change on its assets, supply chain, trade, transportation, and other aspects. Based on the likelihood of occurrence, extent of impact, and time horizon of such risks, the Company formulates targeted response measures to continuously enhance its sustainable development resilience.

### Risks Arising from Climate Change

Type of Climate-Related Risk	Risk Description	Financial Impact	Mitigation Measures	Time Horizon <sup>10</sup>	
Physical Risks	Acute Physical Risk	<ul style="list-style-type: none"> <li>Increased frequency of extreme weather events (e.g., floods, droughts, strong winds) may cause production interruptions, equipment damage, and logistics disruption at facilities.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue loss from production interruptions;</li> <li>Increased equipment repair or replacement costs;</li> <li>Higher compliance costs due to supply chain delays.</li> </ul>	<ul style="list-style-type: none"> <li>Enhance disaster resilience of facility infrastructure; establish emergency response plans for extreme weather;</li> <li>Optimize warehouse layout with decentralized storage of key spare parts;</li> <li>Develop rail-road-sea intermodal transport to reduce single-mode transport risks.</li> </ul>	S M
	Chronic Physical Risk	<ul style="list-style-type: none"> <li>Long-term climate changes such as rising temperatures and water scarcity may affect water supply for production, increase energy consumption for cooling systems, and impact demand in major agricultural regions.</li> </ul>	<ul style="list-style-type: none"> <li>Higher water and energy costs;</li> <li>Changes in crop structure in some agricultural regions may lead to volatility in agricultural machinery demand.</li> </ul>	<ul style="list-style-type: none"> <li>Implement water recycling (reclaimed water reuse, rainwater-wastewater separation);</li> <li>Retrofit production equipment for energy conservation and efficiency improvement; Develop agricultural machinery adapted to different climatic conditions and expand market coverage.</li> </ul>	L
Transition Risks	Policy and Legal	<ul style="list-style-type: none"> <li>Under national carbon peak and carbon neutrality goals, environmental regulations and emission standards are becoming increasingly stringent. The China Non-road IV Standard has been fully implemented, and stricter standards such as China Non-road V will be accelerated in the future.</li> </ul>	<ul style="list-style-type: none"> <li>Increased environmental compliance costs;</li> <li>High-carbon equipment faces phase-out, creating asset impairment risks;</li> <li>Higher R&amp;D investment to meet new standards.</li> </ul>	<ul style="list-style-type: none"> <li>Complete the transition to China IV products ahead of schedule; proactively prepare for China V and new energy technologies;</li> <li>Continuously phase out outdated, energy-intensive equipment.</li> </ul>	M L
	Market	<ul style="list-style-type: none"> <li>On the demand side, customer preferences are shifting toward energy-efficient, high-performance, and intelligent products;</li> <li>On the supply side, price volatility of raw materials (steel, energy) is intensifying.</li> </ul>	<ul style="list-style-type: none"> <li>Potential decline in market share of traditional products;</li> <li>Raw material cost volatility compresses profit margins.</li> </ul>	<ul style="list-style-type: none"> <li>Develop and promote fuel-efficient green products;</li> <li>Deepen value-chain cost control and promote lean management.</li> </ul>	M L
	Technology	<ul style="list-style-type: none"> <li>Rapid iteration of new energy technologies (hybrid, battery electric, hydrogen), traditional diesel engine technology faces substitution pressure.</li> </ul>	<ul style="list-style-type: none"> <li>Sunk risk of R&amp;D investment in traditional technologies;</li> <li>Catching up in new energy technologies requires sustained high investment.</li> </ul>	<ul style="list-style-type: none"> <li>Engage in scientific research collaboration to strengthen technological R&amp;D;</li> <li>Accelerate R&amp;D of hybrid, hydrogen, and battery electric products.</li> </ul>	L
	Reputation	<ul style="list-style-type: none"> <li>Increasing requirements from downstream customers and capital markets regarding the green attributes of supply chains;</li> <li>ESG ratings affect investor confidence.</li> </ul>	<ul style="list-style-type: none"> <li>Lagging green transition may lead to customer loss and higher financing costs.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen ESG disclosure;</li> <li>Promote green factory and green supply chain initiatives;</li> <li>Proactively communicate the Company's low-carbon development strategy through earnings briefings.</li> </ul>	L

10. Short-term (S) refers to within 1 year (inclusive); Medium-term (M) refers to from 1 to 5 years (inclusive); Long-term (L) refers to more than 5 years.

### Opportunities Arising from Climate Change

Climate Opportunity Category	Opportunity Description	Financial Impact	Time Horizon
Resource Efficiency	<ul style="list-style-type: none"> <li>Improve energy and raw material efficiency through intelligent and green retrofitting of production lines, reducing energy consumption per unit of output value.;</li> </ul>	<ul style="list-style-type: none"> <li>Lower production costs; improved profitability; Access to policy incentives such as "premium subsidies for high-efficiency machinery".;</li> </ul>	S M
Energy Utilization	<ul style="list-style-type: none"> <li>Expand application of distributed photovoltaic power generation to increase renewable energy consumption share;</li> <li>Promote high-efficiency energy-saving equipment and energy management systems.;</li> </ul>	<ul style="list-style-type: none"> <li>Reduce purchased electricity costs and lock in long-term energy prices;</li> <li>Lower carbon compliance costs and potentially receive government subsidies or carbon credits;</li> <li>Reduce energy cost per unit of product through efficiency gains.</li> </ul>	M L
Market	<ul style="list-style-type: none"> <li>Rising customer demand for efficient, energy-saving, and intelligent agricultural machinery;</li> <li>Construction of high-standard farmland drives demand for large-horsepower, high-end green agricultural machinery.</li> </ul>	<ul style="list-style-type: none"> <li>Capture green premium on products, improving gross margin;</li> <li>Consolidate and expand market share among customers sensitive to green standards;</li> <li>Enhance brand value, lower financing costs, and attract long-term sustainable investment.</li> </ul>	M
Products and Services	<ul style="list-style-type: none"> <li>Develop and commercialize new energy agricultural machinery (hybrid, hydrogen, battery electric) to seize future market opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Generate new revenue streams;</li> <li>Establish leadership in green agricultural machinery and enhance brand premium.</li> </ul>	M L
Resilience	<ul style="list-style-type: none"> <li>Build a diversified overseas market footprint (five sales regions) to reduce dependence on any single market;</li> <li>Strengthen in-house R&amp;D of key core components to ensure supply chain security.</li> </ul>	<ul style="list-style-type: none"> <li>Enhance operational stability and risk resilience;</li> <li>Effectively hedge against fluctuations in domestic market demand.</li> </ul>	L

### IROs Management

The Company has established a full-process climate risk management system encompassing "identification - assessment - response - monitoring - rough a regular mechanism, the Company identifies the two core risk categories (transition risks and physical risks), assesses their levels, clarifies priorities, and establishes dynamic monitoring and periodic review mechanisms. It continuously optimizes response measures to achieve precise control and reduce negative impacts on business and finance.

#### Clean Technology Opportunities

Amid the global wave of energy transition, the Company regards clean technology as a key engine driving sustainable development in the industry. The Company continues to increase investment in clean technology, formulating the *15th Five-Year Plan for Product and Technology Development* conducting in-depth research and judgment on technology development trends, and focusing on key core technology breakthroughs such as low-fuel-consumption, low-emission, low-noise engines and new energy agricultural power sources. It comprehensively promotes the high-end, intelligent, and green transformation and upgrading of agricultural machinery equipment, achieving synergistic growth of economic and environmental benefits.

**Technology R&D and Innovation**

The Company actively leads industry technology exchanges by hosting conferences such as the "New Energy Agricultural Machinery Seminar" and the "2025 Young Science and Technology Workers Forum on Intelligent Agricultural Machinery Equipment Technology Development". Twenty-five fixed researchers from the laboratory were invited to deliver keynote presentations at major conferences, continuously enhancing the Company's influence in the field of clean technology.

**New Energy Product Portfolio**

The Company has comprehensively laid out its new energy tractor product lines, including diesel-electric hybrid and hydrogen-powered tractors, accelerating technological iteration and upgrading, and continuously improving product performance and reliability to provide clean power solutions for agricultural mechanization.

**Industrial Synergy Development**

The Company signed a strategic cooperation agreement with China Automotive Engineering Research Institute Co., Ltd. (CAERI) and jointly established a laboratory to synergistically strengthen R&D capabilities in the field of new energy agricultural power sources.

**Product Environmental Impact**

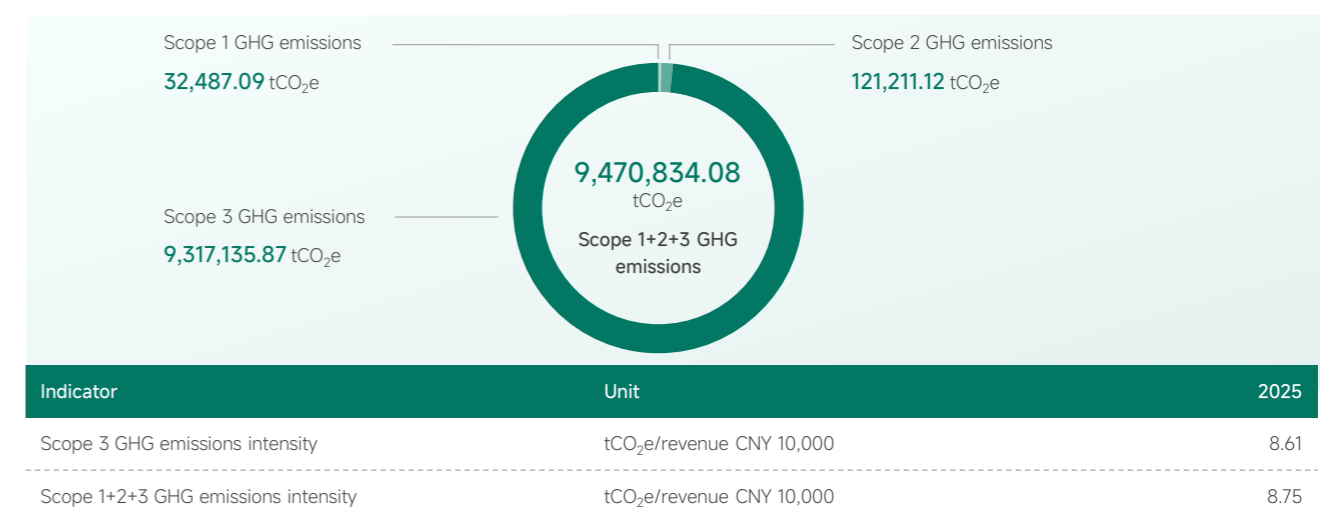
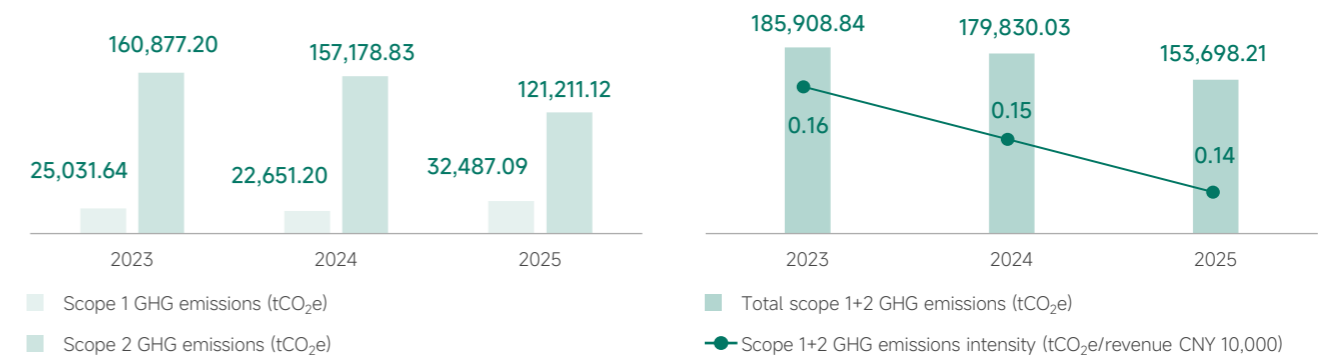
The Company's independently developed China's first hydrogen-powered solar autonomous tractor (model HQ2204) achieves pollution-free, zero-emission operation. The YTO HB2204 hybrid tractor has achieved a breakthrough in dual ISG electric drive system integration technology, significantly reducing energy consumption.

### Metrics and Targets

The Company has established carbon emission targets and carbon emission management capability targets to systematically advance various work related to climate change response.

**Carbon Emission Targets<sup>11</sup>**

- By 2027, the Company will fully advance green and low-carbon development, fostering a corporate culture that embraces green and low-carbon principles. The share of green, low-carbon and environmentally friendly agricultural machinery products will increase significantly, resource and energy efficiency will be steadily improved, and carbon emission intensity will be on a stable yet declining trend.
- By 2030, green and low-carbon products and technologies will be widely applied, the energy mix will be further optimised, carbon dioxide emissions will peak and then steadily decline, and the Company will achieve significant results in high-quality development and green transformation.
- By 2060, a clean, low-carbon, safe and efficient energy system will be fully established, energy efficiency will reach an advanced level, and a green and low-carbon advanced agricultural machinery industrial system with core competitive advantages will be in place.



11. In accordance with the Company's *15th Five-Year Plan*, the carbon emission targets for the current year have been updated.

# 04

## Putting People First to Share the Benefits of Development

First Tractor has always regarded its employees as the core driving force behind the Company's development. Adhering to a people-oriented philosophy, the Company has established a comprehensive mechanism for protecting employee rights and interests, a systematic occupational health and safety management system, a diversified career development platform, and a harmonious and caring workplace atmosphere. It continuously stimulates employee motivation and creativity, achieving alignment between employee growth and the Company's high-quality development.

### ESG Issues

Development and Training

Employee Rights & Interests

Employee Well-being

Diversity, Equity & Inclusion (DEI)

Occupational Health and Safety(OHS)

### United Nations Sustainable Development Goals (SDGs)





## Employee Rights & Interests

First Tractor strictly complies with national labor laws and regulations, adheres to the principle of equal employment, and has established a compliant employment system covering the entire process from recruitment and onboarding to development and offboarding. At the same time, the Company actively fosters a diverse, equitable, and inclusive workplace environment, ensuring that employees from different backgrounds enjoy fair development opportunities and legitimate rights and interests.

### Compliant Employment

First Tractor strictly complies with laws and regulations such as the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, and the Provisions on the Prohibition of Using Child Labor, adheres to the principles of equal employment, openness, and fairness, and has established a standardized and well-developed recruitment and employment management system. The Company strictly implements internal management policies such as the Measures for the Management of Talent Introduction and the Measures for the Management of Recruitment of University Graduates, standardizing recruitment procedures, hiring criteria, and employment management to ensure that recruitment activities are compliant and orderly.

The Company has established a management mechanism prohibiting the use of child labour and resisting forced labour. Through measures such as identity verification, qualification review, and employment supervision, the Company implements full-process risk control to prevent violations such as child labor and forced labour. During the Reporting Period, the Company had no violations related to child labor or forced labour.

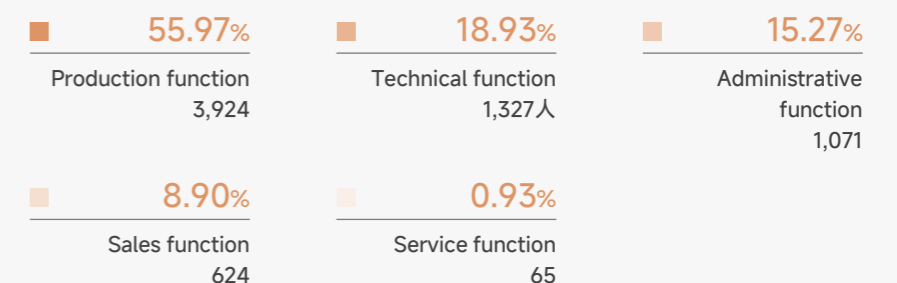
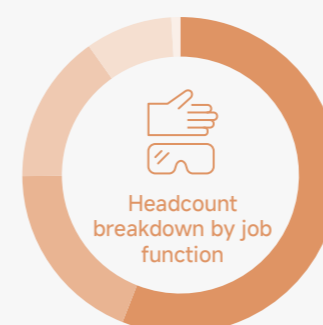
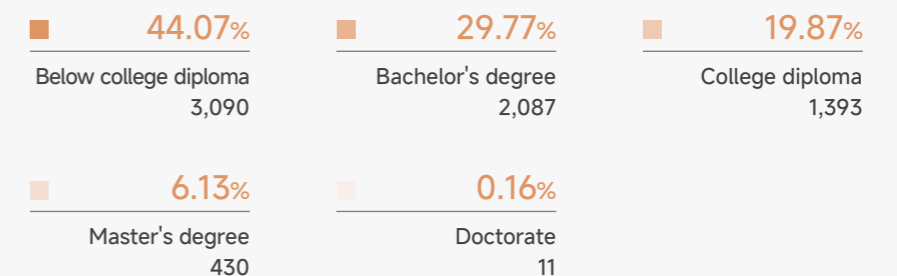
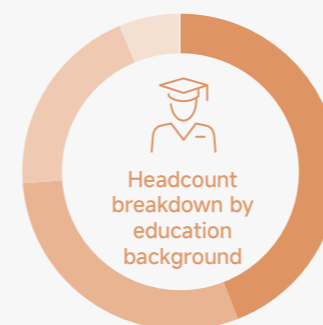
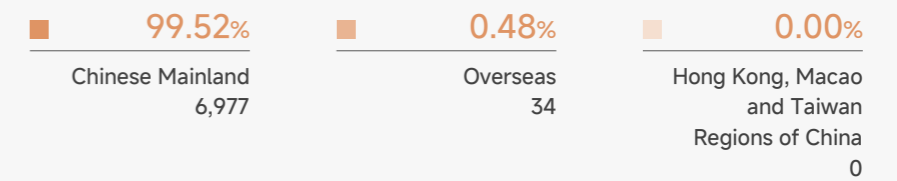
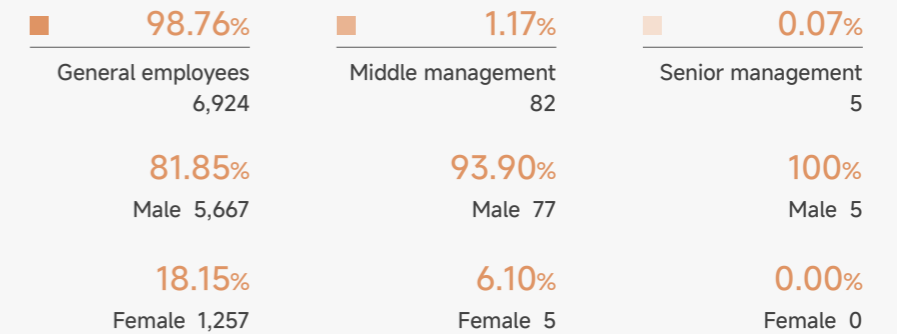
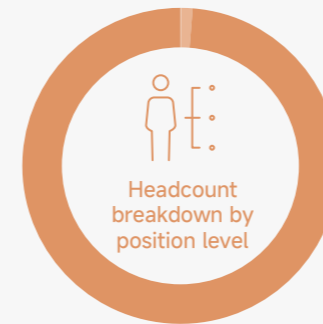
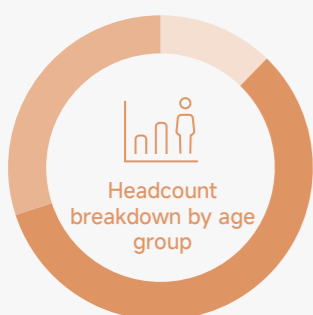
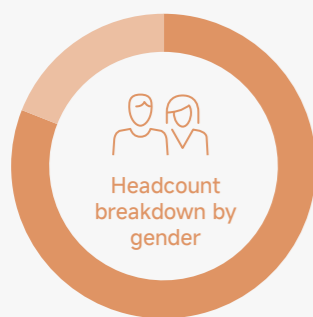
- **Prohibition of Child Labor:** The Company strictly verifies the identity information, age proof, and academic qualifications of applicants during the recruitment and onboarding process, preventing the use of child labour at the source.
- **Prohibition of Forced Labor:** The Company conducts full-process employment supervision to protect employees' legitimate rights and interests and firmly resists forced labour.

In 2025



**7,011**  
Total no. of full-time employees

**100%**  
% of social insurance covered



### Recruitment Channel Development

The Company has established diversified recruitment channels, including campus recruitment, online recruitment, university internships, and third-party agencies. It adopts comprehensive assessment methods such as behavioral interviews, structured interviews, and talent assessment tools to continuously improve the quality of talent acquisition.

To support high-quality and full employment of university graduates, the Company actively fulfills its social responsibility of stabilizing employment and continues to intensify its efforts in talent attraction.

During the Reporting Period



**164**  
Total campus job fairs participated in by the Company

**57**  
Spring job fairs

**107**  
Autumn job fairs



Doctoral recruitment event site



Central SOE recruitment event site



Campus recruitment presentation event site

In 2025



**423**  
Total number of new employee hires

New employee hires in 2025



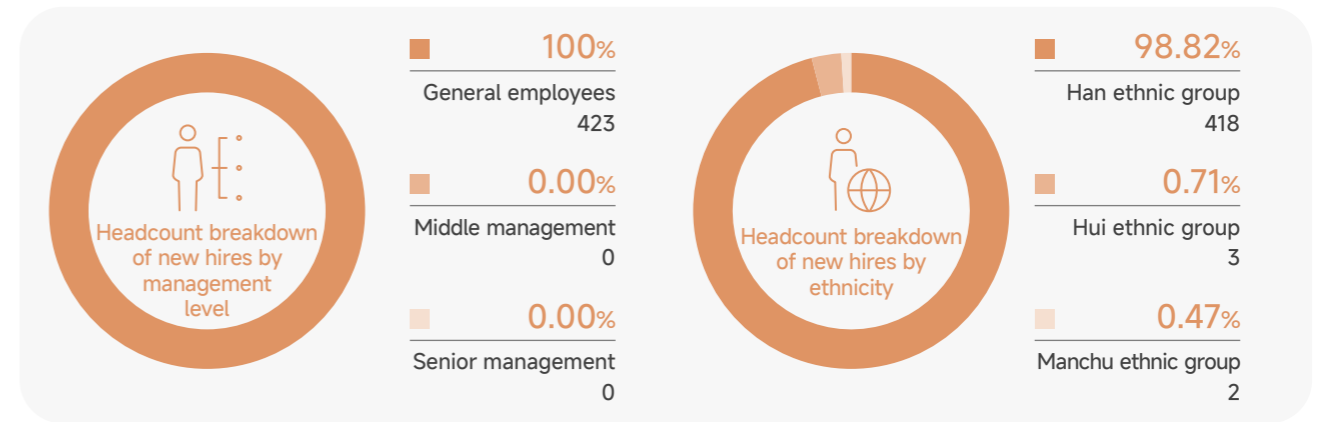
**77.54%**  
New male hires  
328

**22.46%**  
New female hires  
95



**84.40%**  
Campus hires  
357

**15.60%**  
Experienced hires  
66



### Diversity, Equity & Inclusion (DEI)

First Tractor integrates the concepts of diversity, equity, and inclusion into all aspects of talent attraction, recruitment, development, and daily management.

**Fair Recruitment:** The Company adheres to the principles of openness, fairness, and impartiality in recruitment and hiring, and does not discriminate against applicants based on gender, age, religious belief, disability, or other factors. In the formulation of recruitment policies and the release of recruitment information, the Company avoids requirements or language that may lead to discrimination, and provides specialized training to recruiters to prevent discriminatory practices during the recruitment process.



**97.12%**  
Han ethnic group  
6,809

**1.57%**  
Hui ethnic group  
110

**0.83%**  
Other ethnic minorities  
58

**Employment Placement for Persons with Disabilities:** The Company places persons with disabilities in employment in accordance with the requirements of national and local governments, with the placement ratio meeting the provisions of relevant laws and regulations.

**Protection of Women's Rights and Interests:** The Company applies equal standards for men and women in areas such as promotion, advancement, training, and professional title evaluation. The Company negotiates and signs the *Special Collective Contract for the Protection of Special Rights and Interests of Female Employees* with the trade union, implements labour protection for female employees during pregnancy, childbirth, and nursing periods, organizes regular gynecological examinations, and distributes monthly allowances for labour protection sanitary products.

#### The 6th Session of the 9th Female Employees' Congress and the "March 8th" International Women's Day Commemoration and Recognition Conference Held

During the Reporting Period, the Company convened the 6th Session of the 9th Female Employees' Congress and the "March 8th" International Women's Day Commemoration and Recognition Conference, recognizing advanced collectives and individuals in female employee work, summarizing the year's achievements, and clarifying that the next phase will focus on enhancing the professional competence, rights protection, physical and mental health safeguards, and organizational development of female employees. The Company will improve the mechanism for protecting the rights and interests of female employees in light of its actual business operations, supporting their participation in the Company's development.



Award ceremony site

In 2025



**1,327**  
Total no. of employees in STEM-related positions

**279**  
No. of female employees in STEM-related positions

**21.02%**  
% of women in STEM-related positions



## Development and Training

First Tractor adheres to the "Talent Strengthens the Enterprise" strategy and has established a talent development system covering the entire career lifecycle of employees. Through multi-channel career growth mechanisms and tiered, category-based training, the Company empowers employees to enhance their skills and advance their careers, achieving synergistic progress between employee value and corporate development.

### Employee Development

First Tractor has established an employee development system with overall coordination by the Human Resources Department and collaborative implementation by each subsidiary. The Human Resources Department is responsible for formulating multi-channel career growth mechanisms, organizing professional title qualification evaluations, and coordinating the development of skilled talent teams. Each subsidiary is responsible for the day-to-day training, on-the-job development, and recommendation and assessment of professional title candidates for its own employees, forming a collaboratively driven employee development working mechanism.

#### Vertical Development

In accordance with the *Guidelines for Establishing a Multi-Path Career Development System for Employees*, the Company has established a multi-path career development system covering both managerial and professional roles; it has also established a Multi-Path Management Committee to conduct comprehensive reviews and evaluations of employees' applications for promotion, taking into account their work capabilities, performance, and professional competence.

#### Management Track

Implemented in accordance with the Company's relevant regulations on cadre management.

#### Professional Multi-Channel Track

Comprising three categories: engineering technology, professional management, and skilled operations.

- Engineering Technology Track:** Centering on technological innovation and achievement transformation, the Company has built a development system for engineering technology talent. Positions include Chief Expert, First-Level Expert, Second-Level Expert, and Lead Engineer. The assessment focuses on employee capabilities and performance in areas such as product upgrading, technical improvement, and quality enhancement, with clear evaluation criteria for each level, providing a transparent basis for promotion for technical talent.
- Professional Management Track:** Centering on management improvement and value creation, the Company has built an appointment system for professional management talent. Positions include First-Level Expert, Second-Level Expert, and Lead Management Specialist. The assessment focuses on employee capabilities and effectiveness in areas such as management innovation, process optimization, and solving management challenges, with clear evaluation criteria for each level, providing a transparent basis for promotion for management talent.
- Skilled Operations Track:** Centering on skill enhancement and talent development, the Company has built an appointment system for skilled talent. Positions include Chief Technician and Lead Technician. During the Reporting Period, the Company completed the filing for the "New Eight-Level Skilled Worker" vocational skill grade recognition, establishing a career progression path of "Junior Worker - Intermediate Worker - Advanced Worker - Technician - Senior Technician - Lead Technician - Chief Technician." Through assessments of skill examinations, process improvements, and mentoring apprentices, clear skill criteria for each level are defined, providing a basis for promotion for skilled talent.

### Multi-Trade Vocational Skill Grade Recognition

During the Reporting Period, the Company conducted vocational skill grade recognition for 9 trades, including tractor assembly and testing workers and machining center operation and adjustment workers, through instruction provided by skill master studios and skill experts. A total of 268 employees participated in the training and recognition process.



Vocational skill grade recognition site 1



Vocational skill grade recognition site 2



Vocational skill grade recognition site 3

#### Horizontal Development

The Company supports internal mobility and cross-functional development of employees. Subsidiaries publish internal recruitment information based on their development needs. During the Reporting Period, a total of 8 internal recruitment exercises were carried out, resulting in the internal mobility of 41 employees.

#### Talent Retention

First Tractor places emphasis on building a young talent workforce. By improving onboarding orientation, personalized job matching, and full-cycle growth support mechanisms, the Company continuously enhances talent stability. For departing employees, the Company strengthens the collection and internal notification of employee departure information, and promotes subsidiaries to conduct exit interviews in a standardized manner, so as to keep abreast of employees' thoughts and concerns. For new hires, the Company implements a mentoring mechanism to help graduates clarify their career development paths and improve talent retention outcomes.

Indicator	Unit	2023	2024	2025
Total no. of employee turnover	no.	311	288	304
Employee turnover rate	%	4.43	4.17	4.36
<b>Turnover headcount breakdown by gender</b>				
Male	no.	205	217	228
Female	no.	106	71	76
<b>Turnover proportion breakdown by gender</b>				
Male	%	3.56	3.87	4.03
Female	%	8.4	5.48	5.79

Indicator	Unit	2023	2024	2025
<b>Turnover headcount breakdown by age group</b>				
30 years old and below	no.	58	29	42
30-50 years old (inclusive)	no.	112	91	81
Above 50 years old	no.	141	168	181
<b>Turnover proportion breakdown by age group</b>				
30 years old and below	%	9.75	4.91	5.71
30-50 years old (inclusive)	%	2.52	2.13	1.96
Above 50 years old	%	7.15	8.24	8.63
<b>Turnover headcount breakdown by region</b>				
Chinese Mainland	no.	311	288	304
Hong Kong, Macao and Taiwan Regions of China	no.	0	0	0
Overseas	no.	0	0	0
<b>Turnover proportion breakdown by region</b>				
Chinese Mainland	%	4.44	4.19	4.39
Hong Kong, Macao and Taiwan Regions of China	%	0.00	0.00	0.00
Overseas	%	0.00	0.00	0.00
<b>Turnover headcount breakdown by management level</b>				
Senior management	no.	0	0	0
Middle management	no.	0	0	0
General employees	no.	311	288	304
<b>Turnover proportion breakdown by management level</b>				
Senior management	%	/	0	0
Middle management	%	/	0	0
General employees	%	/	4.22	4.42

## Employee Training

The Company implements a tiered management system for training activities, with headquarters responsible for policy formulation and system development, and subsidiaries specifically responsible for the organization and implementation of employee training at the operational level. The Company has formulated policies including the *Measures for the Management of Education and Training Work*, the *Measures for the Provision and Use of Employee Education Funds*, the *Detailed Implementation Rules for the Management of Internal Trainers*, and the *Detailed Implementation Rules for Employee Participation in Training*, which standardize training responsibilities, workflows, fund utilization, internal trainer development, and curriculum development. Targeted training programs are provided in a tiered and category-based manner to various employee groups, including mid-level managers, engineering and technical talent, and skilled operational talent.

- Curriculum Design:** A tiered, category-based curriculum system covering leadership, professional, and general competencies has been established. Job-specific training maps are developed based on the career development stages of each job category, covering three major content areas: knowledge, skills, and attitudes. Curriculum development adopts three approaches: in-house development, external procurement, and secondary development, focusing on the Company's production and operational needs to ensure relevance and practicality.
- Internal Trainer Team Development and Training:** The entire process of internal trainer selection, appointment, and assessment has been standardized. Internal trainers are divided into professional and specialized categories, with clear application conditions and job responsibilities. An incentive and development mechanism for internal trainers has been established, giving priority to internal trainers for participation in training in their professional fields. Through dynamic assessment and subsidy incentives, the teaching and curriculum development capabilities of internal trainers are enhanced.

During the Reporting Period



The Company invested CNY **10.27 million** in education funds

Achieving **100%** employee training coverage

In 2025



**1,087**  
Total no. of employee training sessions

**31.51 hours**  
Average training hours per employee

**7,011**  
Total no. of trained employees

**45,126**  
Employee training attendances

**220,929 hours**  
Total training hours of employees

Trained headcount breakdown by management level

**5**  
Senior management

**82**  
Middle management

**6,924**  
General employees

Trained headcount breakdown by gender

Male

**5,678**  
Trained headcount

**189,999 hours**  
Training hours

**100%**  
Training proportion

**33.46 hours**  
Average training hours

Female

**1,333**  
Trained headcount

**30,930 hours**  
Training hours

**100%**  
Training proportion

**23.20 hours**  
Average training hours

### Digital Training Platform Development

The Company has built both internal and external digital training platforms. Internally, leveraging the "YTO Cloud" Training Center portal, it has uploaded learning resources such as micro-videos and courseware, and established an online employee training platform covering more than 20 trades and over 200,000 test questions, with an average of more than 3,000 employees participating in online learning each year. Externally, the Company conducts specialized training through Sinomach online learning platform.

### University-Enterprise Cooperation Training

The Company has jointly established "YTO Special Classes" with application-oriented undergraduate colleges and vocational institutions, adopting a customized talent cultivation model featuring "enterprise-university joint determination of curricula, joint construction of training bases, joint compilation of teaching materials, joint management of processes, and joint evaluation of talents." During the reporting period, the Company continued to expand the scope of partner institutions and the range of majors offered.



YTO Special Class 2025 Graduation Ceremony



## Employee Compensation and Benefits

First Tractor has established a compensation incentive system based on job value and oriented toward performance contribution. It continuously improves welfare protection and employee care mechanisms, listens to employee concerns through diversified communication channels, fosters a workplace atmosphere of respect, care, and shared progress, and effectively enhances employees' sense of gain, happiness, and belonging.

### Employee Compensation

First Tractor has established a compensation management system based on job value and oriented toward performance contribution, and has formulated policies including the Measures for the Management of Total Wage Bill and the Measures for Wage Payment, which clarify management requirements for total wage budget planning, wage payment, performance assessment, and other aspects. The Company incorporates ESG indicators such as environmental protection and safety into the performance assessment of all employees, sets differentiated assessment weights according to job levels, defines quantitative criteria, and directly links them to compensation.

#### Performance Assessment Mechanism

The Company has established a tiered, comprehensive performance appraisal system covering executives, middle management, and frontline employees. Based on the characteristics of different levels and positions, differentiated performance metrics are set to highlight key evaluation areas, ensuring that the appraisals accurately reflect job value and work performance. For the management teams of subordinate units, the Company implements end-to-end management centered on profitability, following a process of "annual goal setting - quarterly progress tracking - annual performance review and settlement," while adhering to a "one-company-one-policy" approach and differentiated evaluations; For middle managers in subsidiary units, the Company reinforces accountability and enhances management effectiveness by focusing on key tasks and critical performance indicators. For R&D personnel, reforms to the R&D system and incentive mechanisms encourage closer alignment with frontline operations and market needs, effectively stimulating innovation. For frontline employees, the emphasis is on actual work performance, efficiency, and quality, with a focus on process evaluation and results-oriented outcomes. At the same time, the company has further refined the performance-based commission system for marketing personnel and implemented special incentive measures, such as commissions for cost reduction and efficiency improvements, to encourage full participation, thereby establishing a multi-tiered, comprehensive incentive system.

### Employee Well-being

First Tractor continuously improves its employee care and cultural & sports activity system, enhancing employee happiness through mental health support and diverse cultural and sports activities.

#### YTO EAP (Employee Assistance Program)

The Company continues to carry out employee mental health support projects, providing psychological counseling and group guidance services to employees. During the Reporting Period, the Company provided 199 sessions of psychological counseling and organized 37 group activities with 158 participant attendances.

#### Cultural and Sports Activities

The Company continues to build a diversified platform for cultural and sports activities. By organizing employee art performances and hosting sports events such as table tennis, badminton, basketball, photography, speech contests, and shuttlecock kicking, the Company continuously enriches employees' after-work cultural life.



Basketball game site



Badminton match site



Company 70th anniversary gala site

## Employee Communication and Care

First Tractor has established and continuously improved mechanisms for democratic management and employee care. It safeguards employees' democratic rights through the Employees' Congress, conducts employee satisfaction surveys to continuously optimize communication and service systems, and has developed a multi-tiered support system to provide targeted assistance to employees in need.

#### Employee Satisfaction Survey

The Company revised the *Opinions on the Establishment of Model Employee Home Activities*, establishing an evaluation system comprising 7 major categories and 50 sub-items. Employee satisfaction surveys are conducted through random sampling to dynamically assess the effectiveness of trade union work. During the reporting period, a total of 415 employees participated in the satisfaction survey, achieving a satisfaction score of 97.28 points.

#### Support for Employees in Difficulty

The Company has formulated and implemented three policies, the *Measures for the Management and Use of the Warmth Fund*, the *Measures for the Management and Use of the Compassion Fund*, and the *Implementation Measures for the Mutual Assistance Fund*, establishing a regular mechanism to support employees in difficulty.



Pre-holiday sympathy payment site 1



Pre-holiday sympathy payment site 2

#### During the Reporting Period



**78**  
Employees assisted by the Compassion Fund

**18**  
Employees with profound difficulties

**60**  
Employees with moderate difficulties

**11**  
Employees receiving educational assistance

**10**  
Employees receiving medical assistance

**CNY 579,000**  
Cumulative assistance funds disbursed



## Occupational Health and Safety

First Tractor has consistently adhered to the principle of "safety first, prevention-oriented, and comprehensive management," placing the safety and well-being of its employees above all else. By establishing a systematic occupational health and safety management system, strengthening risk prevention and control as well as hazard identification, and deepening the development of a safety culture, the Company is fully committed to creating a safe, healthy, and harmonious work environment, thereby building a robust safety barrier to protect its employees.

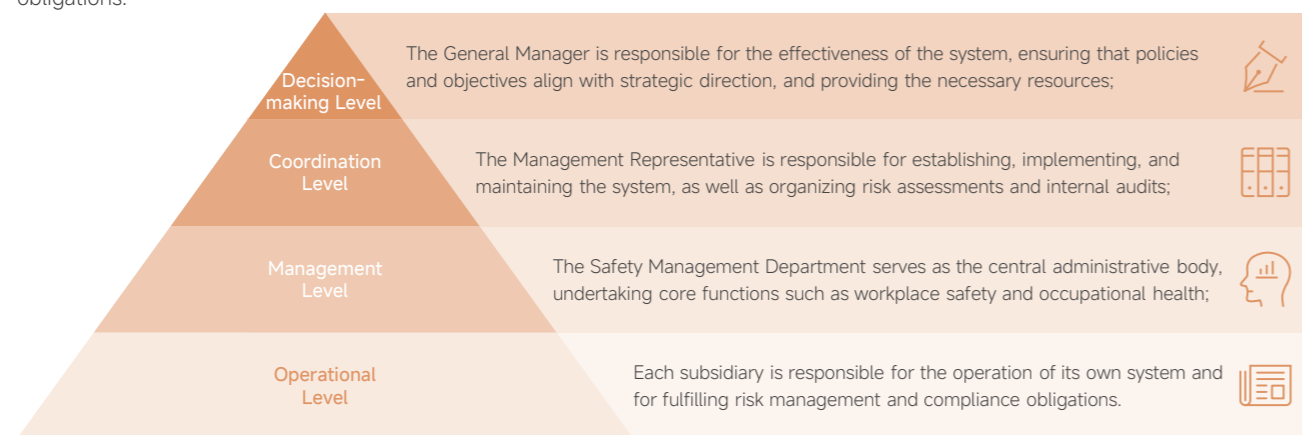
### Occupational Health and Safety Management System

First Tractor has established and continuously improved its occupational health and safety management system, revised and published the seventh edition of the *Environment/Occupational Health and Safety Management Manual*, and improved the institutional framework. During the Reporting Period, the Company and its three subsidiaries (YTO Flag, Casting and Forging Company, and Yangdong Co., Ltd.) obtained ISO 45001:2018 Occupational Health and Safety Management System certification.



ISO 45001:2018 Occupational Health and Safety Management System Certificate

The Company has established a four-tier occupational health and safety management framework comprising "decision-making, coordination, management, and execution." The General Manager bears overall responsibility for the effectiveness of the system; the Management Representative is responsible for system operation and audits; the Safety Management Department performs core functions such as workplace safety and occupational health; and each subsidiary is responsible for risk management and compliance obligations.



Four-Tier Occupational Health and Safety Management Framework

#### Occupational Health and Safety Objectives

First Tractor establishes annual occupational health and safety objectives and strictly implements process controls and performance evaluations.

#### Annual targets

The Company has set targets of fewer than 10 minor injury incidents, a 0% occupational disease incidence rate, and zero fatalities or serious injury incidents.

#### Performance

During the Reporting Period, the Company recorded 3 minor injury incidents (involving 3 individuals), a 0% occupational disease incidence rate, and zero fatalities or serious injury incidents. All safety indicators were maintained within the target ranges.

Indicator	Unit	2023	2024	2025
Total no. of OHS training sessions	no.	110	139	151
OHS training attendances	no.	19,583	32,510	33,963
<b>OHS training coverage rate</b>				
Employees	%	100	100	100
Contractors	%	100	100	100
<b>Total OHS training hours</b>				
Employees	hours	261,858.00	290,640.00	257,696.00
Contractors	hours	6,424.00	10,240.00	14,872.00
<b>Total No. of employees trained in OHS</b>				
Employees	no.	6,891	6,920	6,604
Contractors	no.	803	1,280	1,859
<b>Average OHS training hours per employee</b>				
Employees	hours	38.00	42.00	39
Contractors	hours	8.00	8.00	8

### Occupational Disease Prevention

First Tractor strictly complies with laws and regulations such as the Law on the Prevention and Control of Occupational Diseases of China. We have established a mechanism for identifying occupational hazard factors and assessing related risks. In line with dynamic changes in production processes and worksite conditions, we conduct self-inspections of occupational disease prevention responsibilities to ensure the standardized operation of occupational health management.

#### Risk Classification and Control

Based on the annual occupational hazard detection and evaluation results as well as employee occupational health examinations, we carry out occupational disease risk assessment and implement classified control. This process clarifies the risk levels of each subsidiary and enables differentiated supervision.

#### Occupational Health Examinations

During the Reporting Period, occupational health examinations were completed for 1,483 employees engaged in operations with occupational hazard exposure. Both the planned completion rate and the on-duty examination rate reached 100%. There were no new confirmed cases of occupational diseases throughout the year.

#### Hidden Hazard Investigation and Protection

During the Reporting Period, all employees found unfit to continue working in positions with occupational disease risks based on examination results were transferred to safe and suitable positions. A total of 883 warning signs, 266 notification cards, and 27 bulletin boards were installed at worksites. A specialized self-inspection on personal protective equipment was conducted, leading to the investigation and rectification of 125 potential hazards, achieving a 100% rectification rate.

	2023	2024	2025
No. of occupational disease cases	0	0	0
Occupational disease incidence rate	0	0	0
Occupational hazard physical exam rate	100	100	100

## Work Safety

First Tractor strictly complies with laws and regulations such as the Law of the People's Republic of China on Work Safety and the Law on the Prevention and Control of Occupational Diseases of China. The Company implements relevant internal regulations including the *Safety Management System for Construction Projects*, the *Production Safety Risk Management and Control System*, and the *Management Rules for Safety Protection Facilities*. A comprehensive safety management system covering all employees and the entire work process has been established. The Company has formulated the All-Employee Production Safety Responsibility System along with corresponding assessment standards. This system clarifies detailed responsibility lists for production safety at all levels, from Chairman, and General Manager, to the Safety Director, responsible leaders, various departments, workshop teams, and down to front-line employees. Economic penalties are imposed for inadequate fulfillment of responsibilities, and liabilities are pursued in accordance with laws and regulations in the event of fatal production safety accidents.

The Company has refined a three-tier "Decision-making, Management, Execution" production safety management structure. At the decision-making level, the Safety and Fire Prevention Committee serves as the highest decision-making body for production safety. Chaired by Chairman, with leaders responsible for production safety and fire & traffic safety serving as Deputy Chairs, it oversees major production safety matters. At the management level, the Safety Management Department performs the centralized management function for production safety, acts as the office of the Safety and Fire Prevention Committee, and is responsible for comprehensive safety supervision. The execution level relies on a five-tier management framework encompassing the Company, its subsidiaries, workshops (sections), teams, and individual employees. Safety objectives are decomposed level by level, and operational procedures as well as on-site management requirements are implemented at each post.

### Three-tier Production Safety Management Structure

#### Top Decision-Making Level

The Safety and Fire Prevention Committee serves as the highest decision-making body, with the Chairman of the Board acting as its Chairperson, and the leaders in charge of production safety, fire safety and traffic safety serving as Deputy Chairpersons, overseeing major matters related to work safety.

#### Management Level

The Safety Management Department is the centralized management department for production safety. It fulfills the function of the Committee's office and is responsible for the comprehensive management of production safety.

#### Execution Level

Workshops (sections), teams, and individual employees decompose safety objectives level by level and implement operational procedures as well as on-site management requirements at their respective posts.

Indicator	Unit	2023	2024	2025
Work safety investment	CNY 10,000	/	1,189.07	2,029.87
Ratio of work safety investment to revenue	%	/	0.11	0.19
Work safety liability insurance investment	CNY 10,000	1.92	1.88	18.19
Coverage rate of work safety liability insurance	%	16.53	17.70	100
Work-related Injury Insurance investment	CNY 10,000	451.57	420.66	583.99
Work-related Injury Insurance coverage rate	%	100	100	100
No. of work safety accidents	no.	5	0	3
No. of work-related fatalities	no.	0	0	0
Work-related fatality rate	%	0	0	0
No. of work injury cases	no.	5	0	3
Number of workdays lost due to work injury	no.	364	0	179
Lost time injury frequency rate (LTIFR) for employees	per 1M hours	35.10	0	20.80

## Investigation and Management of Hidden Safety Hazards

First Tractor has established a mechanism for investigating and managing hidden safety hazards based on "hierarchical management, line-specific responsibility, and category-based supervision," achieving closed-loop management from hazard identification to rectification. The Company formulates a safety inspection plan covering 21 specific items across four major categories: professional, holiday-specific, routine, and seasonal. During the Reporting Period, 53 safety inspections across five major categories were organized and conducted. The rectification completion rate for identified accident hazards reached 100%, with no major accident hazards identified. Monthly verification reviews of the hazard investigation and rectification status of each subsidiary are conducted to check the effectiveness of corrective actions, ensuring a 100% closure rate and preventing the recurrence of hazards.

The Company advances specialized investigation and management initiatives and the development of a dual prevention mechanism. The dual prevention mechanism has been incorporated into the important agenda of the Safety and Fire Prevention Committee. Efforts are deepened to identify hazardous factors at significant risk points, with annual key risk points determined and publicly announced. Starting from raw materials, production processes, equipment and facilities, and the working environment, a bottom-up, company-wide, and whole-process re-identification of safety risks is carried out, establishing lists for risk identification, assessment, and control responsibilities.

### Specialized Inspection on Hazardous Chemicals

The Company organized a specialized campaign for hazardous chemical safety

Completing **17** hazard rectifications

4 identified through company supervision and 13 through subsidiary self-inspections

### Safety Inspections during Critical Periods

The Company focused on key holidays such as the Spring Festival and National Day, as well as major event periods, deploying specialized safety inspections in advance. This strengthened risk prediction and the closed-loop management of hazards, ensuring stable production safety conditions during these critical times.

## Safety Emergency Management

First Tractor has improved its emergency management system in accordance with the *Management Measures for Production Safety Accident Emergency Plans*, clarifying management responsibilities and information reporting mechanisms. During the Reporting Period, all subsidiaries comprehensively revised 120 emergency plans, covering comprehensive, specialized, and on-site response plans. They conducted 207 emergency drills, involving 71 workshops/departments and 3,765 personnel, with dynamic evaluation and improvement of drill effectiveness. Specialized integrity checks were performed on 39 types of emergency rescue equipment and materials to ensure their immediate availability, continuously enhancing the capability to respond to emergencies.

### Fire Emergency Drill

During the Reporting Period, the Safety Management Department organized a fire emergency drill. It simulated a fire incident in an office building and organized the orderly evacuation of personnel. Concurrently, practical training on the operation of firefighting facilities was conducted to enhance employees' self-protection and rescue capabilities and to strengthen the emergency response system.



On-site photo of the fire emergency drill

### Flood Prevention Emergency Response and Specialized Training



During the Reporting Period, the Company initiated emergency flood prevention response measures for the torrential rain weather in the flood season. We mobilized over 400 personnel to engage in flood prevention and emergency rescue work. The activities included repairing and cleaning 350,000 square meters of factory building roofs, dredging more than 800 meters of drainage pipes and over 1,000 sewage well inlets, rectifying 12 areas with severe water accumulation, and installing various warning signs and protective facilities. The Company organized specialized training on water-related projects for key flood prevention personnel and conducted a 3-kilometer rapid march exercise for the core emergency flood response team to enhance their emergency handling capabilities.



On-site photos of the flood prevention emergency response and specialized training

### Safety Management of Related Parties

First Tractor has established a safety management system covering all related parties, including suppliers, contractors, and logistics service providers, implementing safety controls throughout the entire process.

#### Access and Agreement Management

The Company strictly reviews the business licenses, production safety permits, special operation certificates, and other qualifications of related parties, ensuring 100% coverage of access reviews. Safety production management agreements are signed with all related parties, clearly defining the safety responsibilities and assessment requirements for both sides.

#### Classification and Process Control

Based on factors such as business type, fire risk, and equipment usage, leased and contracted companies are categorized into high, medium, and low risk levels, with differentiated inspection frequencies applied accordingly. High-risk companies are inspected no less than once per month, medium-risk companies once per quarter, and low-risk companies once every six months. For companies undertaking construction or process outsourcing, the Company rigorously reviews construction plans, safety measures, and personnel qualifications. Three-level safety education is enforced, and certification is mandatory for personnel performing special operations.

#### Training and Emergency Management

Related parties are incorporated into the Company's unified production safety management system. They receive on-site safety training and risk briefings upon entry, participate in emergency drills, achieving full coverage of training and education. Operations with high risks are managed through a work permit approval system, and the identification and rectification of hidden hazards follow a closed-loop process.

### Safety Culture Development

First Tractor carries out various activities such as specialized safety training and safety awareness campaigns targeting all in-service employees and related parties, aiming to enhance safety awareness across all levels and strengthen grassroots safety management capabilities.

During the Reporting Period



Solidifying the foundation of grassroots safety management

**151**  
safety training sessions organized by the Company and its subsidiaries

**33,963**  
employee training attendances

**100%**  
employee participation rate in safety training

**174**  
senior managers and safety officers completed specialized training

**52**  
workshop directors completed specialized training

**99**  
team leaders completed specialized training

### Special Lecture on the "Production Safety Lecture Hall"



During the Reporting Period, the Company organized a specialized "Safety Lecture Hall" training session. Chairman Zhao Weilin delivered a lecture titled "Firmly Establishing the Concept of Safety Development and Compacting Production Safety Responsibilities." The lecture systematically interpreted regulatory requirements such as the Criteria for Determining Major Accident Hazards in Industrial and Trade Enterprises, conveyed important directives on production safety from higher authorities, and conducted warning education by combining typical accident cases from Luoyang City and within the Company.



In his lecture, Chairman Zhao Weilin emphasized that 2025, as a critical juncture marking the conclusion of the "14th Five-Year Plan" and the planning for the "15th Five-Year Plan," sees production safety as the "red line" and "bottom line" for corporate development. Focusing on six aspects, including strictly implementing primary responsibility and strengthening foundational grassroots development, the Company made specific arrangements for the next phase of production safety work. All units are required to continuously enhance the effectiveness of safety management, accelerate equipment renewal and process improvement, introduce and cultivate professional safety talents, and elevate the intrinsic safety level through technological empowerment and talent support.

# 05

## Fulfilling Responsibilities to Empower Shared Development

First Tractor courageously shoulders the mission of the times, integrating the concept of sustainable development throughout its supply chain management and philanthropic practices. We are committed to building a responsible supply chain through a transparent and standardized procurement system and giving back to society and people's livelihoods with genuine and substantive support actions. Together with our partners, we strive to create a better future characterized by the synergistic development of the economy, society, and the environment.

### ESG Issues

Sustainable Supply Chain

Data Security and Privacy

Philanthropy and Volunteering

Rural Revitalization

### United Nations Sustainable Development Goals (SDGs)





## Sustainable Supply Chain

First Tractor deeply integrates Environmental, Social, and Governance (ESG) requirements into the entire lifecycle management of suppliers. By establishing a transparent and standardized supplier management system, strengthening ESG risk prevention and control within the supply chain, and empowering partners in their green transformation, we collaborate with upstream and downstream enterprises to jointly build a sustainable and resilient supply chain ecosystem.

### Supply Chain Management

First Tractor has established a supplier management system covering the entire cycle of sourcing, qualification, evaluation, and elimination. Regulations such as the *Supplier Management Measures*, the *Management Measures for Procurement of Production Materials*, and the *Procurement Contract Management Measures* have been formulated. A unified procurement platform has been built to implement standardized and centralized management of suppliers.

The Company has established mechanisms for supplier introduction and elimination, continuously optimizing the structure of the supplier base and strengthening ESG management in the supply chain.

#### Supplier Qualification Management and Requirements

Relying on the "National Certification and Accreditation Information Public Service Platform" of the State Administration for Market Regulation, the Company verifies suppliers' certification qualifications for Quality Management Systems, Environmental Management Systems, and Occupational Health and Safety Management Systems. Suppliers without relevant certifications are not granted access.

The Company mandates that key category suppliers, such as those in casting, forging, welding, and painting, must obtain environmental management system certification. During the Reporting Period, **13** new suppliers obtained such certification, bringing the cumulative total of suppliers recognized as "Green Factories" to **25**.

#### Supplier Compliance and Business Ethics Management

The Company signs the *Compliance Operation Agreements*, the *Integrity Agreements*, and the *Quality Assurance Agreements with suppliers*, clearly defining management requirements for quality, environmental protection, safety, ethical conduct, and product warranty respectively. During the Reporting Period, the signing rate for these supplier agreements reached **100%**.

The Company has established a supply chain risk early-warning mechanism. It conducts quarterly assessments of suppliers' legal and credit risks and implements preventive measures accordingly. During the Reporting Period, the number of supply chain risk incidents was **0**.

#### Supplier Process Audit and Dynamic Evaluation

The Company maintains performance records for suppliers. It conducts quarterly multi-dimensional comprehensive evaluations focusing on core indicators such as delivery acceptance rate, quality improvement, and delivery accuracy. Based on the evaluation results, dynamic adjustments and elimination of suppliers are implemented.

The Company requires purchasing subsidiaries to formulate second-party audit plans. Audits cover areas including green production, green recycling, and green logistics. During the Reporting Period, on-site audits were completed for **61** suppliers.

Indicator	Unit	2023	2024	2025
Total No. of suppliers	no.	734	626	630
% of suppliers in Chinese mainland	%	98.77	100	99.05
% of suppliers in Hong Kong, Macao, Taiwan or Overseas	%	1.23	0	0.95
No. of anti-corruption training sessions for supplier	no.	/	/	12
Anti-corruption training supplier coverage rate	%	/	/	93.31
Supplier integrity agreement signing rate	%	/	100	100

### Supplier Capability Enhancement

The Company systematically advances supplier capability building, focusing on the two key dimensions of "Green Transformation" and "Quality."

#### Building Supplier Green Capabilities

The Company has established a green sharing platform to collect and promote excellent green production practice cases from suppliers, compiling the *Compendium of Typical Green Production Cases*. It organizes specialized green and environmental protection training for suppliers, guiding them to apply energy-saving and emission-reduction technologies, optimize logistics networks, and utilize clean energy and efficient transportation vehicles, thereby promoting collaborative carbon reduction and efficiency improvements across the supply chain.

#### Building Supplier Product Quality Capabilities

The Company organizes specialized quality exchange and improvement initiatives for suppliers, driving continuous enhancement of supplier product quality levels. During the Reporting Period, the YTO Diesel Engine conducted over **30** quality exchanges and improvement sessions focusing on core components such as turbochargers and EGR valves. Through process improvements, the Quality PPM (Parts Per Million defect rate) was improved by 43.27% year-on-year. The Medium and Small Tractor Company collaborated with suppliers to establish sealing inspection standards, including the cab smoke test and water spray test, exchanged improvement experiences, and contributed to a **35%** increase in the first-time pass rate for cab sealing inspections.

In 2025

**84** hours  
Total supplier training hours

**52**  
Total no. of supplier training sessions

**883**  
No. of suppliers participating in training

### Localization of Components

The Company continuously advances the localization of imported components by increasing R&D investment and deepening strategic cooperation with domestic suppliers. During the Reporting Period, the Company completed the localization of 95 types of components. Major imported component types have been largely localized, effectively reducing reliance on single import sources and strengthening resilience against risks arising from changes in the international trade environment.

### Equal Treatment of Small and Medium-sized Enterprises (SMEs)

First Tractor adheres to the principles of fairness and impartiality, improves cooperation mechanisms with SMEs, and carries out technical assistance and payment security efforts.



#### On-site Support for Suppliers

During the Reporting Period, the Company provided on-site support to **135** suppliers, focusing on enhancing their technical, quality, and process assurance capabilities. Among them, **58** were SMEs within Henan Province.



#### Ensuring Payments to SMEs

The Company strictly implements the *Regulations on Guaranteeing Payments to Small and Medium-sized Enterprises* and optimizes payment methods in procurement contracts for production materials. During the Reporting Period, the Company had no overdue payments to SMEs.



## Data Security and Privacy

First Tractor places high importance on data security and privacy protection. We have established an information security management system covering the entire data lifecycle, adhering to the principles of legality, legitimacy, and necessity. We strengthen technical protections and institutional safeguards to ensure the security of user and employee personal information, thereby building a solid security foundation for the Company's digital transformation.

### Data Security

First Tractor has established an information security management system for the entire data lifecycle. It clarifies security responsibilities, improves institutional processes, strengthens risk prevention and control, and safeguards data security. The Company designates the legal representative as the primary person responsible for information security, and department heads as the directly responsible persons for their respective departments, incorporating the fulfillment of these duties into performance assessments. Management systems have been formulated covering data classification and grading, data access approval, and information security incident response, spanning the entire process of data collection, storage, use, transmission, and destruction. Information security and confidentiality agreements are signed with key suppliers, clearly defining data processing responsibilities. The Company set the goal of having no cybersecurity, information security, or data loss incidents, which was achieved during the Reporting Period.

#### Risk Identification and Prevention

The Company has established an information security risk assessment mechanism to evaluate the confidentiality, integrity, and availability of assets. Risks assessed as medium level or above are 100% incorporated into disposal management. Classification and grading of data assets have been completed, identifying three categories of important data: user personal information, business operation data, and financial data. Encryption systems have been deployed to monitor and block the external transmission of sensitive data. The principle of least privilege is implemented for database and network access, and access permissions are controlled through devices such as VPNs and internet behavior management systems.

### Cybersecurity Training and Emergency Management

The Company continuously strengthens cybersecurity management, enhances employee security awareness and emergency response capabilities, and ensures the stable operation of information systems. It has established a cybersecurity training and emergency management mechanism and formulated the *Contingency Plan for Network and Information Security Emergencies*. During the Reporting Period, the Company organized **one** emergency drill to improve employees' ability to respond to sudden cybersecurity incidents.

The Company has built a cybersecurity training system covering all employees. Through awareness campaigns, skill training, and practical drills, it continuously elevates employees' cybersecurity proficiency. During the Reporting Period, the Company participated in a series of cybersecurity training sessions organized by Sinomach, with a cumulative attendance of **53** person-times. The training covered key areas such as social engineering attack and defense, supply chain security, data leakage prevention, and cloud platform attack and defense.

#### "Data Security Shield" Emergency Drill



During the Reporting Period, the Company participated in the "Data Security Shield" emergency drill organized by the industry and information technology authorities. Using a practical simulation approach, typical work scenarios were selected to simulate the entire process of handling a data security incident. All emergency response teams cooperated and followed the process of "Discovery - Analysis - Warning - Response - Summary." This exercise tested the capability to handle data security incidents, verified the rationality and operability of the contingency plan, identified weak points in protection, and provided a basis for subsequent risk prevention and control.

Discovery

Analysis

Warning

Response

Summary

## Privacy Protection

First Tractor has established a personal information privacy protection management system covering the entire lifecycle and formulated the *Personal Information Protection Management Measures*, clarifying the basic principles and compliance requirements for personal information processing. The Information Center coordinates privacy protection work, business system owners bear primary responsibility for the security of personal information within their systems, and the Audit and Legal Department provides legal support, ensuring clear division of responsibilities. During the Reporting Period, no network information security or data loss incidents occurred, achieving the annual target.

#### 01 Collection Stage

Adhering to the principles of clear purpose and data minimization, inform the personal information subjects of the processing rules and obtain their authorized consent; written separate consent must be obtained for collecting sensitive personal information.



#### 02 Transmission Stage

Implement security measures such as encryption during the transmission of personal information to ensure transmission security.



#### 03 Storage Stage

De-identify personal information; encrypt the storage of sensitive personal information; store personal biometric information separately from identity information.



#### 06 Destruction Stage

Promptly delete or anonymize personal information upon expiration of the storage period or achievement of the processing purpose.



#### 05 Sharing/Transfer Stage

Conduct a Personal Information Security Impact Assessment; inform the individual about the recipient's information and obtain separate consent; clarify the responsibilities and obligations of both parties through contracts and supervise the third party's processing activities.



#### 04 Use Stage

Implement a least-privilege access control policy; retain logs of operations involving sensitive information; perform data desensitization when displaying pages involving personal information.

End-to-end privacy protection measures

Indicator	Unit	2023	2024	2025
Amount involved in data security incidents	CNY 10,000	0	0	0
Amount involved in data leakage incidents	CNY 10,000	0	0	0

# Social Philanthropy and Rural Revitalization

First Tractor actively fulfills its social responsibilities as a central state-owned enterprise, integrates social philanthropy and rural revitalization into the very fabric of its corporate development. Leveraging its industrial strengths and volunteer resources, the Company consistently carries out public welfare activities such as targeted assistance, community service, and disaster relief, giving back to society through concrete actions and contributing to the modernization of agriculture and rural development.

## Philanthropy and Volunteering

First Tractor continuously carries out the "Little Red Cap on Site" volunteer service project, organizing young volunteers to conduct public service activities on production frontlines, in employee communities, and in rural areas.

**Production Public Service**

During the spring ploughing season, the Company organized close to one hundred intensive production support campaigns, with volunteer participation exceeding one thousand person-times. Volunteers assisted in assembling and disassembling components, performing urgent equipment repairs, and optimizing production lines, effectively ensuring the high-quality delivery of YTO agricultural machinery.

**Community Public Service**

The Company carried out the "Walking Alongside Lei Feng" thematic event, offering services such as free haircuts, appliance repairs, and health consultation clinics for employees and their families, benefiting over 300 individuals in a single day. Youth league organizations at all levels regularly conducted more than 70 activities, including community environment beautification and the recycling of waste materials. They also provided regular in-home assistance to the families of employees on external marketing assignments, addressing practical difficulties such as elderly care and childcare.

**Rural Public Service**

The Company organized over a hundred young volunteers to conduct three months of field research in major agricultural provinces such as Heilongjiang and Henan. They visited more than 800 farming households and agricultural machinery cooperatives, gathering frontline needs, providing on-site guidance for machinery operation and maintenance, and offering precise direction for product research and development.



On-site photo of the "Walking Alongside Lei Feng" thematic event

	2023	2024	2025
No. of employee participations in public welfare activities (person-times)	920	950	937
Hours of employee participation in public welfare activities (hours)	1,800	1,900	2,100

## Rural Revitalization

First Tractor implements national rural revitalization requirements by establishing a Rural Revitalization Leading Group, clarifying responsibilities and division of labor, and coordinating assistance efforts. Based on the actual needs of the supported regions, the Company implements assistance projects in areas such as specialty industries, education and training, infrastructure, cultural revitalization, and harmonious, beautiful villages. It advances the implementation of rural revitalization work through an assistance model of "planning-led, industry-driven, agricultural machinery-empowered, and talent-supported" development.

### Agricultural Machinery Empowerment Assistance Project in Huaibin County

During the Reporting Period, aligning with the agricultural development needs of Huaibin County, First Tractor leveraged its strengths in the agricultural machinery equipment sector. Building upon the two comprehensive agricultural service centers established with its assistance in 2024, the Company carried out agricultural machinery empowerment and support initiatives. These efforts assisted in integrating agricultural and machinery resources, enhancing the mechanized operation capacity and service coverage of the agricultural service centers.

**Liuwei Village Agricultural Service Center, Sankongqiao Township, Huaibin County**

The Liuwei Village Agricultural Service Center commenced operations in May 2024. It includes an 800m<sup>2</sup> machinery and tool storage shed, a 100m<sup>2</sup> training room, and is equipped with 27 sets of agricultural machinery for plowing, planting, protection, and harvesting. Operating under the model of "Village Collective + Service Center + Professional Manager + Machinery Operators + Socialized Services," the center completed 18,600 mu of entrusted agricultural production operations in 2025, serving over 1,600 farming households, including more than 410 households that had been lifted out of poverty or were under monitoring. It achieved an average reduction of 20% in agricultural production costs, increased village collective economic income by 195,000 CNY, and promoted the transformation of agricultural production from fragmented operations to scale, intensification, and higher efficiency.

**Wangdian Township Agricultural Service Center, Huaibin County**

The Wangdian Township Agricultural Service Center commenced operations in 2023. Operating under the model of "Platform Company + Agricultural Service Center + Machinery Operators + Socialized Services," it has established a one-stop agricultural service platform covering agricultural supply provision, machinery operations, technology integration, storage and logistics, and agricultural product marketing. The center is equipped with a seedling nursery factory, grain drying facilities, and various types of agricultural machinery. It has formed a professional operations team and, through the smart agriculture management platform assisted by First Tractor, provides free monitoring, guidance, and training services to farming entities. In 2025, it provided full-process services for cultivating, managing, and harvesting crops across over 70,000 mu, reducing agricultural production costs by 86 CNY per mu, and benefiting more than 700 farming households, including over 240 households that had been lifted out of poverty or were under monitoring. The center has elevated the local level of agricultural production mechanization, establishing itself as a regional demonstration base for full-process mechanized and smart agriculture.

	2023	2024	2025
No. of beneficiaries on rural revitalization (no.)	2,130	3,295	6,228
Total expenditure on rural revitalization (CNY 10,000)	26.4	30.36	52

## Appendix I: Performance Metrics

Indicator <sup>12</sup>	Unit	2023	2024	2025
Revenue	CNY 10,000	1,152,816.08	1,190,437.09	1,082,259.12
<b>Corporate Governance</b>				
Total no. of directors	no.	8	9	9
Female directors	no. (%)	0 (0)	1 (11.11)	1 (11.11)
Male directors	no. (%)	8 (100)	8 (88.89)	8 (88.89)
% of independent directors	%	37.50	44.44	33.33
% of non-independent directors	%	62.50	55.56	66.67
% of external directors	%	75.00	77.78	66.67
No. of directors with doctoral degrees	no.	2	3	3
% of directors with doctoral degrees	%	25.00	33.33	33.33
No. of directors with master's degrees	no.	4	3	3
% of directors with master's degrees	%	50.00	33.33	33.33
No. of directors with bachelor's degrees or below	no.	2	3	3
% of directors with bachelor's degrees or below	%	25.00	33.33	33.33
Average tenure of board members	years	2.24	2.03	1.77
No. of shareholders' meetings held	no.	3	6	6
Directors' attendance rate	%	/	88.89	91.84
<b>Business Ethics</b>				
Total training hours on business ethics	hours	418	246	288
Total no. of participants in business ethics training	no.	/	/	3,928
Directors	no.	/	/	9
Senior management	no.	/	/	5
Middle management	no.	/	/	82
General employees	no.	/	/	3,832
Business ethics training coverage ratio	%	/	/	56.03
Directors	%	/	/	100
Senior management	%	/	/	100
Middle management	%	/	/	100
General employees	%	/	/	55.34
Total no. of concluded corruption litigation cases	no.	1	0	0
No. of persons involved in corruption litigation cases	no.	1	0	0

12. Figures are rounded to two decimal places. Any discrepancy between the sum of individual percentages and 100% is due to rounding. Such discrepancy does not affect the authenticity and accuracy of the data.

Indicator	Unit	2023	2024	2025
<b>Risk Management</b>				
No. of material or significant internal control deficiencies	no.	0	0	0
<b>Innovation and R&amp;D</b>				
R&D investment	CNY 10,000	46,134.44	51,637.78	54,937.47
% of R&D investment to revenue	%	4.00	4.34	5.08
No. of R&D personnel	no.	1,093	1,124	1,292
% of R&D personnel	%	15.94	16.24	18.43
<b>Intellectual Property</b>				
No. of patent applications	no.	/	93	112
Invention patents	no.	/	50	75
Utility model patents	no.	/	38	24
Design patents	no.	/	5	13
No. of granted patents	no.	54	123	92
Granted invention patents	no.	/	66	42
Granted utility model patents	no.	/	53	38
Granted appearance design patents	no.	/	4	12
Number of valid patents <sup>13</sup>	no.	105	155	196
No. of invention patents applied in core business	no.	105	155	196
<b>Product Quality</b>				
Pass rate of products	%	100	100	100
Major quality accidents	no.	0	0	0
Amount of impact and damage caused	CNY	0	0	0
<b>End-user and Customers</b>				
Product recall ratio	%	0	0	0
No. of product recalls	no.	0	0	0
Quantity of sold or delivered products recalled due to quality, safety and health issues	no.	0	0	0
% of total sold or delivered products subject to mandatory recall for safety and health reasons	%	0	0	0
Customer complaint resolution rate	no.	100	100	100
Customer satisfaction	%	92.90	92.30	93.50
<b>Environmental Compliance</b>				
Environmental protection expenditure <sup>14</sup>	CNY 10,000	/	/	4,445.10
Amount of major administrative penalties imposed by ecological and environmental authorities due to internal environmental incidents	CNY 10,000	0	0	0

13. The calculation methodology for this indicator has been adjusted for the current year, and historical data has been updated accordingly.

14. The statistical definition of this indicator has been revised for the current reporting year, and historical data have been removed as a result.

Indicator	Unit	2023	2024	2025
<b>Wastewater Discharge</b>				
Total wastewater discharge	tonnes	158,184.00	99,725.97	96,804.98
Chemical Oxygen Demand (COD)	tonnes	/	25.56	24.64
Ammonia Nitrogen (NH <sub>3</sub> -N)	tonnes	/	2.62	2.55
<b>Air emissions</b>				
Total air emissions	tonnes	78.53	98.13	76.55
Nitrogen Oxides (NO <sub>x</sub> )	tonnes	13.57	18.06	13.20
Sulfur Oxides (SO <sub>x</sub> )	tonnes	3.17	2.12	2.25
Particulate Matter (PM)	tonnes	32.29	44.76	38.72
Volatile Organic Compounds (VOCs)	tonnes	29.51	33.20	22.38
<b>Waste<sup>15</sup></b>				
Non-hazardous waste produced	tonnes	/	77,460.98	80,718.64
Non-hazardous waste produced intensity	tonnes/revenue CNY 10,000	/	0.07	0.07
Non-hazardous waste disposed	tonnes	63,200.17	0	0
Non-hazardous waste utilized	tonnes	/	77,460.98	80,718.64
Non-hazardous waste utilization rate <sup>16</sup>	%	/	100	100
Hazardous waste produced	tonnes	/	1,104.60	1,199.77
Water treatment sludge	tonnes	/	/	459.64
Grinding sludge	tonnes	/	/	167.58
Waste mineral oil	tonnes	/	/	120.12
Waste emulsion	tonnes	/	/	107.08
Other hazardous waste	tonnes	/	/	345.35
Hazardous waste intensity	tonnes/revenue CNY 10,000	/	0.001	0.001
Hazardous waste utilized and disposed	tonnes	952.64	1,123.40	1,144.16
<b>Energy Management</b>				
Total energy consumption <sup>17</sup>	tce	49,918.00	47,782.29	42,452.16
Total energy consumption intensity	tce/revenue CNY 10,000	0.04	0.04	0.04
Direct energy consumption	tce	13,633.07	12,109.23	11,705.19
Natural gas (clean energy)	tce	7,006.57	4,493.98	4,755.87
Solar energy (clean energy)	tce	928.37	879.41	903.86
Diesel oil	tce	5,646.13	6,688.40	5,924.13
Gasoline	tce	37.70	25.65	103.06
Kerosene	tce	14.30	21.79	18.27
Direct energy consumption intensity	tce/revenue CNY 10,000	0.01	0.01	0.01
Indirect energy consumption	tce	37,217.41	35,673.06	30,746.97
Purchased electricity	tce	28,868.41	28,049.04	23,355.19
Purchased steam	tce	6,445.54	5,735.74	5,356.89
Purchased heat	tce	1,903.46	1,888.28	2,034.89

15. Due to deviations in previous statistical approaches, the data on non-hazardous waste produced, non-hazardous waste disposed, non-hazardous waste utilized and non-hazardous waste utilization rate for 2023-2024 have been excluded and separately restated. Such data are no longer included in the current period's comparison.

16. Non-hazardous waste utilization rate = (Non-hazardous waste utilization rate / Non-hazardous waste produced) × 100%

17. The data for converting various energy sources into standard coal are sourced from the General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)

Indicator	Unit	2023	2024	2025
Indirect energy consumption intensity	tce/revenue CNY 10,000	0.03	0.03	0.03
Total clean energy consumption	tce	7,934.94	5,373.39	5,659.73
% of total clean energy consumption	%	15.90	11.25	13.33
Expenditure on energy conservation	CNY 10,000	/	/	1,900.00
<b>Water Resource</b>				
Total water consumption <sup>18</sup>	tonnes	580,123.00	687,603.03	579,999.48
Total water consumption intensity	tonnes/revenue CNY 10,000	0.50	0.58	0.54
Fresh water intake	tonnes	738,307.00	787,329.00	676,804.46
Total water reuse	tonnes	9,014,745.00	9,652,385.00	13,289,338.95
Recycled water	tonnes	/	/	13,168,899.00
Reclaimed water	tonnes	/	/	120,439.95
Water reuse rate <sup>19</sup>	%	92.43	92.46	95.15
Water-related expenditure	CNY 10,000	/	/	404.80
Investment in water conservation	CNY 10,000	/	/	55.56
<b>Packaging</b>				
Total packaging materials consumption	tonnes	1,216.00	1,314.00	1,138.00
Packaging materials consumption intensity	tonnes/revenue CNY 10,000	0.001	0.001	0.001
<b>GHG Emissions<sup>20</sup></b>				
Scope 1 GHG emissions	tCO <sub>2</sub> e	25,031.64	22,651.20	32,487.09
Scope 2 GHG emissions	tCO <sub>2</sub> e	160,877.20	157,178.83	121,211.12
Total scope 1+2 GHG emissions	tCO <sub>2</sub> e	185,908.84	179,830.03	153,698.21
Scope 1+2 GHG emissions intensity <sup>21</sup>	tCO <sub>2</sub> e/revenue CNY 10,000	0.16	0.15	0.14
Scope 3 GHG emissions <sup>22</sup>	tCO <sub>2</sub> e	/	/	9,317,135.87
Scope 3 GHG emissions intensity	tCO <sub>2</sub> e/revenue CNY 10,000	/	/	8.61
Total scope 1+2+3 GHG emissions	tCO <sub>2</sub> e	/	/	9,470,834.08
Scope 1+2+3 GHG emissions intensity	tCO <sub>2</sub> e/revenue CNY 10,000	/	/	8.75
<b>Compliant Employment</b>				
Total no. of full-time employees	no.	6,891	6,920	7,011
% of social insurance covered	%	100	100	100
<b>Headcount breakdown by gender</b>				
Male	no.	5,665	5,556	5,678
Female	no.	1,226	1,364	1,333
<b>Proportion breakdown by gender</b>				
Male	%	82.21	80.29	80.99
Female	%	17.79	19.71	19.01

18. The calculation methodology for this indicator has been adjusted for the current year, and historical data has been updated accordingly. The total water consumption is calculated as: Total water consumption = fresh water intake - Total wastewater discharge.

19. Water Reuse Rate = (Total water reuse / (Total water reuse + Fresh water intake)) × 100%

20. First Tractor has established an increasingly robust greenhouse gas (GHG) accounting system in accordance with the GHG Protocol and relevant international, national, and industry standards. The organisational boundary includes all subsidiaries over which the Company has operational control. GHG emissions (Scope 1) refer to direct GHG emissions from sources owned or controlled by YTO (such as gasoline, diesel, and natural gas). The emission factors used for calculation are primarily derived from the IPCC and GB/T 32151.29. GHG emissions (Scope 2) refer to indirect emissions from purchased electricity and heat. The emission factors used for calculation are derived from the 2023 Carbon Dioxide Emission Factors for Electricity published by China's Ministry of Ecology and Environment and the heat consumption emission factors specified in GB/T 32151.29. GHG emissions (Scope 3) refer to indirect emissions from the value chain, including purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, operational waste, and use of sold products. The emission factors used for calculation are primarily derived from Ecoinvent and CPCD.

21. The denominator for this indicator has been adjusted to operating revenue for the current year, and historical data has been updated accordingly.

22. Based on materiality assessment criteria, as well as the Company's industry characteristics, business relationships, data availability and disclosure costs, the Company has selected certain Scope 3 categories for accounting and disclosure.

Indicator	Unit	2023	2024	2025
Headcount breakdown by age group				
30 years old and below	no.	572	609	862
30-50 years old (inclusive)	no.	4,331	4,221	4,044
Above 50 years old	no.	1,988	2,090	2,105
Proportion breakdown by age group				
30 years old and below	%	8.30	8.80	12.30
30-50 years old (inclusive)	%	62.85	61.00	57.68
Above 50 years old	%	28.85	30.20	30.02
Headcount breakdown by position level				
Senior management	no.	7	7	5
Male	no.	6	6	5
Female	no.	1	1	0
Middle management	no.	75	76	82
Male	no.	70	72	77
Female	no.	5	4	5
General employees	no.	6,809	6,837	6,924
Male	no.	5,589	5,478	5,667
Female	no.	1,220	1,359	1,257
Proportion breakdown by position level				
Senior management	%	0.10	0.10	0.07
Male	%	85.71	85.71	100
Female	%	14.29	14.29	0.00
Middle management	%	1.09	1.10	1.17
Male	%	93.33	94.74	93.90
Female	%	6.67	5.26	6.10
General employees	%	98.81	98.80	98.76
Male	%	82.08	80.12	81.85
Female	%	17.92	19.88	18.15
Headcount breakdown by region				
Chinese Mainland	no.	6,856	6,886	6,977
Hong Kong, Macao and Taiwan Regions of China	no.	0	0	0
Overseas	no.	35	34	34
Proportion breakdown by region				
Chinese Mainland	%	99.49	99.51	99.52
Hong Kong, Macao and Taiwan Regions of China	%	0.00	0.00	0.00
Overseas	%	0.51	0.49	0.48
Headcount breakdown by education background				
Doctorate	no.	6	3	11
Master's degree	no.	273	296	430

Indicator	Unit	2023	2024	2025
Bachelor's degree	no.	1,970	1,980	2,087
College diploma	no.	1,432	1,400	1,393
Below college diploma	no.	3,210	3,241	3,090
Proportion breakdown by education background				
Doctorate	%	0.09	0.04	0.16
Master's degree	%	3.96	4.28	6.13
Bachelor's degree	%	28.59	28.61	29.77
College diploma	%	20.78	20.23	19.87
Below college diploma	%	46.58	46.84	44.07
Headcount breakdown by job function				
Production function	no.	4,008	4,027	3,924
Sales function	no.	632	615	624
Technical function	no.	1,141	1,158	1,327
Administrative function	no.	1,041	1,051	1,071
Service function	no.	69	69	65
Proportion breakdown by job function				
Production function	%	58.16	58.19	55.97
Sales function	%	9.17	8.89	8.90
Technical function	%	16.56	16.73	18.93
Administrative function	%	15.11	15.19	15.27
Service function	%	1.00	1.00	0.93
<b>New Hire Management</b>				
Total number of new employee hires	no.	/	217	423
Headcount breakdown of new hires by gender				
New male hires	no.	/	167	328
New female hires	no.	/	50	95
Proportion breakdown of new hires by gender				
New male hires	%	/	76.96	77.54
New female hires	%	/	23.04	22.46
Headcount breakdown of new hires by recruitment channel				
Campus hires	no.	/	126	357
Experienced hires	no.	/	91	66
Proportion breakdown of new hires by recruitment channel				
Campus hires	%	/	58.06	84.40
Experienced hires	%	/	41.94	15.60
Headcount breakdown of new hires by management level				
Senior management	no.	/	0	0

Indicator	Unit	2023	2024	2025
Middle management	no.	/	0	0
General employees	no.	/	217	423
Proportion breakdown of new hires by management level				
Senior management	%	/	0.00	0.00
Middle management	%	/	0.00	0.00
General employees	%	/	100	100
Headcount breakdown of new hires by ethnicity				
Han ethnic group	no.	/	213	418
Manchu ethnic group	no.	/	0	2
Hui ethnic group	no.	/	4	3
Proportion breakdown of new hires by ethnicity				
Han ethnic group	%	/	98.16	98.82
Manchu ethnic group	%	/	0.00	0.47
Hui ethnic group	%	/	1.84	0.71
<b>Diversity, Equity &amp; Inclusion (DEI)</b>				
Total no. of employees in STEM-related positions <sup>23</sup>	no.	1,141	1,158	1,327
No. of female employees in STEM-related positions	no.	232	242	279
% of women in STEM-related positions	%	20.33	20.90	21.02
Headcount breakdown of employees by ethnicity				
Han ethnic group	no.	6,687	6,720	6,809
Hui ethnic group	no.	116	110	110
Other ethnic minorities	no.	53	56	58
Proportion breakdown of employees by ethnicity				
Han ethnic group	%	97.04	97.11	97.12
Hui ethnic group	%	1.68	1.59	1.57
Other ethnic minorities	%	0.77	0.81	0.83
<b>Employee Development</b>				
Total no. of employee turnover <sup>24</sup>	no.	311	288	304
Employee turnover rate <sup>25</sup>	%	4.43	4.17	4.36
Turnover headcount breakdown by gender				
Male	no.	205	217	228
Female	no.	106	71	76
Turnover proportion breakdown by gender				
Male	%	3.56	3.87	4.03

23. STEM-related positions refer to roles engaged in the fields of science, technology, engineering and mathematics, covering technology-intensive jobs such as research and development, process engineering, information technology, and intelligent manufacturing.

24. The total number of employee turnover includes retirees.

25. Employee turnover rate = Voluntary turnover rate + Involuntary turnover rate. The turnover rate is calculated as: Total number of voluntary/involuntary departures during the year / ((Total number of employees at the beginning of the Reporting Period + Total number of employees at the end of the Reporting Period) / 2).

Indicator	Unit	2023	2024	2025
Female	%	8.40	5.48	5.79
Turnover headcount breakdown by age group				
30 years old and below	no.	58	29	42
30–50 years old (inclusive)	no.	112	91	81
Above 50 years old	no.	141	168	181
Turnover proportion breakdown by age group				
30 years old and below	%	9.75	4.91	5.71
30–50 years old (inclusive)	%	2.52	2.13	1.96
Above 50 years old	%	7.15	8.24	8.63
Turnover headcount breakdown by region				
Chinese Mainland	no.	311	288	304
Hong Kong, Macao and Taiwan Regions of China	no.	0	0	0
Overseas	no.	0	0	0
Turnover proportion breakdown by region				
Chinese Mainland	%	4.44	4.19	4.39
Hong Kong, Macao and Taiwan Regions of China	%	0	0	0
Overseas	%	0	0	0
Turnover headcount breakdown by management level				
Senior management	no.	0	0	0
Middle management	no.	0	0	0
General employees	no.	311	288	304
Turnover proportion breakdown by management level				
Senior management	%	/	0	0
Middle management	%	/	0	0
General employees	%	/	4.22	4.42
<b>Employee Training</b>				
Total investment in employee training	CNY 10,000	973.80	960.00	1,027.00
Total no. of employee training sessions	no.	/	1,097	1,087
Total no. of trained employees	no.	6,891	6,920	7,011
Total training hours of employees	hours	244,291	246,772	220,929
Average training hours per employee	hours	35.45	35.66	31.51
% of trained employees	%	100	100	100
Employee training attendances	person-times	48,513	45,155	45,126

Indicator	Unit	2023	2024	2025
<b>Trained headcount breakdown by management level</b>				
Senior management	no.	7	7	5
Middle management	no.	75	76	82
General employees	no.	6,809	6,837	6,924
<b>Trained headcount breakdown by gender</b>				
Male	no.	5,665	5,556	5,678
Female	no.	1,226	1,364	1,333
<b>Training hours breakdown by gender</b>				
Male	hours	207,647	207,288	189,999
Female	hours	36,644	39,484	30,930
<b>Training proportion breakdown by gender</b>				
Male	%	100	100	100
Female	%	100	100	100
<b>Average training hours breakdown by gender</b>				
Male	hours	36.65	37.31	33.46
Female	hours	29.89	28.95	23.20
<b>Occupational Health and Safety</b>				
Total no. of OHS training sessions	no.	110	139	151
OHS training attendances	no.	19,583	32,510	33,963
<b>OHS training coverage rate</b>				
Employees	%	100	100	100
Contractors	%	100	100	100
<b>Total OHS training hours</b>				
Employees	hours	261,858.00	290,640.00	257,696.00
Contractors	hours	6,424.00	10,240.00	14,872.00
<b>Total No. of employees trained in OHS</b>				
Employees	no.	6,891	6,920	6,604
Contractors	no.	803	1,280	1,859
<b>Average OHS training hours per employee</b>				
Employees	hours	38.00	42.00	39.00
Contractors	hours	8.00	8.00	8.00
<b>No. of occupational disease cases</b>				
Occupational disease incidence rate	%	0	0	0
Occupational hazard physical exam rate	%	100	100	100
Work safety investment	CNY 10,000	/	1,189.07	2,029.87
Ratio of work safety investment to revenue	%	/	0.11	0.19

Indicator	Unit	2023	2024	2025
Work safety liability insurance investment	CNY 10,000	1.92	1.88	18.19
Coverage rate of work safety liability insurance	%	16.53	17.70	100
Work-related Injury Insurance investment	CNY 10,000	451.57	420.66	583.99
Work-related Injury Insurance coverage rate	%	100	100	100
No. of work safety accidents	no.	5	0	3
No. of work-related fatalities	no.	0	0	0
Work-related fatality rate	%	0	0	0
No. of work injury cases	no.	5	0	3
Number of workdays lost due to work injury	no.	364	0	179
Lost time injury frequency rate (LTIFR) for employees <sup>26</sup>	per 1M hours	35.10	0	20.80
<b>Sustainable Supply Chain</b>				
Total No. of suppliers	no.	734	626	630
% of suppliers in Chinese mainland	%	98.77	100	99.05
% of suppliers in Hong Kong, Macao, Taiwan or Overseas	%	1.23	0	0.95
No. of anti-corruption training sessions for supplier	no.	/	/	12
Anti-corruption training supplier coverage rate	%	/	/	93.31
Supplier integrity agreement signing rate	%	/	100	100
Total supplier training hours	hours	/	/	84.00
Total no. of supplier training sessions	no.	/	/	52
No. of suppliers participating in training	no.	/	/	883
<b>Data Security and Privacy</b>				
Amount involved in data security incidents	CNY 10,000	0	0	0
Amount involved in data leakage incidents	CNY 10,000	0	0	0
<b>Philanthropy and Volunteering</b>				
No. of employee participations in public welfare activities	person-times	920	950	937
Hours of employee participation in public welfare activities	hours	1,800	1,900	2,100
<b>Rural Revitalization</b>				
No. of beneficiaries on rural revitalization	no.	2,130	3,295	6,228
Total expenditure on rural revitalization	CNY 10,000	26.40	30.36	52.00

26. Lost time injury frequency rate (LTIFR) for employees = (no. of lost time injuries of employees / Total man-hours during the statistical period) × 1,000,000.

## Appendix II: Content Index of the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

Disclosure Dimension	No.	Material Issues	Corresponding Report Section
Environment	1	Climate change tackling	Commit to Green and Low-Carbon Development to Build a Beautiful China – Climate Change Response
	2	Pollutant discharge	Commit to Green and Low-Carbon Development to Build a Beautiful China – Waste and Emissions
	3	Waste disposal	Commit to Green and Low-Carbon Development to Build a Beautiful China – Waste and Emissions
	4	Ecosystem and biodiversity protection	Commit to Green and Low-Carbon Development to Build a Beautiful China – Environmental Compliance Management
	5	Environmental compliance management	Commit to Green and Low-Carbon Development to Build a Beautiful China – Environmental Compliance Management
	6	Energy usage	Commit to Green and Low-Carbon Development to Build a Beautiful China – Energy and Resource Utilization
	7	Usage of water resources	Commit to Green and Low-Carbon Development to Build a Beautiful China – Energy and Resource Utilization
	8	Circular economy	Commit to Green and Low-Carbon Development to Build a Beautiful China – Energy and Resource Utilization
Society	9	Rural revitalization	Fulfill Responsibilities to Empower Shared Development – Social Philanthropy and Rural Revitalization
	10	Contributions to the society	Fulfill Responsibilities to Empower Shared Development – Social Philanthropy and Rural Revitalization
	11	Innovation-driven	Ignite the Engine of Innovation to Drive High-Quality Development – Innovation and R&D
	12	Ethics of science and technology	Not applicable <sup>27</sup>
	13	Supply chain security	Fulfill Responsibilities to Empower Shared Development – Sustainable Supply Chain
	14	Equal treatment to small and medium-sized enterprises	Fulfill Responsibilities to Empower Shared Development – Sustainable Supply Chain
	15	Safety and quality of products and services	Ignite the Engine of Innovation to Drive High-Quality Development – Product Quality, End-users and Customer Service
Governance	16	Data security and customer privacy protection	Fulfill Responsibilities to Empower Shared Development – Data Security and Privacy
	17	Employees	Put People First to Share the Benefits of Development – Employee Rights & Interests, Development and Training, Employee Compensation and Benefits, Occupational Health and Safety
	18	Due diligence	Strengthen the Foundation of Governance to Build a Cornerstone of Compliance – Risk Management
	19	Communications with stakeholders	ESG Governance – Stakeholder Engagement and Communication
	20	Anti-commercial bribery and anti-corruption	Strengthen the Foundation of Governance to Build a Cornerstone of Compliance – Business Ethics
	21	Anti- unfair competition	Strengthen the Foundation of Governance to Build a Cornerstone of Compliance – Business Ethics

27. First Tractor is not involved in scientific research, technology development or other activities in technology ethics-sensitive fields such as life sciences or artificial intelligence.

## Appendix III: Content Index of the HKEX Environmental, Social and Governance Reporting Code

Indicator	Section
<b>Part B: Mandatory Disclosure Requirements</b>	
Governance Structure	ESG Governance – ESG Governance Structure
Reporting Principles	About this Report – Reporting Principles
Reporting Boundary	About this Report – Reporting Scope
<b>Part C: “Comply or Explain” Provisions</b>	
<b>A. Environmental</b>	
<b>Aspect A1: Emissions</b>	
General Disclosure	Committing to Green and Low-Carbon Development to Build a Beautiful China – Waste and Emissions
KPI A1.1	Committing to Green and Low-Carbon Development to Build a Beautiful China – Waste and Emissions
KPI A1.2	[Deleted with effect from 1 January 2025]
KPI A1.3	Committing to Green and Low-Carbon Development to Build a Beautiful China – Waste and Emissions
KPI A1.4	Committing to Green and Low-Carbon Development to Build a Beautiful China – Waste and Emissions
KPI A1.5	The Company has not yet set reduction targets for hazardous and non-hazardous waste. It is currently improving its ESG indicator management and data collection mechanisms, and will disclose the relevant targets and implementation measures in its 2026 ESG Report.
KPI A1.6	The Company has not yet set reduction targets for hazardous and non-hazardous waste. It is currently improving its ESG indicator management and data collection mechanisms, and will disclose the relevant targets and implementation measures in its 2026 ESG Report.
<b>Aspect A2: Use of Resources</b>	
General Disclosure	Committing to Green and Low-Carbon Development to Build a Beautiful China – Energy and Resource Utilization
KPI A2.1	Committing to Green and Low-Carbon Development to Build a Beautiful China – Energy and Resource Utilization
KPI A2.2	Committing to Green and Low-Carbon Development to Build a Beautiful China – Energy and Resource Utilization
KPI A2.3	Committing to Green and Low-Carbon Development to Build a Beautiful China – Energy and Resource Utilization
KPI A2.4	Water efficiency targets have been established internally for each subsidiary, but a consolidated water efficiency target for the Company as a whole has not yet been set. Once the Company improves its ESG indicator management and data collection mechanisms, it will disclose the relevant targets and implementation measures in its 2026 ESG Report.
KPI A2.5	Committing to Green and Low-Carbon Development to Build a Beautiful China – Energy and Resource Utilization
<b>Aspect A3: The Environment and Natural Resources</b>	
General Disclosure	Committing to Green and Low-Carbon Development to Build a Beautiful China – Environmental Compliance Management, Energy and Resource Utilization
KPI A3.1	Committing to Green and Low-Carbon Development to Build a Beautiful China – Environmental Compliance Management, Energy and Resource Utilization

Indicator	Section
<b>B. Social</b>	
<b>Aspect B1: Employment</b>	
General Disclosure	Putting People First to Share the Benefits of Development – Employee Rights & Interests, Development and Training, Employee Compensation and Benefits
KPI B1.1	Putting People First to Share the Benefits of Development – Employee Rights & Interests
KPI B1.2	Putting People First to Share the Benefits of Development – Development and Training
<b>Aspect B2: Health and Safety</b>	
General Disclosure	Putting People First to Share the Benefits of Development – Occupational Health and Safety
KPI B2.1	Putting People First to Share the Benefits of Development – Occupational Health and Safety
KPI B2.2	Putting People First to Share the Benefits of Development – Occupational Health and Safety
KPI B2.3	Putting People First to Share the Benefits of Development – Occupational Health and Safety
<b>Aspect B3: Development and Training</b>	
General Disclosure	Putting People First to Share the Benefits of Development – Development and Training
KPI B3.1	Putting People First to Share the Benefits of Development – Development and Training
KPI B3.2	Putting People First to Share the Benefits of Development – Development and Training
<b>Aspect B4: Labour Standards</b>	
General Disclosure	Putting People First to Share the Benefits of Development – Employee Rights & Interests
KPI B4.1	Putting People First to Share the Benefits of Development – Employee Rights & Interests
KPI B4.2	Putting People First to Share the Benefits of Development – Employee Rights & Interests
<b>Aspect B5: Supply Chain Management</b>	
General Disclosure	Fulfilling Responsibilities to Empower Shared Development – Sustainable Supply Chain
KPI B5.1	Fulfilling Responsibilities to Empower Shared Development – Sustainable Supply Chain
KPI B5.2	Fulfilling Responsibilities to Empower Shared Development – Sustainable Supply Chain
KPI B5.3	Fulfilling Responsibilities to Empower Shared Development – Sustainable Supply Chain
KPI B5.4	Fulfilling Responsibilities to Empower Shared Development – Sustainable Supply Chain

Indicator	Section
<b>Aspect B6: Product Responsibility</b>	
General Disclosure	Igniting the Engine of Innovation to Drive High-Quality Development – Product Quality, End-users and Customer Service
KPI B6.1	Igniting the Engine of Innovation to Drive High-Quality Development – Product Quality, End-users and Customer Service
KPI B6.2	Igniting the Engine of Innovation to Drive High-Quality Development – Product Quality, End-users and Customer Service
KPI B6.3	Igniting the Engine of Innovation to Drive High-Quality Development – Product Quality, End-users and Customer Service
KPI B6.4	Igniting the Engine of Innovation to Drive High-Quality Development – Product Quality, End-users and Customer Service
KPI B6.5	Igniting the Engine of Innovation to Drive High-Quality Development – Product Quality, End-users and Customer Service
<b>Aspect B7: Anti-corruption</b>	
General Disclosure	Strengthening the Foundation of Governance to Build a Cornerstone of Compliance – Business Ethics
KPI B7.1	Strengthening the Foundation of Governance to Build a Cornerstone of Compliance – Business Ethics
KPI B7.2	Strengthening the Foundation of Governance to Build a Cornerstone of Compliance – Business Ethics
KPI B7.3	Strengthening the Foundation of Governance to Build a Cornerstone of Compliance – Business Ethics
<b>Aspect B8: Community Investment</b>	
General Disclosure	Fulfilling Responsibilities to Empower Shared Development – Social Philanthropy and Rural Revitalization
KPI B8.1	Fulfilling Responsibilities to Empower Shared Development – Social Philanthropy and Rural Revitalization
KPI B8.2	Fulfilling Responsibilities to Empower Shared Development – Social Philanthropy and Rural Revitalization
<b>Part D: Climate-related Disclosures<sup>28</sup></b>	
Governance	Committing to Green and Low-Carbon Development to Build a Beautiful China – Climate Change
Strategy	Committing to Green and Low-Carbon Development to Build a Beautiful China – Climate Change
Risk Management	Committing to Green and Low-Carbon Development to Build a Beautiful China – Climate Change
Metrics and Targets	Committing to Green and Low-Carbon Development to Build a Beautiful China – Climate Change

28. Pursuant to Paragraph 17(2) of Part D of the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") of The Stock Exchange of Hong Kong Limited, only issuers that are constituent stocks of the Hang Seng Composite LargeCap Index ("HSCL") are required to comply with the mandatory disclosure obligations under this Part in respect of financial years commencing on or after 1 January 2026. As the Company is not currently a constituent stock of the HSCL, all other provisions under this Part shall apply on a "comply or explain" basis, except Paragraphs 28(a), 28(b) and 29 of Part D of the ESG Reporting Code, which are mandatory disclosure requirements. Given that the Company's current climate-related information disclosure capabilities are not yet fully aligned with the relevant requirements under Part D, the Company has progressively launched a climate disclosure capability development programme. During the Reporting Period, the Company conducted greenhouse gas inventory for certain categories under Scope 3, and will continue to strengthen the foundation for climate-related information management and disclosure.