



第一拖拉机股份有限公司 FIRST TRACTOR COMPANY LIMITED*

(A joint stock company incorporated in The
People's Republic of China with limited liability)

Stock Code: 0038.HK 601038.SH

2020 Environmental, social and Governance Report



中国的东方红[®] 世界的YTO[®]
Dongfanghong of China YTO of world

※Note to the Report※

General

This Report is the ninth social responsibility report issued by the First Tractor Company Limited (the Company), which has summarized the performance of the social responsibility by the Company in 2020 and the practical action and performances in respect of sustainable development aiming at enhancing communication between the Company and the related parties.

Basis of Preparation

The Report is prepared in accordance with the Guidelines of Shanghai Stock Exchange for Preparation of Corporate Social Responsibility Report, Notice on Strengthening Listed Companies' Assumption of Social Responsibility and the Guidelines on Environment Information Disclosure by Listed Companies and the Listing Rules of Hong Kong Stock Exchange and the Guidelines on Environment, Social and Governance Report with consideration of the practical conditions of the Company.

Time Range

The time limit of the Report is from January 1 to December 31, 2020 and the valid time of partial information may extend by proper time.

Subject Scope

The subject scope of the Report is First Tractor Company Limited and its subsidiaries.

Information Source

The information in the Report is from the Company's official documents, statistic report and the summary of the implementation of the social responsibilities by the subsidiaries.

Coreference Notice

For the purpose of presentation and reading, First Tractor Company Limited is referred to in the Report as "the Company".

Office Address of the Company: 154 Jianshe Road, Luoyang, Henan Province

Post code: 471004

Tel: 0379-64967038

Fax: 0379-64967438

Email: msc0038@ytogroup.com

Website of the Company: www.first-tractor.com.cn

※Table of Contents※

Social Responsibility Summary.....	4
Company Profile and Social Responsibilities	4
Stakeholders.....	5
Social Achievements (Partial).....	6

Part 1

To make every effort to "fight against the epidemic and protect the spring plowing" to effectively serve agricultural production

1.1 Coordinating the epidemic prevention and control & resuming work and production.....	8
1.2 Opening up user bonds and market chains.....	9
1.3 Providing "golden service" for spring agricultural production.....	10

Part 2

Strengthening R&D and innovation capabilities to satisfy the needs of agricultural modernization development

2.1 R&D and Innovation	12
2.2 Intellectual Property and Patents.....	12
2.3 Production and Manufacture	13
2.4 Product Innovation	14
2.5 Product Quality	15

Part 3

Creating a Stable and Compliant Business Environment and Continuously Enhancing Value Creation

3.1 Cooperation and Win-Win.....	17
3.2 Corporate Governance.....	18
3.3 Compliance Operation	19
3.4 Anti-corruption	19

Part 4

Strengthening the concept of green development and striving to build an environmentally friendly operation model

4.1 Environmental Protection.....	21
4.2 Energy-saving and Cost-reducing.....	22
4.3 "Green" Agricultural Machinery	25
4.4 Safety Production.....	26
4.5 Occupational Health.....	27

Part 5

Enhancing social responsibility and helping to decisively defeat poverty

5.1 Growth of Employees.....	29
5.2 Taking Care of Employees	31
5.3 Contribution to the Industry.....	32
5.4 Poverty-alleviation Program.....	33

Looking Forward to the Future	34
-------------------------------------	----

※Social Responsibility Summary※

Company Profile and Social Responsibilities

produce

first-class
products

First Tractor Company Limited (hereinafter referred to as the Company) is the unique A+H listed Company in China's farm machinery industry. In June, 1997, the Company successfully issued H-shares (with stock code: 00038) in the overseas market and the stock was listed with Hong Kong Stock Exchange; in August, 2012, the Company conducted IPO of A-shares (with stock code: 601038) in the domestic market which were listed for trading with Shanghai Stock Exchange.

foster

first-class
products

The Company is one of the agricultural machinery manufacturers with biggest scale, most advanced technology and most powerful comprehensive strength, is mainly engaged in R & D, manufacture and sales of agricultural machinery, power machinery, etc. The Company has the domestic most complete tractor R & D and manufacture system, with leading products covering big, medium and small wheeled tractors, crawler tractors, diesel engines and spares and parts, etc. DONGFANGHONG Brand is the most influential and well-known national brand in the history of China's agricultural machinery development; YTO, as the brand of the Company in participating in the global competition in the overseas market, is an important representative of China's agricultural machinery enterprises "in going to the international market".

create

first-class
performances

As a key agricultural machinery manufacturing backbone enterprise, the Company always keeps in mind Chairman Mao Zedong's famous statement: "the fundamental way out for agriculture lies in mechanization"; earnestly implements the spirit of General Secretary Xi's important instruction - "vigorously promote agricultural mechanization and intelligentization, and provide the agricultural modernization with wings of science and technology," adhere to the core value of the "Three Firsts" (produce the first-class products, to foster first-class talents and create the first-class performances) as the lead; accelerate the development of China's agricultural mechanization and agricultural machinery equipment industry, lead the transformation and upgrading of the domestic agricultural machinery industry, and provide strong support for the realization of agricultural and rural modernization.

Since the 19th National Congress of the Communist Party of China, the Company has firmly grasped the general requirements of Party building in the new era, adhered to the combination of the Party's construction with production and operation, strengthened innovation-driven development, accelerated the research on the key core technologies of agricultural machinery and equipment, promoted the integration of agricultural machinery and agronomy, and continuously provided users with new technologies and new products and served the country's "rural revitalization". At the same time, the Company has always been adhering to the correct idea of moral and profit, enthusiastically undertakes and fulfills social responsibilities, creates a multi-win-win business development environment, and comprehensively promotes the long-term and maximum interests of employees, users, partners and other relevant parties.



Stakeholders

The company adheres to win-win cooperation and inclusive development, strives to build a harmonious and symbiotic relationship between stakeholders, promotes the integration of its own value and social value, and promotes the formation of a multi-win situation between the Company and all stakeholders.

The Company continuously improves the level of corporate governance to lay a solid foundation for business development; by practicing the spirit of contract and social responsibility, effectively enhances the ability of sustainable development; various communication mechanisms have been adopted to carry out communication with various stakeholders, so as to have an in-depth understanding of their concerns and demands.

Stakeholders	Expectation of Stakeholders
 Government	to support economic development and serve rural revitalization
 Shareholders	to perfect corporate governance and continuously create value
 Employees	to improve the employees' well-being and help employees in career development
 Users	to supply high efficiency products and innovative service model
 Society	to enthusiastically participate in public welfare and support the tough work of alleviating poverty
 Environment	to insist on environment friendliness and promote green development
 Partners	to conduct faithful and pragmatic cooperation and realize mutual benefit and win-win

Social Achievements(Partial)



Most Impactful Award of China Agricultural Machinery Industry 2020

Products awarded : DONGFANGHONG Tractor and DONGFANGHONG Agricultural Diesel Engine

Awarder : China Association Of Agricultural Machinery Manufacturers, China Agricultural Mechanization Association and China Agricultural Machinery Distribution Association



Technology Innovation Award 2020

Products awarded : DONGFANGHONG Tractor Model LN2104

Awarder : Chinese Society for Agricultural Machinery



Market Leadership Award 2020

Products awarded : DONGFANGHONG Tractor Model ME504

Awarder : Chinese Society for Agricultural Machinery



Application Contribution Award 2020

Products awarded : DONGFANGHONG Tractor Model SG604G

Awarder : Chinese Society for Agricultural Machinery



Science & Technology Award of Machinery Industry of Henan Province

Products awarded : Development and application of the Complete Set Technology Integration of Digital Green Casting

Awarder : Mechanical Engineering Society of Henan Province



Special Contribution Award of Governance by the Board of Directors of the 16th “Golden Roundtable Award”

Awarder : Directors & Boards Magazine



The 5th “Golden Hong Kong Stock” ——Best Industrial Manufacturing Company

Awarder : www.zhitongcaijing.com and <http://m.10jqka.com.cn/>



Part 1

To make every effort to "fight against the epidemic and protect the spring plowing" to effectively serve agricultural production

The Company implements the decision and deployment of the CPC Central Committee and the State Council on “never missing the farming season and doing a good job in spring farming and preparation to ensure a good harvest of agriculture in the year of well-off society” , and make overall arrangements for promoting the epidemic prevention and control & the resumption of operation and production. The company adhered to the premise that all the employees were ready for the epidemic prevention and control, and actively overcame the problems of restricting industrial enterprises from resumption of operation and production such as the blocked industrial chains, poor logistics and transportation, and restricted personnel travel; comprehensively took a number of measures such as assisting the suppliers in resumption of operation and production, unclogged the channel of goods transportation, and coordinated the transfer of bottleneck procurement parts to internal production, etc. to promote production, the Company's production capacity rapidly increased from 30% in February to full-load production in March, which has won precious time for spring plowing preparation.

1.1 Coordinating the epidemic prevention and control & resuming work and production



After the outbreak of the epidemic of COVID-19, the Company quickly established an epidemic prevention and control leading group to earnestly implement the decisions and deployments of governments at all levels on epidemic prevention and control, and effectively responded to the two major challenges of "epidemic prevention and control" and "resuming normal production and operation order", and made the greatest efforts to manage well both the epidemic prevention and control and the resumption of normal production and operation.

Making active response to effectively prevent and control the epidemic

Just after the Spring Festival in 2020, in the face of the severe epidemic prevention and control situation, the Company quickly established an anti-epidemic supply assurance working group and checked the health status of employees, deployed epidemic prevention materials dispatch, and schemed the resumption of production and work in accordance with the local epidemic prevention and control requirements; quickly formulated production plans and paid close attention to various prevention and control measures. After the resumption of work, the Company implemented body temperature monitoring, went to work by shifts, and practiced time-sharing repast, effectively prevented persons on the production site from unnecessary get-together; for the management positions and auxiliary personnel, the Company adopted the measures of group scheduling, shortening the working hours, remote collaborative office, etc., reduced personnel arrival time and contact opportunities; distributed "epidemic prevention kits" (including masks, first-aid kits, towels, flashlights, etc.) to marketers and service personnel assigned to go out, and arranged knowledge training of hygiene, epidemic prevention and control, etc. to ensure the employees in doing a good job for their own epidemic prevention.

Making coordination and collaboration at different levels to ensure the effective operation of the supply chain

As a large-scale agricultural machinery equipment manufacturer, if the upstream industrial chain and supply chain could not be opened up, the Company would not be able to fully resume work and bring agricultural machinery products to the market. The Company actively cooperated with its suppliers to implement epidemic prevention and control measures, and effectively assisted the local government in promoting suppliers to resume work and production. Finally, in early March, the local suppliers' work resumption rate reached 100%, which had laid a solid foundation for the Company to rapidly increase the production capacity.

Carefully organizing and scientifically scheduling to restore the normal production order

After relief of the epidemic situation in China, for the purpose of to recapturing the underproduction formed during the epidemic, the Company insisted on the idea of overall planning and "coordinating all the activities of the whole Company", taking into consideration of the internal and external production bottlenecks, scientifically organized production plan, mobilized internal and external resources, and maximized production capacity.

The Company dynamically tracked the production situation on a daily basis, continuously coordinated to solve the problems in terms of production and supply assurance, and formulated specific measures according to the bottleneck problems reflected by key production units. The Company assigned full-time staff to follow and implement them and formulated plans one by one; practiced the pre-warning on various issues and made them knowable and controllable, and a total of 1,015 production and supply problems had been coordinated and solved. Through the practice of "one day guaranteeing a week and one week guaranteeing a month", the Company's production capacity was quickly raised and reached full capacity.

1.2 Opening up user bonds and market chains

The first quarter of each year is not only a critical season for spring plowing production, but also a traditional peak season for production and sales in the agricultural machinery industry. However, the epidemic in 2020 has brought a serious impact on spring plowing and preparation work as well as the Company's production and operation. The Company actively answered the country's call for "fighting against the epidemic and ensuring successful spring plowing", implemented the responsibilities of an agricultural machinery manufacturer, timely adjusted the business strategy, innovated marketing service methods, and worked together with the distributors and users to jointly eliminate the adverse effects caused by the epidemic and serve spring agricultural production. In this battle of anti-epidemic, the Company has demonstrated the responsibility of a key enterprises in the industry.

1

Under the premise of ensuring the safety of epidemic prevention, the Company's marketing team gradually rushed to the front line of the market in batches from late February to effectively support dealers to overcome adverse impacts and difficulties, achieved early opening of business, and provided users with timely and thoughtful service guarantee for spring plowing production.

2

The Company enhanced collaboration with distributors across the country, adjusted business policies in a timely manner, reinforced marketing flexibility, and met the needs of spring plowing agricultural machinery operations in the context of the epidemic to the greatest extent. The distributors took active actions and adopted the form of home delivery service to the users who had already paid the deposit in the previous period or added new demands, and solved the actual difficulties that users could not go out due to the epidemic control.

3

The Company adopted video streaming, etc. on new media platforms such as Kuaishou to conduct product explanations, service training, application and maintenance, and online Q&A, and provided users with online explanations and order services.

4

In order to eliminate the impact of the epidemic on users' agricultural machinery operations, the Company extended the warranty for the users in purchasing medium wheeled tractor from February to March 2020 by one operating season (3 months); during the epidemic period (February to March), the warranty period for medium wheeled tractors can be automatically extended for one month when the warranty time was due.

Reducing the impact of the epidemic on spring plowing and spring planting in Hubei

Case 

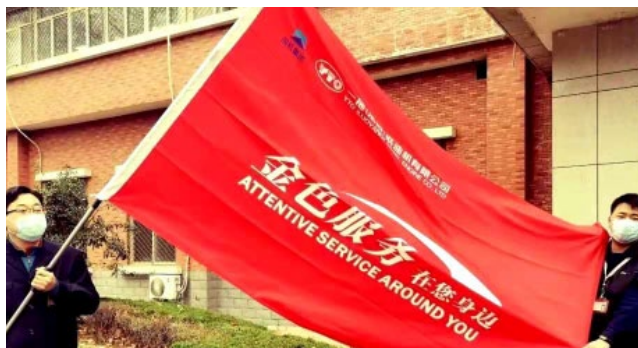
During the epidemic, as a severely afflicted area in Hubei, personnel and traffic control were extremely strict. In response to the severe situation of personnel isolation and almost stagnant market during the epidemic, the Company took the lead to respond to the "big test" of the epidemic, actively promoted online marketing, helped dealers in formulation of targeted product portfolio marketing plan, and expanded user financing services, etc. and took measures to minimize the impact of the epidemic on Hubei distributors and users. At the same time, the Company's marketing staff communicated with distributors through telephone, WeChat video and other forms, analyzed market demand changes and user purchases, and predicted the market situation in the later stage of the epidemic.

In March and April, the epidemic slowed down, and spring plowing production was at the right time.

The demand for tractors in Hubei has experienced a "blowout". The Company strongly supported Hubei's spring plowing and spring planting, and helped Hubei to get out of a small upsurge of resuming agricultural production.



1.3 Providing "golden service" for spring agricultural production



The company adhered to the service tenet of "creating value for users", strove to unblock the two important links of sales channels and after-sales services, expanded application of upgraded service informatization and built a coordinated, efficient, and rapid service response mechanism. In the busy seasons of spring plowing, harvesting, planting and management in summer and autumn, the user flow is analyzed through the positioning information of the intelligent agricultural machinery platform, key service areas are determined, and service spare parts, personnel, vehicles and other resources are effectively allocated to provide users with timely and efficient service guarantee.

The Company strictly complied with the law and regulations concerning advertisement and promotion, ensured to provide true and reliable information to the consumers in process of product sales and there existed no false advertisement. The Company's products take the domestically well-known brand "DONGFANGHONG" as the logo. The logo is clear and there exists no action of faking any other product logo.

The Company uses users information in a lawful and compliant manner, and adheres to the principle of "the one who has established shall be responsible for maintenance, the one who uses shall be responsible for protection, and transmission of customers' and external suppliers' information are subject to approval", effectively protects consumers' privacy, users' personal information, phone numbers, and bank accounts, etc. The Company has established users files by 100%, set data access permissions, strengthened the review and approval for information application, and prevented the loss and leakage of users information.

The Company has revised the "Measures for Management of Service Complaints, Early Warning and Prevention" to prevent users from complaints arising from the problems of product and service quality or no solution available to such problems. In daily and service peak seasons, through the service information big data platform of the call center, a "service daily report" mechanism has been formed to track and process various service information, and the service capability and service quality have been effectively improved. In 2020, the Company proactively initiated 86 service early warnings, which effectively managed and prevented service crisis complaints. There were no complaints from the media and consumer associations throughout the year.



Part 2

Strengthening R&D and innovation capabilities to satisfy the needs of agricultural modernization development

The Company insists on the leadership of R&D and innovation, actively meets the needs of the country's agricultural modernization development, adapts to the requirements of agricultural supply-side structural reforms, and takes the integration of agricultural machinery and agronomy and mechanization and information integration as the path to enhance the independent innovation capability of key core technologies. The Company has accelerated the development and application of large-scale, intelligent, environmentally friendly, and compound agricultural machinery, promoted power shifting, continuously variable transmission, unmanned driving, precision operation and other technologies to effectively make up for the shortcomings in the development of agricultural modernization and serve the country's "Rural Revitalization Scheme".

2.1 R&D and Innovation

Under the guidance of the state's relevant industry policies, the Company takes the major needs of the agricultural power machinery industry as its mission, takes the key technology research of tractor transmission system, energy-saving and emission-reduction technology research of tractor diesel engine, and research of tractor intelligent control technology as its research orientation, leading and breaking through a batch of key common technologies of high efficiency, energy saving, environmental protection, intelligence, etc. in tractor industry, aiming at the international cutting-edge technology, has combined independent innovation, integrated innovation, and introduction, digestion, absorption and re-innovation to develop a batch of industry-leading products such as energy-saving agricultural diesel engines, power shift/ininitely variable transmission tractors to achieve the transformation of scientific and technological achievements and form industrial scale.

In-depth cooperation between the Company and Bosch in diesel engine technology

Case 

The company and Bosch Automotive Diesel Systems Co., Ltd. held a high-level meeting. In the spirit of "sincere cooperation and joint development", the two Parties used their respective advantages to promote development through cooperation. Focusing on the team calibration capacity and the development of new platform projects, both Parties carried out in-depth cooperation and technical breakthroughs to help solve the key generic technological problems which have restricted the development of diesel engines in the process of enterprise transformation and upgrading.



2.2 Intellectual Property and Patents

In 2020,
the Company was
granted **72** national
authorized patents

including:

7 inventions

57 utility models

8 designs

While continuously improving the ability of technological innovation, the Company attaches great importance to the protection of intellectual property rights such as patents, trademarks, copyrights, etc.

On the one hand, the Company has done a good job in the protection of intellectual property rights, adopted different management methods for different intellectual property rights such as trademarks and patents, and clarified the process of obtaining, using, and protecting the rights; on the other hand, the Company did a good job in protecting its own intellectual property rights and at the same time not infringing others' intellectual property rights. In the process of using intellectual property rights, the requirements and ways of use have been clarified, and the use review is strengthened.

Intellectual property system management: In 2020, the Company re-planned and sorted out the intellectual property management system, revised and replaced the "Intellectual Property Management Manual" and 18 procedural documents to ensure the Company's stable and effective intellectual property management capability, completed internal audits and improvement, management review and third-party review and improvement, was granted the certificate for recertification of the intellectual property management system in November 2020 with the valid term up to November 2023.

Patent management: The Company has strictly complied with the "Measures for Patent Management", implemented the examination and approval procedures for patent applications, patent abandonment, patent transfer, etc. The Company has further increased the promotion and application of patented technologies, and actively carried forward the promotion and application of patented technologies through product commercialization and other channels.

organized in preparation or revision of **6** national, industry and group
technical standards.

2.3 Production and Manufacture

Intelligent Manufacture

In view of the characteristics of multiple varieties and customized production of modern agricultural machinery and equipment, the Company has taken the application of sensors and RFID, Internet of Things, industrial big data, etc. as the entry point, studied the integrated application of production process control, production environment testing, manufacture process tracking, and remote diagnosis of manufacture equipment failure as well as the related information and data interconnection.

By the realization of networking collaboration for MES, PLM, SCM, ERP, etc., the Company carried out the whole product life cycle management of product design, manufacture, management, etc., established of a new model of multi-variety and customized mixed line production of modern agricultural machinery and equipment, formed an intelligent manufacturing technology system with agricultural machinery industry as the orientation. The Company implements just-in-time production and logistics in product lines such as large and medium-sized tractors and diesel engines, strengthens the transmission and sharing of production system information, and ensures the delivery rate of production orders.

Integration of Informatization and Industrialization

The Company has deepened the implementation of the in-depth integration of informatization and industrialization, strengthened the interactive innovation of data, technology, business processes, and organizational structure, and created a new type of intensive sharing capability under the information environment. The Company implements the financial business integration, has realized ERP business and financial integration management and refined product cost accounting; implements the construction of "DONGFANGHONG" agricultural service platform, has accelerated the development of intelligent agricultural machinery platform, and built an e-commerce platform for parts sales in order to build the full life cycle service capability of agricultural equipment for the purpose of improving market services in terms of speed and quality. DONGFANGHONG Cloud Modern Agricultural Equipment Industrial Internet Platform was selected as the Henan Industrial Internet Platform in 2020.



2.4 Product Innovation

The Company has actively observed changes in the market and user needs, combined regional demand characteristics, agronomic changes, and different user workload requirements, focused on products urgently demanded in the market, continuously launched new products, enriched product portfolios, and met users' diverse agricultural machinery operation needs.



Big wheel tractor: The Company has accelerated the launch of new and improved products that urgently demanded in the market, and formed a product portfolio with different product series with high and low power to meet the differentiated agricultural machinery operation needs of user groups in different regions. For heavy-duty operations such as ploughing and deep soil loosening, the LX2204d2 and LX2404-D tractors were launched in time to meet the user's requirements for protective tillage such as deep soil loosening and preparation; for medium-load operations, the cost-effective LN2104 tractor was launched to meet the daily needs of users' operational requirements; based on the original products, the LX1504d2, LX1604d, LX1804d, LX2004-Ed tractors and other product combinations have been launched to meet the needs of light-load operations such as rotary tillage and seeding. With better product adaptability, they have been recognized and praised by users.



Medium wheel tractors: The Company has closely followed the development trend of the country's modern agriculture in the direction of industrialization and specialization, and further expanded the platform models of ME, SK, and MF series products to help rural industry development and agricultural efficiency. In order to better satisfy the needs of field operations, ME704-N/804-N (wide and narrow wheelbase) and new upgraded MK904 products were introduced; for the demand for cash crop planting operations, SK504G/SG604G series orchard tractors and MK series orchard tractor product combinations were launched and can satisfy the needs of greenhouses, orchards, etc.; for the operation needs of hilly and mountainous areas, vegetables, forestry and fruit industries, SK600/SK604, SG704 orchard tractors, ME504/604 "Mountain King" and other tractor products have been introduced to meet the development needs of agricultural industrialization in the regions with weak links of mechanization.

Participation in China International Agricultural Machinery Expo 2020

Case

China International Agricultural Machinery Expo 2020 was held on November 13-15 at the International Exhibition Center in Qingdao Expo City, Shandong Province. The company exhibited DONGFANGHONG LY1404 wheeled tractor and DONGFANGHONG ME504 wheeled tractor, DONGFANGHONG LW3204 wheeled tractor, a tractor model with the largest horsepower continuously variable transmission in China with the booth area was 990 square meters. The products on exhibition had attracted nearly 10,000 visitors every day.



"DONGFANGHONG" unmanned tractor tillage on the black soil of Northeast China

Case

The black soil with high yield of bumper crops in Northeast China is an important "Granary" for guaranteeing national food security. From April to May 2020, two unmanned tractors developed by the Company successfully completed the first round of full-cycle unmanned farming tasks at Jianshanjiang Branch of Beidahuang Group. The "DONGFANGHONG" high-horsepower unmanned tractor has performed outstandingly in projects such as dry field seeding, paddy field beating, and leveling operations, and has won high recognition from the farm.



2.5 Product Quality

On the basis of implementing the PRC Product Quality Law and GB / T19001-2016, IATF16949 standard and IATF16949 standard, and meeting third-party quality management system certification standards, the Company strictly implements "Quality Improvement Management Measures", has strengthened quality objectives and quality responsibility awareness, continuously improved the quality management system, and raised quality system management level. After the product has been sampled and verified by a nationally recognized third-party appraisal agency, a type test report will be issued to meet the requirements of national and industry standards before being allowed to be sold.

The Company ensures the safety of related products during the operation and provides users with high-quality products and excellent services. For the products that need to be scrapped or disassembled for recycling, the Company has clearly stated in the product notification that it should strictly follow the relevant national laws and regulations and take necessary measures to avoid adverse effects on the environment.

In 2020, the Company focused on the market and users' demands, implemented the "top quality products project", continuously optimized quality control in process of production and manufacture, and took a leading position in technical strength and quality of its major products in the industry. The Company has established a rapid response mechanism for product quality, effectively shortened the rectification time of product quality problems. The number of leading product failures, product reliability MTBF (mean time between failures) value, and external quality loss rate are all showing a continuous optimization trend. The users' satisfaction of quality is further improved.





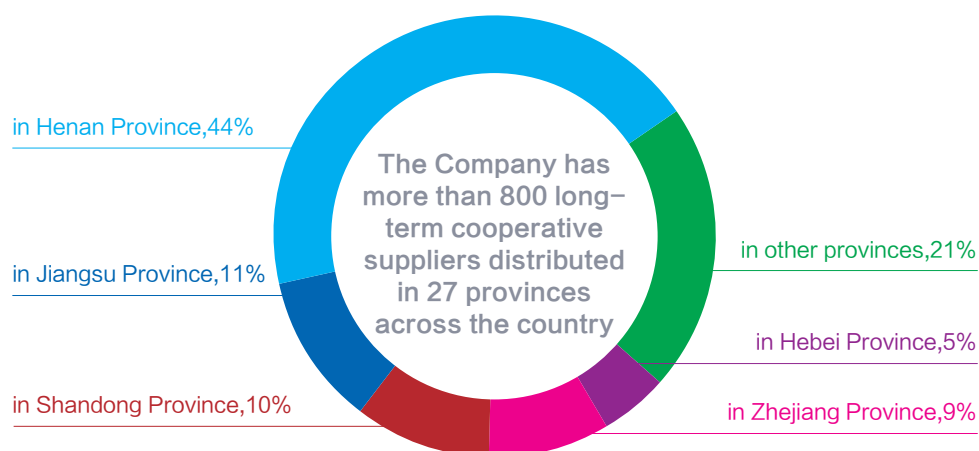
Part 3

Creating a Stable and Compliant Business Environment and Continuously Enhancing Value Creation

The Company always adheres to the correct concept of justice and profit, constantly improves the corporate governance and communication mechanism, abides by the commitments of responsibility to various stakeholders, creates a compliant and orderly development environment, enhances the construction of risk prevention and control mechanism, eliminates the occurrence of irregular operating phenomena, and promotes the Company and various stakeholders to achieve to achieve maximum interest and continuously enhances value creation and sustainable development capabilities.

3.1 Cooperation and Win-Win

The Company adheres to the supplier cooperation concept of "integrity, cooperation, sharing, and win-win", accelerates the process of supplier optimization, and continuously deepens cooperation with superior suppliers. The Company has established four levels of cooperation with suppliers, including strategic cooperation, key cooperation, targeted cooperation, and regular cooperation. It has formulated differentiated cooperation policies for different cooperation relationships, and has continuously deepened business cooperation with superior suppliers such as strategic cooperation and key cooperation relationship. The Company actively bases itself on its own scale advantages, plays a leading role as a key backbone enterprise, promotes the cultivation and expansion of supporting industrial chains, and promotes and supports local economic development.



The Company has formulated and implemented strictly the "Measures for Management of Suppliers", the "Measures for Management of Introduction of Suppliers", and the "Measures for Management of the Performance Evaluation of Suppliers" to ensure that the suppliers must be enterprises legally established, fully qualified and legally operated, and strengthened the standardized management of suppliers in terms of introduction, withdrawal, cooperation, optimization, evaluation, etc.

In 2020, the signing rate of compliance business agreements between the Company and the cooperative suppliers was 100%. The Company clearly stipulates in the "Compliance Operation Agreement" signed with a supplier that both parties must perform their social responsibilities in terms of quality, environmental protection, safety, intellectual property rights, etc., and the relevant clauses are clarified in the contract: the products and/or services supplied by a seller should meet the requirements of the government on industry environment and occupational health and safety; a seller has the responsibility to inform the buyer of the products and services supplied by the seller, as well as the possible impacts on the environment and occupational health and safety, and provides effective preventive measures and implements effective control; the seller who breaches the contract shall bear the liability for breach of the contract and all losses caused to the buyer by this.

At the same time, the Company has strengthened the environmental protection, safety, quality and other qualification requirements in the introduction of the suppliers. For a supplier who has introduced castings, coatings, etc. involved in heavily polluted weather industry, the Company must have the EIA qualification, and regularly check the qualifications of qualified suppliers in terms of environmental protection, dangerous goods and the quality system, etc.

3.2 Corporate Governance

Continuing to improve corporate governance and safeguarding the legitimate rights and interests of all shareholders

The Company deeply understood the newly revised "Securities Law" and the new refinancing regulations, as well as the new requirements for the governance of listed companies and securities affairs, and firmly established the responsibility concept of "always being in awe and thinking of the root of value", continued to standardize the corporate governance structure system with the Company's "Articles of Association" as the core, further promoted standardized operation and scientific decision-making, and effectively protected the legitimate rights and interests of all shareholders, especially minority shareholders.

In 2020, being confronted with the impact of the epidemic on the operation of the shareholders' general meeting, the Board of Directors and the Board of Supervisors, the Company actively explored online office, video conference, online voting, remote supervision, etc. to ensure that the shareholders, directors and supervisors effectively performed their duties and ensured the effective operation of corporate governance mechanism. The Company held 4 general meetings throughout the year (including one for each of the A-Stock and H-Stock respectively), 10 Board Meetings, 9 meetings of special committees of the Board of Directors, 6 meetings of the Board of Supervisors, and the Company's directors and supervisors participated via video connection, etc. in various meetings for deliberation, expressed opinions on the Company's major issues, carried out decision-making and supervised performance of duties.



In order to improve the efficiency of decision-making, the Company carried out pre-review of the proposals submitted to the decision-making meetings for deliberation in accordance with the "Measures for Management of Proposals", the "Listing Rules" and the "Guidelines for Information Disclosure Formats", which improved the quality of the proposals; and ensured that the Company's external directors and supervisors had full communication with management. During the epidemic, the Company's governance subjects insisted on performing their duties efficiently, improving governance capabilities and improving governance efficiency.

Strictly doing a good job in information disclosure and building a benign and interactive relationship with investors

The Company strictly complied with the latest regulatory requirements of the China Securities Regulatory Commission, Shanghai Stock Exchange and Hong Kong Stock Exchange to perform information disclosure obligations to ensure that shareholders and potential investors could timely and accurately understand the Company's important information such as business strategy, risk control and financial status.

In 2020, the Company maintained smooth communication with all kinds of investors through telephone, email, network platform, etc. Especially during the epidemic, investors were very concerned about the Company's business development and the impacts from the epidemic. The Company organized a number of teleconferences to answer the questions that small and medium investors cared about in a timely manner. Meanwhile, the Company organized performance briefings to fully communicate with investors on important matters such as business development status, cash dividends, etc., via the platform of Shanghai Stock Exchange and achieved benign communication with investors and established a good image of the Company in the capital market.

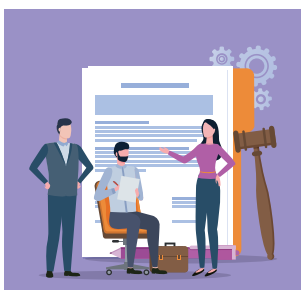
3.3 Compliance Operation

The Company established and improved the compliance management mechanism for cultivating and building a compliance culture, preventing and controlling compliance risks, promoting the Company's business activities and employees' performance of duties, and effectively complied with the applicable laws and regulations, international treaties, regulatory provisions, industry standards, rules and regulations and other mandatory and normative requirements.

In 2020, while effectively performing compliance operations, the Company combined epidemic prevention and control and production and operation practices, and gradually improved effective risk prevention and control mechanisms for key business areas and important business processes, and carried out major risk investigations and internal control supervision as well as evaluation, and continued to enhance the ability to resolve major business risks.

- Through daily legal review, audit and supervision, the Company tracked the improvement of internal control defects, and formed a normalized management of the internal control work.
- The Company established a quarterly monitoring and analysis mechanism for major risk events, implemented a provisional and regular reporting system for risk events, detected, responded to and monitored changes in risk events in a timely manner, and ensured the effectiveness of various control measures.
- The Company improved the management process and rules and regulations, established a long-term risk management and control mechanism so that all operations could be followed by laws and regulations, and provided a strong guarantee for the Company's high-quality development.

3.4 Anti-corruption



The Company exercised strict governance over the Party with firm determination, worked ceaselessly to improve the Party conduct and enforced the Party discipline, strengthened deterrence so officials don't dare to, they're unable to, and strengthened their vigilance so they have no desire to commit acts of corruption and created a development environment clean and free of corruption through tireless efforts.

Enhancing Supervision and Inspection. The Company revised and implemented the "Measures for the Administration of Integrity Archives of Leaders", organized leaders at all levels to sign the "Commitment of Honest Employment", and established integrity archives. In 2020, the Company formulated and implemented the "Implementation Plan for Supervision of the Work of COVID-19 Prevention and Control", strictly implemented the leadership and job responsibility system, carried out epidemic prevention and control supervision and inspection work, and ensured that the responsibility was layered and no dead ends were left and disciplined the epidemic prevention and control work. The Company continued to improve the reporting mechanism for letters and visits, and has established reporting channels such as telephone, email, and WeChat, and has dedicated personnel responsible for handling problem clues, and has established mechanisms for coordination and linkage, information sharing, and problem consultation. During the reporting period, there were no cases of corruption or bribery occurred.

Strengthening Working Style Construction. The work style construction of the Party members and cadres was well carried out, and the special rectification of the "headquarters institutionalization" issue and the special action of the "year of work style construction improvement" were carried out to strengthen the responsibility of the leaders and the company headquarters. The Company has strengthened the supervision and inspection of the performance benefits and business expenditures of leaders, emphasized prohibitions at important time points such as holidays, unblocked the communication and reporting channels, and strictly prevented the occurrence of the formalism, bureaucratism, hedonism and extravagance.

Enhancing Integrity Education. Focusing on the correct treatment and use of power, improvement and transformation of work styles, and implementation of the Party's work style and clean government construction responsibility system, the Company launched the "Integrity Publicity and Education Month" activity, organized the "DONGFANGHONG Integrity Training Camp" online Q&A activities, and created the "DONGFANGHONG Discipline Inspection" WeChat official account, applied the new media platform to carry out warning education, and organized two-level leadership team members and more than 200 people participated in the integrity education conference.



Part 4

Strengthening the concept of green development and striving to build an environmentally friendly operation model

The Company earnestly implemented the national policy deployment for safe production and ecological civilization construction, firmly established the "win-win" concept of both economic benefit and safety and environmental protection benefit, continuously strengthened the awareness of green development, vigorously developed circular economy, prevented safety production risks, and took good care of employees' occupational health; insisted on sustainable development and built a safe, environmentally friendly and healthy enterprise.

4.1 Environmental Protection

The Company conscientiously implemented such laws and regulations as the "Environmental Protection Law", "Atmospheric Pollution Prevention and Control Law", the "Law on the Prevention and Control of Environmental Pollution by Solid Wastes", etc. The Company's energy-saving and emission-reduction leading group uniformly deployed the Company's energy-saving and emission reduction work, coordinated and solved major issues, and the leading group office supervised the implementation of various pollution control work and earnestly fulfilled environmental protection responsibilities.

In 2020, the Company actively implemented the requirements of the three major pollution prevention and control tasks of "clear water, blue sky, and pure land", and invested more than CNY 30 million in key environmental improvement and upgrading projects, including: implementation of special rectification of welding fumes, control of exhaust gas from engine and complete machine tests, elimination and renewal of diesel forklifts below National III and diesel trucks below National IV, greatly reduction of pollutant emissions; improving rain and sewage diversion pipe network facilities to ensure the reliability and stability of sewage treatment stations in operation, all treated reclaimed water was reused, and "zero discharge" of industrial wastewater was realized. The Company carried out soil pollution testing, installed the Internet of Things System for hazardous wastes, and obtained the pollutant discharge permit, so that the Company may operate legally and in compliance with environmental protection requirements in advance.

In 2020, in accordance with the Technical Guidelines on Formulating Environmental Investigation and Emergency Emission Reduction Measures of Key Industries for Heavily Polluted Weather (Revision 2020) promulgated by the Ministry of Ecology and Environment and the Technical Guidelines on Formulating Environmental Investigation and Emergency Emission Reduction Measures of 13 Industries Including Machining Industry for Heavily Polluted Weather in Henan Province (Revision 2020) promulgated by the Department of Ecology and Environment of Henan Province, the Company implemented the requirements of various pollution prevention and control tasks, and continued to increase investment in technology innovation. According to the result of the environmental performance rating for key industries conducted by the Department of Ecology and Environment of Henan Province, the Company has met the standard for performance rating of the machining industry as a "performance-leading enterprise", and its casting and coating production lines have reached industry performance rating B as the Company has effectively improved the its scientific pollution control and the ability to accurately control pollution.

According to the corresponding rating standards, when the government issues emergency management and control for heavy pollution weather orange and below, the Company can carry out its production normally before ensuring the effective operation of pollution prevention facilities; when the government released emergency control for heavy pollution weather red, the Company strictly followed the classified control requirements, except for machining, and casting and painting have all been suspended. In 2020, no report has revealed that the Company has ever been punished for its violation of any rules and regulations concerning environmental protection during any environmental protection investigation or inspection conducted by the government.

Investment in and Implementation of Waste Gas Pollution Control

Case 

In 2020, while completing the treatment of exhaust gas from casting and painting, the Company enhanced the treatment of exhaust gas from diesel engine test benches. Through research on nitrogen oxide treatment technology and engine test bench performance requirements, the Company formulated a plan of special technology, invested funds for purchasing and installing 20 professional purification facilities to ensure the efficiency and reliability of exhaust gas treatment equipment, and meet the most stringent domestic requirements for exhaust gas treatment in diesel engine test.



4.2 Energy-saving and Cost-reducing

The Company implemented the national "Energy Conservation Law" and other laws and regulations, amended a number of rules and regulations, including the "Measures for Management of Energy Conservation Work", the "Measures for Management of Energy Statistics", the "Measures for Management of the Key Energy-consuming Equipment", established an energy-saving objective and energy statistical system and promoted the improvement of comprehensive energy efficiency.

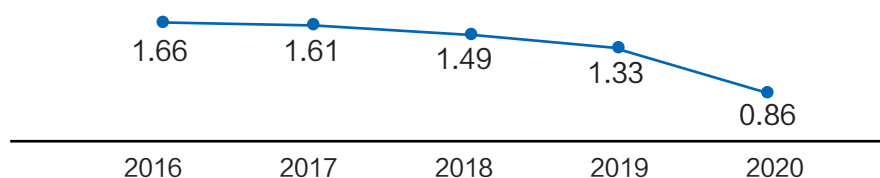
According to the market situation and changes in production and sales, the Company rationally organized production, realized close coordination between energy-saving management and production management, improved the level of refined energy-saving management, and reduced the Company's energy consumption. The Company continuously optimized energy varieties, eliminated high-energy-consuming equipment, and continuously improved energy utilization efficiency.

Continuous Improvement of Water Resource Utilization Level

Case 

The Company continued to enhance water-saving awareness, improved water-saving facilities, strengthened water-saving measures, organized water balance testing and water-saving enterprise declarations, and the Company's water resource utilization level has been improved year by year.

Unit Output Water Consumption (m³/CNY10,000 of output value)



Environment Indicators Disclosure

1. Emissions

1.1 Pollutants discharging

Description	Data	Note
Emissions from industrial wastewater	0	The Company has a complete sewage treatment facility to ensure "zero" emissions of wastewater.
Industrial waste gas pollutant smoke and dust	34.33 tons	
Industrial waste gas pollutant smoke and dust	44.31 g/CNY 10,000 of output value	
Sulfur dioxide emissions	3.93 tons	
Density of sulfur dioxide emissions	5.07 g/CNY 10,000 of output value	
Nox emission	13.86 tons	
Density of Nox emission	17.89 g/CNY 10,000 of output value	

1.2 Greenhouse gas emission

Description	Data	Note
Total greenhouse gas emissions	139703.87 tons	
Indirection emission of carbon dioxide in greenhouse gas	107119.23 tons	The Company consumes electricity, steam and other energy sources in the production and operation process, and the indirectly generated carbon dioxide cannot be accurately measured. The Company calculates the data by converting the standard coal consumption into carbon emissions. (1 ton of standard coal produces around 2.6885319 tons of carbon dioxide).
Density of indirection emission of carbon dioxide in greenhouse gas	138.26 kg/CNY 10,000 of output value	These data were also indirectly obtained.

1.3 Hazardous waste discharging

Description	Data	Note
Description	Data	Note
Volume of hazardous wastes generated in the Company	374.802 tons	All the hazardous wastes were entrusted to the units with professional qualification for disposal with compliance-disposal rate of 100%.
Production density of hazardous wastes	483.75 g/CNY10,000 output value	

1.4 Harmless waste discharging

Description	Data	Note
Annual output of general solid wastes such as iron scraps and waste sand	41619 tons	Of which 32066 tons have been converted into usable materials through the Company's comprehensive utilization, and the comprehensive utilization rate is 77.05%.
Density of the general solid wastes such as iron scraps and waste sand	53.72 kg/CNY 10,000 of output value	

1.5 Pollutants discharging targets and measures

Description	Target value	Completion value	Measures
Sulfur dioxide emissions	≤ 7 tons	3.93 tons	1.Strengthening production organization and arrangement, reducing the use of natural gas; 2.Strengthening the operation management of industrial sewage treatment stations to ensure effective operation.
COD emissions	0	0	

1.6 Hazardous emission targets and measures

Description	Target value	Completion value	Measures
Compliance disposal rate of hazardous wastes	100%	100%	Strengthening the management of hazardous waste, enhancing daily collection and storage, signing contract with a qualified disposal agency, and handling the entire contract.

2. Application of Resources

2.1 Energy consumption

Description	Data	Note
Energy consumption	50590.73 tons of standard coal	
Energy consumption (density)	0.0653 tons of standard coal / CNY 10,000 of output value	
Of Which: electric power (total volume)	237.64 million kwh	
Electric power (density)	307 kwh/CNY 10,000 of output value	
Heat (total volume)	271696 million KJ	The heat the Company consumes is mainly steam
Heat (density)	0.3507 million KJ/CNY 10,000 of output value	

2.2 Water consumption

Description	Data	Note
Total water intaking/consumption volume	669757 tons	
Density of water consumption	0.8644 ton/CNY 10,000 of output value	

2.3 packaging

Description	Data	Note
The total amount of packaging materials used in finished products and the amount per unit	/	In the course of business operation, very few packaging materials are applied, which is not an important event necessary to be disclosed.

3. Environment and natural resources

3.1 Environmental protection activities

Description	Measures	Note
Implementation of pollution control projects	According to the government's ecological protection requirements, the Company organized the implementation of key pollution control improvement projects.	The Company organized and completed a number of key projects, including the upgrading and transformation of small and medium-sized parts of the casting and forging company, the welding fume control in the subsidiary of Flag company, the elimination and renewal of the diesel forklifts below the National III emission standard and diesel trucks below the National IV emission standard, the VOCs control of the painting operation, the control of the engine and the complete machine test exhaust gas.

4. Climate Change

4.1 Emergency Response to Heavy Pollution Weather

Description	Measures	Note
Emergency Response to Heavy Pollution Weather	Taking emergency response according to the government's heavy pollution weather warning levels and reducing pollutant emissions.	Taking 8 emergency responses to heavy pollution weather in 2020.

4.3 "Green" Agricultural Machinery

In order to win the battle of pollution prevention and control, China has carried forward the switch and upgrading of emission standards for non-road diesel engines, and is planning to implement the switch of national IV emission standard for non-road diesel engines. The Company has actively accelerated the preparation work for switching to the National IV Full Series from the aspects of R&D and manufacturing, etc., and significantly reduced the exhaust harmful substances and fuel consumption of "DONGFANGHONG" Non-road National IV diesel engines, etc.

In 2020, the Company completed the development of DONGFANGHONG LR\YM series non-road diesel engines up to National IV Emission Standard, completed the finalization of the typical platform structure and supporting structure of agricultural machinery, and completed the calibration and verification of 7 major and 47 minor items of the engine bench calibration, completed the calibration and verification of 7 major and 51 minor items of the whole machine, and completed the calibration of "high cold, high plateau, and high temperature", and fully has the ability to switch off-road diesel engines up to National IV emission standard.

The Second Round of "High Cold" Calibration in Mohe, Heilongjiang

Case 

From January to early February 2020, the Company completed the second round of "High Cold" calibration in Mohe, Heilongjiang for "DONGFANGHONG" Tractor up to National IV Emission Standard, and carried out a total of 19 test items including the fuel system, DPF, and SCR key components. There were altogether over 100 tests with a duration of more than 40 days.

The Company has promoted field verification of more than 30 types of typical mainframes with power ranging from 90-260 horsepower. The verification area includes 12 provinces such as Hainan, Heilongjiang, Inner Mongolia, Henan, etc. The longest operation time exceeds 2300 hours, and the total verification time is nearly 18000 hours. Product performances have been fully recognized by users.



4.4 Safety Production

The Company conscientiously implements the national Safety Production Law and other safety production rules and regulations and safety technical standards, adheres to the safety production policy of "safety in first, prevention as priority, and comprehensive management", and aims to "eliminate accident potential and strengthen safety line of defense"; continues to deepen the investigation and management of potential safety hazards and special rectification to prevent production accidents.

The Company adheres to the people-oriented approach and promotes the improvement of employees' safety consciousness. In 2020, the Company organized employees to participate in the activities of Q&A of the national safety knowledge network and the national emergency management law popularization knowledge contest, and organized the 8 categories of personnel including leaders at all levels, safety management personnel, special operations personnel, workshop directors, and team leaders for the safety training and education program in order to enhance the awareness and quality of all employees in safe production; organized 61 experience exchange meetings, and there were 92 teams and groups recognized as "demonstration teams/groups" for job safety compliance, having strengthened the safety management in basis; the Company used new media to organize activities such as "Red Ribbon Safety Messages" and "to conveniently photo the hidden dangers around you" to enhance the influence of corporate safety culture, and let the concept of "life being priceless and safety being a blessing" take root in the hearts of employees.

In 2020, there was no serious injury or above production safety liability accident ever taken place in the Company.

Disclosure of Health and Safety Indicators

1. Number of deaths

Description	Data	Note
Number of deaths and the ratio	0	No fatal accident has ever taken place in the Company in the past 3 years.

2. Number of working days lost

Description	Data	Note
Number of working days lost	175 days	In 2020, there were 6 minor injury accidents with 6 persons involved in the Company.

3. Safety surveillance action

Description	Data	Note
Eliminating safety hazards	Potential safety hazard rectification rate:100%	The Company has established a responsibility system for safety production with the features of "graded management, branch responsibility, and classified supervision". The Company insists on professional inspections, holiday inspections and daily inspections; being problem-oriented and result-oriented, highlights problem rectification, and implements safety target performance appraisal.

4.5 Occupational Health

The Company conscientiously implements the Law On the Prevention and Cure of Occupational Diseases, earnestly fulfills the main responsibility of occupational disease prevention and control, strictly implements occupational disease prevention and control measures in accordance with the company's rules and regulations, such as the "Measures for Management of Occupational Sanitation", dynamically detects occupational hazards in the workplace, and sets up warning signs and notification boards of occupational disease hazards on the working site, reasonably distributes labor protection products, makes regular physical examinations for occupational hazards for employees, and actively carries out the activities of development of occupational health management demonstration unit to effectively protect employees' occupational health. In 2020, there was no new occupational disease in the Company.





Part 5

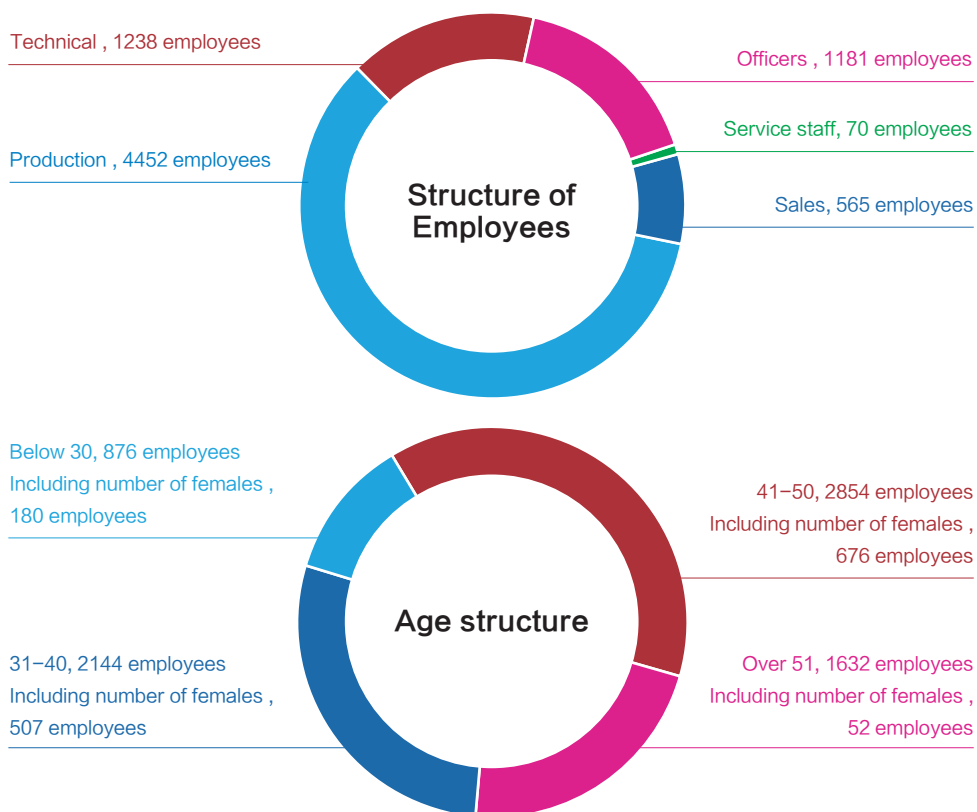
Enhancing social responsibility and helping to decisively defeat poverty

The Company adhered to the principle of "people-orientation", paid attention to protecting the legitimate rights and interests of employees, optimized the incentive mechanism for employees, expanded the channels for employees' career development, and strove to share the development achievements with employees. At the same time, the Company actively fulfilled its responsibility to the local community, participated in the construction of a harmonious community, helped to decisively overcome poverty, promoted the harmonious unity of corporate economic and social benefits, and transmitted positive energy for corporate development.

5.1 Growth of Employees

Concept of Talents

The Company implemented the strategy of "invigorating the enterprise with talents", adhered to the talent concept of "people-oriented business, people-oriented development, giving opportunities to those who want to work, stage to those who are capable to work, and incentive to those who have done the work successfully", provided all kinds of employees with a stage to display their talents, and formed a win-win situation for the development of the Company and the growth of employees.



Note: As of the end of 2020, there were a total of 7,506 employees, including 1,415 female employees in the Company.

Remuneration and welfare

The Company continued to promote the reform of the incentive mechanism, deepened the objective incentives for the management team of its affiliates, increased the performance incentives for key employees, business teams, and independent accounting units, and increased the participation and enthusiasm of various talents in the process of promoting the reform and development of the enterprise, realized the link between employee compensation and company benefits and personal contributions. The Company insisted on tying the interests of core talents closely with the long-term development of the Company to realize the incentive and retention of core talents. In 2020, the Company's employee turnover rate was 1.6%, and the female employee turnover rate was 1.6%.

The Company formulated and strictly implemented various allowance and subsidy systems, continued to pay attention to the quality of employees' work and life, formulated and implemented adjustment plans for employee meal subsidies and night shift allowances, improved subsidy standards, enhanced employees' sense of belonging, and enhanced team cohesion and centripetal force. The Company strictly followed the national social insurance policy, paid the premiums of the "five social insurances and one housing fund" for employees on time and in full, and effectively protected the legitimate rights and interests of the Company and employees.

Protection of Rights and Interest

The Company conscientiously implemented the PRC Labor Law, the PRC Labor Contract Law and the PRC Regulations for Implementation of the Labor Contract Law and other relevant rules and regulations, implemented the labor contract system, improved the labor and employment rules and regulations, protected the legitimate rights and interests of employees, and ensured all employees having signed legally and equally labor contracts, established a harmonious and stable labor relationship; no applicant was discriminated against due to gender, ethnicity, age, etc., and there was no use of child labor or forced labor.

The Company implements a standard working hour system with 8 hours of work per day and 40 hours per week. At the same time, according to the nature of work or production characteristics, the comprehensive calculation of working hours or flexible working hours is implemented according to law. The Company fully protects employees' right to rest and vacation. Employees are entitled to various statutory paid holidays, including statutory holidays, annual leave, marriage leave, family leave, funeral leave, maternity leave, sick leave, and work-related injury leave, etc.

The Company's trade union actively performs its duties of safeguarding rights according to law to ensure that employees' rights and interests are protected. The Company has established a labor dispute mediation committee to promptly mediate disputes in the process of labor contract performance and protected the legitimate rights and interests of employees.

The Company attached great importance to the employment of the disabled and protected the rights and interests of the disabled. In 2020, a total of 110 disabled persons were placed, and the placement of the disabled was reported regularly to the local government for review and inspection.

Development Opportunity

The Company has provided diversified career growth channels for various employees. In addition to the operation and management channels, the Company has set up professional career channels, which are divided into three categories: engineering and technology, professional management and skill operation. The Company actively responds to and has participated in the national vocational skills promotion action, applied for the enterprise vocational skill level evaluation agency, built a platform for the growth of high-skilled talents, improved the vocational skill evaluation system, and created good conditions for vocational skill talents to achieve skill level promotion.

In addition, the Company has established a talent promotion mechanism, and actively applied for national, provincial and municipal honors for all kinds of outstanding talents. In the Company, there are 1 person from the National Ten Million Talents Project, 10 persons enjoying the special allowance of the State Council and the central government, 5 "National Technical Experts", more than 20 persons being excellent experts, academic and technical leaders, technical experts of Henan Province, over 50 leading talents, top-notch talents, outstanding contribution talents, excellent experts, technical experts, etc. of Luoyang, that have enhanced the sense of honor and sense of gain of various excellent talents.

Establishing a Comprehensive Staff Training System

Case 

In terms of employee training, the Company organized various training courses for middle-level leaders, marketing personnel, skilled personnel, functional management personnel, and professional and technical personnel in accordance with employee categories and development levels. During the epidemic, the Company enhanced the training on epidemic prevention and control knowledge to enhance employees' awareness and ability in the epidemic prevention. In 2020, the training rate (coverage rate) of employees was 100%, with an average of 27 training hours, and employee training was further standardized and systematic.



Carrying out labor skills competition among employees

Case 

The Company enthusiastically planned and designed a platform for employees to grow and become talents, and conducted labor competition with the theme of "Being a Good Master to Make Contributing to the New Era" so as to continuously improve the professional skills of employees. In 2020, the Company arranged skill competitions among the maintenance electricians, 3-D CAD, stamping workers, drop-forging workers, etc.; strengthened the integration of online and offline skills competitions, organized the Internet contest activities for 20 professions, including tractor assemblers, machining center operators, etc.



5.2 Taking Care of Employees

Cultural Activities

The Company carried out employees' cultural activities extensively with the theme of "Chinese Dream, the Beauty of Labor" to enrich the cultural life of employees, promote the construction of enterprise culture, and character the inner spiritual quality of employees.

In 2020, the Company actively created a good atmosphere for fighting against the epidemic and resuming work and production, organized the composition of a song for MV anti-epidemic titled the "Upward Light", and went to the production line to shoot photography works with theme of work and production resumption and support of the spring plowing. The photography works were published three times on the platform of "learningpower".

The Company actively enriched the cultural activities of employees. The Company received a warm welcome from more and more employees for various recreation and sports games such as employee speeches titled "the Chinese Dream, the Beauty of Labor", "the Voice of Employees", photography, handicraft shows, table tennis, badminton, etc., as well as selection and commendation of "Model Families", "Most spiritual beauty-Mothers".



中央企业学习平台

中国一拖职工演绎《向上的光》，保障春耕复工复产高歌显力量！

Support to Employees

The Company continued to improve its employee service system and enhanced its assistance to the employees in need. The Labor Union of the Company organized assistance to more than 900 people throughout the year, having distributed CNY1.26 million of various types of assistance; promoted the supporting activity titled the "Golden Autumn Education Support" from the DONGFANGHONG Fund for Future, and distributed CNY 163,000 of the fund of future for the children of the needy employees' families; the Company's cordial care was offered to the employees and their family members; the "fertility care" was provided to more than 70 female employees during pregnancy and delivery wishing their whole family members happiness and babies healthy growth.

During the epidemic, the Company tried various devices to purchase and distribute masks, disinfectants, disposable gloves and other epidemic prevention materials for employees, and sent more than 3,200 boxes of milk and convenience food to front-line employees, having alleviated the temporary dining difficulties of overtime workers; and volunteer service activities such as voluntary haircuts and meal delivery have helped enterprises in work and production resumption.



5.3 Contribution to the Industry

The Company held the first "Strong Skills, Stable Employment" agricultural machinery vocational skills training in Hunan Province

Case 

On June 29, 2020, the first "Strong Skills, Stable Employment" Agricultural Machinery Vocational Skills Training Course held by Hunan Agricultural Machinery Affairs Center was grandly opened in Hunan Xiangtan (Jiuhua) Agricultural Machinery Industrial Park. More than 70 agricultural machinery technicians from cooperatives from Shaoyang, Loudi, etc. of Hunan Province participated in the training.

As the organizer of the Hunan Provincial Agricultural Machinery Vocational Skills Training Course, the Company organized a team of professional lecturers and provided training aids, and adopted practical operation-based training methods supplemented by theory to provide systematic skills training services for users in Hunan Province. This was a concentrated demonstration of the Company's large-scale, systematic, multi-product portfolio, and a complete set of guarantee capabilities for marketing services. It was an innovative output of the "Complete Service Skills Training Program", which strongly promoted organic integration of improvement of agricultural machinery vocational skills and industrial development in Hunan Province, which would further strengthen the cultivation of agricultural mechanization talents and team development.



The Company conducted pre-match special training for the Henan team participating in the National Agricultural Machinery Maintenance Skills Competition

Case 

In September, in response to the needs of the Department of Agriculture and Rural Affairs of Henan Province and the Agricultural Machinery Appraisal Station of Luoyang City, Luoyang City organized a team to represent Henan Province to participate in the Third National Vocational Skills Competition. From October to November, two rounds of intensive pre-match intensive training were organized at the service stations in Luoyang and Tai'an of Shandong Province respectively, giving the participants specific skills practical guidance, organized and carried out intensive courses on common troubleshooting of tractors and diesel engines, and successfully completed the training tasks delivered by Provincial Agricultural Machinery Appraisal Station of Henan Province. In the fierce competition, the trainees won the third prize in the national competition.



5.4 Poverty-alleviation Program

2020 was a historic year for China to build a moderately prosperous society in an all-round way and completed poverty alleviation tasks as scheduled. China has achieved a decisive success in poverty alleviation. The Company implemented the decision deployed by the CPC Central Committee on winning the fight against poverty, held two special meetings throughout the year to study the fight against poverty, clarified the division of responsibilities for the fight against poverty, scientifically formulated assistance plans and assistance measures, and strengthened training and guidance to those responsible for the assistance and the work team stationed at the villages, adopted measures such as policy publicity, assistance and rescue, industrial support, and skill promotion to promote poverty alleviation work, which had effectively enhanced the self-development ability of poverty alleviation targets.

The Company's Designated Sister Unit of Poverty Alleviation of Zhifang Village, Tantou Town, Luanchuan County, Luoyang City, Henan Province

Case 

In 2020, the Company actively helped the poverty alleviation villages of its counterparts in overcoming the adverse effects of the epidemic and coordinated the overall economic and social development. Through continuous and unremitting efforts in recent years, the incidence of poverty has dropped to zero, and indicators of infrastructure and public services have steadily exceeded the standard for poverty alleviation of entire villages, having successfully passed the national census and acceptance.



- Making overall plan for epidemic prevention and control and designated assistance. The Company effectively guided the investigation, isolation and testing of returnees from the key areas of the epidemic, the disinfection in public areas and the improvement of the living environment, and required the village cadres to comprehensively sort out more than 210 health certificates of migrant workers; by such measures as the provision of employment information, the development of public welfare posts, the Company ensured that every household had a stable source of income and there was no return to poverty due to the epidemic.
- Focusing on the targeted poverty alleviation and industrial poverty alleviation. The cadres stationed in village actively promoted the development of the village's characteristic agricultural and sideline products in the direction of greening, distinctiveness and branding; the Company directly purchased characteristic agricultural and sideline products worth more than CNY 800,000, having solved the issue of employment for 20 persons.
- Giving full play to the advantages to serve the agriculture, rural areas and farmers. The company continued to track the maintenance of agricultural machinery such as tractors donated previously, and trained local agricultural machinery operators. That year, the Company completed more than 260 acres of wheat harvest, more than 300 acres of wheat straw bundling, and more than 100 acres of rotary tillage to help increase agricultural production and income.

In the next step, the Company shall continue to consolidate and expand the achievements of the poverty alleviation, strictly implement the requirements of "the Four No Stoppings" (Not stopping responsibilities, not stopping the policy implementation, not stopping poverty alleviation and not stopping the supervision), and applied the practical experience of poverty alleviation and achievement of the spirit in the realization of "village revitalization", having composed a new picture of agricultural production increase, rural development, and farmers' income increase.

※Looking Forward to the Future※

2021 is the first year of the "14th Five-Year Plan". The Company shall deeply understand and implement the "Opinions of the Central Committee of the Communist Party of China and the State Council on Comprehensively Promoting Rural Revitalization and Accelerating Agricultural and Rural Modernization" ("Central Document No. 1" in 2021). Focusing on the "rural revitalization" and the high-quality and efficient development of agriculture, the Company shall carry forward the enterprise's fighting spirit in the "anti-epidemic and protecting spring plowing" period, actively solve the "stuck-neck" crucial technology and other issues, and promote the transformation of the agricultural machinery equipment industry to high-quality development. Agricultural development provides high-efficiency agricultural machinery and equipment support, which truly becomes a solid guarantee for "letting the Chinese keep their rice bowls in their hands".

The Company shall continue to enhance the corporate social responsibility implementation mechanism and supervision system, advance social responsibility work in a planned and step-by-step manner, and continue to build "Value-Creating YTO, Innovative YTO, Green YTO, Responsible YTO and YTO of HAPPINESS", promote the formation of a multi-win situation among the interested parties, including the Company and its employees, customers, shareholders and partners.



Index of the “Environmental, Social and Regulatory Reporting Guidelines” by the Hong Kong Stock Exchange

General disclosures and key performance indicators	Description	Relevant chapters of this report or other instructions
Major Category A. Environment		
Aspect A1: Emissions		
Key performance indicator A1.1	Types of emissions and related emissions data.	4.2 Energy-saving and Cost-reducing Environment Indicators Disclosure
Key performance indicator A1.2	Direct and energy indirect greenhouse gas emissions (in tons) and (if applicable) density (e.g. calculated based on per unit of production, per facility).	
Key performance indicator A1.3	Total hazardous wastes generated (in tons) and (if applicable) density (e.g. calculated based on per unit of production, per facility).	
Key performance indicator A1.4	Total non-hazardous wastes generated (in tons) and (if applicable) density (e.g. calculated based on per unit of production, per facility).	
Key performance indicator A1.5	Description of the emission target as set and the steps taken to achieve this description.	
Aspect A2 : Application of Resources		
Key performance indicator A2.1	Total consumption of direct and/or indirect energy (such as electricity, gas or oil) classified by types (calculated in thousand of kilowatt-hour) and density (e.g. calculated in terms of per unit of production, per facility).	4.2 Energy-saving and Cost-reducing Environment Indicators Disclosure
Key performance indicator A2.2	Total water consumption and density (e.g. calculated based on per unit of production, per facility).	
Key performance indicator A2.3	Description of the energy application performance targets and the steps taken to achieve these targets.	
Key performance indicator A2.4	Description of any problem that may arise in obtaining suitable water source, as well as the water efficiency goal as set and the steps taken to achieve the goal.	
Key performance indicator A2.5	The total amount of packaging materials used in finished products (in ton) and (if applicable) the amount taken per production unit	
Aspect A3 ; Environment and Natural Resources		
Key performance indicator A3.1	Description of the significant impact of business activities on the environment and natural resources and the actions taken to manage these impacts.	4.2 Energy-saving and Cost-reducing Environment Indicators Disclosure
Aspect A4 : Climate Change		
Key performance indicator A4.1	Description of the major climate-related issues that have and may have an impact on the issuer and the response actions.	4.2 Energy-saving and Cost-reducing Environment Indicators Disclosure
Major category B. Society		
Employment and common practices for laborers		
Aspect B1: Employment		
Key performance indicator B1.1	Total employees classified by gender, types of employment (such as full-time or part-time), age groups and regions	5.1 Growth of Employees
Key performance indicator B1.2	Employees loss rate classified by genders, age groups and regions	
Aspect B2: Health and Safety		
Key performance indicator B2.1	The number and rate of work related deaths in each of the past three years (including the reporting year).	4.4 Safety Production Disclosure of health and safety indicators
Key performance indicator B2.2	Number of working days lost due work-related injury	
Key performance indicator B2.3	Description of the occupational health and safety measures adopted, as well as related implementation and monitoring methods.	

Index of the “Environmental, Social and Regulatory Reporting Guidelines” by the Hong Kong Stock Exchange (Continued)

General disclosures and key performance indicators	Description	Relevant chapters of this report or other instructions
Aspect B3: Development and Training		
Key performance indicator B3.1	Percentage of the trained employees classified by gender and employee category (such as senior management, medium management, etc.).	5.1 Growth of Employees
Key performance indicator B3.2	Divided by gender and employee category, the average hours each employee has completed training.	
Aspect B4: Labor Standards		
Key performance indicator B4.1	Description of the measures to review the recruitment practices to avoid child labor and forced labor.	5.1 Growth of Employees
Key performance indicator B4.2	Description of the steps taken to eliminate the situation when a violation is discovered.	
Operation practices		
Aspect B5: Management of the supply chain		
Key performance indicator B5.1	The number of suppliers classified by region.	3.1 Cooperation and Win-Win
Key performance indicator B5.2	Description of the conventions of engaging suppliers, the number of suppliers to whom the conventions are implemented, and the implementation and monitoring methods of the conventions.	
Key performance indicator B5.3	Description of the practices related to the identification of environmental and social risks in each link of the supply chain, as well as related implementation and monitoring methods.	
Key performance indicator B5.4	Description of the practices that promote the use of environmentally friendly products and services when selecting suppliers, as well as related implementation and monitoring methods.	
Aspect B6: Responsibilities for the products		
Key performance indicator B6.1	The percentage of the total number of products sold or shipped that must be reclaimed for safety and health reasons.	Inapplicable
Key performance indicator B6.2	The number of complaints received about products and services and the way to deal with them.	1.3 User services
Key performance indicator B6.3	Description of the practices related to the maintenance and protection of intellectual property.	2.2 Intellectual Property and Patents
Key performance indicator B6.4	Description of the quality verification process and product reclaiming procedures.	2.5 Product Quality
Key performance indicator B6.5	Description of consumer data protection and privacy policies, as well as related implementation and monitoring methods.	1.3 User services
Aspect B7: Anti-corruption		
Key performance indicator B7.1	The number of concluded lawsuits regarding corruption brought against the issuer or its employees during the reporting period and the outcome of the lawsuit.	3.4 Anti-corruption
Key performance indicator B7.2	Description of preventive measures and reporting procedures, as well as related implementation and monitoring methods.	
Key performance indicator B7.3	Description of the anti-corruption training provided to directors and employees.	
Communities		
Aspect B8: Community investment		
Key performance indicator B8.1	Fields of contribution focused on (e.g. education, environmental issues, labor demands, health, culture, sports).	5.2 Taking Care of Employees
Key performance indicator B8.2	Resources applied in the fields focused on (such as money or time).	



Office Address of the Company: 154 Jianshe Road, Luoyang, Henan Province

Post code: 471004

Tel: 0379-64967038

Fax: 0379-64967438

Web: www.first-tractor.com.cn

Email: msc0038@ytogroup.com