

2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
XCMG Construction Machinery Co., Ltd.



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About this Report

Introduction

This is an Environmental, Social, and Governance (ESG) Report issued by XCMG Construction Machinery Co., Ltd. to disclose and demonstrate its ESG practices and performance to stakeholders. The Board of Directors guarantees that there are no false records, misleading statements or material omissions in this Report and is responsible for the authenticity and validity of the information contained herein.

Reporting Period

The period covered by this Report is from January 1, 2025 to December 31, 2025 unless otherwise specified. Some information has exceeded the said period to ensure the completeness of this Report.

Reporting Scope

Unless otherwise specified, this Report is about the XCMG Construction Machinery Co., Ltd. and covers its Head Office, Branches and Subsidiaries, a scope that is identical to the scope of its consolidated financial statements. Any deviation from the said scope will be stated in the Report.

Data Sources

All information and data used in this Report are from materials made public by governmental agencies, and the formal documents and disclosures of the Company. All financial data referenced in this Report are subject to the annual report and other data are from internal statistics of the Company. All monetary amounts are expressed in Chinese RMB unless otherwise stated.

Basic Framework

This Report is prepared with references to in particular general frameworks on ESG/ sustainability/social responsibility both at home and abroad, including the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (Trial), Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange - Preparation of Sustainable Development Report (Revised 2026), the Hong Kong Stock Exchange's Environmental, Social, and Governance Reporting Guide, Guidance on Social Responsibility (GB/T 36000), Global Reporting Initiative (GRI) Sustainability Reporting Standards and ISO 26000:2010 Guidance on Social Responsibility and with a focus on the industry context and featuring the Company's distinctiveness.

Names and Abbreviations

For ease of expression and comprehension, the following names are used throughout the Report:

Company Name	Abbreviation
XCMG Construction Machinery Co., Ltd.	XCMG, XCMG Machinery, Company, We
Xuzhou Construction Machinery Group Co., Ltd.	XCMG Group, Group
Xuzhou Heavy Machinery Co., Ltd.	XCMG Heavy Machinery
Xuzhou Construction Machinery Co., Ltd.	XCMG Crane
XCMG Finance Co., Ltd.	XCMG Finance
Xuzhou XCMG Mining Machinery Co., Ltd.	XCMG Mining Machinery
Xuzhou XCMG Infrastructure Construction Machinery Co., Ltd.	XCMG Infrastructure
Xuzhou XCMG Excavator Machinery Co., Ltd.	XCMG Excavator
Road Machinery Branch, XCMG Construction Machinery Co., Ltd.	XCMG Road
Xuzhou XCMG Hydraulic Co. Ltd.	XCMG Hydraulic
Xuzhou XCMG Zhilian Logistics Service Co., Ltd.	XCMG Zhilian
Xuzhou XCMG Schwing Machinery Co., Ltd.	XCMG Schwing
XCMG Hanyun Technologies Co., Ltd.	XCMG Hanyun
Xuzhou XCMG Driveline Technology Co., Ltd.	XCMG Driveline
Xuzhou XCMG Environment Technology Co., Ltd.	XCMG Environment
Xuzhou XCMG Truck Mounted Crane Co., Ltd.	XCMG Truck Mounted
Xuzhou XCMG Rongpiao E-Technology Co., Ltd.	XCMG Rongpiao
Xuzhou XCMG Port Machinery Co., Ltd.	XCMG Port Machinery
Science and Technology Branch, XCMG Construction Machinery Co., Ltd.	XCMG Science and Technology
XCMG Fire-fighting Safety Equipment Co. Ltd	XCMG Fire-fighting
Xuzhou XCMG Precision Industrial Technology Co., Ltd.	XCMG Precision
Xuzhou XCMG Crawler Chassis Co., Ltd.	XCMG Crawler
Xuzhou XCMG Fudi Battery Technology Co., Ltd	XCMG Fudi
Xuzhou Special Machinery Co., Ltd.	XCMG Special
Xuzhou XCMG Agricultural Machinery Technology Co., Ltd.	XCMG Agricultural Machinery

Report Publication

This Report is issued electronically, which is available on the website of Shenzhen Stock Exchange, and the Company's website <http://xgjx.xcmg.com/>. This Report is published in both Chinese and English. In case of any ambiguity in understanding the two versions, the Chinese version shall prevail.

Report Feedback

To better address your and other stakeholders' needs, and to enhance the value of our ESG information provided for you, we seek your valuable feedback on this Report. Your insights will help us improve our ESG management capabilities and performance. We sincerely expect your valuable comments or suggestions and email the feedback to zqb@xcmg.com.

Message from the Chairman

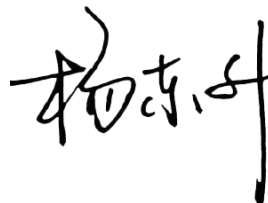
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The year 2025 marked the final year of the 14th Five-Year Plan and a critical juncture for shaping the 15th Five-Year Plan. In retrospect, amid profound shifts in the global economic landscape and transformative changes across our industry, we remained firmly committed to our corporate mission of Empower Solid Future. Guided by our two-step strategic blueprint and the business development principles of high quality, strong safety, world-class standards, and steady growth, we advanced with confidence and fulfilled our responsibilities with determination, achieving a distinguished annual record of substantial significance and hard-won success.

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**Chairman of the Board of
XCMG Construction Machinery Co., Ltd.**



Solid Foundations, Ascending Brand. We focused on four growth pathways: regional expansion, industrial growth, technological innovation, and business model evolution. With unwavering commitment, we advanced the Five Transformations upgrade across our industries, achieving greater operational stability, stronger profitability, and a more resilient business foundation. For the third consecutive year, we were named to the *Forbes China Go-International Selection TOP 30*. Through tangible and substantial performance, we continued our upward trajectory on the global stage, with our international brand influence steadily increasing.

Green Innovation Unlocked New Horizons; Intelligence Won the Future Globally. Guided by green innovation, we demonstrated the strength of Chinese smart manufacturing. At Bauma, we presented customized products and new energy equipment. At BICES 2025, we showcased new paradigms in green construction and new frontiers in intelligent operations. Across the value chain, we advanced multiple technological pathways, including pure electric, hybrid, and hydrogen energy. We also pioneered the world's first zero-carbon smart mining integrated solution, covering drilling, excavation, hauling, dumping, and auxiliary operations. This solution is transforming mines from labor-intensive worksites into intelligent resource factories. In the global shift toward green mining, XCMG has emerged as a leader in zero-carbon smart mining.

Technological Leadership Has Strengthened Smart Manufacturing, and We Have Upheld Our National Responsibilities. We regarded technological innovation as the core driver of sustainable enterprise development and continue to advance our No. 1 Project of intelligent transformation, digitalization, and connectivity. We were honored to be among the first batch of enterprises designated as a Pilot Smart Factory by the nation. From 5G fully connected factories to industrial internet platforms, and from smart mines to unmanned operations, we have built global resource deployment capabilities that are visible, adjustable, and optimally utilized. We have also established an elite emergency response team to deliver safety services directly to project sites and equipment front lines. With constant vigilance, we have safeguarded safety standards and fulfilled our national responsibilities. For two consecutive years, ASCA recognized us as a Best Practice Case in Sustainable Development, and we were named to the 2025 Fortune China ESG Impact List.

At the outset of the 15th Five-Year Plan, we will remain mindful of its mission and advance with resolve. We will continue to align its industries with the Five Transformations, drive high-quality development through innovation, embrace the global transition to low carbon through green transformation, and accelerate smart manufacturing through digitalization. In doing so, we will pursue a world-class development path defined by its own distinctive strengths. As the saying goes, A lone traveler may move quickly, but those who journey together go farther. XCMG stands ready to collaborate with global partners, contribute to climate action and green industrial transformation, and deliver stronger high-quality development outcomes in return for the trust and expectations of society.



About XCMG Machinery

Company Profile

XCMG Construction Machinery Co., Ltd. (Stock Name: XCMG Machinery, Stock Code: 000425) was founded in December 1993 and listed on the Shenzhen Stock Exchange in August 1996. As a core member of Xuzhou Construction Machinery Group Co., Ltd. (XCMG Group), it is a leading large-scale enterprise in China's construction machinery industry, distinguished by a comprehensive product portfolio, strong market competitiveness, and significant industry influence. The Company also holds an important strategic position at the national level.

The key performance indicators of XCMG Machinery have consistently ranked first in China's construction machinery industry. For several consecutive years, it has maintained a leading position in the global industry and has been recognized Forbes China Top 30 Globalized Enterprises. The Company's 16 categories of main machinery including automotive cranes, truck-mounted cranes, rollers, and other types rank first in the domestic industry; the Company's cranes, mobile cranes, horizontal directional drills, and new energy loaders continuously maintain a global first place; piling machinery and concrete machinery remain in the top echelon globally; road machinery, truck-mounted cranes, and aerial work platforms maintain a global third place; open-pit mining equipment has advanced to the fourth globally, excavators rank sixth globally and second domestically, and loaders remain first domestically.

The Company has established a "5+1" modern industrial system encompassing construction machinery, mining machinery, agricultural machinery, rescue and support machinery, core components, and modern service industries. Its products are exported to more than 190 countries and regions, with coverage exceeding 95% along the Belt and Road Initiative. As a result, XCMG Machinery stands as a flagship enterprise in China's global equipment manufacturing sector.

Mission

Empower Solid Future

Vision

To Build a Modern World-class Enterprise and Peak at The Global High-end Equipment Manufacturing Industry

2025 Milestones



Li Qiang conducted a survey at Jiangsu Huizhi High-end Construction Machinery Innovation Center Co., Ltd.



Recognized as a National Pilot Smart Factory, Establishing an Industry Benchmark



Secured the Largest Export Order for Green Mining Equipment, and Jointly Built the World's First Zero-carbon Smart Mine



Brazilian President met Yang Dongsheng, and Spoke Highly of XCMG



Market Value Hit Record High, Brand Value & Reputation Elevated Further



Awarded Another National Manufacturing Champion Product, Leading the New Energy Sector



Made a Strong Debut at Bauma, letting the World Witness XCMG Smart Manufacturing



XCMG Emergency Rescue Team officially established, demonstrating its state-owned enterprise responsibility in global public welfare and rescue missions



Ensuring Zero-Error Support for National Ceremonies and Contributing to the Wandering Earth 3 Exemplify the Responsibility as an SOE (State-owned Enterprise)

Awards and Honors



Fortune China 500

Fortune



Forbes China 2025 Best Employer Selection

Forbes China



Best Practice Case in Corporate Board Governance; Best Practice Case in Sustainable Development

China Association for Public Companies



Investment-Worthy Company Award

China Securities Journal



3rd Guoxin Cup· ESG Golden Bull Award

China Securities Journal



Golden Bull Award for Outstanding Entrepreneur

China Securities Journal

Award Name	Awarding Entity
Top 100 Benchmark Brands in Chinese Brand Globalization	International Academy of Brand Science
2025 Fortune's Most Admired Companies in China	Fortune
2025 Fortune China ESG Impact List	Fortune
2025 (8th Edition) Best Cases of Chinese Enterprise International Image Building Case Collection Campaign– Excellence Award in Green Development & ESG Practices	China International Communications Group (CICG)
2025 Forbes China Go-International Series Selection "30&30"	Forbes China

Industry Organizations

No.	Organization Name	Membership
1	China Safety Industry Association	Chair Entity
2	China Federation of Industrial Economics	Vice Chair Entity
3	China Machinery Industry Federation	Vice Chair Entity
4	China Machinery Industry Safety and Health Association	Vice Chair Entity
5	China Machinery Industry Quality Management Association	Vice Chair Entity
6	China Construction Machinery Association	Vice Chair Entity
7	Zhan Tianyou Science and Technology Development Foundation	Vice Chair Entity
8	Mechanical Design Branch, Chinese Mechanical Engineering Society	Deputy Director Entity
9	China Association for Quality	Standing Director Entity
10	China Enterprise Confederation	Directing Entity
11	China Association for Public Companies	Directing Entity
12	National Association of Financial Market Institutional Investors	Member Entity

Responsibility Management

ESG Management

ESG Framework

The Company has continuously refined its ESG structure and established an ESG information reporting mechanism to ensure the effective implementation of ESG management.

In 2025, to further strengthen its strategic coordination in environmental, social, and governance (ESG) matters and promote sustainable development and long-term value creation, the Company renamed the Strategy Committee of the Board of Directors as the Strategy and ESG Committee and fully integrated ESG-related functions into responsibilities of the Board's special committee. The Company was also recognized by the China Association for Public Companies (CAPCO) as one of the 2025 Best Practice Cases of Sustainable Development of Listed Companies and included in Fortune's China ESG Impact List, reflecting broad recognition of its sustainable development performance.

	<p>Decision-making Level—Strategy and ESG Committee of the Board of Directors</p>	<p>As the Company's highest decision-making body for ESG management, the Committee deliberates and approves major ESG-related matters.</p> <p>It also oversees the assessment of the Company's sustainability-related impacts, risks, and opportunities.</p>
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ESG Information Reporting and Supervision Mechanism

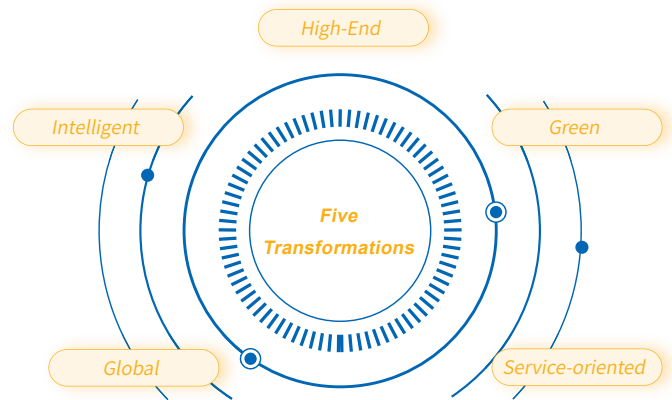
- ESG Information Reporting Mechanism** — The Securities Department is responsible for compiling the annual ESG reports, submitting them to the Board of Directors and senior management for review and approval, and regularly disclosing ESG progress to shareholders and the public to ensure the accuracy, transparency, and timeliness of the Company's ESG reporting.
- ESG Information Supervision Mechanism** — During the reporting period, the Board of Directors reviewed and approved the annual ESG report and proposals.

The Department responsible for ESG affairs held meetings on an ad hoc basis to discuss and coordinate key ESG matters.

Data were collected regularly to monitor and evaluate the progress of related initiatives.

ESG Strategy and Vision

The Company integrates the principles of sustainable development into its strategy and decision-making processes. Guided by the Five Transformations and supported by robust risk control and compliance mechanisms, it balances development with security, strengthens ecological and environmental protection, fulfills social responsibilities, and enhances corporate governance. In doing so, it steadily improves governance capability, competitiveness, innovation capacity, risk resilience, and return capacity. The Company also reinforces its positive contributions to the economy, society, and the environment, while increasing the adaptability of its strategy and business model to sustainable development and promoting broader economic and social progress through high-quality growth.



ESG Impacts, Risks and Opportunities

The Company integrates the management of ESG-related impacts, risks, and opportunities into its internal processes. It thoroughly assesses sustainability-related risks and opportunities that may materially affect its business model, operations, strategy, financial position, operating results, cash flows, and financing methods and costs over the short, medium, or long term, and implements appropriate measures accordingly.

Management Process

Identify

ESG-related risks and opportunities are identified in accordance with applicable laws and regulations, policy requirements, sustainability trends, and the Company's operational circumstances.

Assess

On the basis of risk identification, the likelihood, magnitude, and transmission channels of these impacts, risks, and opportunities are assessed.

Respond

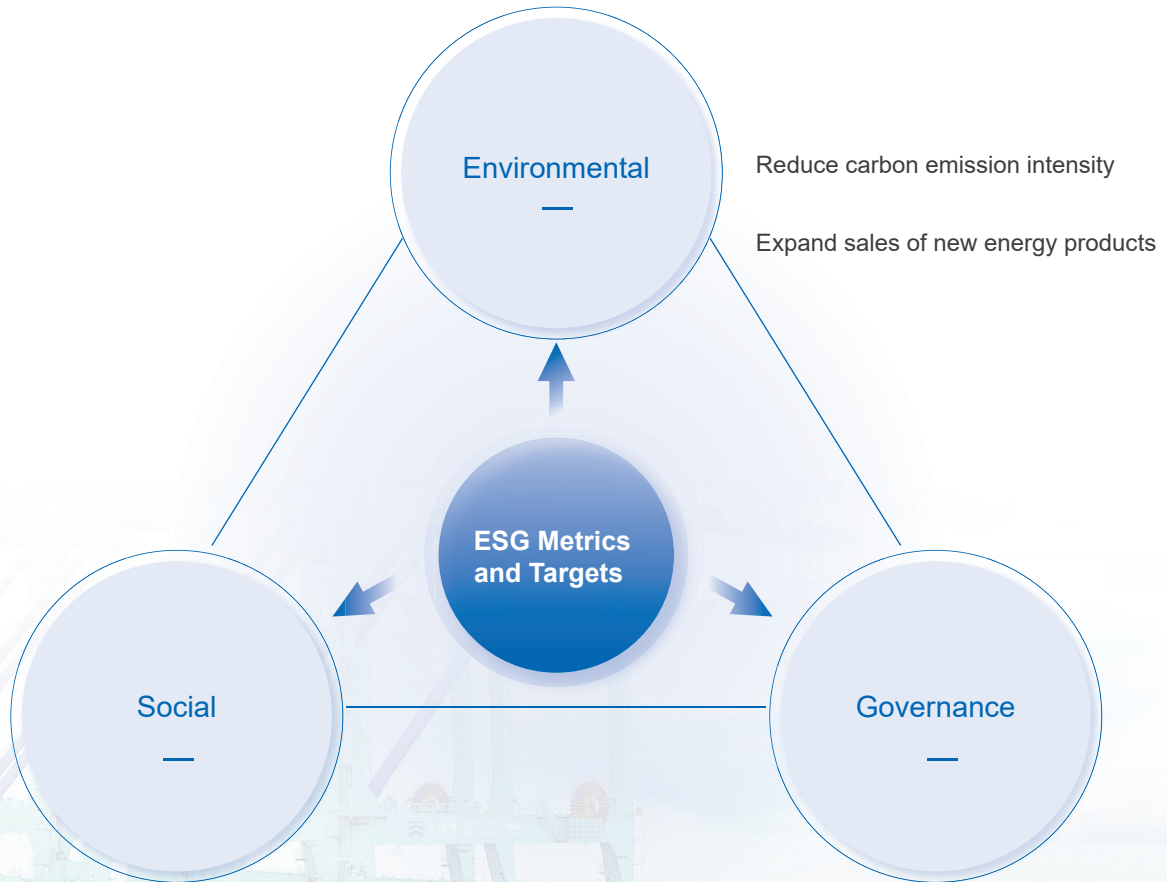
Based on the results of the risk assessment, targeted response strategies and measures are formulated to effectively mitigate adverse impacts on operations and financial position. Meanwhile, the Company continuously monitors risk profiles and evaluates management measures to ensure the effectiveness of impact, risk, and opportunity management.

Identification Results and Response Initiatives

Risk/ Opportunity Type	Risk/Opportunity Description	Likelihood	Time-frame	Expected Financial Impact	Responses
Country-specific and policy risk	Regulatory requirements for construction projects vary across governments and regulatory authorities in different countries, including those related to human rights protection and environmental compliance. As a result, the Company faces political, economic, social, financial, and legal risks in host countries, requiring strong compliance management capabilities.	High	Medium to Long-term	Revenue decline	<ul style="list-style-type: none"> Establish a comprehensive risk assessment mechanism Formulate adaptable market-entry strategies and operational models Build a robust compliance management system; and Diversify the market portfolio to reduce uncertainty risks associated with overreliance on a single market.
Clean technology opportunity	As global attention to environmental protection and sustainable development continues to grow, demand for clean technology products continues to rise. The research, development, and application of clean technologies help reduce production costs by optimizing production processes and improving energy efficiency.	High	Medium to Long-term	Revenue increase	<ul style="list-style-type: none"> Continue increasing R&D investment in clean technology, while strengthening collaboration with universities, research institutions, and other stakeholders to enhance innovation capacity and core competitiveness. Intensify the promotion of the Company's clean technology achievements and green brand image to strengthen brand awareness and reputation.
Supply chain risk	Suppliers and partners are widely distributed, and they possibly face significant ESG-related risks in contract performance, quality control, safety management, environmental protection, and labor practices.	High	Short term, medium to long term	Cost increase	<ul style="list-style-type: none"> Regularly assess suppliers' performance across all ESG dimensions to ensure alignment with the enterprise's sustainable development goals and standards. Establish a diversified supply chain system to reduce the risk of disruptions caused by natural disasters in a specific region. Build long-term cooperative relationships with suppliers to enhance the overall efficiency and sustainability of the supply chain.
Local operation risk	There are substantial cultural differences among the countries and regions in which the Company operates, requiring more nuanced management of local employees. In addition, NGOs closely monitor Chinese enterprises' environmental practices, labor management, and safety incidents in host countries and regions.	High	Medium to long term	Cost increase	<ul style="list-style-type: none"> Conduct in-depth market research to understand local demand, the competitive landscape, and the sociocultural context. Build strong cooperative relationships with local governments, monitor policy developments promptly, and secure greater support and resources. Provide cross-cultural training for foreign employees to foster respect for local customs and social norms, thereby reducing cultural conflict.

ESG Metrics and Targets

The Company has established sustainable development metrics and targets, which reflect its commitment to environmental protection, social value creation, and governance optimization, while providing a clear direction and measurable path forward.



Enhance global recognition of the responsible brand

Increase investment in technological innovation

Reduce carbon emission intensity






Expand sales of new energy products

Promote intelligent transformation, digital upgrading and connectivity

Improve internal control and compliance management

Communication with Stakeholder

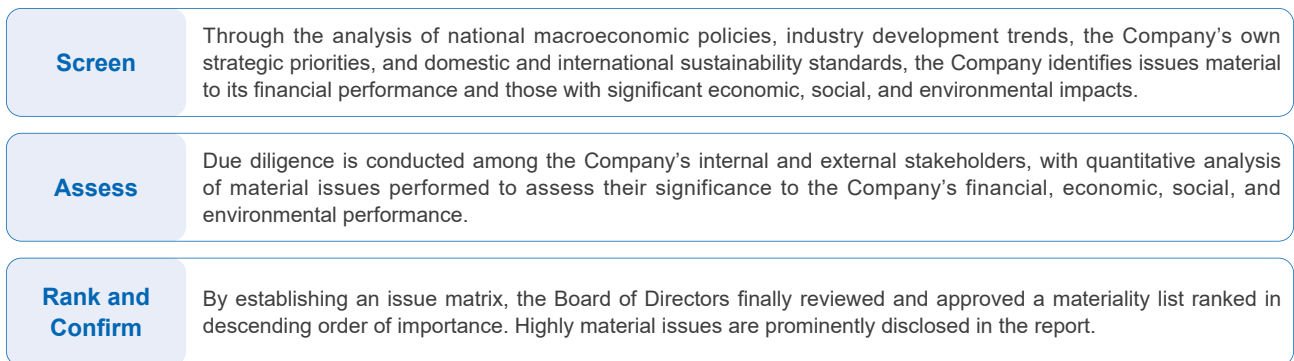
While pursuing high-quality development, XCMG Machinery places significant emphasis on the legitimate rights and interests of its stakeholders. The Company fully recognizes stakeholder expectations and concerns, fosters effective communication channels, engages in ongoing dialogue, and responds proactively to their issues.

Key Stakeholder	Expectations and Demands	Communication Channels
 Governmental and regulatory authorities	<ul style="list-style-type: none"> •Compliance with national policies, laws, and regulations •Alignment with national and regional strategies •Compliant operations •Lawful tax payment 	<ul style="list-style-type: none"> •Supervision and assessment •Information submission •Working meetings
 Investors/ shareholders	<ul style="list-style-type: none"> •Robust corporate governance •Improved transparency and disclosure •Performance growth and investment returns 	<ul style="list-style-type: none"> •Official website and WeChat official account •Information disclosure •Earnings briefings •Roadshows / Reverse roadshows •SZSE Interactive platform •Other communication and interview sessions
 Employees	<ul style="list-style-type: none"> •Protection of fundamental rights and interests •Competitive remuneration and benefits •Support for career development •Provision of a safe working environment •Enhancement of workplace well-being 	<ul style="list-style-type: none"> •Trade unions •WeChat public platform •Questionnaires •Official website, Internal website and Welink
 Customers	<ul style="list-style-type: none"> •Product quality assurance •Protection of privacy security •Responsiveness to customer needs 	<ul style="list-style-type: none"> •Satisfaction surveys •WeChat official account and website feedback •Customer follow-up visits
 Suppliers	<ul style="list-style-type: none"> •Fair bidding and tendering •Building sustainable supply chains 	<ul style="list-style-type: none"> •Transparent procurement practices •Supplier engagement and capacity building
 Communities	<ul style="list-style-type: none"> •Boosting community economic growth •Engaging in community philanthropy •Minimizing environmental impact of operations on local communities 	<ul style="list-style-type: none"> •Communication and engagement •Regular community visits •Information disclosure

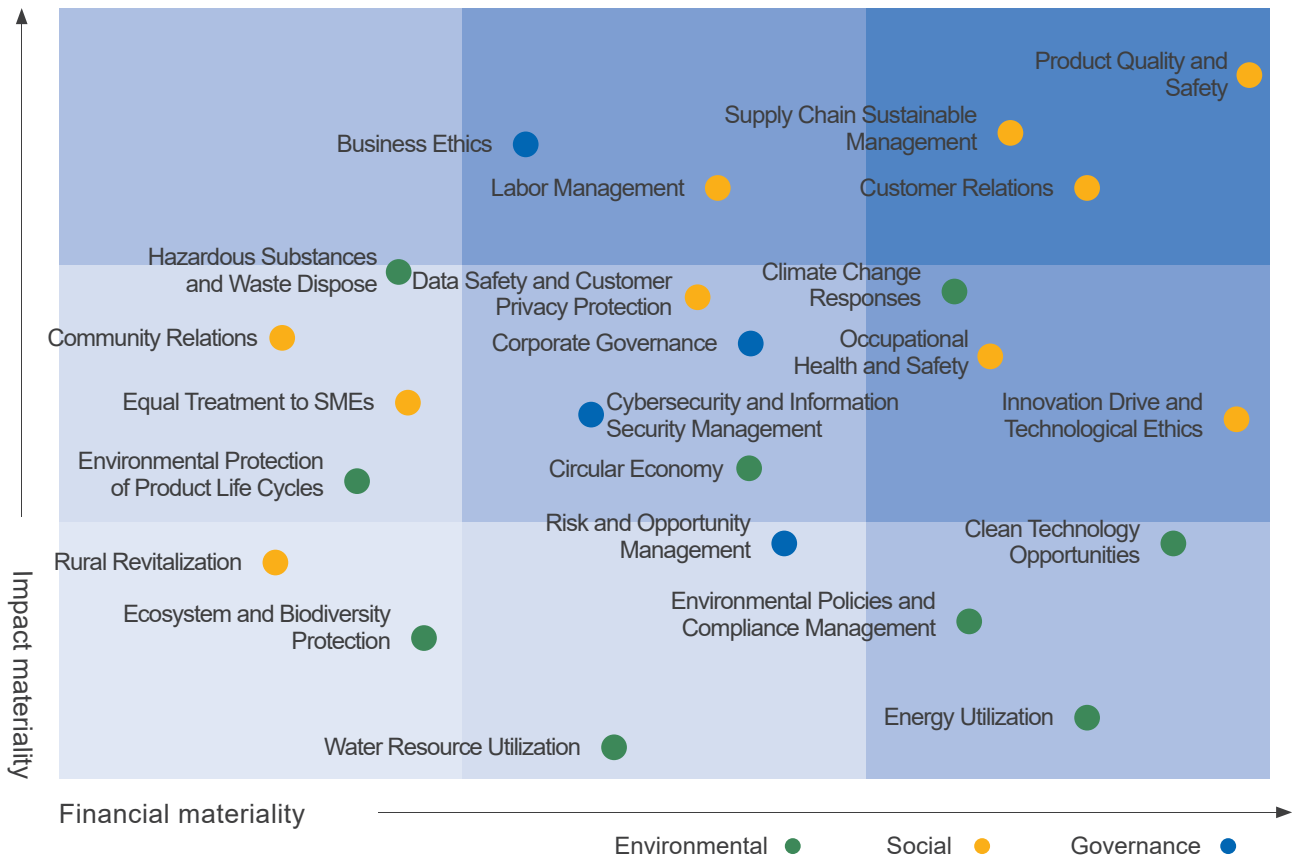
Material Issue Management

XCMG Machinery continuously improves the identification and management of material issues. By analyzing industry policies and trends, conducting industry benchmarking, and extensively soliciting stakeholders' concerns and expectations, the Company screens key material issues according to two dimensions: financial materiality to the Company and impact materiality on the economy, society, and the environment. This approach enables the Company to advance sustainable development in a targeted and focused manner.

Material Issue Analysis Process



Matrix of Material Issues



01 Governance

2025 Highlights

Percentage of employees covered by business ethics and anti-corruption/anti-bribery training (%)

100%

Received highest rating (Grade A) in information disclosure assessment by Shenzhen Stock Exchange (SZSE)

8 consecutive years

Related Awards



Best Practice Case in Corporate Board Governance

China Association for Public Companies



Best Board of Directors

Directors and Boards magazine



XCMG Machinery adheres to a business development strategy centered on “high quality, strong safety, world-class standards, and stable growth.” The Company has continuously enhanced its modern corporate system and optimized its governance structure, resulting in significant improvements in corporate management modernization. Looking ahead, it is accelerating the integration of innovation resources and actively cultivating new productive forces. With greater determination and momentum, it is advancing toward its strategic goal of becoming a world-class enterprise.

Responses to UN SDGs



Corporate Governance

XCMG Machinery strictly complies with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Corporate Governance Guidelines for Listed Companies, and other applicable laws and regulations. The Company has continuously developed and refined its corporate governance framework, establishing a governance mechanism composed of the general meeting and the Board of Directors. This mechanism is characterized by clearly defined powers and responsibilities, transparent accountability, coordinated operations, and effective checks and balances. In 2025, the Company received the Best Board Practice Case award from China Association for Public Companies and the Best Board of Directors award from Directors & Boards magazine.



Best Practice Case in Corporate Board Governance
China Association for Public Companies



Best Board of Directors
Directors and Boards magazine



Governance Structure

General Meeting

The general meeting is the Company's highest authority. In 2025, the Company convened three general meetings, during which 23 proposals were reviewed and approved.

General Meeting Performance

Number of general meeting held

3

Number of proposals passed in general meetings

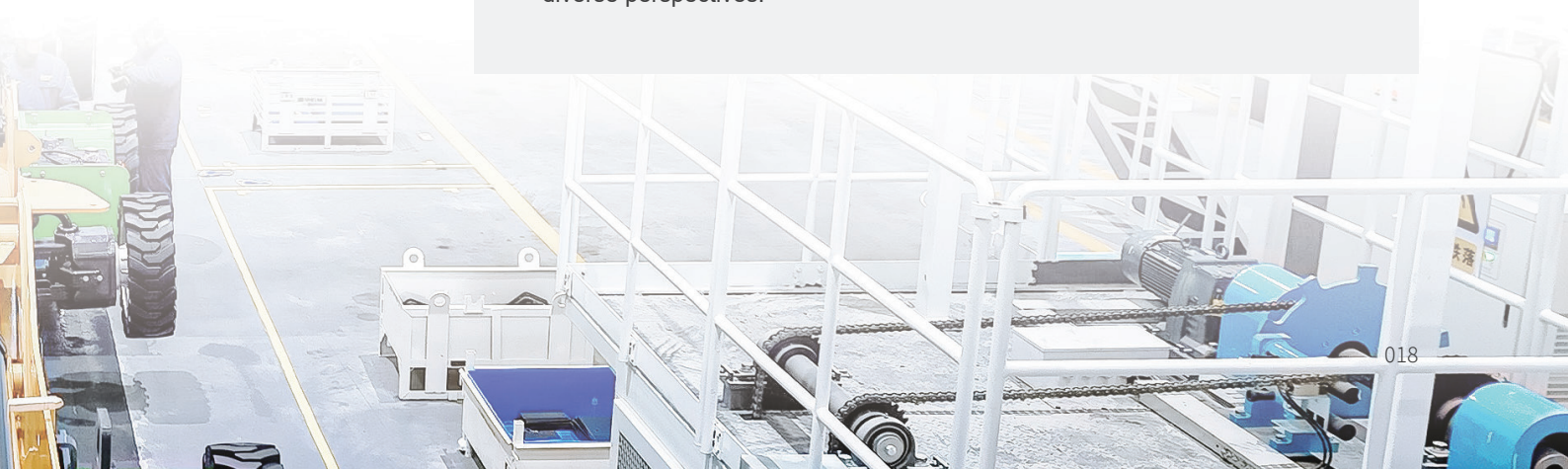
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Board of Directors

The Board of Directors serves as the Company's principal decision-making body and the core of its corporate governance framework. It comprises four special committees: the Audit Committee, the Strategy and ESG Committee, the Nomination Committee, and the Remuneration and Assessment Committee. Each committee fulfills its responsibilities in accordance with the Articles of Association and the working rules for Board special committees, thereby supporting the Board in enhancing decision-making quality and governance efficiency.

Independence and Diversity

- The Company has consistently regarded the independence and diversity of the Board of Directors as central to optimizing corporate governance. In composing the Board, factors such as industry experience, professional expertise, education background, and gender are considered to ensure informed and effective decision-making.
- The Board comprises nine directors, including three independent directors and two female directors, reflecting a well-balanced governance structure and diverse perspectives.



Appointment Procedures

- Non-independent directors are nominated by shareholders, reviewed by the Nomination Committee, deliberated by the Board of Directors, and subsequently elected at the general meeting of shareholders.
- Independent directors are proactively identified by the Company in accordance with regulatory requirements and its strategic direction, with experts and scholars recruited from fields such as industry, new energy technology, law, and finance. They are then reviewed by the Nomination Committee, deliberated by the Board of Directors, and elected at the general meeting of shareholders.

Remuneration and Assessment

- The Remuneration and Assessment Committee is responsible for formulating and reviewing compensation plans, regularly evaluating and promptly adjusting remuneration policies to reflect changes in market best practices and regulatory requirements, and conducting benchmarking analyses of compensation levels and structures against industry peers to ensure the competitiveness of the Company's remuneration framework.
- Committee members possess professional expertise in compensation design and governance, as well as a comprehensive understanding of the Company's strategy and risk profile, enabling them to support the development of a sound and scientifically based remuneration system and enhance the Company's governance standards.

General Information of Board Members

Name	Title	Gender	Age	Education Background	Industry Experience
Yang Dongsheng	Chairman	Male	57	Bachelor, Master	Management, Technology, Production and Market
Sun Lei	Director	Male	48	Master	Management
Lu Chuan	Director and President	Male	59	Master	Management, Technology and Finance
Shao Danlei	Director	Female	52	Master	Management and Finance
Shen Yan	Employee Director	Male	44	Master	Management
Tian Yu	Director	Male	60	PhD	Finance, Market and Risk
Geng Chengxuan	Independent Director	Female	60	PhD	Finance
Kuang Shidao	Independent Director	Male	56	Bachelor	Law
Yang Lin	Independent Director	Male	56	PhD	R&D

Board Meeting Performance

Number of Board meetings held	Total Board meeting attendance required	Actual Board meeting attendance	Number of proposals reviewed by the Board
14	126	126	59

Senior Management

The Company had 11 senior executives, including one President, nine Vice Presidents, including the Chief Financial Officer, and one Secretary of the Board of Directors. The senior management team possesses extensive managerial experience and a forward-looking strategic vision, supporting the Company's high-quality development.

The Company has fully implemented a professional manager system and established a robust management framework characterized by term-based and contractual governance. It has set performance evaluation indicators aligned with its high-quality development objectives and adopted a performance- and market-oriented approach, with strict term management and target-based assessments. Through customized employment contracts and term-based performance agreements, the Company has established market-oriented compensation allocation, performance evaluation, and dismissal mechanisms for professional managers. In addition, it has refined its compensation management measures by introducing term-based incentives alongside the existing annual base salary, annual position salary, and annual performance salary, thereby encouraging senior executives to focus more on the Company's long-term strategic objectives.

The Company has established a clear salary recovery and clawback mechanism. Professional managers are responsible for the accuracy and authenticity of the completed values of all comprehensive assessment indicators reported during their tenure. In the event of fraud or of costs and expenses that should have been recognized during the tenure but were not accrued or allocated, the completed values of the comprehensive performance assessment indicators for that tenure shall be retrospectively adjusted and reassessed. Any overpaid annual performance salary and tenure-based incentives shall then be recovered and clawed back.

For the performance assessment of equity incentives, the 2023 Restricted Stock Incentive Plan established three performance indicators: return on net assets, net profit growth rate, and dividend payout ratio. Performance assessment and the release of transfer restrictions will be conducted annually over the three fiscal years from 2023 to 2025, with one assessment per fiscal year. Achievement of the specified performance targets shall constitute the condition for the incentive recipients to have their restricted shares unlocked.

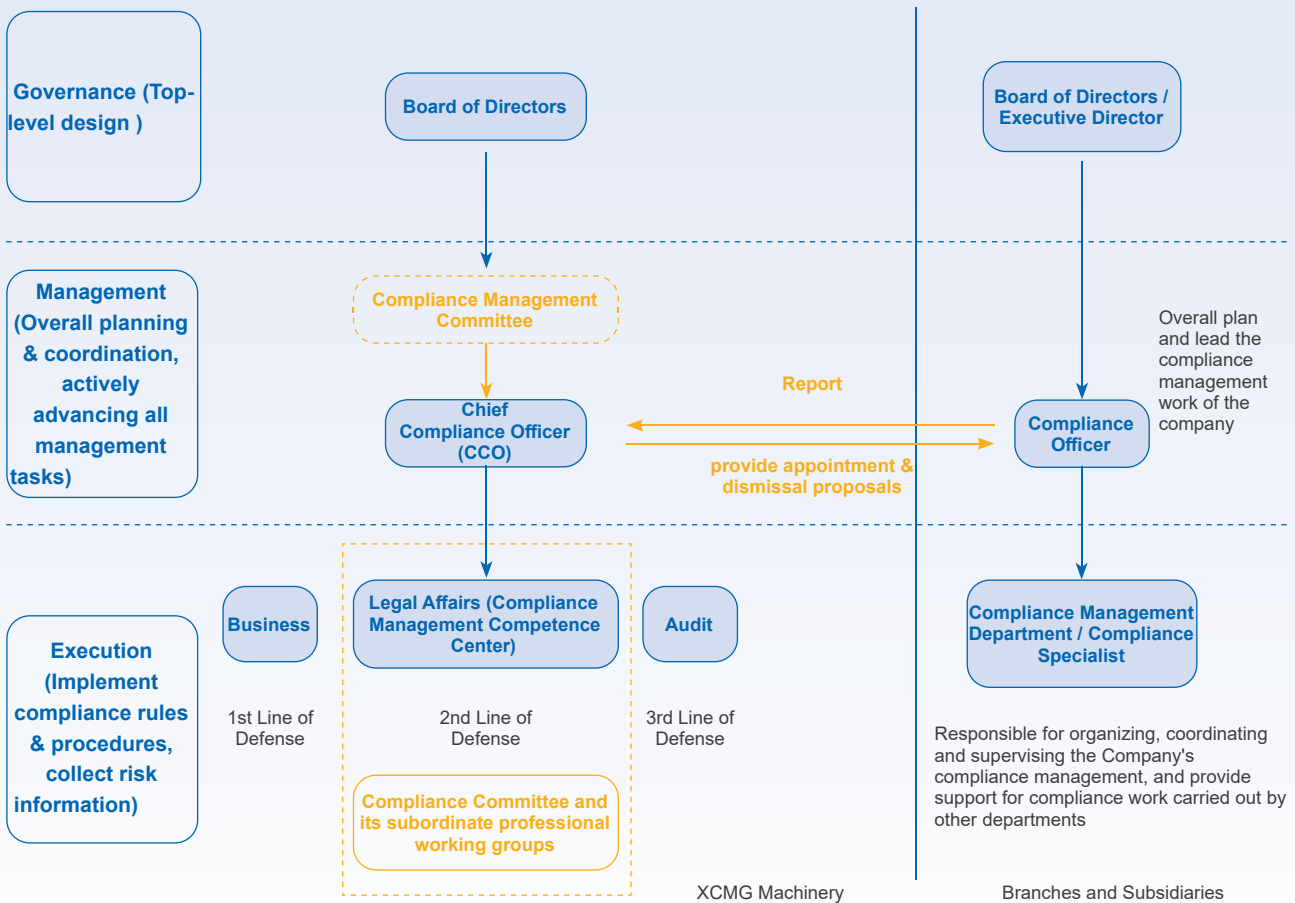
Risk and Crisis Management

XCMG Machinery regards risk management capability as essential to its stable and long-term development. It has established a comprehensive compliance framework that extends across all functions horizontally and throughout all organizational levels vertically. The Company strengthens internal audit and internal control management, ensuring sound and high-quality development through institutional refinement, process optimization, and technology empowerment.

Risk Control and Compliance

The Company has established a management structure of “headquarters oversight, platform empowerment, and frontline operation” across the governance, management, and execution layers, thereby advancing the development of the three lines of defense for compliance risk management. It has also established a Compliance Management Committee, appointed a Chief Compliance Officer, and formed a Risk Management Office and dedicated compliance specialists to ensure a scientific allocation of risk and compliance responsibilities. Based on the RGC (Risk, Governance, Control) methodology, the Company continuously updates business compliance guidelines, compliance dashboards, and risk panoramas, and conducts comprehensive reassessments of compliance risks to ensure the effective operation of its risk and compliance management system.

Organizational Structure for Compliance Management



Organizational Structure for Risk Management



Risk Control and Compliance Management Measures

Strengthening the operational effectiveness of integrated risk and compliance frameworks

We have continuously strengthened our risk and compliance management system by revising the Guidelines for Comprehensive Risk Management and further clarifying the division of responsibilities under the three lines of defense framework. In addition, we have updated the Compliance Management Policy, the Export Control and Economic Sanctions Compliance Management Policy, the Trade Secret Protection Compliance Management Policy and the Important Data Protection Compliance Management Policy, while also obtaining both domestic and international certifications for our compliance management system.

Compliance management has advanced from the pilot stage to a phase of comprehensive implementation and deepening. Branches and subsidiaries now conduct compliance management in accordance with the three-tier organizational structure and the three lines of defense, forming a coordinated and integrated compliance framework. A total of 21 entities have completed the alignment of 87 general compliance management policies and single-risk-area compliance management policies.

We have also formulated and issued a series of compliance management procedures that cover the full process from risk identification to operational execution and implementation. At the critical stage of risk identification, these procedures have been further refined at the grassroots level. The implementation of this system marks an important milestone in the Company's progress toward more refined and systematic compliance management.

Developing a robust risk and compliance culture

We have comprehensively advanced a culture of compliance through multi-channel outreach, including posters, roll-up banners, and the WeLink online platform, while delivering tailored training for high-risk areas, key positions, and organizational vulnerabilities across branches and subsidiaries.

We have achieved full compliance onboarding for all new employees and personnel traveling abroad, completed company-wide trade secret protection training for more than 30,000 participant instances, and distributed legal updates to strengthen employees' risk awareness and reinforce compliance consciousness.

In addition, we have organized risk management training at both the Company and business-unit levels, achieving 100% coverage. Through sustained promotion and capacity building, we have significantly enhanced employees' risk identification capabilities and compliance awareness, thereby establishing a robust defense against operational risks.

Optimizing risk control and management mechanism performance

We have established risk appetite, risk tolerance and a key risk indicator system, and built a full-process closed-loop management mechanism and indicator system covering identification – assessment – response – solution.

We conduct comprehensive and systematic identification and assessment of various risks faced by the Company, and develop a risk panorama. For high and material risks, we adhere to the principle of goal orientation, resource allocation and dynamic governance to ensure risk levels are controlled within risk tolerance.

We are committed to the refined and intelligent upgrading of risk control mechanisms. The legal blacklist data sources of overseas CRM, domestic CRM+, DSC, ITMS and the treasury system have all been switched to the Dow Jones database, enabling more accurate and efficient risk screening of customers, dealers, suppliers, logistics service providers and transaction links.

Relying on the Intelligent Transformation, Digital Upgrade and Connectivity project, we have deeply embedded compliance control points into supply chain, technology, human resources, and other business processes, with more than 10 control points integrated throughout the year, thereby promoting the deep integration of business operations and legal compliance.

We have also advanced data compliance governance by supporting compliance risk assessments and the development of compliance evidence chains for business systems and digital scenarios, including human resources and overseas marketing. This has included jointly establishing data compliance systems and procedures, organizing data processing records, conducting third-party security assessments, and drafting and maintaining data protection-related agreements.

In addition, we have conducted special inspections on trade secret protection for more than 20 entities, identifying and addressing deficiencies in confidentiality classification, personnel management, technical safeguards, and other areas, thereby strengthening the foundation for trade secret protection.

Management Performance

Number of compliance training sessions

65

Total hours of compliance training

98

Compliance training attendance

30,000

Number of risk management training sessions

287

Total hours of risk management training

468.5

Risk management training attendance

29,892

Relevant Pictures



In June 2025, XCMG Machinery successfully passed the audit conducted by the China Quality Certification Center (CQC), an authoritative certification body, and obtained the GB/T 35770-2022 / ISO 37301:2021 Compliance Management System Certificate, also accredited by the International Certification Network (IQNet).

Internal Audits and Internal Controls

With the theme of “Strengthening Supervision, Controlling Risks, and Promoting Compliance”, the Company has continuously refined its internal control and internal audit systems and implemented key internal policies, including the Internal Audit Policy. Through special inspections, audit evaluations, and related measures, the Company has strengthened its internal control foundation, ensured the effective and sustained operation of its internal control system, and steadily enhanced corporate governance and risk prevention capabilities.

In 2025, the Company continued to advance the development of its institutional framework. During the year, 62 new policy documents were issued and 52 existing documents were revised, further strengthening the management foundation, improving the governance structure, and providing robust institutional support for transformation and development. In terms of policy implementation, the Company enhanced supervisory feedback mechanisms and conducted various audit projects to promote effective compliance with regulations. For example, special inspections of project-based procurement were organized to strictly monitor critical implementation processes, mitigate compliance risks, and improve governance efficiency.

Cybersecurity and Information Security

The Company has established and complies with internal policies including the Digital Security and Confidentiality Management Policy, Information Technology Security, Confidentiality and Authorization Management Policy, XCMG Ten Information Security Principles, Detailed Rules for Information Security Incident Management, Data Security Management Measures, and Detailed Rules for Security Management in the System Development Life Cycle. It continues to strengthen information security management and has developed XCMG’s new Information Security Cube framework. By integrating the three dimensions of information security—technology, systems, and business—and guided by this architecture, the Company is advancing two key initiatives: building network and information security capabilities, and enhancing global privacy compliance capabilities.

In 2025, the Company completed information security scheme design for four pilot business areas—marketing, R&D, procurement, and treasury—and remediated 125 high-risk vulnerabilities. In privacy compliance, it finalized and implemented cross-border privacy data schemes for two pilot areas, overseas marketing and human resources, involving 76 overseas subsidiaries.

Business Security

Precisely identify information security risks across R&D, production, supply chain, marketing, service, and finance, and establish internal control checkpoints within information security systems and processes.

Privacy Protection

Establish an evidence chain platform for privacy protection to ensure that global operations comply with privacy laws and regulatory requirements.

Product Security

Develop product safety standards for the high-end equipment manufacturing industry and strengthen product security through secure coding, secure BOM practices, and related measures.

Cybersecurity

Address technical gaps and enable unified monitoring, early warning, and blocking of global cyber threats through a cybersecurity operations platform.

System Security

Establish system security development standards and ensure system security through security requirement analysis, secure coding, penetration testing, and other related measures.

Data Security

Formulate data security classification and grading standards with tiered controls to safeguard data and prevent leakage throughout the full life cycle.

Organization and Planning

Establish a dedicated organization for overall information security and privacy protection, develop and train core talent, and unify the information security architecture.

Systems and Processes

Establish a standardized, closed-loop collaboration mechanism with clear division of labor among all business units to ensure the implementation of information security strategies and plans.

Standards and Metrics

Develop an information security evaluation system by integrating external regulations and XCMG information security principles, and oversee its implementation.

In 2025, the Company launched an Information Security Promotion Month under the theme Keep Cybersecurity in Mind, Fulfill Protection Responsibilities through Actions, fostering a strong culture in which all employees learn, understand, and value security. Various subsidiaries organized tailored activities aligned with their business characteristics, promoting fundamental cybersecurity knowledge and relevant laws and regulations through internal training, knowledge competitions, online quizzes, and other formats.

Cybersecurity and Information Security Management Performance

Number of information security training sessions	Total hours of information security training	Information security training attendance	Number of data breach incidents
45	100	27,992	0

Business Ethics

XCMG Machinery regards business ethics as a fundamental pillar of corporate governance, firmly opposes all forms of unfair competition, and maintains a zero-tolerance policy toward corruption and bribery, thereby ensuring sustainable development grounded in fairness, transparency, and integrity.

Fair Competition

The Company has consistently adhered to the principle of integrity in its operations and seeks to earn market recognition through innovation-driven development and superior quality rather than improper means. It firmly opposes all forms of unfair competition, including price manipulation and market monopolization, and remains committed to maintaining a fair and orderly market environment.

Actions

We have formulated and rigorously implemented internal policies, including the Code of Business Conduct and the Competition Law Compliance Management Policy, and have deeply integrated relevant requirements into business processes.

We continuously conduct full-scenario risk identification and dynamic management, consistently optimizing risk scenarios and refining risk areas to achieve granular, grid-based oversight of competition compliance risks.

In addition, we have established a stringent internal supervision and management mechanism to ensure fairness and transparency across all business activities through transparent procedures and robust accountability.

Anti-Bribery and Anti-Corruption

The Company adopts a firm zero-tolerance approach to establish a comprehensive integrity prevention and control system across the entire industrial chain, continuously strengthens anti-corruption and anti-bribery management, and provides strong disciplinary safeguards for the enterprise's high-quality, sustainable development.

Actions



Institutional safeguards



We have formulated and strictly enforced the Several Provisions on the Integrity and Self-Discipline of Leaders, Code of Conduct for Managers, and Provisions on the Integrity Performance Management of Personnel in Key and High-Risk Positions, forming a three-level integrity practice system covering senior executives, managers and key positions. With strict discipline, we prevent major violations of laws and regulations as well as acts of malpractice for personal gain.

In 2025, all branches and subsidiaries of the Company promoted the adaptation of the Anti-Bribery Compliance Management Policy and the Competition Law Compliance Management Policy.



Supply chain management



We have formulated and implemented the Code of Ethical Conduct for Relevant Parties in Business Activities, which clarifies the standards of conduct and corresponding disciplinary measures for suppliers, distributors, agents, service providers, and other business partners, thereby regulating their business practices.

We have also maintained targeted oversight of bidding and tendering activities, with particular attention to collusive bidding and unlawful operations, and have conducted comprehensive, end-to-end reviews of related processes.

In addition, we have advanced anti-corruption controls by integrating anti-bribery requirements into supplier selection, due diligence, and related procedures. Through periodic on-site inspections and dynamic evaluations, we ensure that partners uphold the same integrity standards as the Company.

Finally, we have established a blacklist of bribe givers to strengthen sanctions and further promote a clean and compliant cooperation environment.



Business ethics auditing

Annual reviews are conducted at all operational bases to ensure the continuous and effective functioning of the internal control system and compliance with applicable regulatory requirements.

Given the differences in functions and business operations across departments, the Company adopts a departmental self-inspection approach. Through targeted review procedures, it accurately identifies and assesses potential corruption risk points, thereby ensuring the comprehensiveness and effectiveness of internal control measures.



Oversight and reporting

A convenient, secure, and efficient reporting mechanism for violations has been established, providing employees and partners with unobstructed whistleblowing channels and ensuring accountability.



Ethical culture cultivation

We regularly provide specialized training on business ethics, anti-corruption, and anti-bribery for all employees and suppliers. By combining case-based warnings with positive guidance, we promote the internalization of integrity and anti-corruption awareness, transforming external compliance requirements into conscious action and fostering a clean and upright work environment.

We visited more than 25 partners. In addition, we continued to promote the Code of Ethical Conduct for Relevant Parties in Business Activities and issued the Integrity Initiative to Allied Partners. These efforts effectively conveyed XCMG's integrity culture, strengthened the cooperative ecosystem, and helped build a close yet principled alliance.

Business Ethics and Anti-Corruption and Anti-Bribery Training Performance¹

Metric	2025 Value
Total number of training sessions	787
Of which: Number of management training sessions	5
Number of employee training sessions	782
Total training hours	765
Of which: Management training hours	11
Employee training hours	754
Total attendance	69,462
Of which: Management attendance	43
Employee attendance	69,419
Percentage of employees trained	100
Number of supplier training sessions	25
Number of suppliers trained	88
Total supplier training hours	39.3

¹ Management refers to the members of the leading team of XCMG Machinery.



Business Ethics and Anti-Corruption & Anti-Bribery Culture Development



2025 Warning and Education Conference



Clean Governance Roundtable



Integrity Culture Promotion



Joint integrity-building initiatives with business allies/partners, extending the reach of integrity education across the value chain.

Whistleblower Protection

The Company has established clear and explicit whistleblower management policies, a robust whistleblower protection mechanism, and accessible reporting channels. It strictly maintains the confidentiality of whistleblowers' information and prohibits any form of retaliation, thereby ensuring that supervisors who report concerns can do so without apprehension.

Whistleblower Protection Measures

Management policy

The Company has formulated a Reporting and Anti-Fraud Policy.

Anonymous reporting channels

Channels such as the corporate website and newspapers are used to publish complaint and reporting hotlines, email addresses, mailing addresses, and other relevant contact information.

Comprehensive confidentiality safeguards

The whistleblower's name, employer, home address, and other personal information, as well as the content of the report, shall be kept strictly confidential. Personnel who violate confidentiality requirements or retaliate against whistleblowers will be subject to strict disciplinary action in accordance with applicable provisions.

Capacity building initiatives

Education on whistleblower protection has been incorporated into the routine work of discipline inspection and supervision. Regular training sessions are conducted for discipline inspection and supervision personnel to strengthen their ability to protect whistleblowers in accordance with regulations, discipline, and law.

Protection of Shareholders' and Creditors' Rights and Interests

XCMG Machinery adopts an open approach to building proactive investor relations. Through multi-channel, diversified communication, the Company clearly conveys its core value propositions. It firmly safeguards the rights and interests of shareholders and creditors while sharing the benefits of its steady, cycle-resilient growth through increasingly diverse and generous shareholder return measures.

Information Disclosure and Investor Communication

The Company has established a robust information disclosure system with a strict and detailed disclosure process. It has received the highest A rating in information disclosure assessment for eight consecutive years. In the past three years, the Company has cumulatively disclosed more than 400 announcements, without any corrections or supplementary announcements. It also strictly complies with laws, regulations, and regulatory requirements, fulfilling its information disclosure obligations in a truthful, accurate, complete, timely, and fair manner, strengthening proactive information disclosure while reducing redundant disclosures.

Based on improving the standardization of information disclosure, the Company takes multiple measures to enhance interactions with investors, building a multi-level and multi-channel communication system. In 2025, it successfully held annual, semi-annual, and quarterly performance briefings, where the management engaged in thorough exchanges with investors regarding operational results and development strategies. In daily operations, it maintains close communication with investors through on-site research, online meetings, investor hotlines, and the SZSE Interactive platform, among other methods.

With efficient organization and innovative performance in investor interactions, the Company was recognized by the China Association for Public Companies with the Best Practice of 2024 Annual Report Performance Briefing for Listed Companies and the 2025 Best Practice Cases of Sustainable Development of Listed Companies, fully reflecting the capital market's high recognition of the Company's achievements in investor relations management.



Improve the Information Disclosure System and Strengthen Investor Interaction

Shareholder Rights and Interests

The Company has always adhered to the core values of shouldering great responsibilities, pursuing the right path, and building world-class equipment and practiced the action tenets of integrity, customer orientation, pursuit of excellence, and teamwork. The Company shares development achievements with investors through cash dividends, share repurchases, and other methods, and demonstrates confidence in development through major shareholder increases, employee stock holding, and equity incentives.

The Company issued the Global Investors' Return Plan for the Next Three Years (2025-2027), specifying that the total annual cash dividend (including stock repurchase cancellations) for 2025-2027 will not be less than 40% of the distributable profit achieved that year. Meanwhile, its controlling shareholder has committed to implementing an annual share increase plan, fully showing their confidence in the Company's development. The Company also enhances investors' awareness of achievement with share repurchases.

The Company's profit distribution plan for 2025 is: according to the total shares entitled to profit distribution on the record date of implementation, a cash dividend of RMB 2.00 per 10 shares (tax included) will be distributed to all shareholders, totaling approximately RMB 2.35 billion. It will also continue to improve return levels in 2026 and, based on annual dividends, authorize the implementation of a special dividend plan for 2026. Meanwhile, the Company will continue to repurchase its own shares for cancellation, with the repurchase amount not less than RMB 300 million.

Creditor Rights and Interests

The Company upholds the principles of honesty and trustworthiness, duly fulfills its obligations as a debtor, repays relevant debts on time, and safeguards the legitimate rights and interests of creditors. Under its Information Disclosure Management Policy, the Company has established specific provisions for corporate bond disclosures to ensure that bond owners receive material information in a truthful, accurate, and timely manner.

The Company engages a rating agency annually to conduct follow-up assessments of its outstanding corporate bonds, thereby enabling creditors to gain a comprehensive understanding of the Company's financial, operational, and management conditions. The Company repays its debts on schedule and has never defaulted on any matured obligation. Its strong operating performance and solid reputation have earned broad recognition in the capital market. Since issuing bonds in 2011, the Company has consistently maintained the highest "AAA" credit rating, making it the only enterprise among major domestic construction machinery companies to hold this distinction.

Technological Innovation

XCMG Machinery regards innovation as the fundamental driver of enterprise survival and development, as well as the strategic basis for building core competitiveness. With a focus on intelligent transformation, digital upgrading, and connectivity, the Company is accelerating its transformation from a traditional manufacturer into a modern, intelligent, and high-end advanced manufacturing enterprise. It is committed to integrating technological innovation with industrial innovation. Through technological breakthroughs and business model innovation, the Company actively fosters new quality productive forces and contributes strongly to the development of a modern industrial system.

Intelligent Transformation, Digital Upgrading, and Connectivity

In 2025, the Company advanced its top-priority initiative of intelligent transformation, digital upgrading, and connectivity under the theme Deepen Reform, Win the Crucial Battle, Illuminate the Globe, and Embark on a New Journey. Guided by the matrix-based reform framework of “Six Meridians and Six Parallels, the Company has steadily advanced three campaigns, seven project groups, and five critical battles. It actively aligns with national policies on intelligent manufacturing and the digital economy and has pioneered the XCMG Smart Manufacturing · Seven-Star Navigation model. As it undertakes the vital task of building a world-class construction machinery industrial cluster, the Company is strategically planning smart industrial parks and supply chain systems to establish a strong digital foundation for high-quality industrial development and to support a world-class industrial ecosystem.

The Company leads the manufacturing sector in intelligent transformation, digital upgrading, and connectivity, with its initiatives covering virtually all industrial enterprises above designated size. Currently, one of its factories have been recognized as National Pilot Smart Factories, one as Excellent Smart Factories, and four as 5G industrial internet factories of the Ministry of Industry and Information Technology, empowering green and low-carbon production through intelligent transformation, continuously playing a leading role as industry benchmark demonstrations.



Actions

Accelerating digital transformation to win decisive victories in the Three Campaigns, Five Breakthroughs initiative

A Transformation Management Office (TMO) has been established to lead overall reform with marketing as the driving force. It systematically plans the reform path, accurately identifies key bottlenecks, and promotes the implementation and effectiveness of key initiatives such as P1P2 Integration, Regional Light-Up Program, Cyclical Business Reform and Spare Parts System Restructuring.

The overseas integrated platform has achieved full system coverage across 13 regions, CRM+ functions have been extended to 16 OEMs and one pilot greater region. The sales-production-supply integrated platform, ERP restructuring and integrated BOM pilot have been successfully launched, covering 19 core business scenarios. This has built a highly efficient full-link collaborative system covering from customer order placement to production scheduling and delivery services, strongly supporting the Company in achieving growth in revenue scale, cash flow and profit margin.

Pioneering next-generation intelligent manufacturing and setting national pilot smart factory standards

In January 2024, with the heavy crane sector as a pilot, XCMG Machinery launched the construction of a Precision and Intelligence Manufacturing Leading Factory, establishing China's first thousand-ton-level flexible intelligent crane production line. This line deeply integrates 5G full connectivity, digital twins, and the industrial internet, building a full-chain closed-loop system of demand customization - intelligent scheduling - flexible manufacturing - agile delivery, promoting a 60% increase in personalized order response speed and a 45% improvement in production efficiency. Meanwhile, an innovative and industry-specific Seven-Star Leading model was created, surpassing intelligent transformation of individual links and moving towards systematic changes covering the entire lifecycle, including R&D design, production, and operations management. Moreover, it established a replicable and scalable new format and model for intelligent manufacturing.

In November 2025, XCMG Heavy Machinery's program Globally Customized and Agile Delivery Mobile Crane Intelligent Factory, relying on full-process digital and intelligent innovations and industry-benchmark practices, was successfully selected as one of the first national leading intelligent factories.



Revolutionizing customer service ecosystems through digital marketing innovation for construction solutions

The Company adopts a customer-centric approach and has innovatively developed the “9+N” construction system architecture. It rapidly addresses common requirements through nine standard modules and flexibly adapts to differentiated scenarios with N customized modules.

The Company has successfully built the Airport Smart Construction Management Platform for the Kunming Airport project and deployed the Shitoumei Smart Construction System for open-pit mining scenarios, achieving a transition from single-machine sales to integrated system construction solutions.

Unveiling the XCMG AI 5000 Strategy to spearhead artificial intelligence integration

The Company has advanced the forward-looking XCMG AI Five-Thousand Strategy, which emphasizes a thousand GPUs, a thousand PetaFLOPS computing power, a thousand models, a thousand scenarios, and a thousand talents. Guided by business scenarios, it has established an independent computing cluster, accelerated the integration and governance of the enterprise-wide data lake, and promoted the deployment of AI applications, including intelligent customer service, a material data governance assistant, and Quality XiaoQ.

In addition, the Company has integrated 35 lightweight AI models in 25 business scenarios, enabling a shift in corporate decision-making from experience-driven to a dual approach informed by data and models, thereby significantly enhancing resource allocation efficiency and operational intelligence.

Capitalizing on national policy alignment to secure prestigious certifications and strategic funding

The Company actively aligns with national policies on intelligent manufacturing and the digital economy. It won 6 national honors and 31 provincial honors throughout the year, with a cumulative total of 63 awards for digital transformation.

Among them, XCMG Heavy Machinery was selected into the first batch of national pilot smart factories, XCMG Loader was accredited as an excellent smart factory, and 24 subsidiaries won the title of advanced smart factory in Jiangsu Province. XCMG Foundation passed the Level 4 assessment of intelligent manufacturing capability maturity by the Ministry of Industry and Information Technology. The Company successively obtained DCMM Level 3 (data management capability maturity), CMMI Level 3 (software capability maturity), and DLMM Level 4 (digital transformation maturity) certifications, demonstrating its comprehensive leading strength in digital governance.

In terms of data element innovation, the Company was selected as one of the first national pilots for enterprise trusted data spaces, and its high-quality dataset construction project received RMB 18.75 million in funding from the central budget.

Case Selected in the 2025 Top 10 Technological Advances in World Intelligent Manufacturing

In November 2025, the World Intelligent Manufacturing Conference was held in grand fashion. As one of the principal leaders of the first 15 national pilot smart factories, Yang Dongsheng, Chairman of the Board of XCMG Machinery, released the Joint Initiative on the Pilot Action Plan. Emphasizing openness, shared innovation, and future-oriented development, the initiative aims to advance a new paradigm of intelligent manufacturing with global influence. At the conference, six ministries, including the Ministry of Industry and Information Technology, jointly announced the 2025 Pilot Smart Factories list. XCMG Heavy Machinery was selected for its Smart Factory of Mobile Cranes for Global Customization and Agile Delivery project.

The International Coalition of Intelligent Manufacturing and the Intelligent Manufacturing Alliance of CAST Member Societies jointly released the Top 10 Technological Advances in World Intelligent Manufacturing, which included XCMG's Smart Factory for Customized and Agile Delivery of Construction Machinery Equipment.



Innovation Driven and Technology Ethics

Governance

The Company has formulated and implemented a series of internal policies, including the Technology Planning Management Policy, Administrative Measures for Technology Planning Review, Administrative Measures for Core and Key Technologies, R&D Management Metrics Policy, General Rules for R&D Project Management, Administrative Measures for Industry-University-Research Projects, Administrative Measures for External Technological Cooperation, Enterprise Patent Administration Measures, Working Specifications for Patent Classification and Grading, and Working Specifications for Patent Application Quality Management. Under the leadership of the XCMG Technology Committee, the Company has continuously enhanced its “1+6+N” technological innovation system.

The Company is committed to advancing engineering science and technology and delivering solutions that support global engineering construction and sustainable development. To this end, it has established 46 R&D platforms at or above the provincial level, including the State Key Laboratory of Intelligent Manufacturing for High-End Construction Machinery, the National Manufacturing Innovation Center for High-End Construction Machinery, the National Center of Technology Innovation for Mining Safety, and a national-level industrial design center, as well as 9 provincial engineering technology research centers and 17 provincial enterprise technology centers.

Strategy

Guided by the Five Transformations, the Company regards innovation-driven development as the core engine of corporate growth. It identifies and manages relevant risks, assesses associated opportunities, and formulates response strategies in advance, thereby transforming uncertainties into development momentum and securing first-mover advantages in intense global competition. In 2025, the Company reported no violations of technological ethics.

Risk/Opportunity Type		Risk/Opportunity Description	Likelihood	Time-frame	Expected Financial Impact	Responses
Risk	Market	Competitors' launch of similar substitute products may threaten the Company's market share.	High	Medium to Long Term	Revenue decline	Strengthen market surveillance and analysis, adapt strategies promptly, and consolidate market leadership.
	Technological Ethics	As the Company advances intelligent manufacturing, data-driven development, and artificial intelligence applications, it may encounter technological and ethical risks arising from improper use or inadequate governance.	Medium	Short, Medium and Long Term	Cost increase	The Company complies with the Law of the People's Republic of China on Progress in Science and Technology. It follows scientific and ethical standards in innovation decision-making and practice, respects the spirit of science, prohibits research, development, and application activities that violate research integrity or scientific ethics, and promotes the sound and sustainable development of technological innovation.
Opportunity	Technologies	Through technological innovation, the Company can develop core technologies with independent intellectual property rights, thereby strengthening its competitive advantage and consolidating its industry-leading position.	High	Medium and Long Term	Revenue increase	Continue to innovate and enhance product competitiveness.
	Products	The diversification of market demand provides opportunities for the Company's product innovation.	High	Medium and Long Term	Revenue increase	Develop customized, professional products for diverse industries and application scenarios to meet customers' operational needs in specific environments and expand market share.

Impacts, Risks and Opportunities

With a forward-looking vision, the Company systematically identifies and manages risks and opportunities in R&D and innovation, proactively responds to industry shifts, and strengthens its core competitiveness in the global market by deploying advanced technologies and accelerating product iteration. It leverages innovative achievements across the industrial chain, serving as a key driver of the construction machinery industry's transition toward high-end, intelligent, and green development.

In the face of challenges posed by rapid technological change, the Company relies on strategic planning and dynamic risk management to seize emerging opportunities, adapt to transformation, and ensure steady progress toward long-term growth.

Identify

We define the objectives and implementation scope of innovation management, with a focus on key areas for risk identification. By systematically collecting and analyzing customer needs, industry trends, competitor information, and the development of new technologies and products, we enhance the accuracy and scope of risk identification, providing strong support for the formulation of scientific risk management strategies.

Assess

We assess the probability and impact of each risk, then classify and prioritize risks by likelihood and severity. This approach strengthens risk identification and management and provides a sound basis for developing targeted response strategies.

Respond

Based on the risk assessment results, we develop targeted control measures and clarified the responsible entities and response time limits. A hierarchical response mechanism has been established to minimize potential impacts.

Monitor

Company continuously optimizes the R&D execution process to ensure efficiency and progress. It strengthens end-to-end R&D management, monitors risks in new product development, and standardizes practices to ensure scientific rigor and control.

Metrics and Targets

Guided by its three strategic priorities—technology leadership, product competitiveness, and R&D efficiency—the Company has established a robust R&D management framework and defined clear phased development goals. Through forward-looking planning, it has advanced nine technology initiatives and key R&D projects. By achieving core technological breakthroughs and driving product upgrades and iteration, the Company has transformed its strategic vision into measurable market competitiveness and reinforced its leadership in the global industrial transformation.

Targets

Progress

- Aiming for high-end, intelligent, green, global, and service-oriented development, we will build an industrial ecosystem for new energy and intelligent technologies, develop new energy and internationalized products, increase gross profit margins, and precisely meet market demand.
- We will leverage strategic planning to drive breakthroughs in generic technologies across nine major fields and strengthen our competitive advantages.
- We will establish a first-class R&D management system and develop world-class R&D and innovation capabilities, characterized by leading technologies, strong product competitiveness, and high R&D efficiency.

On-going as planned



Technological Innovation Performance

Metric		2025 Value
R&D expenditure (RMB 10,000)		592,529.00
Number of R&D personnel		8,286
IP expenditure (RMB 10,000)		2,972.32
Number of new standards led and participated in during the year	Number of new standards formulated during the year	77
	International standards formulated	0
	National standards formulated	40
	Industry standards formulated	17
	Association standards formulated	20

Technological Innovation Outcomes

The Company regards technological innovation as its inherent strength and a core driver in its pursuit of becoming a world-class enterprise. From establishing a strong institutional foundation to achieving technological breakthroughs, and from earning honors to advancing industrial development, the company responsibly embraces its role as a “chain leader” in the equipment manufacturing industry. It continuously strengthens its scientific and technological innovation system, accelerates breakthroughs in key core technologies, and enhances the reputation of Chinese manufacturing through tangible achievements, thereby driving the construction machinery industry to new heights in the global industrial landscape.

Technological Innovation Management Platform

- Built the industry's first design navigation platform, enabling deep integration across mechanical, electrical, hydraulic, and software systems, and visualizing the design capabilities of construction machinery products for the first time to ensure baseline design quality.
- Established the Company's integrated experimental and testing system and platform to support full-life-cycle forward design. Developed a unified project management model and platform, systematically implemented three core business processes for product development, technology development, and capability enhancement, built a unified collaborative R&D environment, and enabled online management and control of R&D projects.
- Completed the standard management and intellectual property management platforms, achieving full online operation of the Company's standards and IP-related businesses.
- Obtained approval to establish the National Manufacturing Innovation Center for High-End Construction Machinery.
- Obtained approval to establish the National Center of Technology Innovation for Mining Safety, and Engineering Integration Innovation Center for Safety and Emergency Equipment

Technological Innovation Outcomes

- In 2025, we developed 582 key and core technologies, including: 186 core technologies and 396 key technologies; 37 internationally leading technologies, 126 internationally advanced technologies, and 246 domestically leading technologies. A total of 71 technologies passed high-level appraisal by academicians and other experts, among which 30 were internationally leading and 36 internationally advanced.
- In 2025, we presided over and participated in the formulation and completion of 40 national standards, 17 industry standards, and 20 association standards, covering the design, manufacturing and testing of various complete construction machinery and components.

Technological Innovation Honors

- In January 2026, the People's Government of Jiangsu Province announced the winners of the 2024 Jiangsu Science and Technology Awards. XCMG received six awards in total: three first prizes, two second prizes, and one third prize. In October 2025, the China Machinery Industry Federation and the Chinese Mechanical Engineering Society jointly announced the 2025 Machinery Industry Science and Technology Awards. XCMG won 18 projects including 3 first prizes, 6 second prizes, and 9 third prizes, ranking the top in the industry. These honors span key areas including construction machinery components, new energy equipment, green construction, intelligent diagnostics, reliability enhancement, and resource exploitation.

2024年度江苏省科学技术奖		
序号	项目名称	获奖等级
1	土方机械智能感知系统开发及集成应用与产业化	一等奖
2	百吨级纯电动装载机多能源驱动系统研发及产业化	一等奖
3	基于智能感知系统的工程机械100%清洁能源驱动系统研发及产业化	一等奖
4	基于机器视觉的智能识别与检测系统研发及产业化应用	二等奖
5	高端土方机械智能感知系统研发及产业化应用	二等奖
6	工程机械电气系统井下安全保护关键技术	三等奖

● Industrial Upgrading Driven by Technological Innovation

- Amid the momentum of the new era, the Company has seized the historic opportunities presented by the transformation and upgrading of the construction machinery industry. Driven by intensive, high-quality development, it is advancing the industry toward the mid-to-high end and constructing a modern industrial system.



- Striving to build a world-class brand image with excellent quality, XCMG pursues high-level self-reliance and self-improvement in science and technology, bravely climbs toward the mid-to-high end of the global value chain, and injects strong impetus into industrial upgrading.

- The world's first 5G-A cluster of 100 unmanned electric mining trucks has been deployed in Yimin, setting a new benchmark for safety in smart mines.



- We introduced a crane with a maximum lifting moment of 55,000 ton-meters and a maximum lifting capacity of 1,000 tons. It is used in the construction of Hualong One nuclear power units, supporting the technological transition toward large-module, highly efficient nuclear power unit construction.
- We launched the industry's highest-meter-class electric telescopic boom aerial work platform, the XGS52ACK-Li, which offers a maximum working height of 52 m and a maximum working radius of 25 m, thereby meeting the demands of heavy-load operations and large working areas.
- We advanced the multi-scenario application of high-level intelligent loading and excavation equipment, achieving performance breakthroughs and greater adaptability in unmanned loaders for mixing plants and related equipment, enabling efficient operation under complex working conditions.

Scientific Research Cooperation and Exchanges

The Company fully leverages its role as a chain leader in the industrial chain, actively integrates upstream and downstream resources, promotes the deep integration of industry, academia, research, and application, builds a symbiotic and prosperous industrial ecosystem, and comprehensively enhances the core competitiveness and international influence of the industrial cluster.

An ice-breaking initiative focused on customized training for scarce underground mining talent has been officially launched through the strong partnership between XCMG and the Shandong Gold Training Center. This marks a further deepening of cooperation, driving a strategic shift from equipment supply to joint technological research and talent development, and from product delivery to value co-creation.



The signing and inauguration ceremony of the XCMG Group–Shanghai Jiao Tong University Joint Laboratory for Construction Machinery Reliability and Quality was successfully held. Centered on four priorities—reliability enhancement, quality improvement, intelligent manufacturing applications, and joint talent development—the laboratory will integrate Shanghai Jiao Tong University's research strengths with XCMG's industrial applications, creating a new model of high-quality development in which technological innovation drives industrial advancement and industrial upgrading, in turn, informs technological progress.



The Company has signed a Letter of Intent with China University of Mining and Technology to jointly establish the XCMG School at China University of Mining and Technology. This marks a new stage in their strategic partnership, strengthening institutional coordination and collaboration, and injecting strong momentum into the development of a world-class construction machinery industrial cluster.





02 Environmental

2025 Highlights

Investment into environmental protection (RMB 10,000)

6,268.44

Comprehensive energy consumption per RMB 10,000 of output value (tce/RMB 10,000)

0.01462

Self-owned photovoltaic power generation

180 million kWh

Packaging materials recycling rate (%)

81.99

Green power utilization rate (%)

20.45

Environmental training attendance

52,030

Green development is the ecological foundation of a company's high-quality growth. XCMG Machinery embeds its green commitment within its corporate strategy and integrates it across production and operations. Aligned with the national Dual Carbon goals, the Company leverages clean energy opportunities to accelerate green transformation and upgrading. It steadily advances pollution and carbon reduction, as well as resource conservation and recycling, thereby shaping a green and intelligent future in harmony between humanity and nature.

Responses to UN SDGs

- 3 GOOD HEALTH AND WELL-BEING**
- 6 CLEAN WATER AND SANITATION**
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**
- 11 SUSTAINABLE CITIES AND COMMUNITIES**
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION**
- 13 CLIMATE ACTION**



Dual Carbon Actions

Amid profound shifts in global climate governance, XCMG Machinery aligns its strategy with the Dual Carbon goals and pursues proactive action and innovation. It leads research on carbon neutrality in machinery manufacturing, capitalizes on clean energy opportunities, and applies technological innovation to address emissions-reduction challenges, demonstrating a strong commitment to safeguarding the planet's green future.

Climate Change Responses

Governance

XCMG Machinery conducts climate change governance within its ESG governance framework. The Board of Directors oversees, reviews, and decides on major ESG issues, including climate change response. The Safety, Health, and Environmental Protection Department manages the Company's Dual Carbon initiatives by identifying, assessing, and monitoring environmental and climate risks throughout the full cycle. The Research Institute has established a Dual Carbon team dedicated to developing carbon reduction technologies and digital, intelligent carbon emissions management systems, thereby ensuring effective greenhouse gas management and climate risk mitigation. The Strategy and Investment Development Center continuously monitors progress toward the Company's carbon peaking and carbon neutrality goals to support their achievement.

In 2025, the Intelligent Manufacturing Research Institute collaborated with XCMG Mining Machinery to develop a zero-carbon factory. Through proper carbon accounting, source-level carbon reduction, process decarbonization, collaborative carbon mitigation, and intelligent carbon management, the Company continuously advanced its low-carbon transition. As a result, XCMG Mining Machinery was recognized as a 2025 Jiangsu Zero-Carbon (Near Zero-Carbon) Factory and a Four-Star Zero-Carbon Factory (Type I) by the China Energy Conservation Association. Based on the implementation plan and action pathway for zero-carbon factory construction, this model was further replicated at XCMG Heavy Machinery and XCMG Excavator Machinery, both of which were included in the 2025 Jiangsu Zero-Carbon (Near Zero-Carbon) Factory Cultivation Pool.

Strategy

To actively respond to China's Dual Carbon goals, the Company adheres to its vision of Green XCMG Makes the World More Low-Carbon and its mission of exploring engineering technology to create net-zero carbon value for global construction and customers worldwide. Based on the proper assessment of climate-related risks and opportunities, XCMG has taken the lead in formulating and issuing the XCMG Action Plan for Carbon Peaking and Carbon Neutrality. Guided by the development principles of high quality, high efficiency, high benefit, and sustainability, and driven by the Summit Spirit and Great Equipment Culture, the Company is advancing new energy, new industries, and new business models. Leveraging technological, digital, financial, and cultural empowerment, XCMG has established a distinctive Dual Carbon implementation framework characterized by Two Loops, Three Innovations, Four Empowerments, and Ten Supporting Actions. This framework effectively addresses climate-related impacts on business operations and sustainable development while advancing the Company's strategic objectives of carbon peaking and carbon neutrality.

XCMG Machinery's Approaches and Pathways for Dual Carbon Implementation

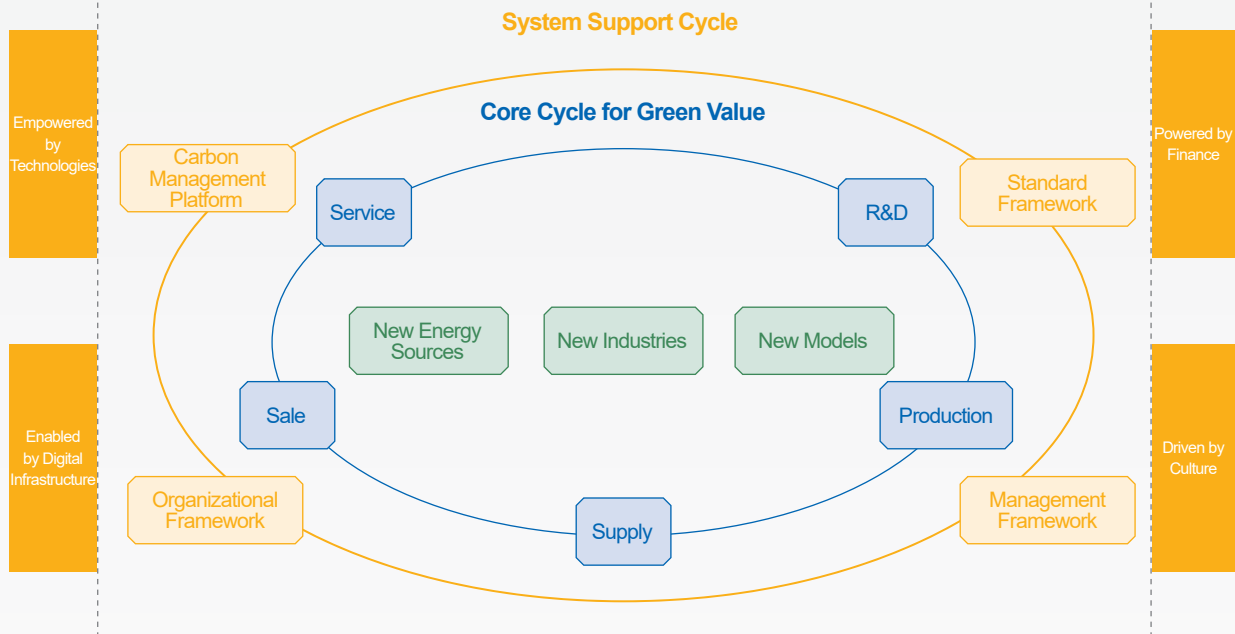
Dual Carbon Vision: Green XCMG Makes the World More Low-carbon

Dual Carbon Mission: Explore engineering technologies and provide solutions for global construction and sustainable development.

Peak carbon settlement by 2027

Carbon peaking by 2035

Carbon neutrality by 2049



Ten Actions

Low Carbon Action	Green Tech Innovation	Smart Green Manufacturing	Supply Chain Alliance	Remanufacturing Leadership
Digital & AI Acceleration	Dual-Carbon Industrial Expansion	Carbon-Finance Enablement	Carbon-Finance Enablement	Green Culture Cultivation

Climate Change Strategy

Guided by the IFRS S2 Climate-related Disclosures framework issued by the International Sustainability Standards Board (ISSB), the Company complies with the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (Trial) and Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange - Preparation of Sustainable Development Report (Revised 2026). It conducts a comprehensive assessment of climate-related risks, actively pursues opportunities arising from innovation and transformation in clean technologies and green products, and implements robust measures to enhance carbon emission management capabilities, thereby strengthening the climate resilience and long-term sustainability of its operations.

Risk/Opportunity Identification List						
Risk/Opportunity Type	Risk/Opportunity Description	Like-lihood	Time-frame	Expected Financial Impact	Responses	
Transformation Risk/Opportunity	Policy and Legal Risk	Governments worldwide are imposing increasingly stringent requirements for greenhouse gas source identification, accounting, and inventory verification.	High	Short to Medium Term	Increase the costs of carbon emission management and compliance management	Further strengthen internal carbon inventory and emissions reduction initiatives, develop a carbon emission management platform and carbon footprint management system, and ensure compliance with relevant national requirements for greenhouse gas emissions, statistics, and verification.
	Technology Risk and Technology Opportunity	Growing demand for research on energy-saving and carbon-reduction technologies, as well as the development of new energy construction machinery products and core components.	High	Short to Medium Term	Increase in operating costs due to technological breakthroughs in the clean technology sector and the R&D of new energy products.	Enhance our technical R&D system and strengthen scientific research talent teams to improve innovation capacity in clean technologies. Research, develop, and deliver green products and services while optimizing our energy mix. Implement green retrofits of production lines, improve processes, upgrade equipment, enhance energy efficiency, and reduce carbon emissions per unit of product.
	Market Risk and Market Opportunity	Policy and environmental factors are driving consumer demand toward green, low-carbon, and intelligent products, thereby intensifying market competition.	High	Short to Medium Term	Sales of traditional construction machinery products will be impacted, while the innovative development of new energy products poses challenges in terms of technology and operating costs.	Strengthen market research to better understand market demand, adapt marketing strategies, product portfolios, and market positioning, expand the market share of green products, and optimize resource allocation and industrial layout.
	Reputation Risk	The public and various stakeholders have demonstrated growing concern regarding the Company's response to climate change, pursuit of the Dual Carbon goals, and commitment to sustainable development.	High	Short to Medium Term	Failure to meet public and stakeholder expectations for the enterprise's green, low-carbon transformation and proactive response to climate-related risks may lead to customer loss, reduced investor confidence, and diminished corporate competitiveness.	Strengthen public sentiment monitoring, develop contingency plans for negative publicity crises, establish a transparent and efficient stakeholder communication mechanism, and enhance the quality of ESG information disclosure.

Risk/Opportunity Identification List						
Risk/Opportunity Type		Risk/Opportunity Description	Like-lihood	Time-frame	Expected Financial Impact	Responses
Physical Risk	Acute Risk	The occurrence of extreme weather events such as low temperatures, rain and snow, rainstorms, and typhoons.	Medium	Short-Term	Logistics and transportation resources are constrained, and escalating road transportation pressure is affecting key production and operational processes, including raw material supply, product transport and delivery, and causing property losses.	<p>Closely monitor suppliers' material preparation and production status, while evaluating the rationality of procurement cycles.</p> <p>Establish a supply chain risk supervision and management mechanism to provide weekly early warnings for process-wide anomalies and ensure closed-loop follow-up. In addition, raw material sources will be diversified to reduce dependence on single suppliers and regions, thereby strengthening supply chain stability.</p>
	Chronic Risk	Global warming has contributed to sea level rise, which has intensified natural disasters, including extreme temperatures and droughts, while also worsening climatic conditions in raw material-producing regions.	Low	Medium to Long Term	There is a risk of supply chain disruption and failure to deliver products, resulting in increased production costs.	



Strategy for Clean Technology Opportunity

At a pivotal stage in the global green transition, and as the construction machinery industry advances through electrification, intelligence, and internationalization, XCMG Machinery remains committed to its strategic vision of industrial upgrading and transformation toward the Five Transformations. As an industry leader, the Company upholds its responsibility for green development and aims to build a new engine for green synergy. It focuses on leadership in emerging sectors and innovation in new fields, strategically advances clean technology initiatives, develops a comprehensive portfolio of new energy products, and deploys clean energy power generation. XCMG Machinery also encourages upstream and downstream partners to expand green and low-carbon applications, jointly build a circular and low-carbon ecosystem, and promote energy conservation, carbon reduction, and green transformation across the entire industrial chain.

Strategic Planning for Clean Technology Opportunity

Strategic Guidance

We have established a forward-looking strategy in key areas such as electric, hybrid, and hydrogen energy technologies, creating an integrated upstream, midstream, and downstream industrial solution. This framework encompasses the research and development of four major equipment technologies—diesel hybrid, pure electric, fuel cell, and low-carbon internal combustion engines—as well as core components, supporting services, and operational services.

Organizational Assurance

The Company Research Institute fully undertakes the R&D, application, and promotion of clean technologies, continuously achieving breakthroughs in key core technologies and components that support intelligent and green development. The Science and Technology Innovation Committee, composed of senior executives and the Chairman, actively participates in decision-making on clean technology innovation, ensures the allocation of innovation resources, and facilitates external exchanges and cooperation. It reports relevant matters to the Board of Directors and serves as the top decision-making body.

Funding Support

We allocate dedicated annual funding for clean technology research and development to support the development, upgrading, and technological innovation of new energy products and core components.

Product Promotion

We continue to expand our new energy product portfolio, strengthen marketing efforts to increase market penetration, and grow both revenue scale and its share of total revenue, thereby maintaining our leading industry position.

Internal Operations

We regard green power substitution as a core measure and vigorously promote the integrated development of photovoltaic power generation, energy storage, and microgrids. Under the model of “self-generation and self-consumption, with surplus power exported to the grid,” we are building a coordinated green power system that integrates generation, grid, load, storage, and charging. For the manufacturing operations of construction machinery enterprises, we are systematically advancing energy-saving and carbon-reduction initiatives and have developed a full-process technical solution for emission reduction in the manufacturing sector. This solution covers carbon reduction in key production processes, including heat treatment, welding, machining, logistics packaging, painting, assembly, and commissioning, as well as in auxiliary equipment such as air compressors. In addition, the Company has installed 657 charging ports for new energy vehicles to encourage employees to purchase and transition to such vehicles.

Supplier Management

During supplier selection and management, supplier clean technology capabilities are assessed to ensure sufficient technical capacity and environmental awareness.

In 2025, the Company adopted more rigorous standards and implemented practical measures to strengthen its strategic presence in the new energy sector and refine the development pathway for low-carbon energy technologies. By advancing multiple technical routes in parallel, the Company achieved comprehensive upgrades in pure electric technology, significant breakthroughs in hybrid technology, and pilot implementation of hydrogen energy technology. At the same time, it expanded diversified energy pathways, including methanol and LNG, thereby leading the construction machinery industry’s transition toward deep decarbonization and high-end intelligence, while actively supporting the green transformation of the global infrastructure sector.



XCMG Machinery’s Photovoltaic Power Plant

Clean Technology Development and Application 2025

Enhanced Strategic Architecture

The Company has formulated the XCMG New Energy Technology Plan (2024–2027) to guide research and development in clean technologies.

Innovation Ecosystem Development

The Company has expanded its clean technology R&D team, strengthened Industry-University-Research collaboration, and established innovation platforms with universities and research institutes. By bringing together industry leaders to focus on core technological fields, it has built a technology framework characterized by independent and controllable innovations, joint-venture technology transfer, and industrial chain enhancement.

Technology Self-Reliance and Controllability

The Company's R&D system for clean technologies encompasses three major areas: system integration, core component development for power sources, and electric drive assembly. In 2025, it conducted in-depth research and iterative testing on modular remote control, motor pump control, and new energy core components, achieving full independent control of key technologies and overcoming technological constraints.

Spearheading Standard Development

The Company deeply participated in the formulation of all 13 national standards for electric construction machinery. In 2025, it also contributed to two standards: Construction Machinery—Evaluation Method for Maturity of Enterprise Green and Low-Carbon Development (JH-2025-021) and Construction Machinery—Loaders—Carbon Footprint Quantification Method (JH-2025-018), thereby driving technological innovation across the industry.

Intellectual Property Generation

In 2025, the Company filed patents including A Method and System for Low-Carbon Technology Modeling and Carbon Reduction Path Planning in the Manufacturing Industry, A Method and System for Energy-Carbon Prediction in Painting Workshops Based on Multi-Layer Dynamic Weighting, and An Evaluation Method and System for Green Factories in the Construction Machinery Industry.

Product Commercialization and Deployment

In 2025, the Company achieved significant progress in new energy technological innovation and product commercialization, marking breakthroughs from product launch to large-scale application and global expansion. It became the industry leader in achieving full coverage of electric loaders ranging from 0.5 tons to 26 tons and launched the XC9150-EV, the world's largest 15-ton electric loader, establishing a new global record for electric loader capacity. Its electric excavator portfolio also spans the full range from 1.5 tons to 70 tons. In addition, more than 100 autonomous electric mining trucks have entered large-scale operation at Huaneng Yimin Open-Pit Mine, with cumulative material stripping exceeding 10 million cubic meters. This achievement set three global records in autonomous electric mining trucks and enabled unmanned, zero-carbon operations.

Growing Industry Impact

In 2025, the Company's new energy products generated RMB 13.323 billion in revenue, representing a year-on-year increase of 23.6% and accounting for 19.6% of main machinery revenue, up 3.16 percentage points year on year.

XCMG's new energy loaders rank first in global market share, and its new energy sales volume has consistently led listed peers in the industry. Its overseas green products now reach more than 190 countries and regions worldwide.

Low-Carbon Sustainable Operations

The Company is advancing the development of distributed photovoltaic systems. By the end of 2025, its total installed clean energy capacity reached 189.17 MW, with an annual cumulative power generation of 180 million kWh and a green power utilization rate of 20.45%. The newly added distributed photovoltaic capacity was approximately 54 MW, expected to generate more than 54 million kWh annually and reduce carbon dioxide emissions by about 5,380 tons per year.

XCMG Machinery continues to advance its green development strategy by systematically promoting the research, development, and industrial application of integrated new energy products. In addition to its strong focus on hydrogen fuel cell systems, the Company has broadened its product portfolio across multiple technological pathways, including battery electric, hybrid, hydrogen, and methanol power. These efforts have enabled the Company to develop green solutions for mining, municipal services, and landscaping, thereby driving the comprehensive transformation of the

▼ XCMG Machinery New Energy Product Presence 2025

New Energy Cranes

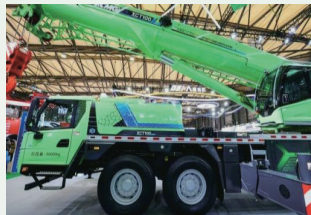
XCMG's high-end new energy truck cranes, developed on the G2 technology platform, include 25-ton pure electric and hybrid models, as well as 50-ton and 100-ton hybrid models. They offer five key advantages: cost-effective operation, efficient lifting, precise control, intelligent functionality, and enhanced safety and reliability.



G2 High-End Crane – 25-Ton Hybrid Crane



The World's First 50-Ton Range-Extended Diesel-Electric Hybrid Truck Crane



G2 High-End Crane XCT100G5-1HEV Hybrid Crane

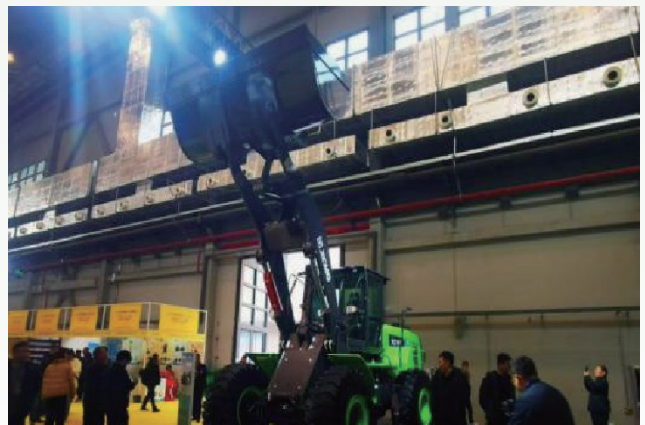


XLC450 DP —The Industry's Only 450-Ton Dual-Power Crawler Crane

New Energy Loaders



XC958-EV—Electric Loader

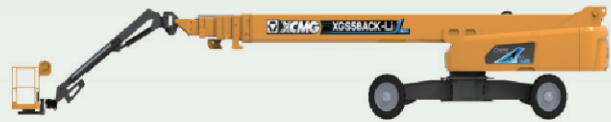


XC958-HEV—Hybrid Loader

construction machinery industry. By the end of 2025, a wide range of the Company's products, including electric muck trucks, concrete mixer trucks, loaders, port tractors, mining trucks, and aerial work platforms, have led the industry in achieving unmanned and electrified upgrades. This has created a replicable and scalable model for the intelligent and green development of the industry, demonstrating the responsibility and commitment of Chinese construction machinery enterprises on the global stage of green development.

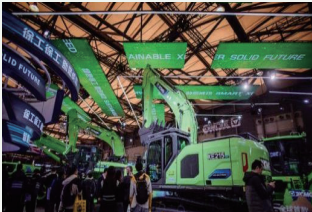
New Energy Aerial Work Platform

XGS58ACK-Li—The Ultra-High Pure Electric Telescopic Boom Aerial Work Platform- Set New Record for Maximum Operating Height



New Energy Excavators

The Company's electric excavator lineup adopts three technical routes: cable-powered, electric, and hybrid. It encompasses 23 models and offers four core advantages: enhanced environmental sustainability, cost efficiency, safety, and operator comfort.



XE215EV—Electric Excavator



XE270EV—Electric Excavator



X380EV Electric Excavator—Winner of the New Energy Gold Award



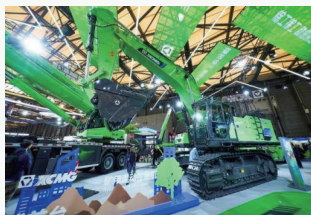
XE19EV—Electric Excavator



EX60EV—Electric Excavator



X750GK HEV Hybrid Excavator —A Star New Energy Product



XE650GK HEV—The World's First Mining Hybrid Excavator

New Energy Mining Equipment



XDE150ES—The World's Largest Electric Mining Water Tanker



XDE100E—The World's First Permanent-Magnet Electric-Drive, Fully Electric Mining Dump Truck



XDE130E —120-Ton Class MW-Level Ultra-Fast Charging Pure Electric Dual-Axle Rigid Mining Truck



XDE150E—140-Ton Class MW-Level Ultra-Fast Charging Pure Electric Dual-Axle Rigid Mining Truck



XGE136—90-Ton Load Electric Mining Wide-Body Truck With Leaf Spring Suspension



XGE150 Pro— 90-Ton Class Electric Mining Wide-Body Truck With Full Hydro-Pneumatic Suspension



XGE150 Plus —90-Ton Class Electric High-Speed Mining Wide-Body Truck



XGH150—90-Ton Class Fuel Range-Extended Hybrid Mining Wide-Body Truck



XGH150M —90-Ton Class Methanol Range-Extended Hybrid Mining Wide-Body Truck

New Energy Forklifts

XCMG's Peacock Series high-voltage heavy-duty lithium-ion specialized vehicles deliver all-weather capability, robust heavy-duty performance, and extended battery life, advancing electric forklifts into a new era of high performance. Built on automotive-grade high-voltage permanent magnet synchronous technology, the system uses a multi-system integrated controller for intelligent power distribution and scheduling. With forward-looking component matching and refined control accuracy, the vehicle provides powerful and efficient performance that exceeds dual-20 standards, leading comparable models in driving, climbing, lifting, and acceleration. Equipped with a 309V high-voltage platform and large-capacity automotive-grade battery packs with water-cooling, it supports rapid charging, reaching full charge in 1 hour and offering up to 12 hours of battery life.



New Energy Concrete Equipment



400kh Standardized Integrated Battery Swap & Charging Pure Electric Concrete Mixer Truck

Peacock 1–3.8t High-Voltage Heavy-Duty Lithium-Ion Forklift

New Energy Port Equipment



XCS4531E—Electric Reach Stacker



XCH907E—Electric Stacker



XCF1612E—Electric Counterbalance Forklift

New Energy Road Construction Equipment



RP355EP Electric Paver—An Electric Small-Sized Equipment



RP905HEV—9m Hybrid Paver



XD120EP Light-Duty Roller



XM505EP—New Energy Half-Meter Miller



XLQ1005E—Electric Dry & Wet Road Sweeper



XS265HEV—26-Ton Single-Drum Hybrid Roller



XM2005HEV—2m Hybrid Milling Machine



XS265EP—The World's First Electric Roller With Dual-Motor Drive



XP305HEV —30-Ton Pneumatic Tyre Hybrid Roller

New Energy Battery Systems

The B166S0H battery system was specifically developed for new-energy concrete mixer trucks. It meets stringent customer requirements for long-range, highly reliable power batteries, with a capacity of 281 kWh and support for 1.3C-rate charging.



The B272S0T battery system is a newly launched, high-energy-density power battery designed specifically for new energy concrete mixer trucks. It offers a capacity of 348.16 kWh and supports efficient 1.3C fast charging. Paired with a 640V high-voltage platform, it substantially enhances energy efficiency and driving range.



B313S0K is a high-performance stacked power battery system developed specifically for new energy commercial vehicles. It offers a system capacity of 400.64 kWh, a 640V high-voltage platform, and 1.27C fast-charging

capability, enabling extended range and efficient energy replenishment. With a gravimetric energy density of 154.1 Wh/kg and a volumetric energy density of up to 237 Wh/L, it significantly improves space utilization.

The B272D0G is a highly integrated CTV power battery system designed specifically for the construction machinery industry. It has a total capacity of 348.16 kWh and utilizes a 640V high-voltage platform to support efficient energy output. Multiple battery modules are integrated in a 2P2S configuration, with each module providing 87.04 kWh at



a nominal voltage of 320V. The system supports a 1.1C charging rate and offers a cycle life of 4,500 cycles at 70% SOH, ensuring long-term operational reliability. Its compact structure effectively meets the stringent space and operating requirements of construction machinery.

New Energy Construction Equipment For Underground Infrastructure

XTC150G—The World's First Diesel-Electric Dual-Power Dual-Wheel Trenching Machine



Case | XCMG Machinery Exhibited its New Energy Products

In September 2025, with the annual theme of Green Innovation for New Energy, Intelligence Wins the Future, XCMG Machinery showcased 35 new energy construction machinery units and components at the BICES. The exhibits included the XC9108-EV electric loader, the XCT50G5-1HEV, the world’s first 50-ton extended-range hybrid truck crane, and other flagship models. XCMG Machinery also presented its new energy charging and battery-swapping solutions. These achievements demonstrate full-scenario and full-chain coverage of new energy applications, provide integrated green operation support, and establish a closed-loop ecosystem across the product life cycle. They also underscore XCMG Machinery’s leadership in new energy innovation and its firm commitment to the Dual Carbon goals.



Impacts, Opportunities and Risks

XCMG Machinery aligns with international standards and applies scientific methodologies to assess the impact of climate-related risks on its financial performance and sustainable development. It systematically identifies, evaluates, and manages climate-related risks and opportunities. Integrated into its corporate strategy, XCMG Machinery has developed practical climate strategies and a “Dual Carbon” action roadmap to ensure effective climate risk management.

Management Process

Identifying Risks and Opportunities

The Company complies with domestic and international climate-related disclosure guidelines and employs established analytical frameworks and tools to proactively identify physical and transition risks, as well as opportunities.

Assessing Risks and Opportunities

The Company employs a closed-loop process of data-driven analysis, scenario analysis, and prioritization to assess the potential impacts of extreme weather and climate change on its sustainable development.

Monitoring Risks and Opportunities

The Company tracks and monitors physical risk indicators, such as extreme weather and temperature fluctuations, as well as transition risk indicators, including policy developments, market shifts, clean technology trends, and corporate reputation, to provide early warning of risk events.

Responding to Risks and Opportunities

The Company systematically assesses its capacity to address climate risks, develops management strategies tailored to operational needs, implements climate risk response measures in advance, and effectively mitigates the impacts of climate change.

Metrics and Targets

Guided by the national goals of carbon peaking and carbon neutrality, the Company has established a climate change response metric system based on its identification of climate-related risks and opportunities and its actual production and operations. It has set Dual Carbon targets, continuously monitors progress, and fulfills its greenhouse gas emission reduction commitments through concrete action.

Metrics for Climate Change Responses

The indicators cover key areas including greenhouse gas emissions, energy consumption, renewable energy utilization, and revenue from new energy products.

Dual Carbon Goals

2025 Status

Short-term Goals

By 2027, carbon emissions within operational boundaries will reach peak.

In progress

Medium-term Goals

By 2035, renewable energy will account for 50% of total electricity consumption.

Long-term Goals

By 2049, carbon neutrality within operational boundaries will be achieved.



Greenhouse Gas Management

XCMG Machinery has made substantial progress in advancing its Dual Carbon strategy by strengthening carbon accounting and carbon inventory management, and by establishing a robust carbon emission monitoring and control system across the industrial chain. The Company has developed an advanced digital carbon emission management platform and established a technical standard system supporting carbon peaking and carbon neutrality within the construction machinery industry. XCMG Machinery has issued 11 corporate standards covering carbon emission accounting, carbon data collection and quality management, and low-carbon supply chain assessment. It has also actively participated in the carbon label certification of construction machinery products at the Jiangsu provincial level. In collaboration with the Jiangsu Provincial Administration for Market Regulation and the China Construction Machinery Association, XCMG jointly issued the group standards T/JSQA 207-2024, Quantification Method for Product Carbon Footprint—Construction Machinery Products, and T/CCMA 0211-2024, Guidelines for Allocation and Management of Life-Cycle Carbon Quotas for Construction Machinery Products. In addition, three excavator models have obtained carbon footprint certification, demonstrating XCMG Machinery's strong capability to deliver comprehensive carbon reduction and pollution mitigation solutions across the construction machinery industrial chain.

Case | Product Life Cycle Carbon Footprint Accounting, Evaluation and Traceability Management System

XCMG Machinery has achieved significant breakthroughs in technologies such as blockchain-based carbon information traceability management and the comprehensive evaluation of suppliers' low-carbon performance. The Company independently developed the Product Life Cycle Carbon Footprint Accounting, Evaluation, and Traceability Management System, which integrates product carbon footprint modeling, accounting, analysis, reporting, disclosure, low-carbon solution design, carbon footprint data traceability, supplier management and evaluation, and factor database management. Supported by this platform, the efficiency of carbon footprint information collection, accounting, and analysis for the Company's products has increased by nearly 400%, establishing a strong foundation for the development of differentiated green competitive advantages.

Case | XCMG Energy Carbon Emission Management and Control Platform

The Company has achieved technological breakthroughs in precise carbon emission monitoring and automated carbon data accounting, and has independently developed the XCMG Energy Carbon Emission Management and Control Platform. The platform integrates carbon emission collection and accounting, report generation, multidimensional carbon data analysis, comprehensive evaluation of low-carbon technologies, an energy conservation and carbon reduction database, and an emission factor database. It has been deployed across 30 branches and subsidiaries, enabling independent carbon emission accounting, regular carbon inventories, and digital management of the enterprise's carbon indicators.

Product Carbon Footprint Management Progress

Carbon Footprint Accounting and Management for Components

By the end of 2025, leveraging XCMG's product carbon footprint management system, we collaborated with 96 core suppliers to complete carbon footprint accounting and management for 186 components and developed 154 proprietary product carbon footprint factors.

Carbon Footprint Accounting and Management for End-Product Machinery / Equipment

In 2025, the carbon footprint accounting and assessment of two complete machine products—the XE950G Pro hydraulic excavator and the QY50K5D truck crane—were completed in XCMG's product carbon footprint management system.

The Company verifies greenhouse gas emissions in accordance with relevant guidelines and is committed to ensuring that carbon emission data are detectable, measurable, and traceable across the entire value chain. It has comprehensively strengthened its capabilities in greenhouse gas detection, monitoring, carbon accounting, and assessment, while enhancing dual control over carbon emission intensity and total emissions. The Company's carbon emission reduction target for 2026 is an decrease of 3%.²

² Note: The carbon emission reduction metrics may be adjusted accordingly in the event of material changes to future policies, market conditions, or corporate strategies.

Greenhouse Gas Management Performance

Direct greenhouse gas emissions (Scope 1) (ton)

121,897.47

Indirect greenhouse gas emissions (Scope 2) (ton)

283,062.47

Total greenhouse gas emissions (ton)

404,959.94



Mitigating Environmental Impact

XCMG is committed to advancing the green transformation of its manufacturing processes. Through green design, it drives product upgrading, and through green intelligent manufacturing, it enhances production efficiency. By improving processes and upgrading equipment, the Company has increased the treatment efficiency of pollutants and waste, thereby supporting its high-quality and sustainable development. It has established multiple green factories certified at the national and provincial levels and has been recognized as one of the first outstanding enterprises leading China's carbon peaking initiative.

Environmental Auditing

In accordance with the requirements of the ISO 14001 environmental management system, the Company has established a robust internal and external supervision and audit mechanism. It conducts regular comprehensive audits and defect management reviews of environmental management practices and implements effective corrective measures to prevent potential environmental incidents and pollution events. The Company also holds monthly safety and environmental protection meetings and carries out on-site environmental audits through comprehensive inspections, special inspections, and routine patrols across all branches and subsidiaries. These efforts continuously enhance the effectiveness of environmental and safety management and ensure the effective operation of the management system.

By the end of 2025, 24 Company-affiliated enterprises, including the parent company and its subsidiaries, obtained ISO 14001:2015 certification.



Certificates of ISO 14001 Environmental Management System for Branches and Subsidiaries of XCMG Machinery

Environmental Policies and Compliance Management

Governance

The Company strictly complies with the Environmental Protection Law of the People's Republic of China and other relevant laws and regulations, and implements the Environmental Protection Supervision and Management Policy to effectively manage wastewater, exhaust emissions, hazardous substances, solid waste, and noise generated during production and operations. It has continued to strengthen its environmental management framework by establishing environmental protection management bodies and appointing full-time environmental protection personnel. Under the unified leadership of the Company's Safety and Environmental Protection Department, a four-level environmental management network has been established, covering the safety and environmental protection departments of all branches and subsidiaries, safety officers in branch plants and workshops, and safety officers in sections and teams. This structure ensures that environmental management responsibilities are clearly assigned at every level and that management activities are carried out in a systematic and effective manner.

In 2025, the Company invested RMB 62.6844 million in environmental protection. No major environmental incidents or violations occurred during the year.

In 2025, seven branches and subsidiaries were certified as National Green Factories, and two were certified as Provincial Green Factories. By the end of 2025, a total of 13 branches and subsidiaries had obtained National Green Factory certification, six had obtained Provincial Green Factory certification, and one had obtained Municipal Green Factory certification. These achievements demonstrate the Company's strong commitment to green development and environmental stewardship.

Construction of Green Factories

XCMG Mining Machinery

Leveraging its two independently developed platforms for energy-carbon management and product carbon footprint analysis, the company enables precise carbon emissions control. By adopting green power procurement and building intelligent production lines, it reduces emissions at the source and achieves 100% carbon offset. It has also pioneered the world's first complete zero-carbon intelligent mine solution.

XCMG Precision

The company has long been engaged in the ferrous metal casting industry. It adheres to full-cycle green footprint management, implementing ecological design throughout the entire process from raw materials to finished products. By adopting low-carbon and green processes, energy-saving management, and recycling systems, it has significantly reduced energy consumption and emissions.

XCMG Port Machinery

The company anchors its development strategy in safety, sustainability, intelligence, and greater material-handling efficiency. Driven by intelligent transformation, digitalization, connectivity, and green manufacturing, it collaborates with upstream and downstream partners across the industrial chain to jointly build a new ecosystem for green and sustainable development.

XCMG Truck Mounted

The company has vigorously implemented strategic green development initiatives, advanced the construction of a green manufacturing system, and deepened research into lightweight technologies. It has also commissioned distributed photovoltaic power generation projects at its factory sites, with the utilization rate of green electricity and other clean energy sources continuously increasing.

XCMG Driveline

The company leverages its 5G fully connected factory to integrate digitalization with green development. Through energy management and control, photovoltaic power applications, and carbon footprint certification, it achieves low-carbon, high-efficiency growth and demonstrates a clear path toward aligning advanced manufacturing with green transformation.

XCMG Crane

The company has established a three-tier energy metering network to collect, aggregate, and analyze energy consumption across workshops. It has also defined monitoring indicators, including electricity consumption per unit of welding wire, electricity consumption per unit of spraying area, and gas consumption per unit of spraying area. By quantifying and optimizing these indicators, the company enhances the standardization and precision of production energy use.

XCMG Special

The company has installed a sewage-source heat pump system. Using only 20% of electrical energy as driving power, the system extracts 80% of heat from sewage for winter heating and also provides central air conditioning in summer and domestic hot water.

XCMG Schwing

The company actively promotes green and low-carbon development. It has commissioned a 6 MW distributed photovoltaic power station, reducing annual carbon dioxide emissions by approximately 3,600 tons. A wastewater treatment system has been established, achieving a 100% compliance rate for treated wastewater discharge. In addition, RTO waste gas incinerator has been installed to ensure that spray-related exhaust gas meets emission standards, and a centralized welding dust collection system fully captures dust, eliminating external emissions. Moreover, the company conducts product ecological design and advances green technology innovation, holding more than ten invention patents in dual-power hydraulics, intelligent energy-saving control, electric drive, hybrid power, and related technologies.



Green Factory of XCMG Mining Machinery



XCMG Precision Green Factory



XCMG Port Machinery Green Factory



XCMG Crane Green Factory

Strategy

The Company is committed to strengthening environmental compliance management and to enhancing environmental risk assessment and prevention mechanisms, while transforming challenges into opportunities for development. Through refined operational management, it ensures that emissions of major pollutants comply with national and local standards. It also explores the resource-based comprehensive utilization of bulk solid waste to advance a circular economy.

Risk/Opportunity Identification List						
Risk/Opportunity Type	Risk/Opportunity Description	Like-lihood	Time-frame	Expected Financial Impact	Responses	
Transformation Risk/ Opportunity	Policy and Legal Risk	The Dual Carbon goals are accelerating the industry's green transformation. Traditional fuel-powered machinery is increasingly constrained by emissions regulations, while policies governing pollutants and waste emissions are becoming more stringent and emission standards continue to rise.	High	Short to medium term	Cost increase	<p>Continue to monitor and analyze environmental protection laws and regulations in China and abroad, and adjust corporate strategies accordingly.</p> <p>Strictly implement compliant disposal measures for pollutants and waste, conduct regular environmental inspections and audits, and develop emergency response plans for environmental risks to strengthen compliance capabilities.</p> <p>Leverage the EHS digital system to achieve real-time monitoring of emissions, enforce annual control targets, and install monitoring equipment to oversee pollution control facilities.</p> <p>Provide internal compliance training and integrate environmental compliance into the performance appraisal system.</p>
	Technology Opportunity	The transformation of high-pollution processes, such as traditional coating and foundry operations, is under significant pressure, and the need to upgrade environmental protection equipment has become increasingly urgent.	High	Short to medium term	Short-term costs increase, but long-term pollution control costs decline.	Accelerate the research, development, and application of new pollution prevention technologies, cleaner production technologies, and processes to reduce pollutant generation. Introduce a water recycling system to lower wastewater discharge costs and establish an intelligent waste management system to enable full-process tracking of the classification, transportation, and disposal of hazardous waste.
	Market Opportunity	Through business model innovation, consumers increasingly favor circular economy models, while the international market strongly demands low-emission, high-performance industrial machinery.	High	Short to medium term	Revenue increase	<p>Provide value-added services, including equipment leasing, trade-ins, recycling, and disposal, to extend product life cycles and reduce resource waste.</p> <p>Expand our remanufacturing business, converting retired machinery into marketable products, and build a closed-loop industrial chain of recovery, disassembly, remanufacturing, and sales.</p>

Impacts, Opportunities and Risks

The Company implements full-process environmental impact monitoring throughout its production and operational activities. Through digital systems and monitoring equipment, it enables real-time monitoring and early warning of key environmental emission indicators, ensuring that environmental risks across all production stages remain under control and advancing ecological civilization.

Management Process

Identifying Risks and Opportunities

- The Company has installed monitoring equipment to oversee the real-time operation of pollution control facilities and the effective treatment of pollutants in emission-generating processes, thereby enabling effective identification, real-time tracking, dynamic monitoring, and early warning of abnormal pollutant emission risks across all production stages.

Assessing Risks and Opportunities

- We conduct regular safety and environmental inspections and promptly rectify identified hazards.

Monitoring Risks and Opportunities

- Each subsidiary develops its own monitoring plan for the pollutants it discharges. Using both automated and manual methods, it conducts regular monitoring and public disclosure, and strictly monitors and evaluates environmental factors, including waste gas, wastewater, and noise, in accordance with the plan.
- The EHS digital system enables real-time monitoring of environmental emissions.

Responding to Risks and Opportunities

- Each subsidiary formulates, updates in a timely manner, and files an Emergency Response Plan for Sudden Environmental Incidents, based on its own operational realities, and standardizes procedures for handling and investigating environmental pollution incidents.
- Environmental compliance and environmental protection publicity and training are conducted for all employees and contractors to strengthen compliance and environmental stewardship awareness, foster an environmentally responsible enterprise, and promote a green, low-carbon lifestyle.

Environmental Training Performance

Number of environmental training sessions	Total hours of environmental training	Environmental training attendance	Environmental training coverage rate(%)
376	86,005	52,030	100

Metrics and Targets


The Company demonstrates a strong commitment to mitigating the adverse impacts of its operations on the ecological environment and biodiversity. By aligning its environmental management goals with its specific production and operational contexts, the Company optimizes and formulates annual environmental management target indicators. These indicators are systematically incorporated into the Health, Safety, and Environment (HSE) responsibility statement. The HSE responsibility statements are executed through a hierarchical process, beginning with the chairman, followed by the general managers of branches and subsidiaries, and extending down to grassroots employees. This structured approach facilitates the implementation of environmental protection responsibilities across all levels of the Company, thereby ensuring that environmental management objectives are effectively operationalized and accomplished.

Metrics and Targets

Environmental Management Metrics

The metrics encompass pollutant and waste discharge volumes, including wastewater, exhaust gas, and solid waste, as well as the proportion of waste disposed of in compliance with applicable regulations.

Environmental Management Metrics	2025 Status
Zero major environmental pollution incidents	Completed
Compliance rate for pollutant and waste discharge standard	Completed (100%)
Environmental protection facilities stable operation rate 96%	Completed (99.82%)



Hazardous Substance and Waste Management

The Company and 19 subsidiaries, including XCMG Heavy Machinery, XCMG Excavator, and XCMG Crawler, have been designated by environmental authorities as key pollutant discharging entities. In compliance with legal requirements, they disclose environmental information, including major pollutants, discharge methods, total discharge volumes, and any instances of excessive discharge, thereby fulfilling their environmental protection responsibilities. By the end of 2025, all environmental permits remained valid.

The Company and its subsidiaries strictly comply with applicable laws and regulations, including the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and the Law of the People's Republic of China on the Prevention and Control of Noise Pollution. They manage hazardous substances and wastes in accordance with legal requirements to ensure that pollutant emissions do not adversely affect employees, local community residents, or other stakeholders.

In 2025, the environmental monitoring programs and risk management measures of the Company and its subsidiaries operated effectively. Wastewater, waste gas, and noise emissions at the plant boundary all complied with applicable standards, achieving a 100% compliance rate, and hazardous wastes were disposed of in accordance with regulatory requirements, also achieving 100% compliance. No excessive pollutant discharges occurred during the year, and no major administrative penalties or criminal liabilities were imposed in connection with pollutant emissions. Pollutant discharges had no material adverse impact on employees, local community residents, or other stakeholders, and production and operational activities did not adversely affect ecosystems or biodiversity.

Waste Management

XCMG Machinery strictly adheres to the National Catalogue of Hazardous Wastes and systematically identifies the types and generation points of hazardous wastes throughout the production process. It has established a dynamic hazardous waste inventory and a fully digital, closed-loop management model characterized by standardized generation, orderly collection, compliant storage, lawful transfer, and safe disposal. Hazardous wastes are classified and collected in accordance with regulatory requirements, temporarily stored at designated locations, and centrally transferred to a dedicated hazardous waste warehouse, ensuring full traceability, full compliance, and zero omissions.

To enhance the intelligent oversight of hazardous waste storage, the Company has fully integrated surveillance cameras in hazardous waste warehouses with the XCMG EHS digital system, incorporating AI-based offline dynamic recognition and automatic power-off alarm functions. The system monitors the warehouse environment, storage conditions, and personnel operations in real time, enforces the “one item, one code” and “first-in, first-out” management rules, and provides automatic early warnings for impending expiration dates, thereby effectively mitigating risks such as leakage, mixed storage, and illegal disposal.

The Company adopts an integrated disposal approach, primarily relying on in-house treatment with a limited proportion of entrusted disposal. With a cumulative investment of RMB 215 million, it has established one hazardous waste incineration line and one waste packaging drum cleaning and reuse line, achieving an annual disposal capacity of 22,200 tons and significantly enhancing on-site resource utilization and harmless waste treatment. A total of 7,446.45 tons of hazardous waste were transferred during the year. All procedures complied with applicable laws and regulations, ensuring zero violations, zero leakage, and zero environmental risks in hazardous waste management.

The general solid waste produced by the Company predominantly comprises paper and packaging materials. In response to this challenge, the Company has employed a comprehensive strategy to promote a paperless office environment. This initiative includes advocating for online work practices and electronic document consumption, prominently displaying promotional slogans at printer locations, and encouraging the use of double-sided printing. Furthermore, the Company actively supports the recycling of packaging materials and is committed to minimizing the consumption of office supplies and production resources. Through these concerted efforts, the Company is reducing the generation of solid waste. In 2025, the Company achieved its 100% annual target for waste emission reduction.



XCMG Machinery Hazardous Waste Warehouse

Performance on the Treatment of Hazardous Substances and Wastes

Metric	2025 Value
Total hazardous substance and waste generation (ton)	7,446.45
Including: Organic solvent waste and waste containing organic solvent (ton)	134.45
Mineral oil waste and waste containing mineral oil (ton)	1,335.25
Oil/water, hydrocarbon/water mixture or emulsion (ton)	556.05
Dye and paint waste (ton)	3,201.68
Surface treatment waste (ton)	469.58
Waste containing chromium (ton)	0
Waste containing lead (ton)	115.106
Waste acid (ton)	150.16
Other waste (ton)	1,484.17
Percentage of hazardous substances and waste disposed under laws (%)	100

Wastewater Management

To effectively manage the discharge of industrial wastewater, the Company has introduced the nano-water treatment technology, specifically designed to efficiently recover heavy metal elements from electroplating wastewater. After undergoing rigorous treatment, both the domestic sewage and industrial wastewater are subjected to thorough testing to ensure they meet the third-level standards outlined in the Integrated Wastewater Discharge Standard (GB/T 8978-1996). Once compliance is confirmed, the treated effluents are responsibly discharged into the sewage treatment plant of the development zone.

The Company adheres to the principles of classified wastewater collection, quality-based treatment, professional operation and maintenance, and real-time monitoring. Each subsidiary has established wastewater treatment facilities and adopted appropriate processes, such as chemical precipitation and biological treatment, thereby ensuring the

full collection, treatment, and compliance of domestic sewage and production wastewater. To enhance operational efficiency and treatment stability, the Company entrusts professional environmental protection institutions with third-party specialized operations. It has also established maintenance records, conducted regular equipment inspections and reagent management, and optimized processes to prevent operational abnormalities caused by improper operation and maintenance.

The Company has installed online monitoring equipment for key indicators, such as COD, at each discharge outlet. Supported by the EHS digital system, it collects and transmits water quality data in real time, enabling early warning of potential risks and rapid response, thereby preventing excessive discharge at the source. All subsidiaries conduct regular monitoring and evaluation of wastewater discharge and the surrounding water environment in strict accordance with the monitoring plan and maintain full-cycle traceable monitoring records to ensure that all discharged wastewater complies with national and local discharge standards. Through refined management, the Company safeguards water resources and environmental safety. In 2025, the Company's wastewater pollutants achieved 100% compliance.



Wastewater Treatment Station



Real-time COD Monitoring Platform

Wastewater Treatment Performance	
Metric	2025 Value
Total wastewater discharge (ton)	1,121,494.68
Industrial wastewater discharge (ton)	464,700.17
Domestic wastewater discharge (ton)	656,794.51
COD discharge (ton)	37.96
BOD discharge (ton)	13.79
Ammoniacal nitrogen (ton)	2.65
Total nitrogen (ton)	9.13
Total phosphorus (ton)	0.68
Suspended solids (ton)	7.07
Chromium (VI) (ton)	0.001
Total chromium (ton)	0.002
Total nickel (ton)	0.001

Waste Gas Management

The waste gases generated by the Company's production activities primarily consist of VOCs from industrial coating processes and welding fumes. The Company maintains strict control over waste gas emissions by implementing a comprehensive management system that emphasizes source substitution, efficient collection, advanced treatment, and intelligent supervision. It has established corresponding equipment management systems and targeted control measures, while enhancing the removal efficiency of air pollutants through equipment upgrades and process optimization. As a result, emission concentrations remain below applicable national and local standards. The Company is committed to achieving ultra-low emissions and strengthening air pollution prevention through effective, practical measures. In 2025, the Company's air pollutants achieved 100% compliance.

Case | VOC Treatment in Coating Process

XCMG Machinery has comprehensively upgraded its component coating process. The VOC treatment facilities for 62 coating lines adopt industry-leading zeolite molecular sieve rotor and regenerative thermal oxidation (RTO) technology, with a cumulative investment of nearly RMB 300 million. In parallel, the Company has promoted the substitution of low-VOC coatings to reduce pollutant generation at the source. Following treatment, VOC emissions are stably controlled at approximately 8 mg/m³, significantly below Jiangsu Province's local emission limit of 50 mg/m³, thereby achieving true ultra-low emissions. Owing to its outstanding performance, the Company has received RMB 120 million in environmental protection subsidies from central and provincial governments.

Case | Welding Fume and Exhaust Gas Treatment

To address fume pollution from welding operations, XCMG Machinery has strategically deployed extraction arms, central push-pull ventilation systems, and integrated treatment units, tailored to its production characteristics, with a total investment of nearly RMB 100 million. Consequently, the time-weighted average concentration of welding fumes has been reduced to 1.97 mg/m³, well below the national limit of 4 mg/m³. This initiative has not only reduced atmospheric emissions but also substantially improved the working environment for frontline employees.

Case | Construction of Waste Gas Monitoring System

In 2025, XCMG Machinery completed the bidding and construction of an electricity consumption monitoring system for pollution-generating and pollution-control environmental protection equipment, installing a total of 496 monitoring terminals. By comparing electricity consumption data in real time, the Company ensured the synchronized operation and management of pollution-control facilities and pollution-generating processes, enabling full-process tracking, dynamic monitoring, and automatic early warning of abnormal waste gas emissions. As a result, the annual stable operation rate of environmental protection facilities reached 99.82%. Through integrated technological and managerial measures, XCMG Machinery effectively ensured the stable and efficient operation of its pollution-control facilities.

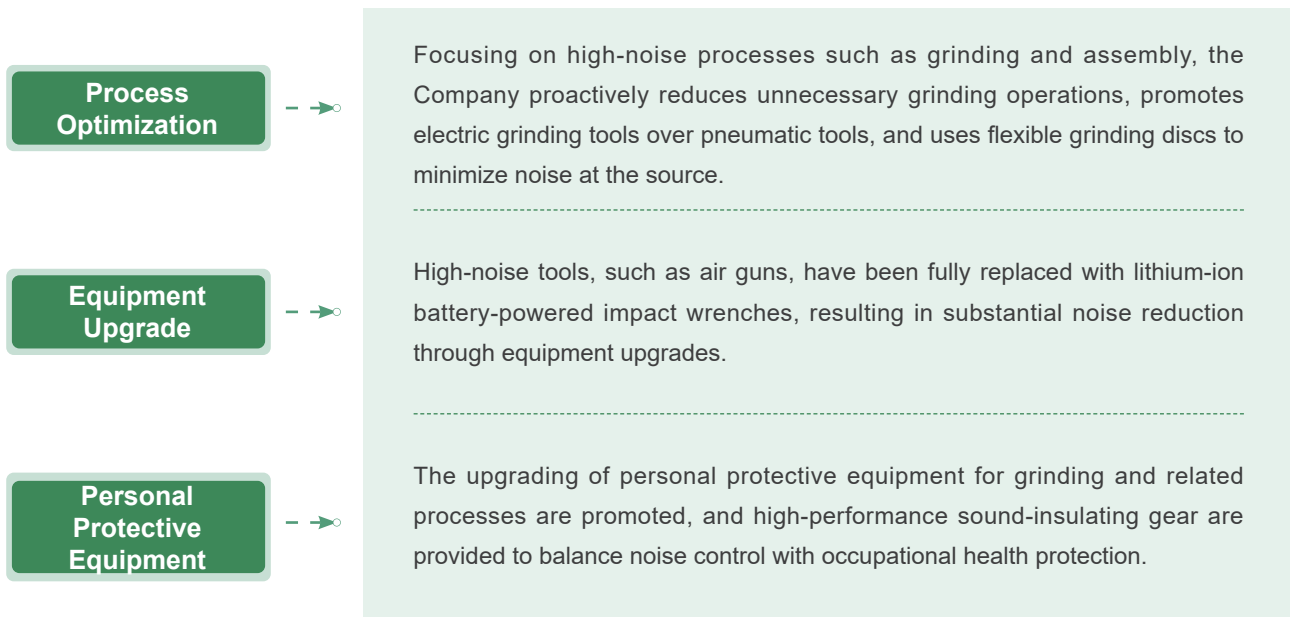
Waste Gas Treatment Performance

Total waste gas emissions (10,000 m3)	Including: Particulate matter (ton)	Sulfur dioxide (ton)
2,581,895.77	58.68	16.29
Nitrogen oxides(ton)	NMHC VOCs(ton)	
37.14	224.06	

Noise Management

XCMG Machinery adheres to the principle of noise reduction at the source, process optimization, and protective equipment upgrading. Beginning at the production stage, the Company has comprehensively optimized manufacturing processes to reduce noise emissions, thereby ensuring stable compliance with plant noise standards while improving the working environment. In addition, it has upgraded labor protection equipment to enhance employees' comfort and safety. All branches and subsidiaries conduct regular noise monitoring in key areas, including production workshops and plant boundaries, and promptly adjust control measures to ensure compliance with relevant national standards.

Noise Management Methods



Utilization of Energy and Resources

XCMG Machinery integrates green development principles into its office and production operations, explores new remanufacturing models, promotes water resource recycling, and advances refined energy management, thereby accelerating the construction of a sustainable production model through the efficient utilization of waste, water, and energy resources.

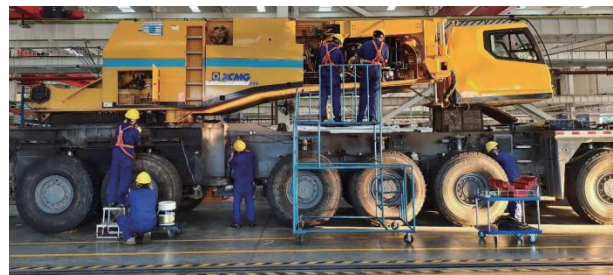
Circular Economy

XCMG Machinery, as one of the first national pilot enterprises for remanufacturing, actively advances a model innovation initiative and has established a system for the reuse of industrial waste resources. It has also developed and improved a reverse logistics recycling system and a trading platform for used products to promote the large-scale recycling of waste materials. The Company continues to invest in research and development of construction machinery remanufacturing technologies and has established a comprehensive technological and equipment system for this purpose. These technologies are applied to the remanufacturing of complete machines and components, including cranes, rotary drilling rigs, shield machines, hydraulic cylinders, pumps, and motors. This approach enables the value recovery and recycling of waste resources such as scrap steel, nonferrous metals, and plastics. The Company is committed to building a circular industrial chain of resources–products–used products–remanufactured products and to creating a zero-waste enterprise.

XCMG Infrastructure, a subsidiary of the Company, actively responds to national policy initiatives. Guided by the principle of proactive empowerment and value-added remanufacturing, it explores and implements a circular business model in the construction machinery sector and has developed the “2+2+6+N” maintenance system to comprehensively enhance equipment performance and value. The company is engaged in R&D, production, supply, sales, and service, providing customers with comprehensive technical solutions for remanufactured piling machinery, trenchless machinery, and coal mining machinery. Through the continued development and innovation of its used equipment business, it delivers cost-effective, low-carbon, and environmentally friendly products and services, thereby promoting efficient resource utilization and sustainable industry development.

Case | XCMG Machinery's 100-Ton Class High-Quality Remanufactured Cranes Go Global

In February 2025, XCMG Machinery launched a batch shipment of 100-ton-class remanufactured cranes, including the XCA500BR8, XCA260C, XCA200L8, and other best-selling overseas models. This shipment marked a significant breakthrough in XCMG Machinery's international aftermarket strategy. It further confirmed that Chinese brands have joined the world's leading tier in high-quality used and circular equipment, earned recognition from global customers, and represented an important step toward strengthening, complementing, and extending the industrial chain.



Case | XCMG Infrastructure Held the 2nd Global Customer Festival for Used Piling Machinery

In March 2025, XCMG Infrastructure successfully hosted the Second Global Customer Festival for Used Piling Machinery under the theme Abundant Machinery Offers, Exclusive Premium Benefits. At the event, more than 200 customers from around the world were introduced to the circular business model and commercial policies for used machinery. From equipment evaluation and remanufacturing upgrades to after-sales service, the company offered customers more flexible and cost-effective equipment solutions. Customers also visited XCMG Infrastructure’s intelligent remanufacturing production lines, where they observed the full remanufacturing process from components to complete machines and witnessed the company’s advanced craftsmanship and leading intelligent manufacturing capabilities.



In the raw material supply and product delivery processes, the Company prioritizes environmentally friendly packaging materials with high resource efficiency, favoring materials that are recyclable or readily degradable. This approach reduces reliance on disposable packaging materials, such as cartons and lumber, thereby lowering waste generation from business operations and minimizing associated environmental impacts. Furthermore, the Company actively promotes the resource utilization of waste materials. Steel scrap, wooden pallets, packaging materials, and other byproducts generated during production at various subsidiaries are collected, sorted, and processed, then systematically reused as raw materials and turnover packaging items. This practice establishes an efficient closed-loop resource cycle of recycling, processing, and reuse.

Packaging Materials Management Performance

Packaging material consumption(ton)

1,853.52

Packaging materials from recycled sources(ton)

1,519.77

Packaging material recycling rate(%)

81.99

Water Resource Utilization

The Company’s water for office and production activities is primarily supplied by the municipal pipeline network and recycled water. To promote the efficient use of water resources, the Company has implemented various water-saving measures, strengthened the routine inspection and maintenance of water equipment, expanded water conservation awareness efforts, and fully integrated water-saving practices to reduce unnecessary water consumption in office and production operations.



XCMG Machinery Water Conservation Publicity Campaign

Water Resources Management Measures

Smart Water Management

Based on the IoT platform, smart water meters and remote monitoring systems have been deployed to enable real-time monitoring of water consumption, automated data collection, and intelligent anomaly alerts, thereby enhancing refined water management and operational efficiency comprehensively.

Operational Water Management

Whole-process water use management and control have been strengthened. Supported by digital tools, classified metering has been improved to enable real-time monitoring, dynamic analysis, and early warning of abnormal water consumption. Water balance tests and utilization assessments are conducted, while targeted measures and advanced water-saving technologies are implemented to unlock conservation potential across key water-intensive processes.

Water Fixture and Appliance Management

Water-saving processes, appliances, and equipment are promoted and applied, while inspection and maintenance of water supply pipe networks are strengthened. Running, bubbling, dripping, and leaking are strictly rectified, thereby reducing leakage rates.

Water Reuse and Circular Utilization

Water resource allocation is optimized. Rainwater harvesting, reclaimed water treatment and reuse, and steam condensate recovery are implemented to promote cascade and circular water use, thereby continuously improving water-use efficiency.

Promotion of Water-Saving Awareness

Relevant training is conducted, and water-saving slogans and posters are displayed in public water-use areas.

Target responsibilities are clearly defined, and water-saving performance is incorporated into performance evaluations.

Case | Intelligent Water-Saving Renovation of Purified Water for Medium Excavator Electroplating Line

In 2025, XCMG Machinery implemented an intelligent purified-water conservation upgrade for the medium excavator electroplating line. The project replaced the original process, in which purified water was directly discharged after spraying, with a pump-based recycling system. Clean water from the subsequent process is now reused for rough washing in the preceding process, and an additional cleaning step was introduced to enable the graded utilization of the bath solution. As a result, 90% of the preceding bath solution is retained in the first process, thereby ensuring the water quality required for the second process. Following the renovation, purified-water consumption decreased from 6 tons per hour to 4.8 tons per hour, generating annual savings of more than RMB 190,000 in water and sewage treatment costs.

Water Resource Management Performance

Total water consumption (ton)

2,861,370

Setting water consumption targets for the next year (ton)

3,321,341

Energy Utilization

Governance

The Company strictly complies with the Energy Conservation Law of the People’s Republic of China and other applicable laws and regulations. It has established and improved its Energy Management Policy, adhering to the principle of equal emphasis on energy conservation and development, with conservation as the priority, and continuously enhances its energy management framework. The Company’s principal leaders and those of its branches and subsidiaries serve as the primary persons responsible for energy management. The Lean Manufacturing Department acts as the competent authority for energy management and coordinates related activities. Each subsidiary has also established dedicated energy management departments and positions with full-time personnel, ensuring effective management, clear responsibilities, appropriate measures, necessary investment, and robust supervision and assessment.

In 2025, the Company was awarded the title of Advanced Unit for Energy Conservation and Carbon Reduction by the Xuzhou Energy Saving Association. By the end of 2025, 20 branches and subsidiaries had passed the energy management system audit and obtained ISO 50001 Energy Management System Certification.



XCMG Machinery was awarded the title of 2025 Advanced Unit for Energy Conservation and Carbon Reduction



Certificates of ISO 50001 Energy Management System for Branches and Subsidiaries of XCMG Machinery

Strategy

XCMG Machinery is committed to leading the energy and low-carbon transformation of the construction machinery industry. It regards energy management as a key driver of sustainable development. By proactively addressing energy risks, capturing green opportunities, and implementing a continuous improvement mechanism, the Company enhances energy efficiency and advances the coordinated achievement of economic and environmental benefits.

Risk/Opportunity Identification List						
Risk/Opportunity Type		Risk/Opportunity Description	Like-lihood	Time-frame	Expected Financial Impact	Responses
Risk	Fluctuations of energy prices	The increasing difficulty of exploiting fossil fuels and the volatility of energy prices pose significant market risks. This instability affects operating costs and budget planning and may also disrupt supply chains and constrain production capacity.	Medium	Short-term	Cost increase	Closely monitor policy and regulatory changes, including carbon tariffs and the dual control of energy consumption, and proactively optimize our energy mix. Through our digital energy monitoring platform, we analyze energy consumption data in real time to mitigate risks associated with supply fluctuations and price volatility.
Opportunity	Energy structure	By reducing reliance on traditional fossil fuels, the Company can achieve substantial energy cost savings. Adopting clean energy and improving energy efficiency can strengthen the Company's market competitiveness and corporate reputation, thereby creating new business opportunities and strategic partnerships.	High	Medium to long term	Cost decline	Increase R&D investment in new-energy construction machinery and deploy advanced technologies, including electrification and hydrogen energy, to secure first-mover advantages in the green equipment market. Enhance energy efficiency and reduce energy costs by integrating clean energy solutions, such as solar photovoltaic panels and energy storage systems.

Impacts, Opportunities and Risks

Through refined management and data monitoring, the Company effectively identifies and evaluates energy management risks. By accelerating technological upgrades, strengthening energy-saving awareness among all employees, and improving energy conservation assessment mechanisms, the Company delivers a scientific and confident response to such risks.

Management Process

Identifying Risks and Opportunities

- The Company promotes an energy management information system and an energy carbon emission control platform. In May 2025, five branches and subsidiaries used the IoT platform to establish online energy monitoring, enabling real-time data collection on water, electricity, gas, and steam consumption. They also monitor high-energy-consuming equipment and analyzes non-value-added energy use, providing data support and decision-making to identify energy-saving potential and improve energy efficiency.

Assessing Risks and Opportunities

- Regular inspections and spot checks are conducted on the energy usage and management practices of branches and subsidiaries, and identified issues are supervised for rectification. Each subsidiary and/or branch is required to establish supervision and assessment mechanisms for energy management, regularly compile and analyze energy utilization data, and oversee the implementation of corrective measures.

Monitoring Risks and Opportunities

- The Company is equipped with energy metering instruments for water, electricity, gas, and other energy sources to satisfy management requirements. Each subsidiary maintains accounting records and has established an energy metering data collection and management system that performs real-time statistics, storage, analysis, and processing of energy supply data and consumption patterns, thereby enabling operational monitoring, energy management, and intelligent maintenance of high-energy-consuming equipment.

Responding to Risks and Opportunities

- We promote energy conservation, carbon reduction, and technological upgrading. In 2025, focusing on major energy-consuming units, we implemented more than 10 energy-saving technical renovation projects, including air compressor retrofits, optimization of RTO intelligent control systems, waste heat utilization from steam condensate, and waste heat recovery from air compressors. With a cumulative investment exceeding RMB 48 million, these initiatives saved 2,555 tons of standard coal equivalent, significantly improving energy efficiency and reducing carbon emission intensity.
- Clean energy has been adopted, and projects such as distributed photovoltaic systems, heat pump retrofits, and lighting system upgrades have been implemented to enable the complementary utilization of multiple energy sources.
- We actively promote new energy-saving technologies and high-efficiency equipment, replace energy-intensive equipment, and comprehensively improve the energy efficiency of energy-use systems.
- An energy consumption quota management system has been implemented, contract energy management has been adopted, and the management of energy-consuming facilities, such as lighting and air conditioners in office and production areas, has been strengthened.
- The development of an energy-saving culture is continuously strengthened through the planning and implementation of a series of energy-saving awareness campaigns and case-sharing sessions, thereby enhancing all employees' awareness of energy conservation and consumption reduction.



Energy Online Monitoring and Management Platform

Case | EMS Energy Management Platform

XCMG Machinery is at the forefront of advancing the application and optimization of its Energy Management System (EMS) platform. Each year, the Company enhances the networked collection of energy operational data, facilitating a significant transition towards "unmanned" operations of energy facilities. The platform has established an automated framework for the collection, analysis, and early warning of workshop-level energy consumption data. This innovative model enables integrated management and intelligent operation across various energy stations, allowing for real-time monitoring and automatic notification of energy operations and efficiency indicators. As a result, XCMG Machinery is driving a comprehensive transformation in energy management, steering the industry towards an era characterized by digitalization and intelligence.

Leveraging a robust big data analysis model for energy consumption, the Company has developed targeted strategies for energy conservation and carbon reduction across three primary energy sources: electricity, steam, and natural gas. In the realm of electricity consumption, the Company employs real-time monitoring and analysis of critical indicators, including energy efficiency and associated costs. This allows for the dynamic adjustment of control strategies, thereby promoting a high utilization of green electricity and off-peak electricity, which ultimately optimizes the overall energy mix. About steam usage, the Company has achieved a three-level enhancement in central heating: progressing from basic temperature control to time-based management, and culminating in an advanced intelligent control system. This significant advancement has enabled a comprehensive exploration of precise supply modes, resulting in a reduction in steam costs exceeding RMB ten million over the past three years. Concerning natural gas, the Company has implemented real-time monitoring of measurement balances and sudden data fluctuations, thereby effectively mitigating safety risks. This vigilant oversight not only prevents potential leakage but also enhances gas use safety.



Case | Waste Heat Recovery Project for Coating Waste Gas (RTO)

After VOC treatment, the coating exhaust gas is separated into high-temperature and normal-temperature streams. This project prioritizes waste-heat recovery at the outlet of the excavator coating RTO. Low-temperature air is heated through heat exchangers and water storage tanks, and the heated air is then returned to the fan system, with priority supply to the topcoat drying oven. The system operates in series with natural gas burners, using recovered waste heat to replace natural gas consumption during the heat-retention stage, thereby maximizing waste-heat utilization. This project reduces natural gas consumption for coating drying by 15%–20%, cuts annual carbon emissions by 1,900 tons, and saves 58.32 tce.

Metrics and Targets

XCMG Machinery has established an energy metering management system tailored to its operational conditions. It has set scientific, quantifiable energy-efficiency improvement targets, regularly assessed branches and subsidiaries and relevant departments against these objectives, incorporated the results into operational responsibility evaluations, and systematically advanced energy-efficiency improvements and target implementation.

Metrics and Targets

Energy Management Metrics

The metrics encompass including but not limited to total energy consumption, direct and indirect energy consumptions, and the total volume and proportion of renewable energy used

Energy Management Metric

2025 Status

Energy Consumption Target: Comprehensive energy consumption per RMB 10,000 of industrial output value shall not exceed 0.01463 tce/RMB 10,000.

Completed



Energy Management Performance	
Metric	2025 Value
Comprehensive energy consumption per RMB 10,000 of output value	0.01462
Electricity consumption	58,271.86
Steam consumption	146,045.71
Natural gas	27,509,000
Gasoline	1,455.00
Diesel oil	9,421.50
Target for comprehensive energy consumption per RMB 10,000 of output value in the following year	0.01419
Total new energy consumption	11,917.68
Green power utilization rate	20.45



03 Social

2025 Highlights

Customer satisfaction

91.8

Employment contract coverage rate

100

Social insurance coverage rate %

100

Safety hazard closure rate %

100

Occupational disease incidence rate %

0

employee training coverage rate %

100

Occupational health safety training employee coverage rate %

100

XCMG Machinery is committed to high-quality development by advancing comprehensive, end-to-end quality control, strengthening supply chain management, and systematically improving occupational health and workplace safety. Guided by a people-oriented philosophy, the Company protects employees' legitimate rights and interests in accordance with the law and fosters a robust ecosystem for attracting, developing, employing, and retaining talent. It also actively engages in public welfare initiatives, fulfills its corporate citizenship responsibilities through concrete actions, and demonstrates its role as an industry leader and its commitment to sustainable development.

Responses to UN SDGs



Product and Customer Responsibility

XCMG Machinery has established a robust quality management system spanning the entire product life cycle and implements comprehensive and end-to-end quality control. The Company also continuously optimizes its customer communication mechanisms, strictly safeguards customer privacy and data security, and, through rigorous quality management and high-standard customer service, leads the high-quality development of China's construction machinery industry while setting an industry benchmark.

Product Quality and Safety

Governance

XCMG Machinery consistently upholds its product quality responsibilities and has established a scientific, comprehensive, and efficiently operated quality management system. The Company fully implements a full-process quality control and inspection mechanism spanning R&D, procurement, manufacturing, and delivery, with stringent quality checks at each stage to ensure exceptional reliability, safety, and performance in the market. By the end of 2025, the Company's ISO 9001 quality management system certification remained valid, further advancing the continuous improvement of standardized, refined, and internationally aligned quality management.



ISO9001 Certificate of XCMG Machinery

Strategy

XCMG Machinery continues to strengthen the capacity building of its quality management system and has fully upgraded the Maturity Evaluation Standard for Quality Management Systems, achieving steady progress in system maturity. Among its subsidiaries, XCMG Heavy Machinery, XCMG Excavator, XCMG Loader, and XCMG Road led the way by reaching Level 3, while 21 subsidiaries were rated Level 2, further consolidating the system's foundation. These outcomes demonstrate the significant operational efficiency and continuous improvement of the quality management system, underscoring the Company's solid progress and intrinsic momentum in pursuing high-quality development.

Opportunity Identification List					
Opportunity Type	Opportunity Description	Likelihood	Time-frame	Expected Impact	Responses
Intelligent and Digital Transformation	Guided by the national policy of intelligent transformation and digital upgrading, and by advances in industrial technologies, the Company has deeply integrated next-generation information technologies, including big data, artificial intelligence, and the industrial internet, to reconstruct the entire R&D, manufacturing, and service chain, enabling precise production control, intelligent quality-risk early warning, and efficient collaborative decision-making.	High	Short to medium term	Significantly improve product quality consistency and reliability; Reduce unit manufacturing costs and resource consumption; Enhance management response speed and organizational resilience; Strengthen the technological sophistication of the high-end equipment brand.	We continuously advance the Intelligent Transformation, Digital Upgrading, and Connectivity initiative, accelerating the development of smart factories and a digital quality platform spanning the entire product life cycle. We promote AI applications in process optimization, defect detection, predictive maintenance, and related areas, thereby enhancing both product technological capability and manufacturing competitiveness.

Impacts, Risks and Opportunities

The Company has established a unified quality business process framework. In accordance with quality system standards, it has developed a business architecture comprising 10 Level-1 process domains, 66 Level-2 process groups, and 377 Level-3 processes. Under the “Six Meridians and Six Parallels” framework, quality checkpoints have been embedded into the process activities, elements, and indicators of various business functions. In total, 225 Level-3 processes and 750 quality system requirements have been assigned checkpoints. The Company continuously monitors process performance and drives ongoing improvement, thereby accelerating the integration of quality system standards into business processes.

The Company plans product life cycle management and has developed the equipment application to align with equipment maintenance cycle requirements, proactively support customers’ equipment, and issue maintenance reminders. It organizes targeted customer visit campaigns, establishes on-site inspection requirements, and monitors equipment performance throughout the entire life cycle. In 2025, the Company maintained an excellent product safety record, with no major quality liability incidents or product recalls.

Impact Identification

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In advancing the deep integration of the quality management system with business processes, the Company has systematically assessed the broad impact of quality management across the core business chains of the Six Meridians and Six Parallels, including R&D, procurement, manufacturing, logistics, and service. The Company has focused on key risks such as insufficient process standardization, gaps in cross-departmental collaboration, and the ineffective incorporation of quality requirements into operational procedures. In particular, for new business expansion, new product introduction, and overseas localized operations, the Company ensures that quality control capabilities are deployed in parallel without blind spots.

Risk Management



By establishing a unified quality business process framework, the Company systematically decomposes requirements under standards such as ISO 9001 and embeds them accurately into process nodes, thereby achieving seamless integration among systems, processes, and roles. It strengthens process execution monitoring and dynamic correction mechanisms to prevent quality fluctuations, customer complaints, and compliance risks arising from fragmented processes, unclear responsibilities, or inadequate implementation of standards. At the same time, it enhances frontline employees' understanding of and ability to execute quality-related process requirements, reducing the risk of human operational deviations.

Opportunity Conversion



Taking the process architecture as the foundation, the Company has transformed quality management from a compliance requirement into a value-creation engine. Through process standardization and quality checkpoints, it has improved the consistency and replicability of operations across organizations and regions, thereby supporting efficient global operations. By leveraging quality data and process indicators embedded in workflows, the Company drives continuous improvement and lean management, providing strong support for enhancing product reliability, optimizing customer experience, and strengthening brand value. This further consolidates XCMG's leading position in quality within China's construction machinery industry and across the global market.

Metrics and Targets

In 2025, the Company's domestic in-warranty parts replacement rate was 4.21%, below the target of 5.15%, and representing a 16.3% year-on-year decrease. The 100-hour early failure rate was 7.80%, also below the target of 9.71%, representing a 22.1% year-on-year decrease. Overseas, the in-warranty parts replacement rate reached 3.94%, below the target of 5.56%, and down 21.6% from 2024. The 100-hour early failure rate was 11.80%, below the target of 17.0%, down 27.4% from 2024.

For 2026, the Company has set domestic in-warranty parts replacement rate target of 3.65% and 100-hour early failure rate target of 7.02%, while overseas targets of 3.55% and 9.80% for these respective indicators.

Quality Management Targets

Product Excellence

We will continuously improve product conformity and reliability, fully meet and exceed customers' quality expectations.

Operational Efficiency

We will ensure the entire production and operational chain strictly adheres to quality management system requirements, achieving standardized processes, controlled procedures, and continuous improvement.

Customer Satisfaction

With customer-centric philosophy, we will continuously improve service response, delivery quality, and after-sales support to enhance customer loyalty and brand reputation.

Brand Leadership

Through product iteration and enhancement, standards improvement, and the development of high-quality projects, we will consolidate and expand XCMG's leading position as a national high-end equipment brand.

Technology Pioneering

We will strengthen independent innovation and achieve breakthroughs in key technologies to drive product quality and performance to industry leadership.

Collaborative Quality Enhancement

We will coordinate quality initiatives across supply chain management, employee capability development, and digital empowerment to build a collaborative quality governance ecosystem that engages all employees and encompasses the entire process and all relevant factors.

In 2025, the Company established the CPD (Collaborative Product Development) system and implemented it across 14 subsidiaries. This initiative yielded notable innovation outcomes and project applications, including six provincial and ministerial first prizes and approval of 11 national key projects. Total funding support secured exceeded RMB 200 million.



XCMG Heavy Machinery won the First Prize of the Science and Technology Award for Machinery Industry awarded by the China Machinery Industry Federation.



Jiangsu Advanced Construction Machinery Innovation Center Limited won the First Prize of the Jiangsu Science and Technology Award.

XCMG Machinery Quality Management Cases Studies

The Company convened a mobilization meeting to advance its quality management model, systematically presenting the Digital and Intelligent Empowerment, Global Connectivity framework and launching ten key initiatives for its comprehensive implementation. The meeting defined the overall direction for quality management and issued a clear call to action for the year's quality objectives. All employees were urged to fulfill their responsibilities diligently, apply the new quality management model in practice, and contribute to building a world-class enterprise and advancing the global industry summit.



To implement the quality management model of Digital and Intelligent Empowerment, Global Connectivity, the Company held its first Model Vehicle Competition. Guided by the achievement standards of the Six Special Actions for Product Quality Improvement, the competition focused on four dimensions: welding seams, coating, electrical wiring, and appearance standardization. A total of 16 vehicle companies participated, showcasing 17 model vehicle types and 86 vehicles. The event effectively promoted the redesign of process standards for 17 vehicle models and generated 66 innovative improvement outcomes. By leveraging competition to enhance quality, the Company achieved a substantial improvement in product quality and advanced the quality management system, thereby establishing a solid foundation for accelerating the development of a world-class enterprise.



To comprehensively improve product appearance quality, the Company launched a special campaign to enhance the quality of exterior components. Addressing appearance-related issues, the campaign systematically implemented eight key measures in four areas: coated parts, non-coated parts, coatings, and marine transportation protection. These efforts included pretreatment optimization and electrophoretic process upgrades. The campaign promoted full employee participation and end-to-end process control, ensuring that awareness of appearance quality was thoroughly understood and effectively applied. High-quality appearance has supported XCMG's development of a world-leading high-end brand.



Focusing on two dimensions—special inspections of major market quality issues and routine inspections of physical product quality—the Company conducted more than 50 quality supervision inspections across 19 subsidiaries and branches. Through regular oversight, it ensured the effective implementation of quality control measures. The Company also addressed several major market quality issues involving transmission transfer cases, mining machinery, methanol vehicles, and other products, and issued 12 quality assessment bulletins.



Case | XCMG Machinery Efficiently Implemented XPS (Lean Six Sigma) Management

In 2025, in response to both internal and external demands, XCMG Machinery continued to develop a collaborative training and development system for professional and interdisciplinary talent. With a strong focus on enhancing employee competence, the Company strengthened the foundation for quality professionals. More than 50 specialized training sessions were delivered through online and offline courses, as well as on-site exchanges. In addition, QMS system training reached over 500 quality personnel, achieving a 99.5% pass rate in practical assessments. Lean Six Sigma training equipped more than 120 key personnel and generated over 100 improvement cases.



Safeguarding Customer Rights and Interests

Governance

XCMG Machinery strictly adheres to internal rules, including the Management Policy for Customer Complaint Escalation, the XCMG Customer Service Center Follow-Up Procedure, and the 24-Hour Completion Rate Report, thereby establishing an efficient closed-loop response mechanism that ensures customer feedback is addressed promptly, professionally, and effectively.

The Company places significant emphasis on protecting customer privacy. Through measures such as data encryption, tiered access controls, and enterprise-wide information security training, it has established a robust safeguard for customer information. In addition, with a focus on major projects, key initiatives, and core customers, the Company has developed a lean, professional, and full-cycle customer operations and management system. This framework continuously enhances service response speed, delivery quality, and customer satisfaction, thereby strengthening brand value through superior service.

Product and Customer Management Performance

Rate of product/service-related complaints	Rate of responses to product/service-related complaints	Resolution rate of product/service-related complaints	Product recall rate due to ESG factors (such as safety and environment)
0.34%	100%	97.18%	0%

Measures for Data Security and Customer Privacy Protection

We strengthen the technical protection system by comprehensively deploying security measures such as file encryption, dynamic watermarking, and access log monitoring to effectively prevent the disclosure, tampering, or unauthorized use of sensitive information, thereby ensuring the security and controllability of customer data throughout storage, transmission, and use.

We implement least-privilege management by strictly adhering to the “need-to-know” principle and applying refined access controls to information systems. Only authorized employees in relevant positions may access customer information within the scope of business necessity, reducing the risk of data misuse at the source.

We deepen privacy awareness among all employees through regular training on data security and privacy protection, embed compliance requirements into operational procedures, and establish a three-tier customer privacy protection framework integrating human, technical, and institutional safeguards.

Strategy

XCMG Machinery has consistently upheld its premium service philosophy of Close Support, Considerate Service, Full Life Cycle, and Whole Value Chain. Committed to maximizing and exceeding customer expectations, it delivers efficient, timely, and high-quality full-life-cycle services, thereby advancing its transformation from a manufacturing-oriented enterprise to a service-manufacturing enterprise.



Risk/Opportunity Identification List			
Type	Description	Likelihood	Responses
Customer Risk Management	Multinational customers face operational uncertainties, including policy compliance, technical standards, and market changes, which may affect equipment use and business continuity.	High	XCMG Machinery proactively identifies and addresses customers' full life-cycle operational risks. Through digital remote monitoring and predictive maintenance, the Company anticipates equipment failures in advance to ensure operational reliability. By leveraging green product certification and carbon footprint management, it helps customers comply with increasingly stringent global environmental regulations. XCMG Machinery also strictly implements data security and privacy protection mechanisms to ensure the compliant and secure use of customer business information. In addition, it has established a global emergency response mechanism to provide rapid support during natural disasters, geopolitical conflicts, supply chain disruptions, and other emergencies, thereby strengthening customer resilience and business continuity.
Customer Opportunity Management	Global demand for low-carbon, intelligent equipment and sustainable solutions is increasing rapidly, creating strategic opportunities to deepen cooperation.	High	XCMG Machinery is seizing the opportunities presented by green and intelligent transformation and collaborating with customers to explore new growth areas. It has launched a series of new-energy construction machinery, including pure electric excavators and hydrogen-powered loaders, enabling customers to gain a first-mover advantage in the low-carbon market. The Company also provides integrated intelligent construction solutions covering unmanned operations, digital twins, and remote operation and maintenance, significantly improving customers' operational efficiency and management capabilities. Together with industrial chain partners, XCMG Machinery explores circular economy models and promotes equipment remanufacturing, component refurbishment, and material recycling, thereby creating both economic and environmental value for customers. Going forward, the Company will continue to drive customer success through technological innovation and ecosystem collaboration, delivering high-quality, sustainable, and mutually beneficial development.

01 400 Customer Service Center

The 400 Customer Service Center comprises four specialized units: Information Communication, Customer Satisfaction Improvement, Customer Behavior Analysis, and Product Marketing and Promotion. It confidently delivers comprehensive, one-stop professional services, including service outlet guidance, product pricing consultation, technical support, complaint resolution, repair requests, and spare parts inquiry and sales, ensuring exceptional customer experience.

02 Golden Operator Training Program

It demonstrates XCMG Machinery's commitment to advancing industry expertise by sponsoring national hoisting and concrete design competitions, establishing dedicated training bases, and fostering deep, reciprocal collaboration with construction enterprises to cultivate highly skilled professionals.

User Experience Day

User Experience Day facilitates comprehensive engagement by promoting new products and providing hands-on experiences, enabling customers to gain a deeper understanding of XCMG Machinery's capabilities and advanced construction solutions.



Before Sale Services

Customized Construction Solutions

XCMG Machinery leverages extensive software and hardware capabilities alongside decades of construction expertise. Moreover, it actively involves customers as consultants in shaping product design, manufacturing, and service processes, ensuring the delivery of highly efficient, tailored construction solutions that precisely meet client needs.

04

03



During Sale Services

Consultative Sales Approach

Recognizing the continuous demand for customized construction solutions, XCMG delivers comprehensive equipment selection optimization to ensure maximum client return on investment.

Worry-free Logistics Service

Our turnkey delivery program guarantees professional door-to-door transport, expert first-installation supervision by certified technicians, and comprehensive operator training for every delivered unit.

Integrated Financial Solutions

Leveraging XCMG Finance—our captive financial services platform—we architect financing packages tailored to customer needs regarding engineering machinery products through partnerships with leading institutions.

Service available 365x24

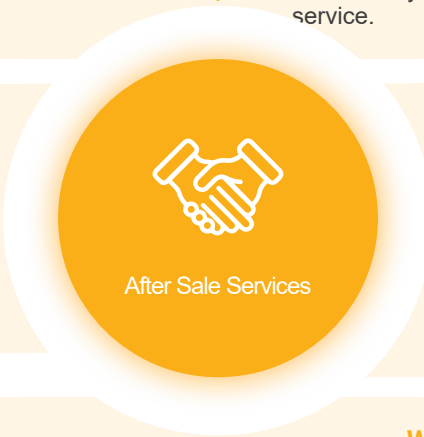
XCMG Machinery employs over 5,000 service engineers and operates 1,500 specialized service vehicles worldwide. The Company is unwaveringly committed to delivering dedicated support with a guaranteed 15-minute rapid response and task completion within 24 hours, available continuously throughout the year.

Expert Diagnosis

Leveraging the China Quality Promotion Association platform, XCMG Machinery has established a nationwide, standardized mobile service system. Over the past five years, it has conducted the Quality and Service initiative more than 90 times. Nearly ten thousand experts have traveled millions of kilometers across the country, consistently delivering exemplary, user-centered service.

Smart Keeper Service

XCMG Machinery has established a comprehensive GPS Global Service Center, leveraging an Internet of Things platform to deliver proactive, intelligent, and personalized customer support services.



After Sale Services

Timely Delivery of Spare Parts

XCMG Machinery maintains thousands of spare parts centers across five continents, supported by a professional inventory valued at nearly one billion yuan. The Company guarantees delivery of spare parts to customers within 72 hours.

VIP Customer Club

It serves as a collaborative platform connecting customers, experts, manufacturers, and engineers. It operates under a comprehensive management system and well-defined workflows.

Worry-free Aftermarket Service

XCMG Machinery is dedicated to delivering comprehensive aftermarket services, including leasing, used equipment appraisal, trading, major repairs, and remanufacturing. Addressing customer concerns remains a core responsibility and unwavering commitment of the Company.

Impacts, Risks and Opportunities

XCMG Machinery has consistently integrated customers' sustainability needs into product research and development and service innovation, aiming to reduce operating costs, improve equipment energy efficiency, and extend service life. Through intelligent and electrified construction machinery solutions, we help customers reduce carbon emissions and resource consumption. At the same time, we provide full-life-cycle equipment management services to optimize asset utilization and strengthen long-term competitiveness. In addition, we consider the social impact of the communities in which our customers operate, ensure that product applications comply with safety, environmental protection, and human rights standards, and promote the sustainable development of the industry.

Impact Identification



Throughout the product design, manufacturing, and service processes, the Company systematically identifies the environmental and social impacts on customers and their local communities, with particular attention to equipment energy efficiency, carbon emission intensity, resource utilization, operational safety, and potential contributions to local employment and community well-being. In major overseas projects and emerging markets, the Company places special emphasis on assessing the long-term impacts of the full product life cycle on ecology, labor rights, and community relations, ensuring that business expansion is aligned with sustainable development goals.

Risk Management



In response to customers' increasingly stringent requirements for green compliance, operational resilience, and social responsibility, the Company has strengthened product compliance reviews and supply chain due diligence to ensure that equipment design and delivery meet international safety, environmental, and human rights standards. Through intelligent remote monitoring and preventive maintenance mechanisms, the Company reduces operational disruptions and reputational risks for customers caused by equipment failures or low energy efficiency. It has also established a customer sustainability communication mechanism to promptly address concerns related to low-carbon transition and local adaptation, thereby preventing cooperation barriers arising from non-compliance with standards or social disputes.

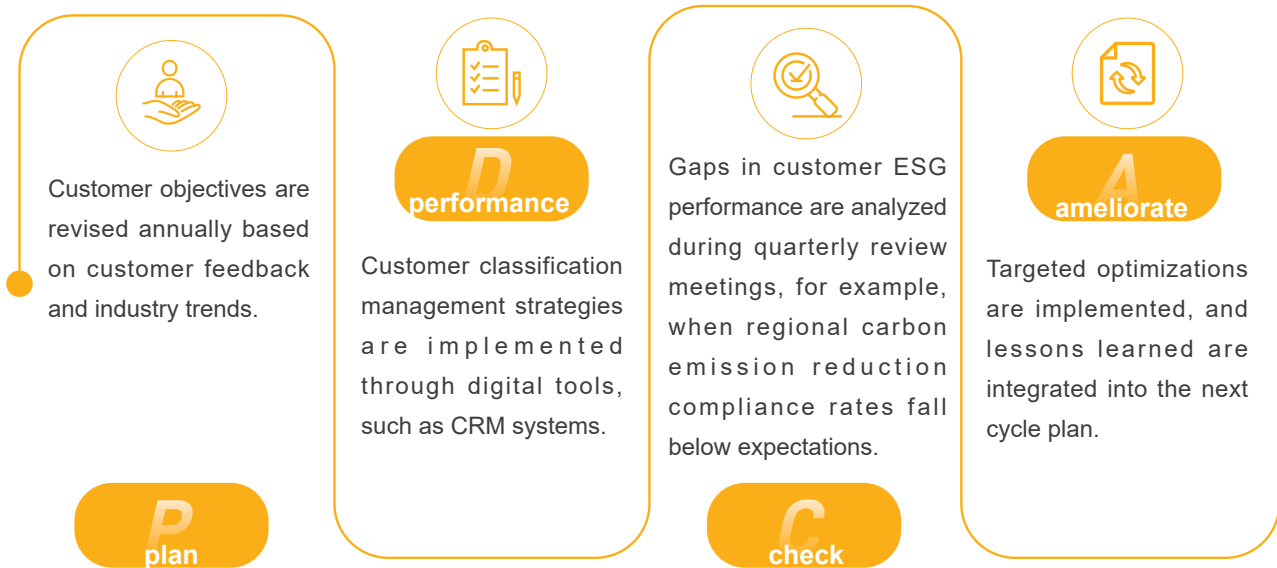
Opportunity Conversion



The Company translates customers' sustainability needs into innovation drivers by accelerating the R&D and application of electrified and intelligent construction machinery, developing green construction solutions, and supporting customers in achieving low-carbon transformation. Leveraging a full life-cycle service model, it provides value-added services such as energy efficiency optimization, asset remanufacturing, and component recycling to enhance asset value and operational efficiency. Through responsible product application practices, it strengthens customers' social acceptance in local communities and promotes a green, safe, and inclusive industrial ecosystem, thereby advancing both corporate and social value.

The Company has enhanced its customer call system by integrating AI capabilities and deploying voice robot follow-up functions, thereby improving follow-up efficiency and achieving 100% real-time coverage of service tickets generated from customer requests. Complaints and inquiries are automatically routed to human agents to ensure a positive customer experience. In addition, the Company has implemented monthly follow-up survey programs for customers at 12 and 24 months after equipment purchase to collect their feedback and suggestions.

Customer Management Process



Metrics and Targets

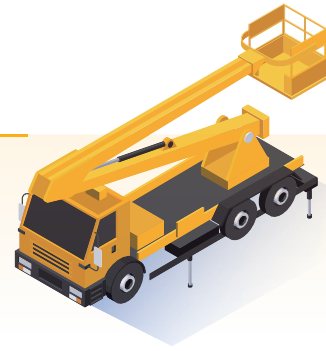
XCMG Machinery has established a unified national customer service hotline, 400-110-9999, which operates 24 hours a day, 365 days a year to address customer inquiries, repair requests, and complaints. Service indicator reports are prepared monthly, covering metrics such as the 24-hour completion rate, customer service satisfaction rate, and on-site spare parts availability rate. Monthly analyses are conducted to identify performance gaps. Issues related to service resource allocation, service network development, spare parts inventory, response timeliness, and on-site support efficiency are reported at monthly marketing meetings, where improvement measures are proposed to strengthen service capability and enhance customer satisfaction.

In 2025, the Company responded efficiently to customer needs, dispatching 319,000 service orders and completing 646,000 customer follow-up visits. Through a service system defined by high standards, rapid response, and full closed-loop management, the Company further strengthened customer trust and brand reputation.

Customer Satisfaction Management

Customer satisfaction
91.8%

2026 customer satisfaction target
92.6%



Case | XCMG Machinery Held the 7th XCMG International Customer Festival

In 2025, XCMG Machinery conducted a satisfaction survey among customers and dealers across 12 overseas regions, collecting more than 190 valid questionnaires. The survey systematically captured evaluations and expectations regarding the Company's brand, market value, product quality, and service experience, providing a sound basis for identifying deficiencies and advancing targeted improvements. These efforts have effectively strengthened customer satisfaction and loyalty.

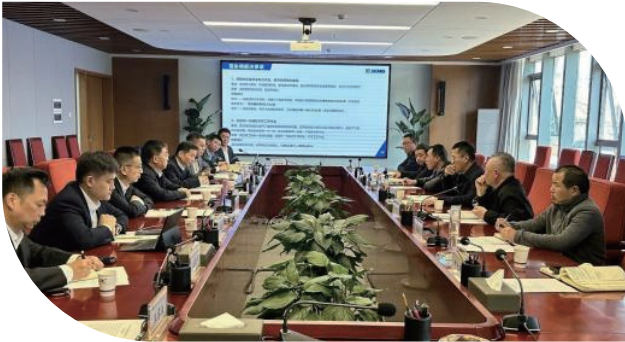


Case | XCMG Excavator Held Customer Care Festival

In May 2025, the 7th XCMG Excavator Customer Care Festival and the launch ceremony for its full-range new energy products were successfully held, drawing more than 200 customers and industry experts from across China. Since the inaugural event, the XCMG Excavator service team has conducted over 400,000 equipment inspections and received several prestigious awards, including the Best Customer Care Award in China's Top 10 Construction Machinery Marketing Events and the Service Golden Wrench Award.



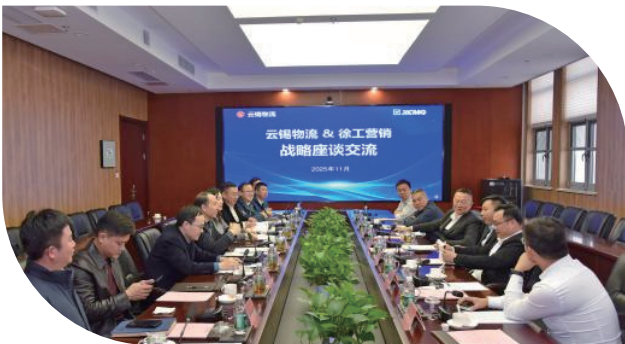
Customer Communication Pictures



XCMG Machinery visited the Kunming Airport project management unit for in-depth discussions on airport construction scenario solutions and the intelligent construction management system.



XCMG signed a strategic cooperation framework agreement with Australia's Fortescue Group for green mining equipment solutions



Yunnan Tin Group Logistics Company and XCMG Machinery conducted in-depth discussions and negotiations on underground mining solutions and the intelligent operation management system.



XCMG Machinery signed a strategic cooperation agreement with the People's Government of Milin City, Xizang.



XCMG Machinery visited Huawei, and both parties held in-depth discussions on industrial development trends and the technological trajectory of AI-enabled construction machinery.



XCMG Machinery signed a strategic framework agreement with Energy China.

Cooperation for Shared Development

Sustainable Supply Chain Management

Governance

XCMG Machinery's Global Procurement Center serves as the core function responsible for supply chain management. The Company has established a comprehensive supplier management system that covers the full supplier lifecycle, including contract management, access management, process certification, change management, quality management, performance management, hierarchical and classified management, as well as freeze, exit, and blacklist management. ESG factors are fully integrated into the end-to-end supplier management process, with particular attention to suppliers' performance in labor rights, environmental protection, occupational health and safety, compliance, and business ethics. Through this approach, the Company identifies and develops high-quality supply resources that support sustainable growth and strengthen supply chain resilience.

The Company treats suppliers with integrity and affords small and medium-sized enterprises (SMEs) equal treatment, without imposing additional thresholds or implicit barriers. It strictly adheres to contractual agreements to ensure timely payments to SMEs, thereby easing cash flow pressures. The Company also provides financial support and capacity-building training to specialized, sophisticated, unique, and innovative SMEs, strengthening its competitive advantage across the supply chain.

Supplier Management Mechanism



Strategy

As an industry leader, the Company actively identifies risks in supply chain stages such as material procurement and logistics transportation, and implements proactive, effective management measures. It builds strategic alliances across the industrial chain, promotes mutual support and shared success throughout the value chain through integrated supply chain development, and creates market opportunities and growth prospects for upstream and downstream enterprises.

Risk/Opportunity Identification List						
Risk/Opportunity Type	Risk/Opportunity Description	Risk/Opportunity Description	Time-frame	Expected Financial Impact	Responses	
Risk Risk	Compliance and policy risk	Increasingly stringent domestic and international trade policies, anti-corruption regulations, and supply chain transparency requirements may increase compliance costs and legal risks.	High	Short to medium term	Cost increase	<p>We strengthen policy risk management, particularly in the advancement of overseas regional procurement, to ensure compliance with regulatory requirements in project locations and to enhance the assessment and management of legal, compliance, environmental, and social risks across the supply chain.</p> <p>We have established a comprehensive, end-to-end management mechanism for anti-bribery and anti-corruption among suppliers, supported by a supervision and accountability system. An online reporting channel has been established under the Discipline Inspection Commission for oversight. We also sign Clean and Integrity Cooperation Agreements, conduct regular integrity training, and disseminate the code of ethical business conduct.</p> <p>In 2025, leveraging its global digital procurement platform, the Company enhanced end-to-end oversight of quotations, standardized online processes and compliance controls at key stages, and established a digital supervision and audit support system to promote transparent and standardized procurement operations.</p>
	Supply disruption risk	Production or operations may be disrupted by raw material supply or logistics disruptions resulting from natural disasters, political events, supplier failures, or other factors.	Medium or low	Short, medium to long term	Revenue decline	<p>We implement an intelligent, dynamic inventory management mechanism that analyzes changes in market supply and demand, logistics timeliness, and production capacity data to identify potential supply shortages in advance.</p> <p>We enhance logistics and transportation efficiency by establishing a rolling transportation planning mechanism that dynamically aligns transportation resources. By integrating order management, dispatching, in-transit tracking, and receipt confirmation, we create an end-to-end logistics process that improves operational efficiency.</p> <p>We align global resources through an integrated planning framework, strengthen local supporting industries, and fully advance the localization of overseas procurement. Using a governance-plus-empowerment model, we enhance local procurement capabilities, accelerate the development and identification of high-quality overseas supply resources, promote the cross-regional integration and sharing of quality resources, and establish an efficient, collaborative global procurement network. We also encourage strategic partners to expand overseas, establish supporting factories near overseas bases, and advance local production and local procurement of high-value core materials, thereby improving the efficiency of localized operations.</p>
	ESG risk	Suppliers' poor ESG performance or violations may cause reputational damage, supply chain disruptions, and compliance risks for the Company.	Medium to high	Short term	Cost increase	<p>Establish a strict ESG access and certification management mechanism for suppliers. All newly onboarded suppliers shall comply with <i>XCMG Supplier Code of Social Responsibility</i> and shall not violate <i>XCMG Ten Major Compliance Red Lines for Suppliers</i>. XCMG also conducted ESG-related verification during on-site audits, ensuring the rectification for any identified non-compliance issues be solved within a time limit.</p>

Risk/Opportunity Identification List						
Risk/ Opportunity Type	Risk/ Opportunity Description	Risk/ Opportunity Description	Time-frame	Expected Financial Impact	Responses	
Opportunity	Environmental opportunity	The global shift toward green and low-carbon transformation is increasing demand for eco-friendly and energy-efficient products in the construction machinery industry, thereby creating significant opportunities for green supply chains and the circular economy.	High	Medium to long term	Revenue increase	<p>We have formulated a Green Supply Chain Management Policy and established a Green Supply Chain Management Committee and its office. We implement green procurement across multiple areas, including the classification and risk management of purchased materials, supplier selection and access certification, daily supplier management, product design, production and reuse, logistics and packaging management, and green information disclosure throughout the supply chain. We promote deep collaboration between upstream and downstream enterprises to advance high-quality green supply chain management, leverage our management strengths, reduce environmental risks, improve energy and resource efficiency, expand the market share of green products, build a green strategic alliance, and drive the industry's green transformation.</p> <p>We practice green logistics and promote the design and use of recyclable carriers. In view of material flow characteristics in VMI warehouse distribution scenarios, a modular palletizing solution using recyclable carriers has been developed to improve vehicle loading efficiency. We strive to set up a reverse logistics system and build a closed-loop recycling model: VMI Warehouse—Original Equipment Manufacturer—VMI Warehouse. Electric forklifts have been promoted, with their coverage rate increased to 95.23%. A verifiable and traceable green recycling system has been established. We collaborate with qualified waste recycling and reuse organizations to recover, treat, and repurpose packaging materials and waste products. We promote reusable packaging, provide customized packaging solutions, and adopt renewable and biodegradable materials to achieve packaging standardization.</p>
Opportunity	Technology opportunity	The rapid development of digital and intelligent technologies offers innovative approaches to supply chain management, improving efficiency, reducing costs, and enhancing collaboration.	High	Short to medium term	Cost decline	<p>Guided by our strategic priorities of intelligent upgrading, digital transformation, and network connectivity, we have enhanced the global digital procurement platform and established an integrated sales, production, and supply management platform. This platform integrates nine major systems: PDM, CRM, S&OP, MRP, DSC, MCT, MES, IoT, and ERP. With a focus on end-to-end integrated management, we have fully connected all stages of the value chain, developed a supply chain management model and integrated planning system tailored to the Company's characteristics, achieved full-chain information interoperability, and strengthened planning collaboration. As a result, we have established a new digital supply chain model defined by user demand centricity, organizational collaboration, shared integration, and ecosystem intelligence.</p> <p>We promote intelligent logistics and warehousing by establishing an IoT and big data platform for forklifts. By optimizing the DSC, ITMS, and WMS systems, we enable real-time vehicle monitoring and early warning mechanisms, thereby improving supply chain efficiency and steadily enhancing coordinated production performance.</p>
	Opportunity of sharing value chain upgrade	Through multi-stakeholder collaboration to optimize resource allocation and value creation, and by leveraging technological advances, evolving market demand, and policy support, we can drive business efficiency, market expansion, and sustainable growth.	Medium	Short, medium to long term	Revenue increase	<p>Through technical collaboration, order prioritization, and long-term partnership mechanisms, we prioritize suppliers with innovative capabilities, strengthen supply-side support and capability-building training, enhance suppliers' professional skills, and promote shared progress.</p> <p>By integrating superior resources across the construction machinery industrial chain, we have jointly established an Industrial Technology Innovation Strategic Alliance for High-End Construction Machinery and Core Components with leading OEMs, parts manufacturers, universities, and research institutes. The alliance promotes collaborative R&D in high-end components and intelligent transformation, extends the industrial chain into high-value-added segments, supports high-quality industrial development, fosters advanced manufacturing clusters, and enables differentiated competition. While strengthening control over its own supply chain, the alliance has also advanced industrial innovation.</p>

Impacts, Risks and Opportunities

The Company proactively identifies and effectively manages sustainable supply chain risks and opportunities, thereby enhancing supply chain stability and reliability.

Management Process

Identifying risks and opportunities

We are advancing procurement reform along three transformation directions: centralized procurement, professional procurement management, and procurement-research collaboration. We have established a three-horizontal, three-vertical management structure, identified 27 core processes across eight major business modules in end-to-end procurement, and enabled three value streams: the full product lifecycle, the full sales-production-supply lifecycle, and the full supplier management lifecycle.

Assessing risks and opportunities

Management objectives and implementation scope have been defined, supplier and supply chain assessments have been conducted, and suppliers have been managed through a hierarchical and classified framework.

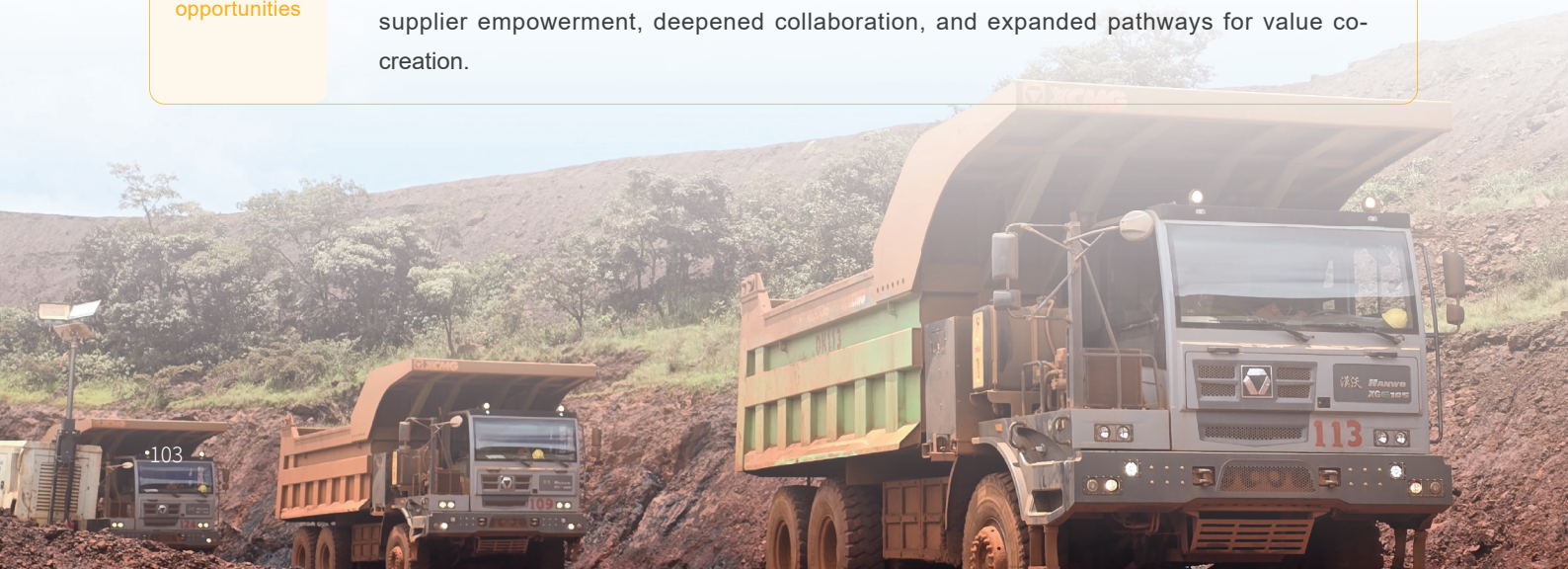
The probability of occurrence and potential impact of risks should be clarified, and risks should be graded and ranked according to their impact and likelihood. This facilitates more systematic risk identification and management, while providing a basis for targeted response strategies.

Monitoring risks and opportunities

Relying on digital systems to dynamically monitor potential risks of suppliers and the supply chain.

Responding to risks and opportunities

We have enhanced the supplier management and procurement management systems. In response to identified risks and opportunities, we have strengthened risk mitigation measures, actively pursued transformation opportunities, built a green and digital supply chain, improved supplier empowerment, deepened collaboration, and expanded pathways for value co-creation.



Metrics and Targets

The Company has established indicators and targets for sustainable supply chain management, advanced the development of a green and digital supply chain, and promoted local procurement. While safeguarding supply chain security, it has continuously enhanced its sustainable supply chain management capabilities.

Local Procurement Initiatives



Global sourcing and local supplier development, solidifying the foundation of localized procurement

- Relying on global procurement data and supplier resource research, we promote cross-regional integration and sharing of high-quality resources and establish an efficient, collaborative global procurement channel.
- We have established a talent pipeline for overseas procurement and deployed experienced professionals to manufacturing bases in Mexico, Uzbekistan, Indonesia, and other countries, promoting the localized adaptation of XCMG's mature management concepts and standardized processes to local regulatory environments.
- We actively identify high-quality overseas suppliers, accelerate the development of local core suppliers, and explore local supply resources to achieve optimal local procurement allocation.



Strengthening ecosystem collaboration and mechanism innovation, enhancing localized operational efficiency

- Global resource integration is leveraged to support the implementation of localized procurement, guide allied partners in overseas expansion, and establish supporting facilities around overseas bases.
- High-value core materials, such as hydraulic components, engines, and cabs, are prioritized to promote local production and procurement, increase localization rates, overcome tariff barriers, and ensure efficient, stable delivery.
- We propose a unified price negotiation mechanism for international suppliers. To address the needs of overseas bases, we conduct centralized negotiations with leading global suppliers to secure more competitive procurement prices and achieve optimal cost efficiency.

Case | Green Supply Chain Development

As a national-level demonstration enterprise in green supply chain management, XCMG Machinery remains committed to a green development philosophy. By implementing green procurement, delivering green training, establishing green assessment criteria, and promoting low-carbon performance evaluations, the Company rigorously screens suppliers and is dedicated to building a robust green industrial chain ecosystem. It actively encourages upstream and downstream enterprises to adopt green processes and develop green products, thereby maximizing resource efficiency and minimizing resource consumption. With a focus on suppliers' low-carbon capabilities and components, the Company leverages its product carbon footprint management system to assess and reflect suppliers' low-carbon performance through scientific and standardized methods.

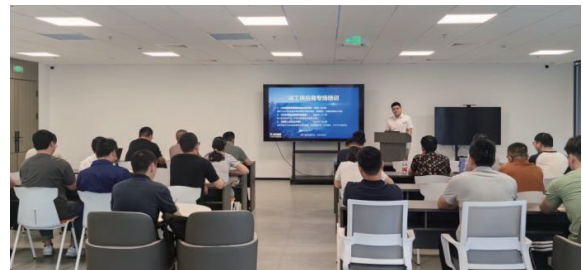
In 2025, the Company further advanced the establishment, implementation, and improvement of suppliers' environmental management systems, with 41.57% of suppliers obtaining environmental management system certification. Through policy interpretation, performance incentives, and institutional support, the Company encouraged 15 suppliers to apply for Green Factory certification. Leveraging XCMG's product carbon footprint management platform, the Company established a carbon footprint data repository, and strengthened carbon footprint data reserves for the green supply chain.

Case | Supplier Capacity Enhancement

XCMG Machinery leverages the educational resources of XCMG Technical School to provide targeted capability-building training for suppliers requiring improvements in product and service quality, while also offering support in addressing quality defects and assisting with equipment upgrades, retrofits, and the development of star-rated work sections. The Global Procurement Center has continued to advance the regional quality certification mechanism of Star Rating + Supervision Inspection + Process Capability Assurance among key outsourced suppliers. In 2025, in collaboration with OEMs such as XCMG Excavator, it conducted regional quality certification for 40 work sections of outsourced suppliers. As a result, four suppliers achieved four-star status and 26 suppliers reached three-star status. Joint development plans were established for 10 suppliers, and systematic quality management system training was delivered.



XCMG Machinery First Supplier Quality Officer Special Training Camp



XCMG Machinery's Targeted Empowerment, Quality Chain Collaboration, the First Special Training Program for Supplier Quality Improvement

Case | Supplier Exchanges

In 2025, XCMG Machinery's Global Procurement Center organized several key events, including the 2025 Global Core Suppliers Summit, themed Gathering Momentum for the Win-Win Development of New Quality Productive Forces, the 2025 Supply Chain Quality Month Campaign and Production Line Study Tour, the 2025 Welded Fuel Tank Supplier Quality Improvement and Production Line Study Tour, and the First Practical Seminar on Process Certification for Structural Component Suppliers. These initiatives are designed to deepen cooperation by strengthening the industrial chain through technological innovation, enhancing supply chain resilience through quality improvement, and expanding strategic collaboration through value-added services. Collectively, they aim to build consensus around a robust cooperation chain, innovation chain, and win-win chain, thereby advancing the coordinated development of the supply chain.



2025 Global Core Suppliers Summit at XCMG Machinery



2025 Supply Chain Quality Month Campaign themed Digital Intelligence-Driven, Foundation-Strengthening & Chain-Enhancing, Innovating the Full-Chain Quality Ecosystem, as well as Production Line Study Tour



2025 Welded Fuel Tank Supplier Quality Improvement and Production Line Study Tour



First Practical Seminar on Process Certification for Structural Component Suppliers

Building the Belt and Road Together

XCMG actively participates in the development of the Belt and Road Initiative. Its products are exported to more than 190 countries and regions worldwide, with coverage exceeding 95% along Belt and Road routes. In 2025, XCMG Machinery ranked first globally in construction machinery market share across major Belt and Road countries and achieved progress in multiple major overseas projects. Through high-quality equipment and services, XCMG has contributed to the high-quality joint development of the Belt and Road Initiative. XCMG actively participates in the development of the Belt and Road Initiative. Its products are exported to more than 190 countries and regions worldwide, with coverage exceeding 95% along Belt and Road routes. In 2025, XCMG Machinery ranked first globally in construction machinery market share across major Belt and Road countries and achieved progress in multiple major overseas projects. Through high-quality equipment and services, XCMG has contributed to the high-quality joint development of the Belt and Road Initiative.

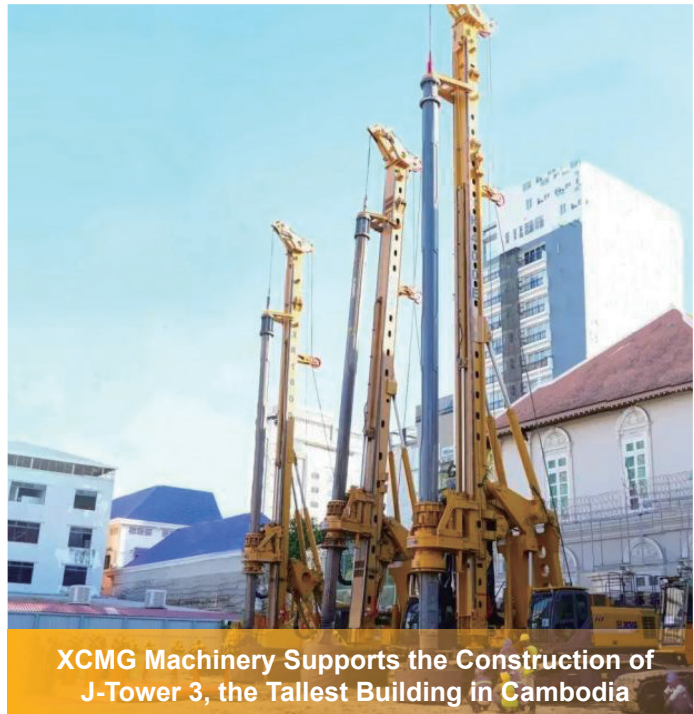
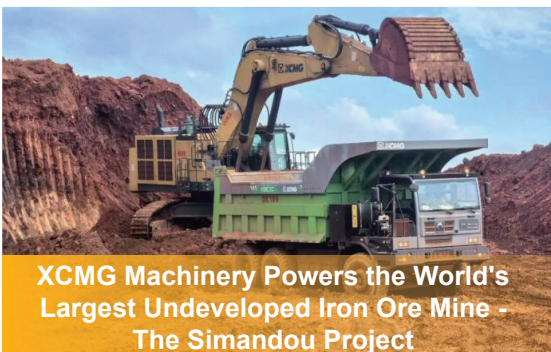
2025 Belt and Road Project Progress

The Company has supplied more than 400 sets of complete equipment, including cranes and excavators, for the Simandou iron ore project in Guinea, the world's largest undeveloped iron ore deposit.

It has participated in the construction of NEOM, the future city in Saudi Arabia, by deploying large-tonnage rotary drilling rigs to support the development of underground parking facilities and light rail systems.

The Company has formed a green alliance with Africa's Dangote Group, deployed over 2,000 units of equipment for the Dangote Refinery project, and signed a US\$400 million equipment procurement agreement, thereby further strengthening infrastructure cooperation between China and Africa.

Highlight Belt and Road Projects Undertaken by XCMG Machinery



Case XCMG Machinery Won the China Global Brand Communications Excellence Award

In January 2026, XCMG received the China Global Brand Communications Excellence Award from Cision PR Newswire, in recognition of its global brand communication practices. Through the development of world-class products and the dissemination of narratives centered on mutual benefit and shared success, XCMG has continually reshaped global perceptions of Chinese manufacturing through concrete action. It engages international audiences through increasingly innovative and resonant communication.



Labor Management

XCMG Machinery has consistently regarded employees as its most valuable asset and steadfastly upholds a people-centric philosophy. The Company strictly complies with labor laws and regulations, fully implements a lawful employment system, and maintains a compensation and benefits framework that is both market-competitive and internally equitable, thereby effectively safeguarding employees' legitimate rights and interests. At the same time, it has established a comprehensive, multi-level talent development mechanism to continuously enhance employees' professional competencies and career development opportunities. Through diverse cultural activities, attentive care initiatives, and a warm, harmonious working environment, the Company has strengthened employees' sense of belonging, well-being, and cohesion, laying a solid foundation for the mutual growth of the enterprise and its workforce.

Lawful Employment

XCMG Machinery complies with the relevant provisions of the United Nations Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, and always abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and all applicable laws and regulations in the countries and regions where its projects are located. Respecting and protecting employees' legitimate rights and interests is a fundamental principle of the Company's governance. XCMG Machinery is committed to cultivating a workplace defined by mutual respect, equal cooperation, inclusiveness, and shared progress. It provides employees with a dignified, secure, and growth-oriented career platform, while advancing the shared prosperity and coordinated development of both employees and the organization alongside high-quality corporate growth.

HR Management:

In 2025, the Company systematically optimized its human resource management system and comprehensively revised 22 institutional documents covering compensation and performance, leave and attendance, training management, instructor management, and the curriculum system. These efforts further strengthened the management foundation, enhanced the systems' scientific rigor, standardization, and implementation capacity, and provided strong support for talent development and improved organizational efficiency.

Equal Employment and Labor Rights Protection:

The Company consistently adheres to the principles of lawful compliance, fairness, and respect in employment. It strictly prohibits child labor, forced labor, discrimination, bullying, harassment, and violence in the workplace. Throughout the recruitment and employment process, the Company provides truthful and impartial information and eliminates all differential treatment based on non-occupational factors such as race, ethnicity, gender, age, religion, and disability. All employment relationships are established on a voluntary and equal basis. In addition, the Company has implemented a proactive labor risk assessment mechanism to identify and mitigate potential risks, including child labor and forced labor, at the early stage of new project launches.

By the end of 2025, the Company had not experienced any violations related to unlawful employment, thereby reinforcing a strong institutional foundation for responsible employment.



Employee Data

Issue		2025 Value
Total number of employees		30,485
Number of employees by gender	Male	25,666
	Female	4,819
Number of employees by age group	< 30 years old	9,588
	30—50 years old	19,460
	>50 years old	1,437
Number of employees by job level	Senior management	11
	Medium management	3,538
	Front-line employees and others	26,936
Number of employees by region	Jiangsu Province	16,479
	Other provinces in Chinese mainland	9,698
	Overseas	4,308
Employee turnover rate (%)		3.5



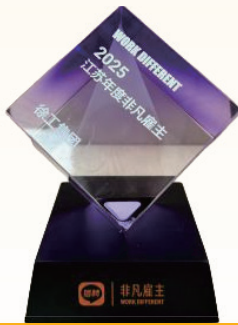
Employment Management Awards



2025 Forbes China Best Employer Selection



2025 Global Talent Magnet Employer (LinkedIn)



2025 Jiangsu Extraordinary Employer (Liepin)



2025 China Best Employer of the Year (Zhaopin)



2025 Outstanding Employer (51job)

Remuneration and Benefits

XCMG Machinery is committed to establishing a scientific, equitable, and market-competitive compensation and benefits system. In strict accordance with internal regulations, including the Employee Compensation Management Policy and the Employee Performance Management Policy, the Company has established a standardized and unified position and rank framework that provides a clear pathway for talent development. It has also fully implemented a floating compensation mechanism for all employees, thereby creating an incentive structure characterized by position-based grading, salary determination by grade, alignment of personnel with positions, and salary adjustments in accordance with position changes.

The Company has established a system of six insurances and two funds, including all five social insurances and one housing fund, supplementary medical insurance and the enterprise annuity, which is implemented on a voluntary participation basis. Meanwhile, the Company set overseas allowances, transportation allowances, high temperature subsidies, meal allowances and others, thereby fostering a supportive and motivating work environment.

Full-Cycle Management of Labor Practices

● Employment Contract Administration

The Company strictly complies with applicable laws and regulations, ensuring that employment contracts are executed on the first day of onboarding to facilitate timely social insurance enrollment and mitigate risks associated with employment gaps. In addition, an automated reminder mechanism is activated 45 days before contract expiration to support efficient and orderly renewal.

● Working Hours and Compensation & Benefits

The Company complies with national regulations on working hours and ensures that employee compensation fully conforms to applicable laws and regulations. It makes social insurance contributions in accordance with legal requirements and maintains a fair, reasonable, and market-competitive compensation system. By adhering to the principle of equal pay for equal work and eliminating pay discrimination, the Company also exercises strict control over overtime through an approval mechanism, thereby supporting a healthy work-life balance.

● Employee Voice and Feedback

The Company has established a collective consultation and communication feedback mechanism. All employees and their representatives have the right to communicate openly and submit appeals to the Company's relevant departments regarding working conditions and management matters, without fear of discrimination, retaliation, intimidation, or harassment.

Performance on Employee Compensation and Benefits

Employment contract coverage rate

100%

Social insurance coverage rate

100%



The Company has established a comprehensive remuneration and performance management system. With this system, the Company can select appropriate performance evaluation methods based on different job categories to define core performance indicators, and ensure that the indicators are quantifiable, traceable, and closely connected with the Company's strategic goals, thereby achieving a fair match between employee contributions and remuneration. It effectively stimulates the Company's vitality, and promotes continuous improvement of the Company's overall performance.

The Company has established a globally united position system. Centered on a competency model, it has defined three career development tracks: management, professional, and operational, and pioneered an H-shaped dual interconnected career path. Employees are encouraged to deepen their expertise, while a standardized horizontal mobility mechanism supports cross-track development and broadens career growth opportunities.

Employee Promotion Paths

Management track

The Company has introduced a competitive “horse-racing” mechanism and established an open competition platform to encourage employees to step forward voluntarily. Through open selection, it identifies potential reserve talent and broadens the scope of talent recruitment and appointment. In addition, guided by clear qualification standards and leadership models, the Company promotes vertical advancement, fostering a fair and principled environment in which talent is effectively utilized.

Professional track

The Company has established qualification standards for professional career tracks and defined multiple professional grade levels. It assesses employees' professional competencies through diversified certification methods and links certification outcomes to promotions, performance awards, and other honors, thereby encouraging continuous career advancement and ensuring the steady enhancement of professional capabilities.

Operation track

The Company has established evaluation and appointment standards for the New Eight-Grade Worker skilled talent development pathway, spanning apprentices to chief technicians. It rigorously assesses employees' skill levels through both practical operation and theoretical examinations, and directly links certification outcomes to talent promotion and career development, thereby reinforcing a clear advancement pathway for skilled talent.

In 2025, XCMG Machinery officially launched its stock option and restricted stock incentive plan. Using three core financial indicators—return on net assets, net profit, and net cash flow from operating activities—as performance benchmarks, the Company implemented phased annual performance evaluations for the initial grantees over the three fiscal years from 2025 to 2027. The plan covers more than 4,500 key core talents and includes a total grant of 419 million restricted shares and stock options. This initiative closely aligns the interests of core employees with the Company's long-term development, effectively fostering a shared future built on risk sharing, value co-creation, and mutual benefit.

Employee Voice

XCMG Machinery continues to strengthen its employee participation framework, with the employee congress serving as its foundational mechanism. The Company regularly convenes employee and trade union congresses, promotes the standardized development of grassroots trade union organizations, and successfully completed the general election of 11 grassroots trade unions. It also broadens channels for employee engagement and has established a normalized, institutionalized mechanism for collecting and responding to employee feedback through both online and offline platforms, including the Chairman's Mailbox and Chairman Face-to-Face sessions.

In doing so, the Company firmly protects employees' right to express their views and ensures an open, respectful, and trustworthy workplace free from discrimination, retaliation, intimidation, or harassment.

In 2025, the Company collected and acted on 102 proposals submitted by employee representatives and resolved 32 letters received through the Chairman's Mailbox. These efforts effectively safeguarded employees' rights to information, participation, expression, and supervision, strengthened alignment between corporate governance and employee concerns, and fostered shared commitment to development and mutual benefit.

Each year, the Company conducts an anonymous online satisfaction survey among all registered employees, dispatch employees, and interns across all business units, and implements improvements based on employee feedback. In 2025, the Company initiated the Listening to Your Voice survey for all staff to gain an in-depth understanding of employees' thoughts and to listen to employees' voices and requests, with the employee satisfaction score reaching 4.54 out of 5.



Voting Scene of the Trade Union Member Congress



Overseas Employees Roundtable

Employee Career Development

XCMG Machinery has systematically upgraded its employee training system to align with its strategic transformation and high-quality development objectives. By issuing the XCMG Talent Development Outline and launching its global talent empowerment system, the Company has established a clear top-level framework that links talent capability enhancement to industrial upgrading and ensures that training initiatives closely support business development.

The Company has established an integrated talent development system for all employees, and has systematically implemented a full-cycle training mechanism covering onboarding orientation, skills enhancement, and management advancement. Driven by the dual engines of internal training and external recruitment, it combines expert-led lectures with digital learning platforms to precisely address employee development needs at every career stage, thereby supporting talent capability transformation and value enhancement. In 2025, the Company conducted 21,545 training sessions, with a total of 755,064 participants, achieving 100% employee training coverage.

Employee Empowerment Development System

By implementing a professional qualification system, the Company has established clear career pathways for employees. It has also introduced XCMG Talent Digital Badges to visualize competencies, providing objective support for accurately identifying key talent across business lines and strengthening the talent pipeline aligned with strategic objectives.

Focusing on key groups, including global management personnel, international reserve talent, marketing Iron Triangle teams, and talent for lean leading factory development, the Company has strengthened executive leadership renewal, accelerated the cultivation of a global talent pool, and enhanced capabilities in critical technical areas, thereby providing robust talent support for strategy implementation.

The Company has deepened the application of its digital learning platform and improved its talent assessment and tag management system to enable the digital presentation and accurate identification of talent capabilities.

Case | XCMG Machinery Held Its First Global Skills Competition

In July 2025, XCMG Machinery launched its first Global Skills Competition, bringing together more than 90 skilled professionals from 24 countries to exchange knowledge and compete. Through its innovative Training coupled with Competition talent empowerment model, the Company promotes practical training and capability development, cultivates global service talent, and supports the development of the global industry through the export of technical expertise.



Case | XCMG Machinery Launched Overseas SRD Training

In 2025, XCMG Machinery launched its overseas SRD training program to support the Company's internationalization strategy and industrial upgrading. This specialized training camp targeted SRD personnel from overseas regions, with a focus on strengthening product-line capabilities, enhancing practical market competencies, and aligning operations with global standards through systematic and tailored professional training. Through customized courses, badge certification, and an 18-day intensive offline-plus-online program, participants completed 22 lectures and 3 workshops and defense sessions. The program further strengthens agile and efficient global operations and supports the leapfrog development of overseas business.



Metric	2025 Value
Number of internal promotions (person)	883
Training expenditure (RMB 10,000)	2,224
Total number of training sessions	21,545
Total training hours	2,628,293
Total training attendance	755,064
Of which: Senior manager training attendance	185
Middle manager training attendance	101,497
Frontline employee and others training attendance	653,382
Average training hours per employee	94.85
Of which: Average training hours per senior manager	47.45
Average training hours per middle manager	139.52
Average training hours per front-line employee and others	85.86

Employee Care

Employee Assistance

XCMG Machinery actively promotes mutual understanding and integration among employees from different countries and cultural backgrounds, fostering a workplace environment and corporate culture characterized by global vision, inclusiveness, and diversity. The Company provides comprehensive psychological counseling for overseas employees and holds employee forums and other activities to gather feedback and address practical challenges. During major festivals, it visits frontline overseas employees to convey greetings and support. It also organizes International Children's Day events to demonstrate care for employees' children. Through comprehensive care and support, the Company has established a family-oriented cultural system.



Summer Three Deliveries (Cooling, Safety, Health) Employee Care Initiative

Through comprehensive care and support, the Company has established a family-oriented cultural system.

In 2025, the Company further strengthened its employee care mechanism and maintained regular visits and support for employees in need. During the two major festivals, it provided holiday assistance to 50 employees experiencing hardship. Across its business units, the Company conducted a total of 7,954 visits and consolation efforts, distributing 2.79 million yuan in comfort funds. By extending care to hospitalized employees and their families and organizing a range of supportive activities, the Company effectively brought warmth to frontline staff and delivered practical assistance, thereby demonstrating a strong commitment to humanistic care and employee responsibility.

Employee assistance program expenditure (RMB 10,000)

279

Female Care

XCMG Machinery requires all business units to duly sign and implement the Special Collective Agreement on the Protection of Female Employees' Rights and Interests and to conduct specialized lectures on rights protection. Meanwhile, the Company continues to improve the working and living conditions of female employees. In 2025, two additional Carnation Service Stations were established, and the Carnation Service Station of the Infrastructure Business Division was recognized as a Municipal-level Carnation Service Station.

The Company earnestly implements targeted care initiatives for female employees, including protections during the five physiological stages, regular health examinations, and screenings for cervical and breast cancer, thereby safeguarding their specific rights and interests. It also organizes summer childcare programs and family open days, actively advances family-friendly policies, and strengthens female employees' sense of well-being and belonging.

Initiatives for Female Employee Caring



Employee Summer Daycare Program



Carnation Service Station



Nursing Room



Dedicated Activities for International Women's Day



Family Day

Employee Activities

XCMG Machinery has established a diverse and integrated cultural and sports framework for its employees. It regularly organizes themed activities, including athletic competitions, cultural performances, team-building exercises, and group birthday celebrations. These initiatives enrich employees' leisure time, alleviate work-related stress, and strengthen organizational cohesion through interaction and collaboration, thereby supporting employees' physical and mental well-being and fostering a humane corporate culture.

Pictures about Employee Activities



Staff Canteen Chef Cooking Competition



The International Business Headquarters, in collaboration with overseas service engineers from the Global Learning & Development Center, hosted a Special BBQ Party.



Annual Meeting of Overseas Staff



The Company held various sports activities including table tennis matches, basketball games, swimming competitions and football matches.

Occupational Health and Safety Management

XCMG Machinery places workplace safety at the forefront of its corporate development and continuously strengthens its health and safety management system across all employees, processes, and operational dimensions. The Company scientifically establishes annual health and safety objectives, refines management measures and implementation pathways, and reinforces the safety responsibility chain at every level, thereby embedding safety into both organizational culture and daily practice.

Occupational Health and Safety

Governance

XCMG Machinery regards safety and environmental protection as the cornerstone of its high-quality development. At the beginning of each year, the Company systematically outlines annual safety and environmental protection priorities through Document No. 1 and optimizes its safety targets and indicator system to ensure clear objectives, precise measures, and effective implementation of all tasks.

The Company rigorously implements a safety production responsibility system. The Chairman signs the Business Responsibility Statement and the HSE Responsibility Statement with the general managers of all subsidiaries, extending accountability step by step to grassroots positions and frontline employees. This has fully established a safety responsibility system that covers all functions and every organizational level, thereby strengthening the foundation of the Company's intrinsic safety. In 2025, 24 Company-affiliated enterprises, including the parent company and its subsidiaries, obtained occupational safety production management system certification.

In 2025, the Company launched a series of high-standard Work Safety Month initiatives. It systematically organized diverse training sessions and practical drills, including safety knowledge lectures, safety knowledge competitions, emergency evacuation drills, and simulated accident response exercises. In parallel, the Company advanced the company-wide ICARE · I Promise Safety campaign, fostering a meaningful shift in safety accountability from regulatory compliance to voluntary behavior.

Strategy

XCMG Machinery systematically identifies and manages occupational health and safety risks, formulates proactive preventive measures, and seeks to reduce both the likelihood and impact of such risks. At the same time, the Company actively leverages opportunities to improve occupational health and safety management, continuously optimizes the working environment, and strengthens the safety foundation for the enterprise's high-quality development.

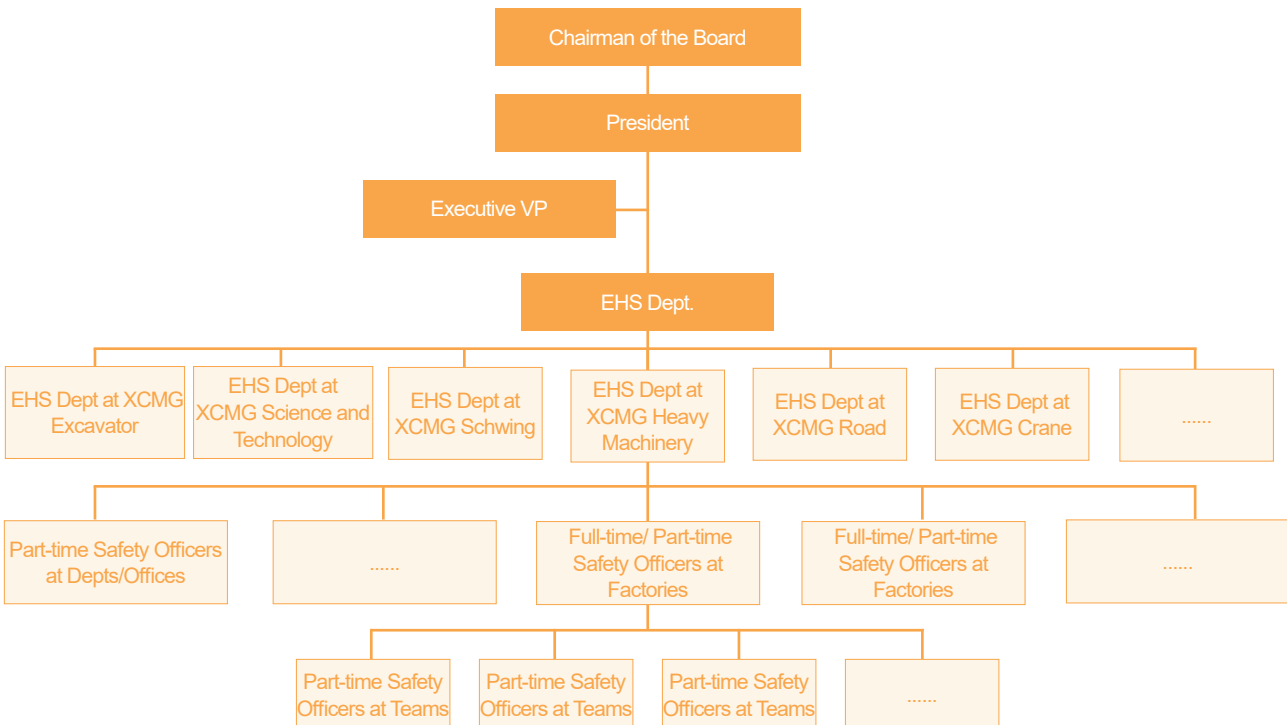
Risk/Opportunity Identification List					
Type	Risk/Opportunity Description	Like- lihood	Time- frame	Expected Financial Impact	Responses
Occupational Health and Safety Risk Management	Ergo- nomic Risks	Medium	Medium to long term	Rising manu- facturing and R&D expenditure	<p>1. In terms of hardware, intelligent ergonomic equipment, such as power-assist robotic arms, has been introduced to significantly reduce physical load during handling operations.</p> <p>2. Regarding health management, an innovative "micro-exercise during work" system has been implemented, with daily professional stretching guidance provided to help employees alleviate fatigue.</p>
	Psycho- logical Risks to Occu- pational Health	Medium	Short to medium term	Operational cost increase	<p>1. Through diversified employee care measures, a supportive working environment is actively created:</p> <p>2. Employee Assistance Program (EAP) initiatives are launched, and professional psychological counselors invited to safeguard employees' mental health.</p> <p>3. A regular leader-employee communication mechanism is established to ensure that concerns are heard and addressed promptly.</p> <p>The working environment has been further enhanced through the renovation of rest areas and the introduction of stress-relieving elements, such as green plants and natural light, providing employees with a space to relax both physically and mentally.</p>



Risk/Opportunity Identification List						
Type	Risk/Opportunity Description	Like-likelihood	Time-frame	Expected Financial Impact	Responses	
Occupational Health and Safety Opportunity Management	Digital Safety Management	By adopting advanced digital technologies, including big data analytics, artificial intelligence, and the Internet of Things, safety data can be monitored in real time and analyzed intelligently. This enables precise risk identification, faster response times, and a reduced likelihood of safety incidents. It also helps enterprises establish a comprehensive safety management system, enhance information sharing and collaboration, and improve decision-making efficiency and implementation effectiveness.	High	Medium to long term	Production cost reduction and management efficiency improvement	1. Against the backdrop of intelligent manufacturing and green transformation, we are seizing innovative opportunities in occupational health: 2. We introduce collaborative robots to replace high-risk operations, thereby improving safety standards and production efficiency. 3. We also develop smart wearable devices to monitor employees' physiological indicators in real time. 4. We build a digital training platform using VR technology to simulate accident scenarios and substantially enhance safety education.

The Company strictly implements the Occupational Health and Safety Training and Education Policy, continuously increases resource investment, and systematically provides occupational health and safety training for both employees and contractors. This comprehensively enhances safety awareness, emergency response capabilities, and standardized operational proficiency, thereby effectively strengthening the safety competence of all personnel.

XCMG Machinery Safety Management Organization Structure



Impacts, Risks and Opportunities

XCMG Machinery has consistently regarded the life safety and physical and mental health of its employees as the foundation of its high-quality development. In occupational health and safety management, the Company systematically incorporates the principles of people-oriented, prevention first, full participation, and continuous improvement. Through robust hazard identification, precise risk control, and proactive opportunity transformation, the Company has established an occupational health and safety management system that covers all positions, all processes, and the full life cycle. This system not only effectively prevents accidents and occupational diseases, but also strengthens organizational cohesion and talent competitiveness through a robust safety culture. As of the end of 2025, the Company had no major occupational health and safety risks.

Risk Identification

Regular occupational health and safety risk surveys and stakeholder interviews are conducted to systematically identify physical, chemical, and psychological hazards in heavy equipment assembly, welding, painting, work at height, and overseas engineering services.

Risk Management

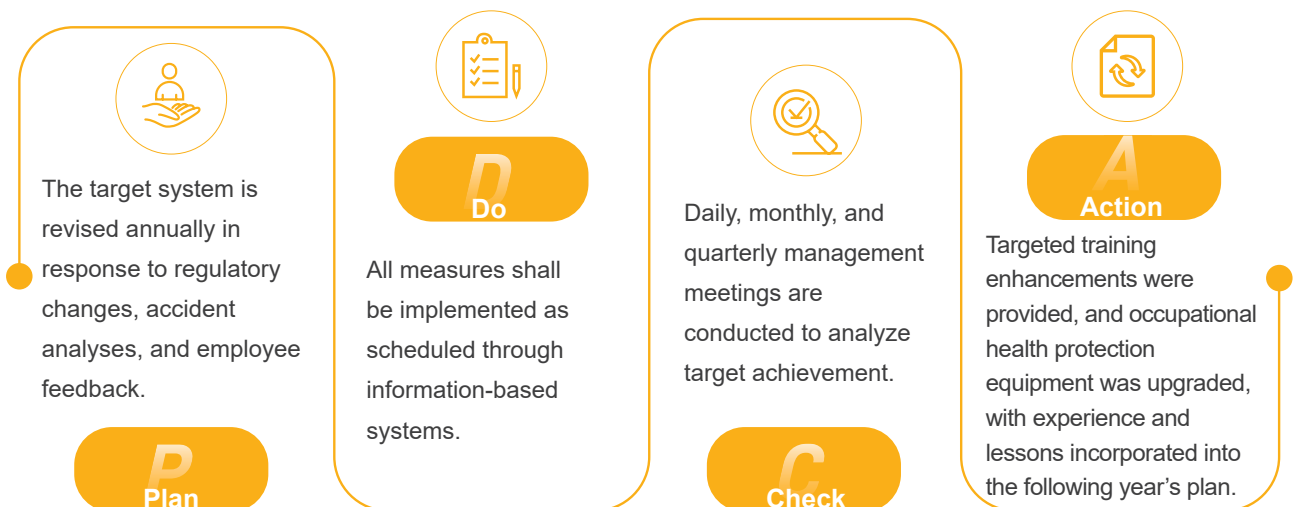
- **Strengthening Compliance Baselines:** The Company strictly complies with the Work Safety Law of the People's Republic of China, the Law on the Prevention and Control of Occupational Diseases, and other relevant regulations. It fully implements pre-employment, in-service, and post-employment occupational health examinations, legally pays work-related injury insurance, and eliminates illegal employment and inadequate protection.
- **Upgrading Protection Systems:** High-risk positions are equipped with intelligent PPE, such as noise-canceling earmuffs and dust respirators, and intrinsically safe equipment, including power-assisted robotic arms and automatic spraying robots, is introduced to reduce human-machine interaction risks at the source.
- **Enhancing Emergency Capabilities:** Practical drills on fire safety, mechanical injuries, chemical leaks, and other emergencies should be conducted regularly to improve employees' emergency response proficiency.
- **Mental Health Intervention:** The EAP program is implemented, psychological counseling hotlines is established, and a regular leader-employee communication mechanism is instituted to relieve work pressure and emotional distress in a timely manner.

Opportunity Conversion

- **Safety Culture Empowers Organizational Resilience:** Through initiatives such as the ICARE · I Promise Safety and Safety Star Selection, safety awareness is internalized into behavioral habits, enhancing employee participation in safety programs in 2025 and fostering a culture in which safety is valued by all and everyone is prepared to respond to emergencies.
- **Healthy Environment Enhances Sense of Belonging:** Workshop ventilation and lighting should be optimized, employee rest areas renovated, and green plants, natural light, and stress-relief facilities introduced to create a physically and psychologically supportive workspace.
- **Skill Improvement Promotes Safety Competency:** Relying on XCMG Technical College and digital learning platforms, we conduct VR-based high-risk scenario simulations and special operation certification training to significantly enhance employees' risk response capabilities.
- **Green Manufacturing Coordinates with Health Protection:** Low-noise, low-dust, and low-emission process designs are integrated into the construction of new factories, thereby promoting both safe production and green development.

XCMG Machinery places employee occupational health and safety at the core of its corporate development. The Company systematically advances the development of its management system, continuously strengthens its capabilities in risk identification, prevention, and control, and effectively ensures that all employees work in a safe, healthy, and respectful environment. It also regularly engages qualified third-party institutions to conduct testing and current-status assessments of occupational disease hazards, enabling a dynamic understanding of workplace health risks. These efforts provide a scientific basis for targeted policy implementation, continuous improvement, and the establishment of a robust occupational health protection system.

XCMG Machinery Occupational Health and Safety Management Processes and Initiatives




Metrics and Targets

XCMG Machinery consistently regards employee health and safety as the foundation of its sustainable development. Guided by the principle of Life First, Prevention Priority, the Company strengthens occupational health and safety performance through a measurable target system and standardized management mechanisms.

The Company ensures that occupational disease prevention facilities are operated in a standardized manner and maintained regularly. It conducts comprehensive hazard-prevention training and provides 100% of employees in relevant positions with compliant personal protective equipment, while supervising its proper use. Full-cycle health monitoring is implemented for employees exposed to occupational hazards, with complete coverage of on-the-job medical examinations. For employees whose health indicators show a declining trend, timely job adjustments are made to remove them from exposure sources. Through these measures, the Company effectively prevents occupational diseases and reinforces occupational health protection.

Metric	2025 Target	Status
Minor injury rate per RMB 100 million output value	0.0339	Completed (0.025)
Number of fatal and serious work-related accidents	0	Completed
Repeated safety hazard occurrence rate	3.48%	Completed (2.53%)



XCMG Machinery Occupational Health and Safety Performance Metrics

Metric	2025 Value
Employee and contractor fatalities	0
Number of minor injuries	21
Casualty/injury rate	0
Lost-time hours due to safety incidents	14,320
Employee serious injury rate	0
Employee minor injury rate	0.0688
Contractor injury rate	0
Work injury insurance expenditure(RMB 10,000)	3,348.60
Work injury insurance coverage rate	100
Occupational disease incidence rate	0
Number of occupational health and safety (OHS) training sessions	2,780
OHS training hours	365,105.3
OHS training attendance	57,834
OHS training employee coverage rate	100

XCMG Machinery conducts regular inspections to identify and remediate hidden safety hazards. It continuously implements comprehensive, targeted, and holiday safety inspections, as well as middle- and night-shift checks and daily patrols, while promptly tracking remediation progress.

Safety Hazard Investigation Performance

Number of safety hazard inspections	Number of safety hazards remediated	Safety hazard closure rate
30,913	26,447	100

Each subsidiary of XCMG Machinery conducts practical emergency drills in strict accordance with the annual drill plan, covering representative scenarios such as mechanical injury, vehicle-related injury, confined-space operations, and fire incidents. Through realistic simulations, the Company thoroughly evaluates emergency response speed, optimizes response procedures, strengthens material reserves, and continuously enhances professional emergency teams. These efforts significantly improve the Company's overall emergency response and coordinated handling capabilities, thereby firmly safeguarding the final line of defense for safe production.

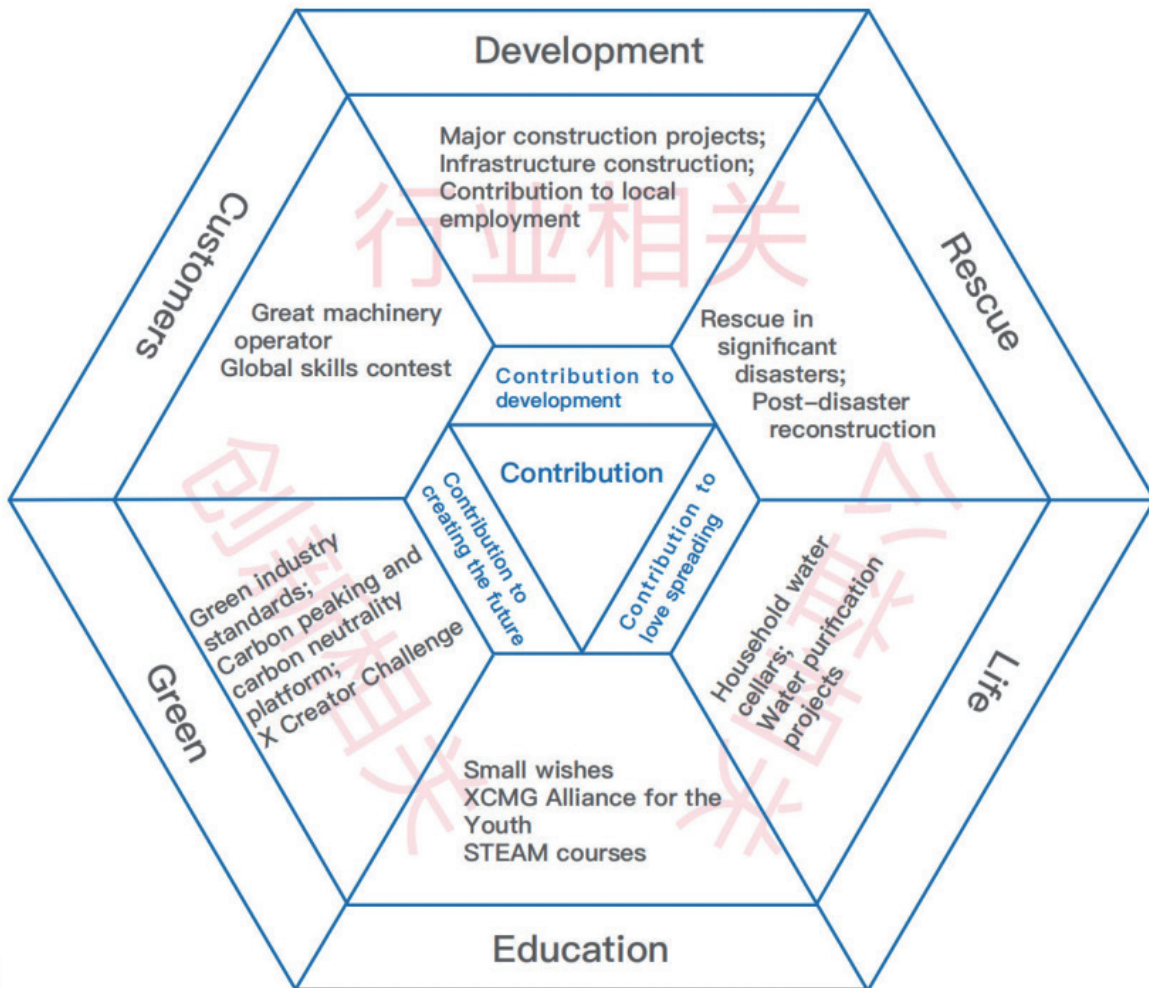
Case | XCMG Machinery Held Fire Emergency Drill

In 2025, XCMG Machinery launched the Fire Safety Knowledge and Skills Challenge, titled Fire Front Pioneers. Through competition-based learning, the event strengthened teamwork and cohesion while comprehensively improving employees' ability to prevent and respond to fire risks. More than 200 employees from 24 teams competed in relay format. The four highly practical events effectively advanced the development of intrinsic safety across XCMG.



Community Relationship

XCMG Machinery remains committed to its public welfare philosophy of Help with Love, actively engaging in global philanthropic initiatives and extending XCMG's care and responsibility worldwide. Through systematic and sustainable public welfare efforts, the Company not only demonstrates its human-centered values but also strengthens the responsible brand image of XCMG with Great Love, effectively enhancing its global reputation and social influence.



XCMG Machinery Global Responsibility Brand System



Public Welfare

XCMG Machinery has continuously expanded and deepened its public welfare initiatives. The 10th season of the XCMG Global Mini Wishes campaign was conducted across four countries and 11 schools, benefiting tens of thousands of students. Meanwhile, the sixth season of the African Water Cellar Project has progressed steadily, with 237 water cellars completed in total, providing access to clean water for approximately 30,000 local residents. The project has been recognized for three consecutive years as a Small but Beautiful livelihood assistance initiative under the Belt and Road Initiative. In addition, the Company has innovatively integrated science education, industrial education, and craftsmanship education, organizing more than 50 events, including industrial study tours, corporate visits, and training sessions for students from primary school through university, reaching over 10,000 participants. It also hosted the Asia Philanthropy Forum, underscoring the responsibility and commitment of Chinese enterprises to global sustainable development.



Blood Donation



Care for Left-behind Children



Visits to Hope Primary Schools



The First Lesson of XCMG Manufacturing



Case | XCMG Machinery Launched the 6th Phase of the African Water Cellar Project

In 2025, XCMG Machinery continued to advance one of its public welfare initiatives, the African Water Cellar Project. A total of 36 household water cellars were newly constructed in Sama-Senbet, North Shewa Zone, Amhara Region, Ethiopia, benefiting approximately 180 local residents, including five female-headed households. By the end of 2025, the project had established a cumulative total of 237 household water cellars in the region and donated water purification systems to more than 40 schools, effectively addressing safe drinking water needs for nearly 30,000 local residents. This initiative not only secured access to clean water but also significantly



reduced the burden of water collection on women and children, strengthened community resilience, and supported the sustainable development of local agriculture. It clearly demonstrates the responsibility and compassion of a Chinese enterprise in fulfilling its global commitments.

Case | XCMG Machinery Built a Multi-functional Sports Field for Free

In May 2025, students at Aleijadinho School in Ouro Preto, Minas Gerais, Brazil, received a significant gift: the multi-functional sports field donated and constructed by XCMG Machinery was officially inaugurated. This event marked not only the completion of a public welfare initiative, but also a clear expression of XCMG's philanthropic philosophy—Help with Love.



Case XCMG Machinery Launched the Global Mini Wishes Campaign

In 2025, XCMG Machinery launched the 10th season of its Global Mini Wishes corporate social responsibility campaign at Maria Barbosa School in Pouso Alegre, Brazil, and Pertubuhan Rumah Anak Yatim Berkat Kasih in Puchong, Selangor, Malaysia. The Company provided material support to children and fostered warmth through personal engagement, underscoring XCMG's commitment to local communities and social responsibility.



Rural Revitalization

XCMG Machinery firmly implements China's rural revitalization strategy, leveraging its corporate resources, and fully empowers high-quality rural development with dual engines-industrial promotion and talent training. The Company systematically conducted technical talent training in rural areas with focus on improving the skills and employment abilities, to strengthen local self-development capacity. Through industrial support and talent development, the Company fully promotes high-quality rural revitalization characterized by thriving industries, skilled personnel, ecological sustainability, and effective governance.

Case XCMG Agricultural Machinery Helped Novel-style Farmers Achieve Prosperity through High-end Tractors

In 2025, People's Daily praised XCMG Agricultural Machinery for helping Qili Village in Shandong Province advance toward prosperity. The report noted that the XCMG 2004 large tractors were deployed in farmland, while the automatic seeders enabled 24-hour continuous operation. These new agricultural machines have promoted mechanized and intelligent wheat cultivation, generating tangible economic benefits for local farmers.



Case XCMG Agricultural Machinery Safeguarding the Nation's Granary

XCMG Agricultural Machinery roots in farmland and works as a pioneer in technology-driven agriculture. With excellent operation performance, superior maneuverability and outstanding fuel efficiency, it has become a reliable and for farmers. Meanwhile, the company effectively integrates professional resources and arranges service teams to work at the frontline, providing on-site commissioning and operation training. Together, they play a vibrant spring symphony of safeguarding food security and empowering rural vitalization and serve as the new productive forces in agriculture with solid actions, promoting to consolidate the nation's granary and advance Chinese modernization.



XCMG XT2204-6DK tractor pulls a rotary tillage & ridging integrated machine for fine soil preparation operation in Gongzhuling, Jilin



XCMG XT2204-6DK tractor pulls a land leveler to perform land leveling for corn sowing in Ningxia Plain

Social Rescue

XCMG Machinery has consistently upheld its mission of shouldering great responsibilities, pursuing the right path, and building world-class equipment. The Company actively fulfills its social responsibilities and responds swiftly to major natural disasters, such as earthquakes and floods, as well as other emergencies, taking a leading role in relief efforts. It promptly deploys professional rescue teams and advanced equipment to affected areas, efficiently supporting emergency rescue operations and helping restore production and daily life. In doing so, XCMG Machinery demonstrates its commitment through concrete action and contributes to safeguarding communities with dependable strength.

In July 2025, XCMG Emergency Rescue Team under the theme *Mighty Equipment Without Borders, Mission Sets Sail* was officially launched. As a leading enterprise in the industry, XCMG Machinery has consistently aligned itself with national strategies, actively responded to government calls, established a professional emergency rescue team, and contributed its expertise to China's emergency response efforts.

Social Rescue-related Pictures



Rush to Dingri County, Shigatse City, Tibet for Earthquake Relief

In January 2025, a 6.8-magnitude earthquake occurred in Dingri County, Shigatse City, Tibet Autonomous Region. XCMG responded immediately, in accordance with the unified deployment of the Ministry of Emergency Management, quickly surveyed the equipment near the epicenter, dispatched personnel to the site for overall command, and immediately established an emergency rescue team to rapidly allocate materials, vehicles, and personnel. During the rescue, XCMG continuously organized cranes, truck-mounted cranes, excavators, loaders, and other equipment for on-site emergency rescue, prefabricated house lifting, and settlement support, assisting the earthquake area in emergency rescue efforts and guaranteeing the orderly resettlement of people.



Rapid Emergency Deployment to Miyun, Beijing



Blizzard Rescue Support on Dulongjiang Highway



Disaster Relief for Catastrophic Flooding in Rongjiang County



Frontline Flood Response in Yuzhong County, Lanzhou



Emergency Rescue Team

In 2025, at the 21st China International Fire Protection Equipment Technology Conference & Exposition, XCMG Machinery showcased 16 high-end equipment products spanning critical rescue fields, including industrial fire response, flood control, geological disaster relief, forest firefighting, and airport firefighting. Among them, five industry-first products made their global debut, fully demonstrating the company's achievements in scene-driven technological innovation and the strong capabilities of Chinese manufacturing to the world.



Case | XCMG Machinery Participated in Rescue Operations After the Strong Earthquake in Yangon, Myanmar

In March 2025, a powerful earthquake struck Myanmar, with aftershocks affecting Thailand and causing road damage and building collapses across multiple areas. XCMG Machinery promptly activated its emergency response mechanism and coordinated with its Myanmar office, Thai subsidiary, and local dealers to support rescue operations at the earliest opportunity. In the disaster-affected areas of Myanmar, the company also deployed cranes and loaders, forming a comprehensive, multi-dimensional rescue equipment network.

XCMG Group's Post

XCMG Group
Published by Ashley Zhang
March 31 at 6:00 PM

On March 28 at 14:20 (Beijing Time), a powerful 7.9-magnitude earthquake struck Myanmar, with severe tremors affecting northern Thailand. The disaster caused extensive infrastructure damage—destroying roads, collapsing buildings, and leaving tens of thousands stranded. Responding immediately, XCMG activated its international emergency rescue protocol, coordinating efforts between its Myanmar office, Thailand subsidiary, and local dealers to deploy heavy equipment for critical relief operations.

- In Yangon, XCMG cranes worked with precision to clear massive debris
- In Bangkok, excavators and loaders operated in tandem to cut through steel reinforcements and remove landslide debris

Working around the clock, crews utilized XCMG's integrated solutions for demolition, clearance and material handling to carve vital pathways through the wreckage.

Our thoughts remain with the affected communities. We hope rescue operations proceed safely, survivors are found quickly, and recovery efforts bring hope to those in need.

[#XCMG](#) [#DisasterRelief](#) [#HeavyMachinery](#) [#BuildingBetterTogether](#) [#MyanmarEarthquake](#) [#Thailand](#) [#XCMGnews](#)



Case | **XCMG Machinery Awarded the Leading Brand in Emergency Rescue**

In December 2025, the CEIS 2025 (7th) Emergency Safety (Fire Protection) Industry Conference and Top Ten Fire Protection Industry Brands Awards Ceremony, themed Uniting Strength for High-Quality Development, was held in Beijing. XCMG Machinery once again earned the title of Leading Brand in Emergency Rescue, underscoring its strong industry leadership.



Performance Presentation

Metric	2025 Value
Governance	
Number of general meetings held	3
Number of proposals passed in general meetings	23
Number of Board meetings held	14
Total Board meeting attendance required	126
Actual Board meeting attendance	126
Number of proposals reviewed by the Board	59
Senior management	11
Number of compliance training sessions	65
Total hours of compliance training	98
Compliance training attendance	30,000
Number of risk management training sessions	287
Total hours of risk management training	468.5
Risk management training attendance	29,892
Number of information security training sessions	45
Total hours of information security training	100
Information security training attendance	27,992
Number of data breach incidents	0
Number of business ethics and anti-bribery and anti-corruption training sessions	787
Of which: Number of management training sessions	5
Number of employee training sessions	782
Total training hours	765
Of which: Management training hours	11
Employee training hours	754
Total attendance	69,462

Metric		2025 Value
Of which: Management attendance		43
Employee attendance		69,419
Percentage of employees trained		100
Number of supplier training sessions		25
Number of suppliers trained		88
Total supplier training hours		39.3
R&D expenditure (RMB 10,000)		592,529.00
Number of R&D personnel		8,286
IP expenditure (RMB 10,000)		2,972.32
Number of new standards led and participated in during the year	Number of new standards formulated during the year	77
	International standards formulated	0
	National standards formulated	40
	Industry standards formulated	17
	Association standards formulated	20

Metric	2025 Value
Environmental	
Installed clean energy capacity by the end of the year (MW)	189.17
Self-owned photovoltaic power generation (million kWh)	180
Green power utilization rate (%)	20.45
Direct greenhouse gas emissions (Scope 1) (ton)	121,897.47
Indirect greenhouse gas emissions (Scope 2) (ton)	283,062.47
Total greenhouse gas emissions (ton)	404,959.94
Environmental Expenditure (RMB10,000)	6,268.44
Number of environmental training sessions	376
Total hours of environmental training	86,005
Environmental training attendance	52,030
Environmental training coverage rate(%)	100
Total hazardous substance and waste generation (ton)	7,446.45
Including: Organic solvent waste and waste containing organic solvent (ton)	134.45
Mineral oil waste and waste containing mineral oil (ton)	1,335.25
Oil/water, hydrocarbon/water mixture or emulsion (ton)	556.05
Dye and paint waste (ton)	3,201.68
Surface treatment waste (ton)	469.58
Waste containing chromium (ton)	0
Waste containing lead (ton)	115.106
Waste acid (ton)	150.16
Other waste (ton)	1,484.17
Percentage of hazardous substances and waste disposed under laws (%)	100
Total wastewater discharge (ton)	1,121,494.68
Industrial wastewater discharge (ton)	464,700.17
Domestic wastewater discharge (ton)	656,794.51
COD discharge (ton)	37.96
BOD discharge (ton)	13.79

Metric	2025 Value
Ammoniacal nitrogen (ton)	2.65
Total nitrogen (ton)	9.13
Total phosphorus (ton)	0.68
Suspended solids (ton)	7.07
Chromium (VI) (ton)	0.001
Total chromium (ton)	0.002
Total nickel (ton)	0.001
Total waste gas emissions (10,000 m3)	2,581,895.77
Including: Particulate matter (ton)	58.68
Sulfur dioxide (ton)	16.29
Nitrogen oxides (ton)	37.14
NMHC VOCs (ton)	224.06
Packaging material consumption (ton)	1,853.52
Packaging materials from recycled sources(ton)	1,519.77
Packaging material recycling rate (%)	81.99
Total water consumption (ton)	2,861,370
Comprehensive energy consumption per RMB 10,000 of output value (tce/RMB 10,000)	0.01462
Electricity consumption (10,000 kWh)	58,271.86
Steam consumption (GJ)	146,045.71
Natural gas (Normal cubic meter)	27,509,000
Gasoline (ton)	1,455.00
Diesel oil (ton)	9,421.50

Metric		2025 Value
Social		
Rate of product/service-related complaints (%)		0.34
Rate of responses to product/service-related complaints (%)		100
Resolution rate of product/service-related complaints (%)		97.18
Product recall rate due to ESG factors (such as safety and environment) (%)		0
Customer satisfaction (%)		91.8
Total number of employees		30,485
Number of employees by gender	Male	25,666
	Female	4,819
Number of employees by age group	< 30 years old	9,588
	30—50 years old	19,460
	>50 years old	1,437
Number of employees by job level	Senior management	11
	Medium management	3,538
	Front-line employees	26,936
Number of employees by region	Jiangsu Province	16,479
	Other provinces in Chinese mainland	9,698
	Overseas	4,308
Employee turnover rate (%)		3.5
Employment contract coverage rate (%)		100
Social insurance coverage rate (%)		100
Number of internal promotions (person)		883
Training expenditure (RMB 10,000)		2,224
Total number of training sessions		21,545
Total training hours		2,628,293
Total training attendance		755,064
Of which: Senior manager training attendance		185

Metric	2025 Value
Middle manager training attendance	101,497
Front-line employee and others training attendance	653,382
Average training hours per employee	94.85
Of which: Average training hours per senior manager	47.45
Average training hours per middle manager	139.52
Average training hours per front-line employee and others	85.86
Employee assistance program expenditure (RMB 10,000)	279
Employee and contractor fatalities	0
Number of minor injuries	21
Casualty/injury rate (%)	0
Lost-time hours due to safety incidents	14,320
Employee serious injury rate (%)	0
Employee minor injury rate (%)	0.0688
Contractor injury rate (%)	0
Work injury insurance expenditure (RMB 10,000)	3,348.60
Work injury insurance coverage rate (%)	100
Occupational disease incidence rate (%)	0
Number of occupational health and safety (OHS) training sessions	2,780
OHS training hours	365,105.3
OHS training attendance	57,834
OHS training employee coverage rate	100
Number of safety hazard inspections	30,913
Number of safety hazards remediated	26,447
Safety hazard closure rate (%)	100

Appendix I: Indicators of Index

Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (Trial)

Dimension	No.	Issues	Section in this Report
Environment	1	Climate change tackling	Dual Carbon Actions
	2	Pollutant discharge	Mitigating Environmental Impact
	3	Waste disposal	Mitigating Environmental Impact
	4	Ecosystem and biodiversity protection	Mitigating Environmental Impact
	5	Environmental compliance management	Mitigating Environmental Impact
	6	Energy usage	Utilization of Energy and Resources
	7	Usage of water resources	Utilization of Energy and Resources
	8	Circular economy	Utilization of Energy and Resources
Society	9	Rural revitalization	Community Relationship
	10	Contributions to the society	Community Relationship
	11	Innovation-driven	Technological Innovation
	12	Ethics of science and technology	Technological Innovation
	13	Supply chain security	Cooperation for Shared Development
	14	Equal treatment to small and medium-sized enterprises	Cooperation for Shared Development
	15	Safety and quality of products and services	Product and Customer Responsibility; Occupational Health and Safety Management
	16	Data security and customer privacy protection	Risk and Crisis Management; Product and Customer Responsibility
	17	Employees	Labor Management
Sustainability related governance	18	Due diligence	Responsibility Management
	19	Communications with stakeholders	Responsibility Management
	20	Anti-commercial bribery and anti-corruption	Business Ethics
	21	Anti- unfair competition	Business Ethics

Appendix II: Reader's Opinion

Respected readers:

Thank you for reading this report. We appreciate and look forward to your feedback. Your opinions and suggestions are important for us to continuously improve corporate ESG information disclosures and promote corporate ESG management and practice. Welcome and sincerely thank you for your valuable opinions!

1. Your overall assessment of our ESG performance is:

Excellent good average bad very bad

2. Your overall assessment of this report is:

Excellent good average bad very bad

3. What do you think of our performance in communication with stakeholders?

Excellent good average bad very bad

4. What do you think of our performance in sustainable development?

Excellent good average bad very bad

5. What do you think of our performance in green development?

Excellent good average bad very bad

6. What do you think of our performance in digitalization?

Excellent good average bad very bad

7. What do you think of our performance in social contribution?

Excellent good average bad very bad

8. What are your opinions and suggestions for our ESG performance and this report?