



山東墨龍石油機械股份有限公司

Shandong Molong Petroleum Machinery Company Limited*

(A Sino-foreign joint venture incorporated company registered in the People's Republic of China)

(568: Share Code)



山东墨龙 环境、社会及管治报告

Shandong Molong
Environmental, Social And Governance Report

2023

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About the Report

Report Description

The Environmental, Social And Governance Report (hereinafter referred to as the "Report" or "ESG Report" of Shandong Molong Petroleum Machinery Company Limited (hereinafter referred to as the "Company" or "Shandong Molong") and its subsidiary companies (hereinafter referred to as the "Group") briefly introduces the principle and the concept of the sustainable development followed by the Group within the fiscal year ending on December 31, 2023 and elaborates the relation among main shareholders and proposes the prospect and promises of the Enterprise's social responsibility.

Basis of Formulation

The report is formulated in accordance with the Appendix XXVII *Guideline of Environmental, Social And Governance Reports* (hereinafter referred to as the "Guideline") of the securities listing rules ("Listing Rule") of the Stock Exchange of Hong Kong Limited ("HKEX"), and the contents covered by the report also conform to the disclosure principle required by the *Guideline*, and the report follows the article of "Explanation without Observation" specified in the *Guideline* to elaborate corresponding influence of the Group's various business and operational activities on the environment and society. Please refer to the official website (www.molonggroup.com) of the Company and the Company's 2023 annual report to learn about the information of the Group's enterprise governance.

Time and Range of Report

The contents disclosed by this Report cover the headquarters set up by the Group in Shouguang Shandong and some subsidiaries with the right of operational control owned by the Company during the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as the "Year" or the "Report Period").

Shandong Molong Petroleum Machinery Company Limited

Shouguang Baolong Petroleum Equipment Co., Ltd. (hereinafter referred to as "Shouguang Baolong")

Shouguang Maolong New Material Technology Development Co., Ltd. (hereinafter referred to as "Shouguang Maolong")

Weihai Baolong Special Petroleum Material Co., Ltd. (hereinafter referred to as "Weihai Baolong")

Report Language

The Report is released in simplified Chinese, traditional Chinese and English, which can be downloaded on the Company's official company (www.molonggroup.com), the website of CNINFO (<http://www.cninfo.com.cn>) and the website of HKEX (www.hkex.com.hk)

Precious Opinion

You may consult and download the electronic version of the Report on the official website of Shandong Molong Petroleum Machinery Company Limited. The Company will continuously complete and improve the reports' disclosure level and the Company's ESG governance in the future. If you have any questions or suggestions related to the Report, please contact our company at any time:

Shandong Molong Petroleum Machinery Company Limited

Address: Floor 8-10, Building 19, Enterprise Headquarters, Shengcheng Street, Shouguang City, Shandong Province

Postal Code: 262700

Tel.: 0536-5100890

E-mail: dsh@molonggroup.com

President's Speech

Distinguished peers and partners:

At first, I would like to show my most sincere greeting and cordial gratitude! I hereby express our most wonderful wishes for everyone on behalf of the Shandong Molong Group.

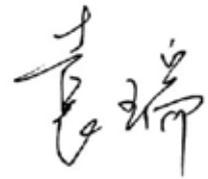
In the past 2023, facing the severe economic environment's challenge and uncertainty in the world, we were still full of passions and worked hard to forge ahead. With the joint effort of all companions, we made multiple important achievements, especially the significant progress in the field of technical research and development. These achievements show the excellent character of our team to never give up and boldly face hardships, as well as the great aspiration that has never been overwhelmed by long-lasting difficulties.

With the confidence borne in mind, Shandong Molong firmly steps on the path of the sustainable development. We always focused on the market's changes to a great extent, deeply implemented the concept of green, innovation and sustainable development and actively promoted the development of environmentally friendly technology and the new energy industry. In terms of products, the Company adhered to the strategic principle of "global market orientation, self-promotion by the reputation of the high quality, alliance established with trusting customers and mutual complement with good faith", realized the further breakthrough of the technical promotion of Hlsmelt, satisfying the demand for high-quality and efficient energy equipment. In terms of management, we guaranteed and strictly went through the procedure of safe production, attached importance to the optimization of supply chain management and strived for the innovation of manufacturing services. In terms of research and development, our company was successfully selected and brought into the list of the list of demonstrative enterprises and competitive enterprises of national intellectual property rights in 2023 and became the first demonstrative enterprise of national intellectual property rights in Shouguang City, which will further stimulate us to enhance the level of intellectual property right management and promote the Enterprise's transformation and upgrade towards the innovation-driven development.

The dragon roars to welcome the auspicious snow, showing a propitious omen of the year. 2024 is a crucial year for us. We will closely follow the developmental trend of the cutting-edge science and technology, promote breakthrough and innovation of core technology, continue to strengthen the cooperation and communication with partners, explore the market's needs together and realize mutual benefit and a win-win result. At the same time, we will also strengthen the cooperation with governments and authorities of supervision and management at all levels, actively participate in the formulation and promotion of the industry's norms and create a fairer more just competitive environment.

To look forward to the future, we will always stick to the concept and strategic target of the sustainable development, consolidate the awareness of environmental protection and social responsibility, proactively cope with climate changes and environmental challenges, promote green and low-carbon development, continuously pay attention to employees' development and well-being and strive to construct the enterprise culture and team spirit of harmony and the win-win result.

We believe that through the effort and struggle of all staffs of Molong, Shandong Molong will continuously develop and go prosperous, and make more outstanding contributions to the sustainable development of the society while gaining economic benefits. At last, I would like to appreciate your trust and encouragement for the Shandong Molong Group again! In the new year, we intend to continue the cooperation with you to jointly create a wonderful future! We wish you happiness, health and success in the new year!



President of Shandong Molong Group

Date: March 2024



Get Closer to Shandong Molong

Company Profile

Shandong Molong mainly engages in design, research, development, processing, manufacture, sales services and export trades of the products required by the industry of energy equipment, and it is one of professional production enterprises that engage in the manufacture of the equipment specially used for petroleum mining and related services in China in the earlier time. The Company's main products include mechanical equipment of petroleum mining, equipment of petroleum and natural gas transmission, oil and gas mining equipment, high-end castings, etc. The products are mainly used for mining of the resources of oil and gas, mechanical processing and production of the equipment used in the fields of urban pipe networks, wind power castings, etc., and the Company is a qualified supplier of four major petroleum corporations of China.



Company Prospect

In 2024, the Company will focus on the vision of “building a national manufacturer and service provider of first-class energy equipment, and providing satisfactory products and services for the global energy industry”, actively promoting the development of our main operations. The whole efforts will adhere to the general tone of striving for stability, seize opportunities, overcome difficulties, conscientiously accomplish the key tasks of the Company, strive to improve the safe operation and standardized governance, keep optimizing the quality of enterprise management and operation, and strive to achieve steady development of enterprises.

Enterprise Development Course



The Chinese Society for Metals organized domestic specialist in the industry of casting and forging to evaluate the scientific achievement of the Hismelt technology. Upon the evaluation of the specialists, the technology was recognized as world-leading technology.

May 2018

The Company's controlling shareholder was changed to Shouguang Molong Holdings Co., Ltd., which is the subsidiary wholly owned by Shandong Shouguang Jinxin Investment and Development Holding Group Co., Ltd., and the Company's actual controller is still the Bureau of State-owned Asset Supervision and Management of Shouguang.

March 2021

The Company successively won the honorary titles of the "Pacesetter Enterprise of Opening Development of Shouguang", "Top-50 Enterprises of Tax Payment of Shouguang", "Top-100 Private Enterprises of Weifang", "Organization with Prominent Contributions to High-quality Development", etc.

January 2023

The Company was successfully selected and enrolled in the list of demonstrative enterprises and competitive enterprises of national intellectual property rights in 2023 and became the first demonstrative enterprise of national intellectual property rights in Shouguang.

November 2023

October 2014

Upon the on-site review and assessment of China National Accreditation Service for Conformity Assessment (CNAS), the Company's experimental center formally passed the authentication of CNAS.

September 2020

The Company's former controlling shareholder and actual controller Zhang Enrong signed an agreement of voting right entrustment with Shandong Shouguang Jinxin Investment and Development Holding Group Co., Ltd., after which the company's actual controller was changed to the Bureau of State-owned Asset Supervision and Management of Shouguang.

March 19, 2021

The Company constructed a joint laboratory with the National Center of Petroleum Equipment Quality Supervision and Testing (Shandong).

February 2023

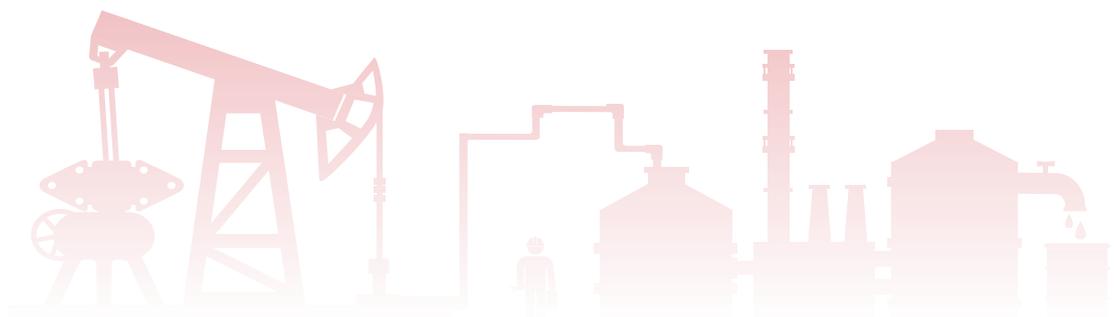
The Company signed the *Contract of Technology Implementation Permission* with Hebei Xinggang Technology Co., Ltd. and carried out cooperation of the implementation of the technology of Hismelt smelting reduction. A breakthrough of Hismelt technology promotion was made.

Honor of 2023

In 2023, facing the complicated and severe external environment, the Company's staffs at all levels worked together to overcome the adverse influences, such as the market environment, etc., made all efforts to ensure the ordered operation of various work of production and operation of the Company and worked hard to realize the Enterprise's healthy and stable development, making significant achievements in multiple working fields. The Company successively won the honorary titles, including the "Pacesetting Enterprise of Opening Development of Shouguang", "Top-50 Enterprises of Tax Payment of Shouguang", "Top-100 Private Enterprises of Weifang", etc., becoming the first demonstrative enterprise of national intellectual property rights in Shouguang.

Award Photo	Honor Title	Awarder
	<p>Pacesetting Enterprise of Opening Development of Shouguang</p>	<p>Shouguang Government</p>
	<p>Top-50 Enterprise of Tax Payment of Shouguang</p>	<p>Shouguang Government</p>
	<p>Top-100 Private Enterprises of Weifang</p>	<p>Bureau of Commerce of Weifang, Bureau of Science and Technology of Weifang, etc.</p>

Award Photo	Honor Title	Awarder
	<p>Demonstrative Enterprise of National Intellectual Property Rights</p>	<p>China National Intellectual Property Administration</p>
	<p>2022 Top-10 Enterprises of Tax Payment</p>	<p>Working Committee of the Communist Party of China of High-tech District, Weifang (Shouguang), Working Committee of the Communist Party of China and Office of Gucheng Street</p>
	<p>Come Closer to Grass-roots Organization</p>	<p>Committee of Shangkou Town of the Communist Party of China</p>





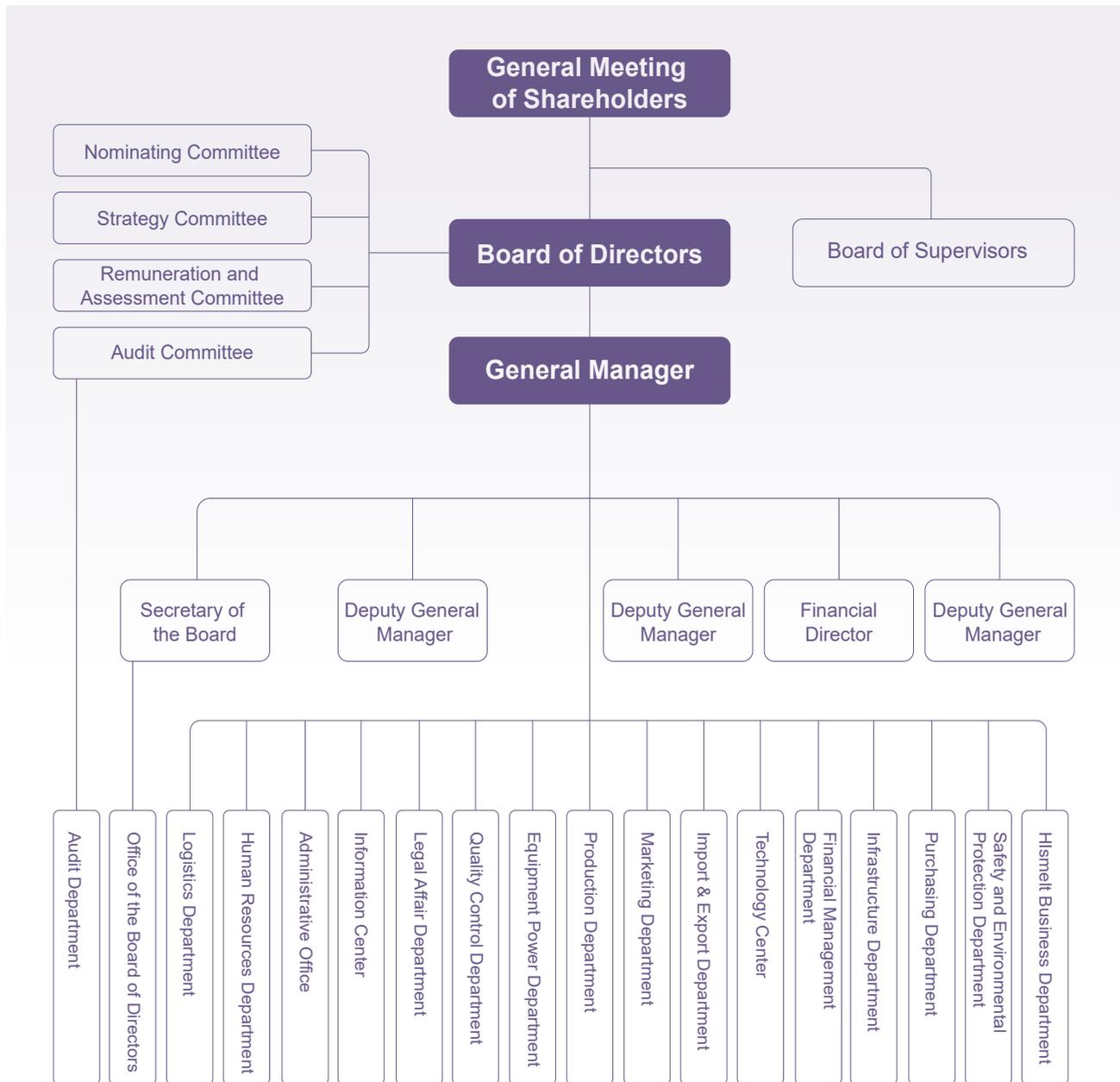
Steady and Normative Operation

Shandong Molong continuously enhances the Company's governance level, strictly observes laws, regulations and requirements of relevant industries, formulates relevant management systems, comprehensively strengthens the construction of the risk management system and promptly and effectively discloses various material information to stakeholders. The Company strictly observes commercial ethics and promote the Company's long-term development with actual actions.



Company Governance

The Company established a governance mechanism consists of the company's general meeting, board of supervisors, board of directors and four subordinate committees (strategy committee, nominating committee, committee of remuneration and assessment and audit remuneration).



Organizational Structure of the Company

Three-board Governance

Three-board Operation

In accordance with the Company Law, Securities Law and other laws and regulations, the Company established the systems related to the company's governance, including *Articles of Association, Rules of General Meeting Procedures*, etc., formed the system of decision making and operation with the general meeting, board of directors, board of supervisors and the layer of operational management as the main structure, continuously optimize the Company's governance structure, standardized the Company's operation continuously improve the operational quality of the Company's governance and provided a good environment and guarantee of management and decision making for the normative development of the Company.

<p>General Meeting of Shareholders</p>	<p>The general meeting of shareholders is the supreme organization of the Company, which formulated the <i>Rules of General Meeting Procedures</i> pursuant to the <i>Company Law, Rules of General Meeting Procedures of Listed Companies, Articles of Association</i> and other related laws, regulations and normative documents and held the general meeting in strict accordance with relevant regulations to ensure that shareholders can exert their rights in accordance with laws, treat the Company's investors equally and protect their rights and interests.</p>	
<p>Board of Directors</p>	<p>The Company set up the board of directors to be responsible for the general meeting of shareholders. Directors should be selected by the general meeting. The Company formulated the <i>Rules of Procedures of the Board of Directors</i> and convened and held the conferences of the board of directors. The minutes of each session of the board of directors were recorded in a true, accurate and integral form, and it was ensured that the conferences' resolutions are accurate enough and disclosed promptly.</p>	<p>The Company thinks highly on the construction of the board of directors and continuously promote the independence, specialty and diversity of the board of directors. The Company's board of directors consists of 9 directors, among which there are 3 independent directors and 1 female director.</p>
<p>Board of Supervisors</p>	<p>The Company's board of supervisors consists of 3 supervisors, including 2 supervisors selected by the general meeting and 1 supervisor acting as the staff representative, who is selected by the conference of staff representatives in a democratic form.</p>	<p>During the Report Period, the organization, hosting, resolution, etc. of the Company's board of supervisors are consistent with the provisions of the <i>Rules of Procedure of Board of Supervisors</i>.</p>

The Three-board Governance Structure of the Company

During the Report Period,

the Company held regular conferences of the board of directors for

4 times,

interim meetings for

4 times,

reviewed and passed relevant proposals for totally

26 items.

The Company held regular conferences of the board of supervisors for

4 times,

reviewed and passed relevant proposals for totally

12 items.

The Company organized and held the annual general meeting for

1 time,

and the interim general meeting for

1 time,

reviewed and passed relevant proposals for totally

11 items.

The Company organized and held the audit committee's conferences for

6 times,

the remuneration and assessment committee's conference for

1 time,

and passed the proposals through reviewing for

16 items.

the nominating committee's conferences for

4 times,

the strategy committee's conference for

1 time,

Information Disclosure

To strengthen the management of the Company's information disclosure work, the Company strictly observed the *Listing Rules of Shenzhen Stock Exchange, Guideline of Self-discipline Supervision of Listed Companies of Shenzhen Stock Exchange* and other related regulations, formulated the System of Information Disclosure Management, ensured that the Company's information can be disclosed in a truthful, precise, integral, timely and fair form, continuously improve the quality of the information disclosed by the Company and ensured that all shareholders and investors can obtain the Company's information in an equal form.

During the Report Period,

the Company issued Chinese announcements on designated media and websites for

151 items,

and English announcements for

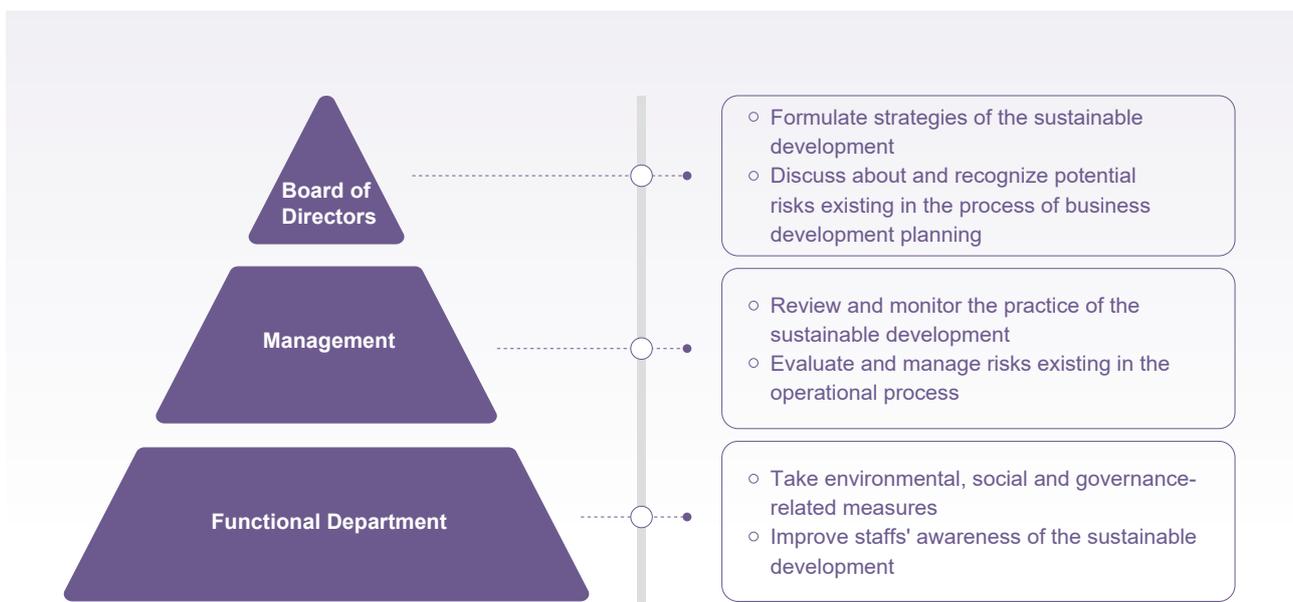
47 items.

ESG Management

Shandong Molong values its capacity of the sustainable development for a long term, bravely undertakes social responsibilities, actively integrates the ESG concept into the daily operation and management, realizes the coordinated development of the economy and the environment through scientific innovation, keeps communicating with stakeholders through multiple channels, includes the Company's expectations and requirements for the sustainable development into the process of the Enterprise's operation, management and decision making and assists the whole society to achieve the goal of the sustainable development.

ESG Regulation Structure

Shandong Molong established an ESG working group consisting of the board of directors, which is the supreme organization of decision making, responsible for the construction of the ESG management system, ESG Report formulation, review and training, problem identification, target setting and relevant work improvement, as well as the completion of the ESG regulation structure. It is conducive to the Company's quick identification of the potential risks coming from the environment, society and governance, as well as prompt and effective measures to be taken to ensure that all functional departments can execute the Company's policies related to the environment, society and governance.



ESG Regulation Structure

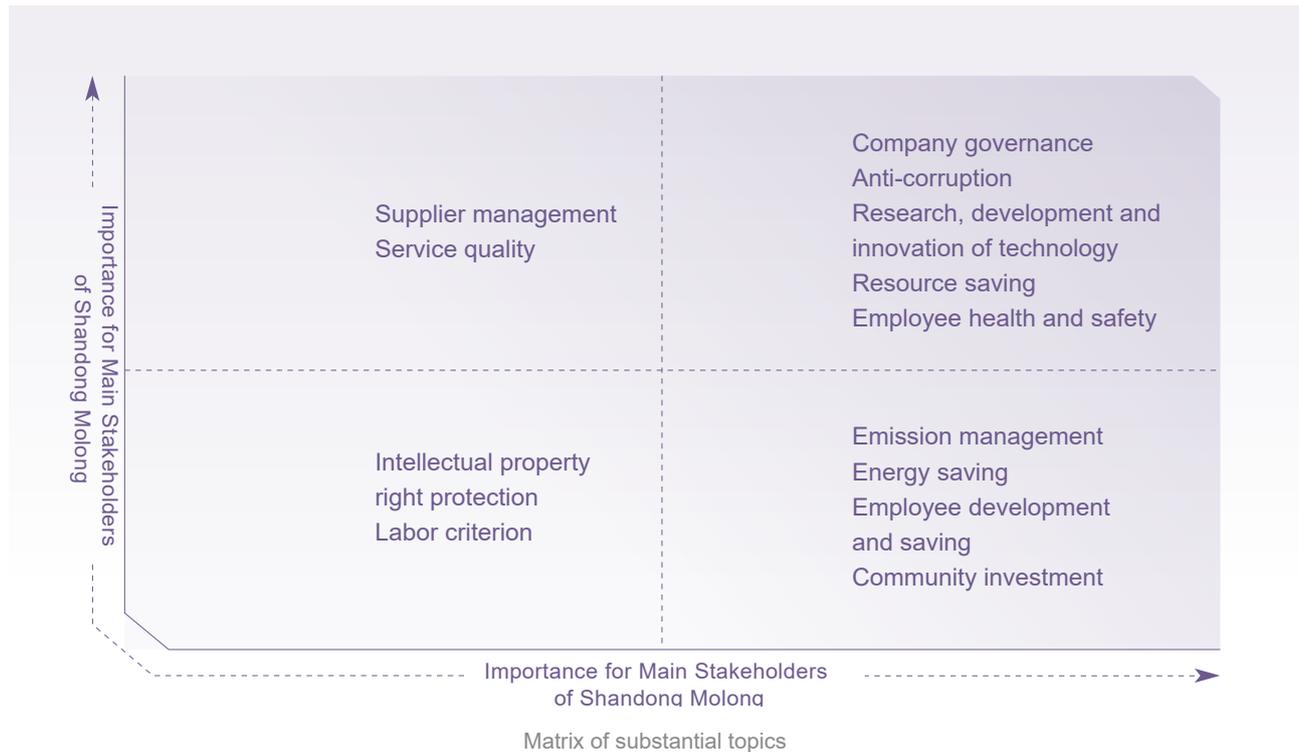
Communication with Stakeholder

The Company thinks highly on the rights, interests and demands of stakeholders, maintains the two-way communication with stakeholders, understands their opinions in depth and takes measures in accordance with the situation of its production and operation to strive to respond and satisfy stakeholders' reasonable requirements.

Stakeholder	Expectation and Requirement	Communication Mode
Shareholder/Investor	Stable development and compliance-based operation Ideal returns on investment Effective risk management More market shares	General Meeting of Shareholders Performance presentation Announcement disclosure Investor investigation Telephone consultation
Government/Regulatory Authority	Environment protection compliance Company governance norms Community construction	Telephone/written communication Site inspection Regular report
Supplier and Dealer	Honesty and mutual benefit Fair procurement Long-term and stable cooperation	Stable development and compliance-based operation Ideal returns on investment Effective risk management More market shares
Employee	People orientation Reasonable remuneration policies Harmonious labor relations Safe working environment	Employee training Labor union's activities Conferences of staff representatives Collection of opinions and reasonable suggestions
Customer and Consumer	Integrity, equality and mutual benefit Product quality Complete system of after-sales services	Hotline of market services Sales office Opinion survey
The Masses in Community	Promote harmony and stability of the society Support public-welfare activities Publicize energy saving and emission reduction	Site survey Environmental protection education Public-welfare activities in communities

Recognition of Substantial Topic

During the Report Period, the Company, through the communication with exterior stakeholders, conducted the questionnaire survey of important topic evaluation of ESG, extensively collected the suggestions given by investors, customers, employees and suppliers on the topic of the Company's sustainable development. To enable the Report to better respond to stakeholders' demands and expectations, the Company conducted substantial topic recognition, evaluation and analysis and determined substantial topics that are important for the Company and stakeholders.



Compliance-related Risk Control

The Company established and completed a strict, normative, comprehensive and effective internal control system taking risk management as the orientation and compliance management as the main focus, developed the all-round, all-staff, whole-process and whole-system mechanism of risk prevention and control, improved the safety of enterprise operation and promoted the Company to realize the healthy and stable development.

Internal Control Compliance

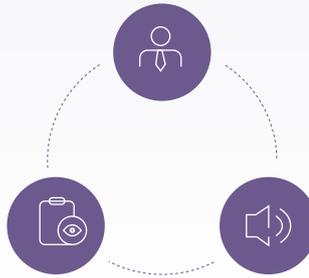
The Company established a three-level structure of internal control and management, which consists of the organization of decision making, the organization of supervision and management and the organization of execution, formulated the *Manual of Enterprise Internal Management* and related systems and documents as the bases of the construction, implementation, evaluation and verification of internal control, ensured that the Company can enhance the management level from the ideological perspective, strengthen its capability of risk prevention and control and ensure its coordinated, continuous and quick development. At the same time, the Company organized the examination of the operation of internal control on a quarterly basis, promptly issued audit reports of internal control based on operational defects found and timely rectified the defects in accordance with the requirements of defect management.

Organization of Decision Making

The committee of internal control management is the organization of decision making of internal control management, and it is responsible for decision making of material affairs related to the Company's internal control.

Organization of Supervision and Management

The audit department is the department of the concentrated management of the Company's internal control affairs, and it is responsible for the supervision and evaluation of the effectiveness and conformity of the Company's internal control management and the internal system.



Organization of Execution

The Company's all functional departments specifically execute policies and systems of internal control management and ensure the implementation and operation of the internal control system.

Compliance Internal Control Structure

On the basis of the structure of internal control management, the Company formulated reasonable and effective internal control measures to ensure the effective operation of the internal control system.

Company Internal Control Measures

The system of internal control position authorization is established.

The system of internal control report is established.

The system of internal control approval is established.

The system of internal control accountability is established.

The system of internal control auditing and inspection is established.

The system of internal control assessment and evaluation is established.

The mechanism of emergence treatment and material risk pre-warning is established.

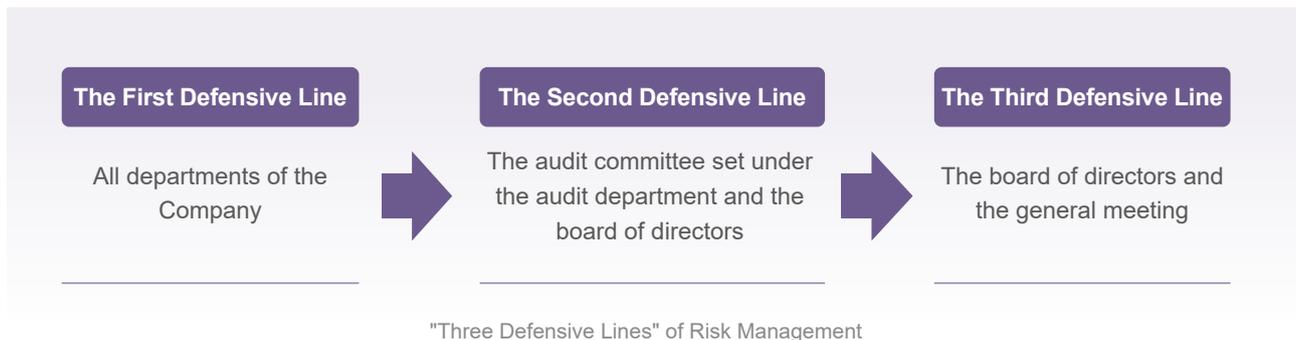
The Company's system of legal consultation is established and completed.

The system of the power balance between important positions is established, and separation of incompatible duties is clearly stipulated.

At the same time, to guarantee the Company's rule-binding and efficient operation and erect the enterprise culture of risk compliance, cultivate employees' legal awareness of risk compliance, the company carried out internal and external compliance training for multiple times to reduce the Company's compliance-related risks.

Risk Management

The Company attached importance to risk management, established a normative and effective system of risk control, improve its capacity of risk prevention and ensured the Company's safe and stable operation. According to relevant provisions of the *Company Law*, *Accounting Law* and other laws, regulations and regulatory documents, the company formulated the *System of Risk Management* to ensure the Company's healthy and sustainable development with operational compliance and realize a long-thriving foundation of the Company. At the same time, with the leadership of the board of directors, the Company constructed "three defensive lines" of risk management and formed the organizational structure of the Company's risk management.



Organizational Structure of Risk Management

To better prevent risks, during the Report Period, the Company organized conferences of senior staffs on a regular basis to discuss about and analyze various risks, formulate measures of rectification and track the implementation result. At the same time, the Company organized management staffs to study knowledge related to risk management on an irregular basis, organized and held the annual conference of risk evaluation and strengthened the study of internal control knowledge while formulating strategies of further risk control.

During the Report Period,

the Company actively carried out training of compliance risk control for

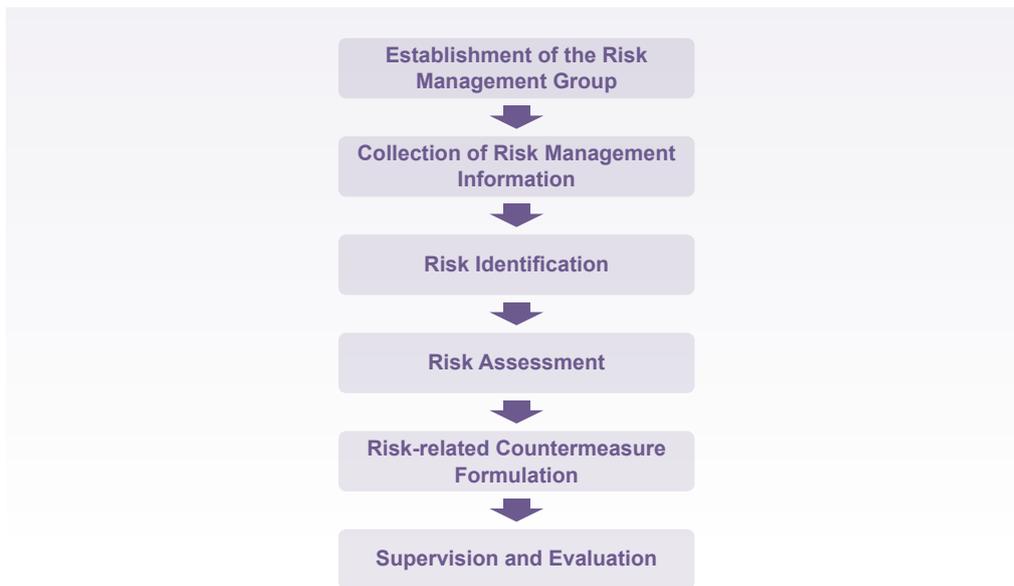
1 time,

with involved employees with the number of

45,

the training duration of

2 hours.



Internal Risk Management Procedure of the Company

Investor Management

The Company thinks highly on investors, especially intermediate and small-scale investors. In accordance with the *Company Law*, *Securities Law*, *Guideline of Investor Relation Management of Listed Companies* and other laws and regulations and in combination of the Company's actual situation, the Company formulated the *System of Investor Relation Management* to standardize the work of investor relationship management. It built up diversified channels of investor interaction and communication through hotlines, E-mail, platforms of investor relation-based interaction, performance presentations, etc., promptly responded to investors' consultation, effectively strengthened communication of information and effectively enhanced the Company's level of normative operation and the degree of transparency while promoting the positive interaction with investors.



The Company's official website set a special column of investor relations to ensure that the Company's shareholders and creditors can equally and promptly obtain the information related to the Company's operation status and material affairs.

		
<p>Investor Relation Management System</p>	<p>Conduction of Multi-channel Communication and Exchange</p>	<p>Investor Relation Management</p>
<p>The <i>System of Investor Relation Management</i> was formulated to clarify the principle of thorough information disclosure, the principle of information disclosure compliance, the principle of the equality of investors' opportunities, the principle of high efficiency and low consumption and the principle of interaction and communication.</p>	<p>The Company actively developed channels of communication and exchange and communicated through investors' telephone numbers, E-mail addresses and Shenzhen Stock Exchange's platform Hudongyi. It adopted active and abundant communication forms and contents, held performance presentations, days of collective online receptions for investors and work of investor protection and publicity.</p>	<p>The board of directors serves as the principle of investor relation management and it is responsible for the coordination of investor relations, receptions of visiting shareholders, answer of investors' consultation, provision of information to be disclosed for investors, etc.</p>
<p>Investor Relation Management System</p>		

During the Report Period,

the Company held the online performance presentation of 2022 to reply to investors interactive questions with the number of

6,

and answered investors questions asked through Hudongyi with the number of

68.



Concern about Investors and Join Hands to Take Actions Together

The theme of the "Day of National Investor Protection and Publicity" on May 15, 2023 is "Concerning about Investors and Joining Hands to Take Actions Together: Embracing Comprehensive Registration-based Reform". The Company concerned and cared about the legitimate rights and interests of intermediate and small-scale investors, and its concept of the assistance to investor protection deeply rooted in people's hearts. During the event, the Company reminded all investors to pay attention to the chances and risks of the investment under the background of the comprehensive registration system, strengthen the competence of risk prevention and identification and improve the consciousness of rational investment.



Carry out the Publicity Event of "Concerning about Investors and Joining Hands to Take Actions"



Business Ethics Observance

Anti-Fraud

The Company strictly observed laws and regulations, such as the Contract Law, Company Law, Anti-monopoly Law, Anti-unfair Competition Law, etc., combined the Company's actual situation to formulate the Rules of Anti-Fraud Management, strengthen internal control, reduce the Company's risks and standardize operational behavior. The Company specially established an anti-fraud audit committee, with the general principal served by the president and members consisting of the members of the office commission of managers and the audit department, which acts as the permanent organization of the anti-fraud audit committee. The anti-fraud audit committee is responsible for the board of directors and accepts the supervision of the board of supervisors.

During the Report Period,

The Company didn't find any behavior of corruptions, briberies, etc. or fraud events in the routine audits.

The management of the Company took the anti-fraud work as a part of daily management work, actively support the daily work of the permanent anti-fraud organization and provided sufficient guarantees in terms of the budget, staff allocation and working condition preparation. The Company kept maintaining the smooth channel of employees' reports, organized the conferences of staff representatives on a regular basis, convened an anti-fraud situation report meeting in each year, publicized and practiced anti-fraud and anti-corruption knowledge for one time per year and timely found the corrupt events of frauds, briberies, etc. that may happen inside the Company. At the same time, the Company also established complete systems of informer protection and report channels.

Provisions of Informer Protection

The Company strictly keeps the informer's name, working department, home address and other related information, as well as the reported content confidential. Liable people who violate the stipulation of confidentiality, depending on the specific situation, shall be punished with the penalty of 1,000 yuan or termination of the labor contract.

Reporting Method

Complaint and Report Tel.: 0536-5789086, 5789085
 Email: sjb@molonggroup.com
 Mailing Address:
 Floor 8-10, Building 19, Enterprise Headquarters,
 Shengcheng Street, Shouguang City, Shandong
 Province
 Postal Code: 262700

Anti-monopoly and Anti-unfair Competition

The Company advocates for upright and honest operation and strictly observe laws and regulations related to anti-bribery, anti-corruption, anti-monopoly and anti-unfair competition. Before outward publicity, relevant departments of the Company will strictly review the drafts of propaganda, photos, fonts, videos, etc. to ensure that they will not infringe legal rights or violate the *Advertising Law* and other laws and regulations.



Manufacturing Service Innovation

Properly conducting sustainable development management of the whole value chain is an important path for the Company to maintain its core market competitiveness. Through guaranteeing the product quality, the Company can properly operate the safe production line, actively arrange the smart plant, complete the system of customer services, tightly grasp scientific and technological research and development, protect intellectual property rights, simultaneously enhance the Company's hard and soft strengths, provide high-quality service schemes for customers and continuously improve the Company's influence.



Special Theme

Product Quality Guarantee

As a professional manufacture and service supplier of energy equipment, Shandong Molong always adheres to the quality policy of "global market orientation, self-promotion by the reputation of the high quality, alliance established with trusting customers and mutual complement with good faith". In recent years, the Company has established an integral industrial chain of all services of petroleum machinery covering smelting reduction iron smelting, smelting, casting, forging, steel pipe hot rolling, machining, testing and oil-field services.

Quality Management System

Shandong Molong strictly observed the *Product Quality Law* and other laws and regulations, formulated the *Stipulations of Product Quality Certificate Control, Procedures of Product Inspection and Experimental Control* and other internal files, constructed the system of product quality management, continuously optimized measures of quality management and required that all products should go through quality tests after production to ensure that the quality of the Company's products conforms to relevant standards before the delivery and realize the whole-process quality risk monitoring. During the Report Period, the Company revised the *Procedure of Document Control, the Procedure of Record Control, the Procedure of API Logo Control and Provisions of Management of Testing, Inspection and Measurement Expenses*. Through formulating the *Management Measures of Quality Reward and Punishment*, the Company promoted internal staffs to implement the measures of quality management, construct a good atmosphere of quality and strengthen the construction of the internal quality culture. The Company has passed the certification of the quality management system and API product logo certification, and the result has been imported to the API Spec Q1 management system.



The Company Obtained the AAA-level Certificate of the Measurement Management System

During the Report Period, the Company applied for the certification of the measurement management system, smoothly passed the on-site review and successfully acquired the AAA-level certificate of the measurement management system, which proved that the Company's measurement process control and measurement equipment management satisfy the requirements of standards and the system. The Company will continuously optimize the measurement management system to meet more customers' needs.



AAA-level Certificate of the Measurement Management System of the Company



The Company-CNAS national laboratory acquires continuous recognition

The inspection field of the Company's experimental center covers totally 2 products (metal and metalware, pipe products specially used for petroleum) and 25 inspection items. During the Report Period, the review specialists from China National Accreditation Service for Conformity Assessment (CNAS) conducted the CNAS reevaluation of the Company's experimental center and on-site review of the varied project. Upon the review, the review group unanimously believed that the inspection technical specifications of the experimental center's inspection are valid and able to satisfy the implementation of the inspection projects. The qualified result of CNAS's review reflects the resolution of the Company's experimental center to continuously optimize technical services and measures of quality management.



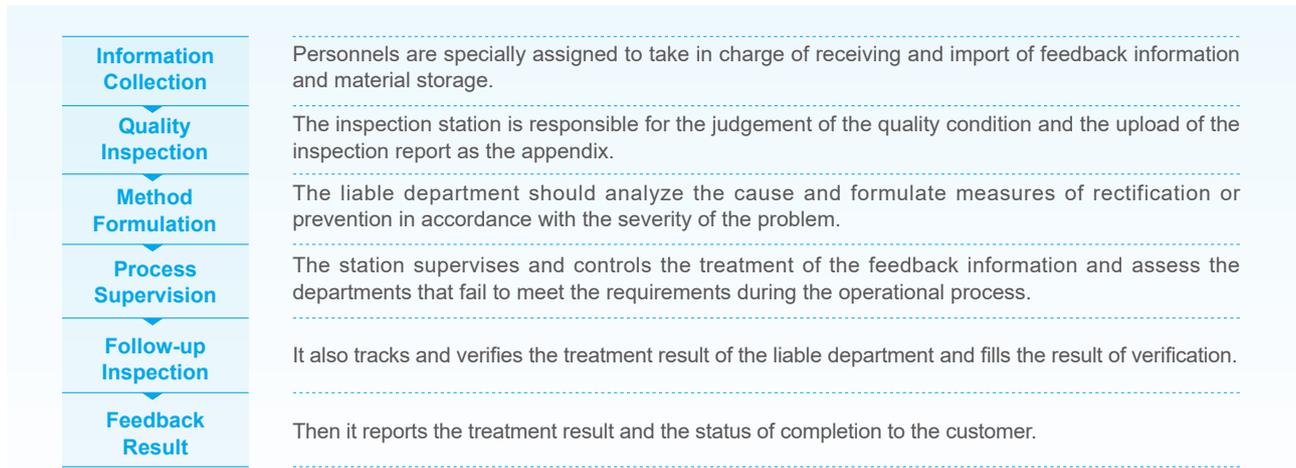
The Company's Laboratory Passed the CNAS Certification



On-site Photo of the Review of the Company's Laboratory

Quality Supervision and Feedback

The Company devoted itself to properly conduct quality management of the whole value chain, formulated the *System of Quality Accident Management*, the *Procedure of Unqualified Product Control*, *Management Measures of Unqualified Product Review and Control* and other internal documents for product quality supervision and feedback and formulated complete procedures of after-sales problem settlement and emergence schemes. The Company carried out cause identification, tracking and improvement of products with problems to ensure the Company's product quality and stability and improve customers' satisfaction and reliance. In 2023, the Company didn't encounter the case of product recall.



Procedure of Produce Quality Solution and Optimization

Quality Management Training

According to laws, regulations and standards of quality management, the Company, combines the actions of the regulatory organization to carry out quality training for internal employees on an annual basis. The training contents cover the knowledge of professional technology, quality management system and other aspects to ensure that employees can understand the Company's quality policies, procedures and targets and comprehensively improve employees' quality management ability and awareness.



The Company Conducted Quality Management Training

During the Report Period, the Company carried out quality management training of the production line of steel pipe heat treatment, explained the problem points of the quality problems that are easy to appear during the production process, further improve employees' quality management ability in actual production and effectively improve employees' consciousness of the product quality.



Quality Training of Heat-treatment Production Line

Special Topic

Safe Production Practice

The Company adheres to the strategy of safe production of "mechanization-based staff reduction, automation-based unmanned operation, artificial inspection replaced by monitoring and alarming devices", actively introduced automatic systems, constructed smart and safe production lines, intensified the management of occupational health and safety, guaranteed the continuity of production and operation and protected employees' life security and the Company's assets.

Production Safety Protection

The Company strictly observed the *Law on Production Safety* and other laws and regulations, always implemented the concept of safety management of "people orientation, life first, minor accident reduction and fatal accident elimination", formulated the *Management System of Safe Production Accountability*, the *Management System of Safety Protection Equipment*, the *Management System of Safety-related Reward and Punishment* and other internal documents, continuously completed the system of safety production management, optimized the procedure of safe production management, set special staffs of safe production and encouraged employees to actively participate in the employment competition.

The Company adopted a prevention system covering two fields of safety risk graded regulation and potential hazard troubleshooting, conducted risk assessment of safe production on a regular basis in each year and timely put forward effective control strategies and prevention measures. In addition, the Company also carried out regular inspections of safe production, months of safe production and safe production training to comprehensively improve internal employees' professional skills and consciousness of safe production.



Safety Production Inspection

Regular safety inspections, frequent safety inspections, seasonal inspections of safe production and those before and after holidays, safety inspections of professional sectors and comprehensive safety inspections.

Month of Safety Production

Safety slogans, law popularization contests, emergency drills, safety alarming videos, etc. The specially assigned staffs of safety affairs lead the team to inspect one park in each week on a regular basis.

Safety Production Training

Special training of safe production for employees, renewed application and annual reexamination of the certificates of the personnels of special operations, main principals and personnels of safety management, which are collectively held by one.

Measures of Safe Production Management

Emergency Scheme of Safe Production

To tackle equipment faults, abnormalities of the production environment and other material safety accidents appearing in the manufacturing system, the Company formulated emergency schemes of safe production with the contents covering the emergency schemes, emergency drill plans and emergency rescue training related to multiple safety accidents. The Company organized employees to carry out annual emergency training and emergency drills of safe production on a regular basis to improve employees' sensitivity towards material accidents and the competence to cope with these accidents and strengthen their awareness of safety responsibilities.



The Company Organized Employees to Watch the Education and Propaganda Video of Safe Production

During the Report Period,

the Company detected various potential safety hazards with the number of

1,454,

with the rectification rate of

99.72%;

Assigned special safety management staffs with the number of

22,

including safety directors with the number of

3,

certified safety engineers with the number of

9,

full-time safety officer with the number of

10;

Conducted training of safe production for

144 times,

emergency drills for

40 times,

with an employee participation rate of

100%

Smart Safe Production

Shandong Molong continuously promoted the construction of intelligent plants and the progress of smart and safe production. During the Report Period, the Company set multiple (semi) automatic production liens and put them into production. Most industrial systems used by the Company's current processing workshops adopt the system of (semi) automatic control system. The application of these types of software further promoted the efficient connection of equipment and manufacturing systems, laying a solid foundation for the Company's precise control of the product quality, improvement of production line security, energy saving and emission reduction, etc.

System Name		
Annular Furnace Monitoring System	Puncher Monitoring System	Tandem Rolling Unit HGC Monitoring System
Sizing Mill Monitoring System	Steel Pipe Straightener Monitoring System	Control System for Damages Caused by Steel Pipe Magnetic Leakages
Quasi-hydraulic Pressure Testing System	Whole-vehicle Monitoring System for Cranes	Continuous Casting System
Electric Furnace Monitoring System	VD Furnace Monitoring System	Dust Removal System
Pump Room System	Distributed Control System (DCS)	

Part of Shandong Molong's Intelligent Production Systems Being Put into Use

Occupational Health and Safety Protection

The Company implemented the principle of occupational health and safety management of "safety prevention, scientific management and continuous system perfection", strictly observed the *Law on Prevention and Control of Occupational Diseases* and other related laws and regulations, completed the system of occupational health management, took strict measures of regulation and prevention for the risks of occupational health and security in the production and worked hard to maintain the occupational health and security of every employee. The Company has passed the certification of the system of occupational health and safety management.



Occupational Health and Safety Management System Certification

The Company conducted regular occupational health and safety training in each year to strengthen employees' awareness of safe production and effectively standardize employees' operational behavior, formulated the *Management System of Occupational Health, Control and Management of Occupational Health Classification and Grading, Training of Firefighting Safety Knowledge, Graded Risk Control and Governance and Training of Potential Accidental Hazard Troubleshooting, Knowledge Training of Emergency Rescue, Self-rescue and Mutual Rescue, Textbook of Forklift Safety Knowledge Training, Training Courseware of Electric Welder Operational Safety, Safety Education and Training of Aerial Operation, Safety Education and Training of Lifting Operation, Training of Electricity Usage Safety Knowledge* and other training contents.

During the Report Period,

the physical examination rate of the Company's employees contacting occupational hazards is

100%

The number of employees who participated in the training of occupational health and safety is

10,855

with the percent of examination pass of

100%



Occupational Health and Safety Training

Key & Highlight Performance

Disclosed Item	Unit	Data of 2021	Data of 2022	Data of 2023
Safe Production Investment	CNY yuan	11,566,049	11,066,855	5,826,808
Safe Production Accident Number	From	34	32	14
Number of Work-related Injuries	From	34	32	14
Number of Employees Suffering from Work-related Injuries	Person	34	32	14
Number of Lost Working Days Caused by Work-related Injuries	Day	1,081	655.5	562
Number of Work-related Fatal Accidents	From	0	0	0
Number of Work-related Deaths	Person	0	0	0
Actual Total Working Hour of the Year	Hour	541,198	398,396	277,740
Number of Subordinate Plants of Various Companies	Piece	20	20	20
Number of Plants Passing the Certification of Occupational Health and Safety Management System	Piece	15	15	20
Number of Employees Receiving Safety Training	Person	2,549	2,501	1,941
Total Time of Safety Training Participated by Employee	Hour	87,772	87,773	68,119
Contractor: Number of Employees Suffering from Work-related Injuries	Person	0	0	0
Contractor: Number of Work-related Deaths	Person	0	0	0
Number of Employees at the Position with the Risk of Occupational Diseases	Person	1,778	1,661	1,108
Number of Employees Participating the Physical Examination of Occupational Diseases	Person	1,778	1,661	1,108
Number of Employees Suffering from Occupational Diseases	Person	4	1	1

Customer Service

Shandong Molong deeply understood that appropriate provision of customer services is one of the important factors to improve the market competitiveness. The Company always adheres to the service concept of "integrity orientation, service first and user trust won by high-quality products". It formulated perfect institutions of customer service management and established an efficient system of customer service management. The Company regularly conducted customer service training to improve employees' professional skills and service awareness, and comprehensively improve the Company's soft strength through high-quality customer services.

To improve the accessibility of customer services, the Company set special organizations of after-sales services in different regions to ensure that marketing personnels, technical specialists, after-sales engineers and other staffs can be quickly organized to arrive at the site and provide services when the demand of market services is generated, and customer service staffs were assigned to track existing problems until they are solved.



The Company's Service Staffs Travelled to Southwest Oil & Gasfield Company to Support the Service of Well Entry

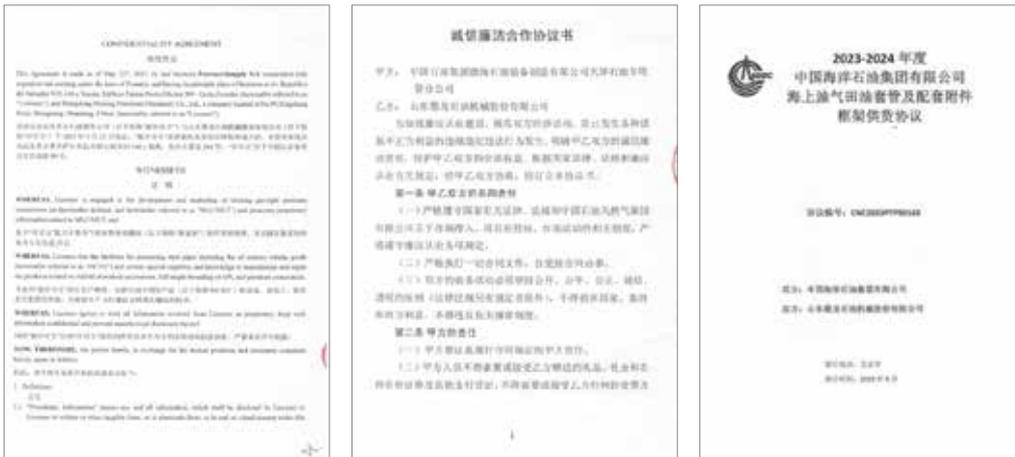
During the Report Period, the Company dispatched service staffs to go to Southwest Oil & Gasfield Company to support the customer with the service of well entry of the casing pipe of 139.7*12.7ML125VMLC-2 and the casing pipe of 250.83*15.88ML110TSMLC-2, conduct well entry report after the service was over and fill in the sheet of on-site service records, which were all accepted by the customer in an approving form.



Well Entry Service in Southwest Oil & Gasfield Company

Customer Right and Interest Guarantee

Considering the protection of the rights and interests of the Company and customers, the Company will sign the *Confidential Agreement*, *Agreement on Honest and Integral Cooperation* and *Agreement of Strategic Cooperation* with customers. In recent years, the Company provide plenty of oil casing pipes conforming to the API standard, products conforming to the special steel standard other than API, products with special threads, etc. for CNPC, Sinopec, CNOOC, Yanchang Petroleum and foreign customers, establishing a stable, long-term and mutually beneficial cooperative relations with users. During the Report Period, the Company has served over 50 customers.



Confidential Agreement, Agreement on Honest and Integral Cooperation and Agreement of Strategic Cooperation

Customer Satisfaction

To provide high-quality customer services, the Company formulated the *Procedure of Customer Satisfaction Measurement and Control*, *Management System of Information Feedback* and other management documents, collected customers' feedback and learn about customers' condition of satisfaction through regular questionnaire surveys, irregular return visits for customers, etc., continuously optimized measures of customer services, promoted production iteration and comprehensively improve the quality of delivery in accordance with users' requirements.



Investigation Dimension of the Customer Satisfaction Questionnaire

During the Report Period,

the Company distributed the questionnaires of customer satisfaction with the number of

54,

with the questionnaire recovery rate of

100%,

and customers' satisfaction rate of

96.39%,

exceeding the target value set by the Company.

Responsible Marketing

The Company continuously updated the product structure to make it adapt to the market's needs and strictly followed local laws, regulations and institutional requirements in terms of product transaction, export, sales, etc. While providing high-quality services for customers, the Company emphasized the importance of responsible marketing conducts, firmly protected customers' legitimate rights and interests and required employees and sales companies to strictly follow the guidance of the requirements when conducting sales business and providing customer services. In addition, the Company carried out training and after-class assessments related to responsible marketing to consolidate the marketing consciousness of employees and sales companies to make them be responsible for products, the Company and customers. During the Report Period, the Company didn't receive customers' complaints caused by responsible marketing.



Training of Responsible Marketing



Information Security Prevention

The Company observed the requirements of the *Network Security Law of the People's Republic of China*, *Management Measures of Graded Protection of Information Security* and other laws and regulations, followed the management concept of "prevention domination and regulation consolidation", formulated the *Information System Management System*, *Management System of Network Security Protection*, *Computer Management Rules*, *Computer Room Management System*, etc., established the system of network information security management and completed the system of network emergency scheme planning and backup to further guarantee the company's information security. Moreover, the Company conducted training of network security for employees on a regular basis and required employees to properly do the job of information safety management to comprehensively improve their consciousness of information safety protection.

To intensify information security management, the Company took the measures of daily automatic backup and remote backup for ERP, OA and other system data, adopted the software of Lvdun to encrypt and process important materials, regularly conducted antivirus operations for computers, promptly treated computers with problems and vulnerabilities of the network security and effectively protect the privacy of suppliers, partners and customers. The Company also established the accountability system and the system of log audit to regularly supervise and check the confidential situation of the staffs involved in secrets. During the Report Period, no event of information security risks happened in the Company.



Case The Company Regularly Conducted Antivirus Operations to Maintain the Safety of the Network Environment

During the Report Period, to main the safety of the Company's network environment, the Company's information department organized thorough antivirus operations for all computers accessed to the network in each month. The antivirus completion rate of over 300 computers of the Company in the whole network reached 100%, without events of outbreaks or communications of plenty of viruses found, effectively preventing potential hazards of network safety.



The Notice on the Organization of Computer Virus Elimination of the Information Department of the Company

Scientific Innovation and Intellectual Property Right

The Company deeply understood that scientific research and innovation are core powers to promote the sustainable development. Therefore, the Company thought highly on the work of scientific research and innovation, continuously completed mechanisms of scientific research management and stimulation, properly did the work of intellectual property right protection, continuously intensified the investment in scientific research and innovation, cultivated high-quality teams of research and development, promote the transformation and application of scientific and technical achievements and strived to provide high-quality products for customers.

Research, Development and Innovation

Shandong Molong sticks to the enterprise tenet of "public enterprise inspiration, public wisdom collection, public morality gathering and public business start-up" and deeply comprehends that mastering the core technology and appropriately producing products are core driving forces to promote the market expansion. Through promulgating the *Management Measures of New Product Development*, *Management Measures of Engineer Evaluation and Employment*, *System of New Product Development, Evaluation and Reward*, *Opinions on the Promotion of the Stimulation of New Products and New Markets*, *Stipulations on the Establishment of the Group of Technical Research, Development and Promotion* and other internal institutional documents to actively encourage research, development and innovation of the teams of scientific research and production.

National Level	National Accreditation Laboratory
Shandong Province	Shandong Provincial Enterprise Technology Center Research Center of Petroleum Pipe Engineering Technology of Shandong
Weifang	Research Center of Petroleum Mechanical Engineering Technology of Weifang

Scientific Research Platform of Shandong Molong

S/N	Research and Development Projects and Progress
1	Special casing pipe of 139.7*9.17 80S ML-3SB, direct connection buckle casing pipe of 114.3*7.37 L80-13Cr ML-FJ, casing pipe conforming to standards other than API of 355*14.27 N80 BC, strong internal pressure resistance product of 101.6*7.8 P110 ML-FJ and thickened direct connection buckle casing pipe of 88.9*6.45 ML-EUFJ were designed and developed, and some products have been produced and delivered in batches.
2	The newly designed plat number of 12Mn11 replaces 10MnV4S, and about 6000 tons of X52QS acid pipeline pipes with the specifications of 168.3*10.97mm, 219.1*7.9mm, 323.9*8mm, etc. were produced. The process of rolling and heat treatment was smooth, with a saved cost of pipe blanks of about 120 yuan/ton.
3	The design and development of movable-cylinder long-plunger anti-scale oil well pump with the specifications of 38, 44 and 57, and the design and development of the 32/44 eccentric-valve special pump were finished, and these products were put into production and delivery. The design and development of the hydraulic feedback pump with the specification of 175/125 and the special dual-canned pump with the specification of 32 were finished, and the products were put into production and delivery. The design and development of the special pump with the minor specification of 28 was finished.
4	The development, technique improvement and batch delivery of the NRROIS75 anti-corrosion sucker rod and the sucker rod products of the series of 41 and 43 of medium-carbon alloy steel were finished. In terms of production efficiency, through the improvement of the parameters of the heat treatment technique, the production efficiency of product was improved.



Shandong Molong's Hismelt Technology Promotion Had Further Breakthrough

During the Report Period, the Company carried out cooperation of the permit of technical implementation of Hismelt smelting reduction with partners. The cooperation aimed to promote the application and promotion of the Hismelt smelting reduction technology in the field of short-cycle smelting. The technique of Hismelt non-blast furnace ironmaking gets rid of the reliance of traditional blast furnace ironmaking on the resources of coking coal, realizes simplification of the whole process of ironmaking and effectively reduces carbon emission, with important significance for the green development, transformation and upgrade of China's iron industry.

At present, the Company's high-end casting and forging products developed on the basis of the existing Hismelt smelting reduction technology have been widely applied to the industry of equipment manufacture in the fields of nuclear power, wind power, high-end machine tools, etc.



As of December 31, 2023,

the Company's investment in scientific research and development was **3,057.86** ten thousand yuan.

The Company owns scientific research staffs with the number of

193, among which the staffs with the degree higher than the undergraduate level account for

30%



Hismelt Non-blast Furnace Ironmaking Technique

Intellectual Property Right

Shandong Molong deeply understood that the conservation of intellectual property rights is the basis of the guarantee of the industrialization of the Company's achievements of innovation, and it is also an important measure to maintain the Company long-lasting competitive strengths. Therefore, the Company laid emphasis on the application, management and right safeguard of intellectual property rights, formulated 23 management files, including the Manual of Intellectual Property Right Management, Procedure of Intellectual Property Right Document Control, Controlling Procedure of Intellectual Property Right Management and Appraisal, etc., established and completed the system of intellectual property right protection and management and built up a group of intellectual property rights to continuously complete the mechanism of intellectual property right risk control and disposal procedures. The company actively applied for patents, trademarks and other intellectual property rights and entrusted third parties to perfect patent protection and other work to ensure that the achievements of innovation can be fully protected by laws. In addition, the Company required internal professional technicians to sign confidential agreements when carrying out outward secret-involving business.

The Company actively responded to and implemented the country's cultivation policy to promote the development of intellectual property rights, joined the events, training and project declaration organized by the departments of intellectual property rights of Shouguang, earnestly learnt and implemented the policies promulgated by the government, regularly organized internal training related to intellectual property rights, strived to construct an innovation-oriented enterprise with strong consciousness of intellectual property rights and a significant effect of transformation.

As of December 31, 2023,

Shandong Molong has obtained valid patents with the number of

185,

including invention patents with the number of

20,

design patents with the number of

22.

utility model patents with the number of

143,

S/N	1	2	3	4
Patent Application Acceptance Certificate				
Patent Name	<i>A Type of Anti-torque and Thread-off Proof Sucker Rod and its Manufacture Method</i>	<i>A Type of Sealed Box Used for the Corrosion Test of Metalware Samples</i>	<i>A Type of Workwear for the Lifting Belt Tensile Test</i>	<i>A Type of Threaded Joint of Direct-connection Oil Casing Pipes</i>

S/N	5	6	7
Patent Application Acceptance Certificate			
Patent Name	<i>A Type of Special-shaped Oil Well Pump with an Air-proof Lock on the Pump Barrel</i>	<i>A Type of Cold-drawing Mold and Drawbench</i>	<i>A Type of Coupling-free Oil Casing Pipe Joint with Strong Internal Pressure Resistance</i>



Shandong Molong Won the Title of the Demonstrative Enterprise of National Intellectual Property Rights

In recent years, the Company made significant achievements in terms of patent application and intellectual property right protection, and it mainly depended on the technology center and various departments of production and operation to conduct prompt and valid patent application in the aspects of new product development, technical reserve, demands generated during the production process, etc. During the Report Period, Shandong Molong was selected as a demonstrative Enterprise of national intellectual property rights, and it is the first enterprise that won this great honor in Shouguang, which reflects that the Company has significant advantages in terms of intellectual property right management and application, strengthening the Enterprise's market competitiveness.

2023年新确定的国家知识产权示范企业名单

地区	序号	企业名称
	3	山东天河科技股份有限公司
	4	山东天奇机械股份有限公司
	5	山东莱一科科技股份有限公司
	6	山东玉兔食品股份有限公司
	7	山东艾孚特科技有限公司
	8	山东至平电子科技有限公司
	9	山东网智创新装备科技股份有限公司
	10	山东克声生物制药有限公司
	11	山东华泰伟业能源科技股份有限公司
	12	山东农大农业科技股份有限公司
	13	山东金宝电子有限公司
	14	山东壹科星机电股份有限公司
	15	山东金塔机械集团有限公司
	16	山东荣博农业科技股份有限公司
	17	山东科康装备制造有限公司
	18	山东河德生物科技股份有限公司
	19	山东鲁花集团有限公司
	20	山东瑞邦智慧装备股份有限公司
	21	山东蓝贝玛特数智集团股份有限公司
	22	山东龙光石油机械股份有限公司
	23	元利化学集团有限公司
	24	日照金丰源生态农业有限公司
	25	艾美科健(中国)生物医药有限公司
	26	北京中孚热管理系统科技股份有限公司
	27	光丹利食品(干菜)有限公司
	28	正大舜播(山东)堂纸有限公司
	29	创泽智能机器人装备股份有限公司
	30	福建(山东)康源环境有限公司
	31	金建工建筑设计有限公司
	32	肥城联润工程塑料有限公司
	33	恒燕重工集团股份有限公司
	34	威海百合生物技术股份有限公司
	35	鲁丰智慧产业集团股份有限公司

List of Demonstrative Enterprises of National Intellectual Property Rights of 2023

Disclosed Item	Unit	Data
Number of Newly Applied Patents	Piece	7
Number of Newly Authorized Patents	Piece	4
Number of Valid Trademarks	Piece	17



Ecological Environment Protection

Shandong Molong followed the trend of "carbon peaking and carbon neutrality", took green and low carbon as the Company's goal of the long-term development, actively took measures of energy saving and emission reduction, improve the efficiency of energy usage, promoted resources' cyclic utilization, led employees to take green office actions and integrated the concept of the green and sustainable development into the Company's development strategy.



Environmental Management Completion

The Company strictly observed the *Law of Environmental Protection*, the *Law of Prevention and Control of Atmospheric Pollution*, the *Law of Water Pollution and Control*, formulated the *System of Environment Management*, the *System of Environment Protection Management*, the *Accountability System of Environmental Accidents* and other internal management files, established the system of environmental management, took the Company's legal representatives as main principals of environmental management and the department of safe environmental management as the responsible department of environmental management, and included the factors of environmental protection into the assessment system of the target responsibilities.

The Company regularly conducted environmental risk recognition and environmental impact evaluation, entrusted professional third parties to carry out environment detections in the aspects of sewage, waste water, exhaust gas noises, etc. It formulated policies related to environmental safety, established the system of environmental emergency management, drafted environmental emergency plans and regularly organized and carried out environmental emergency training and drills. In addition, the Company also conducted training of environment protection for internal staffs, conduct daily point inspections for the facilities of environment protection and organized inspections of environment protection. The Company has passed the certification of the environment management system ISO14001.

During the Report Period,

the Company's total investment in environmental protection in the whole year was

4,124,327 yuan,

and there were no events in which business activities caused a material influence on the environment in the Company.





The Company Organized Personnels to Participate in the Publicity Event of the World Environment Day of Shouguang.



The Company Organized Employees to Carry out Training and Drills of Environmental Emergency Plans.



Resource and Energy Management

Shandong Molong deeply understood the importance of energy management, continuously promoted resource saving, energy saving and consumption reduction and further improve the efficiency of the utilization of resources and energy.

Resource Management

Water Resource Management

The Company thought highly on water resource management, save daily water consumption, produced and used water in a cyclic form, strictly control waste water treatment, followed the principle of "one site of water for multiple usages", continuously completed the water-supply pipe network, optimized the system of water metering and improved the rate of waste water backflow and utilization. Through pasting slogans or posters of water saving in the workplaces, washrooms, tea rooms, dining rooms and employee dormitories, the Company improved employees' awareness of water saving.

Disclosed Item	Unit	Data of 2021	Data of 2022	Data of 2023
Quantity of Municipal Water Purchase	Cubic Meter	144,193.8	118,861	86,583
Quantity of Underground Water Usage	Cube	156,105	66,375	8,179
Quantity of Circulating Water Usage	Cube	1,351,722	1,424,700	3,143

Packaging Material Management

The Company ensured that packaging materials were reasonably used, reduced unnecessary consumption and waste, proactively explored materials of environmental protection to reduce the negative influence of the materials on the environment and met the market's demands for green products.

Energy Management

To improve the rate of energy utilization, Shandong Molong continuously completed the construction of the system of energy management and implemented the upgrade and transformation of energy-saving and consumption-reducing techniques through acquiring corresponding tools of energy measurement to make the usage of energy become more reasonable and effective. The Company has achieved the goal to ensure the safe and stable operation of the energy system and continuously improve the performance indicators of energy saving and emission reduction. In the future, it will continue promoting various types of key work too further improve the efficiency of energy management.

Disclosure items	Unit	Data of 2021	Data of 2022	Data of 2023
Natural Gas	Cubic Meter	35,999,600	29,374,700	14,849,700
Raw Coal	Ton	372,461.35	269,257.07	0
Diesel	Ton	/	/	47.39
Renewable Energy	Kilowatt Hour (kWh)	138,420,000	71,892,000	0
External Purchasing Power	Kilowatt Hour (kWh)	360,937,900	142,935,200	61,193,600

Greenhouse Gas and Emission Management

The Company actively coped with climate changes and adopted multiple methods of energy saving and emission reduction to assist the achievement of the goal of "carbon peaking and carbon neutrality". At the same time, the Company continuously optimized the system of emission management, strictly implement the measures of three-waste management and exerted no effort to reduce environmental hazards.

Greenhouse Gas

The Company was not involved in the group of key carbon-emission organizations and it didn't go through the carbon verification. Therefore, the data will not be disclosed.

Response to Climate Changes

The Company proactively responded to the country's goal of "carbon peaking and carbon neutrality", took green and low carbon as the target of the long-term development, actively responded to climate changes, adopted multiple measures of carbon and emission reduction and assisted the industry to realize the transformation towards the green development.

Specific Measures Taken by the Company for Carbon and Emission Reduction

It gave priority to products with low energy consumption and high energy efficiency and renewable energy to reduce energy consumption

Advocated for avoidance of unnecessary outbound business trips to reduce the carbon emissions caused by traffic tools (such as planes) taken during the business trips

The Company took local suppliers as top concerns to reduce energy consumption caused by goods delivery

The Company emphasized the importance of the reduction of carbon emissions during supply chain management

System of ventilation, dust removal, detoxication and filters were set in the Company's plants to reduce the emission and pollution of exhaust gas

Environmentally friendly materials were adopted during the decoration of the Company's office building, and the air quality test was conducted before using the building, which could only be put into use after it passed the test

Part of Measures of Carbon and Emission Reduction Adopted by the Company

Emission Management

Shandong Molong strictly observed the *Law of Prevention and Control of Atmospheric Pollution*, *the Law of Water Pollution and Control*, relevant laws and regulations and related emission standards of various places, continuously completed the system of emission management and treatment procedures, invited professional third parties to test emissions on a regular basis and ensured that all indicators of the emissions reached the national emission standard of pollutants.

Waste Water Management

The Company introduced professional waste water treatment equipment to assist various production workshop to continuously improve the efficiency of waste water treatment and recycle, ensured that the waste water produced by the Company would be utterly recycled, rather than being discharged outward and continuously promote the achievement of the Company's target of "zero emission of waste water".

Disclosure items	Unit	Data of 2021	Data of 2022	Data of 2023
Total Volume of Discharged Waste Water	Cubic Meter	14,426.5	4,804.4	18,826.4
Chemical Oxygen Demand (COD)	Discharge Concentration (milligram/liter)	31.8	28.32	22
	Emission Volume (ton)	0.459	0.136	0.41
Ammonia Nitrogen	Discharge Concentration (milligram/liter)	2.8	3.15	0.99
	Emission Volume (ton)	0.0423	0.015	0.019
Total Phosphorus	Discharge Concentration (milligram/liter)	0.914	1.278	1.27
	Emission Volume (ton)	0.014	0.0006	0.024
pH	—	7.03	7.24	7.1

Exhaust Gas Management

The Company strictly followed the requirements of the *Law of Prevention and Control of Atmospheric Pollution* and other laws and regulations and intensively promoted ultra-low emission transformation to strengthen the comprehensive governance of air pollution. The Company set multiple sets of exhaust gas governance facilities, including SCR denitration, alkali process desulfurization, activated carbon adsorption, photo-oxygen catalysis, etc., as well as four sets of online monitoring facilities to monitor the emission of pollutants in a real-time form and ensure that the emission goal determined by the Company can be achieved. The Company also formulated emergency plans for the weathers with heavy pollution and conducted emission reduction activities corresponding to the response level when governmental authorities issued early warning of the weathers with heavy pollution.

Disclosure items	Unit	Data of 2021	Data of 2022	Data of 2023
Total Volume of Exhaust Emission	Ten thousand cubic meters	1,291,505.3	541,098.29	120,352.15
Particle Matter	Average Emission Concentration (milligram/cubic meter)	5.12	4.18	1.93
	Total Emission (ton)	17.4	16.92	2.32
Non-methane Total Hydrocarbon	Average Emission Concentration (milligram/cubic meter)	/	/	/
	Total Emission (ton)	/	/	/
Nitrogen Oxide	Average Emission Concentration (milligram/cubic meter)	64.43	44.96	10.38
	Total Emission (ton)	24.74	23.5	12.49
Sulfur Oxide	Average Emission Concentration (milligram/cubic meter)	4.74	7.8	0.57
	Total Emission (ton)	18.17	16.54	0.68
VOCs	Average Emission Concentration (milligram/cubic meter)	15.03	5.29	4.91
	Total Emission (ton)	2.78	0.76	0.62

Waste Management

Shandong Molong strengthened the regulation of emission reduction from the source, continuously optimized measures of solid and dangerous waste management, formulated the Management System of Solid and Dangerous Waste Management and other internal documents to further standardize the treatment process of general industrial solid wastes and dangerous wastes. The Company entrusted qualified third parties to dispose dangerous wastes and issue the quintuple bill of dangerous waste transfer at the end of each year. The Company recycled iron oxide sludges, iron oxide sheets, pipe heads, etc., and iron scraps and other valuable and harmless wastes were sold outward.

It considered to use toxin-free, non-hazardous or low-toxin and low-harm raw materials to replace toxic and hazardous raw materials.

It adopted processes and equipment with a high rate of resource utilization and little pollutant generation to replace processes and equipment with a low rate of resource utilization and more generated pollutants.

The Company adjusted the technique indicators and simplified the production process to improve the rate of raw material utilization and the rate of goods production and delivery. It also ensured the normal operation of production facilities and pollutant governance facilities.

Measures of Waste Emission Reduction

Disclosure items	Unit	Data of 2021	Data of 2022	Data of 2023
Total Volume of Recyclable Wastes	Ton	280,966.10	164,568.86	18,201.77
Total Volume of General Solid Wastes	Ton	280,966.37	164,554.11	18,332.33
Total Volume of Dangerous Wastes	Ton	12.10	14.75	9.20



The Company Organized Staffs of Environmental Protection and Management to Conduct Training of Dangerous Waste Recognition

Green Operation

The Company advocated the concept of green operation and a low-carbon life. It not only imposed clear requirements for the temperature setting of the air conditioners in the workplace, but also replaced UV lamp tubes with LED energy-saving lamps, and required plants to adopt energy-saving power supply and illumination and use translucent tiles to make full use of the natural light. It encouraged employees to actively carry out activities of environmental protection, implement measure of green office, implemented the policy of paper-free office and suggested employees to replace single-sided printing with double-sided printing. The Company conducted training of environment-protection consciousness, used slogans and environment-protection posters to remind employees and visitors saving water and practically strengthened the environment-protection consciousness of employees and visitors.



Joint Construction of Community Well-being

Shandong Molong was committed to ensuring the stable operation of the supply chain, focused on the cultivation and development of the talent team, infused continuous vitality and innovative power to the Enterprise, actively repaid the society, showed concerns about the well-being of the vulnerable group through various public-welfare activities and promoted the sustainable development of the community. With the efforts of the Company and the supports of all walks of life, Shandong Molong jointly constructed with the community, made contribution to the society, actively bore social responsibilities while making economic benefits and realized the benign interaction between social benefits and economic benefits.



Stable Supply Chain

Shandong Molong formulated the *System of Bid Invitation Management* and the *System of Supplier Management*, continuously strengthened the evaluation and management of suppliers and service providers. Constructed the supplier evaluation mechanism and the system of access review, created a team of suppliers with fair competitions, stable qualities, prompt goods supply and emphasis on the credit, standardized the management and self-discipline of the Company's supply chain, ensured that both parties of suppliers and demanders' interests can be legally guaranteed, continuously intensified the risk management of the supply chain and actively create a sustainable supply chain.

Supplier Access

According to the actual situation of the suppliers, including a series of quantization criteria, including the compliance situation, price, quality, supply stability, timeliness ratio of delivery, pass rate of incoming materials, customer complaints, after-sales services, etc., the Company strictly selected suppliers, examined various qualifications provided by suppliers one by one, sealed and filed the materials submitted by suppliers who participated in the Company's competitive tender for the first time.

Supplier Evaluation



The business department organized evaluation through asking suppliers to update materials, conducting on-site investigations and statistical analysis, etc. in each year. Evaluation indicators include the enterprises' basic condition, quality of supplied goods, timeliness of supply, transaction limit, amount of debts, fair competition, etc.

The Company formulated the sheet of supplier evaluation and the sheet of supplier investigation, required suppliers to fill in and provide updated certificates related to qualifications, such as business licenses, production permits, certificates of quality, safety, environmental protection, etc.



If any problems were founded, the Company would ask the supplier to promptly rectify and continuously tracked the result of the rectification. If the supplier failed to reach the standard in the second evaluation, its qualification would be removed, and the cooperation would be terminated.

During the Report Period,

the Company didn't meet material risks related to suppliers in the aspects of the environment and the society.

By the end of the Report Period,

the number of the Company's main qualified suppliers is totally

319

Comparing to the last year, the number of newly added suppliers is

26

and all of these suppliers are in China.

Supplier management

- The company advocates suppliers reporting employees for soliciting bribes. After the information reported by the supplier is verified by the administrative supervision department, it will be assessed as a qualified supplier. Qualified suppliers have the priority to win the bidding under the same conditions in the bid price comparison and are subject to priority protection in terms of payment and information changes;
- The Business Department finds the supplier's abnormal report timely to avoid risks;
- The Purchase Department shall deal with dishonest suppliers prudently and specify and increase the audit of the Audit Department Manager in the bid price comparison.

Relevant data regarding the management of suppliers by the company in recent years

Disclosure items		Unit	2021	2022	2023
Total number of suppliers		Piece	361	402	319
Percentage of signatories to the Supplier Code of Conduct		%	100	100	100
By region	Chinese Mainland suppliers	Piece	361	402	319
	Hong Kong, Macao, Taiwan and overseas suppliers	Piece	0	0	0
Number of suppliers identified to have actual and potentially significant negative social impacts		Piece	0	0	0
Number of suppliers identified to have actual and potentially significant negative social impacts		Piece	0	0	0
Total number of new suppliers		Piece	35	41	26
Percentage of purchasers within the company who have been trained in sustainable purchasing		%	100	100	100

Sunshine purchase

The company signs an anti-bribery agreement with suppliers, regularly conducts integrity training for procurement personnel and is committed to creating a business environment of fair competition, maintaining industry ecology and practicing sunshine procurement. The company ensures that the procurement process is transparent, fair and just in line with the *Supplier Management System*, *Material Procurement Management System*, *Bidding Management System* and other provisions. The company implements a strict bidding management system, ensures an open and fair bidding process and signs a *Commitment Letter* with partners to jointly safeguard the cooperation principle of no bribery and promote a more responsible and fairer industry ecology.

Talent Orientation

Shandong Molong strictly abides by the *Labor Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China* and other laws and regulations, adheres to the talent concept of "being people-oriented, respecting talents, cultivating talents, equaling stress on integrity and ability and giving full play to talents" and regulates labor management according to law. The company has established a perfect labor management system, covering employee recruitment, education and training, salary calculation, reward and punishment system and attendance management. Through the continuous optimization of the employment management mechanism, the company protects employees' rights and interests, provides good salary and welfare benefits and enhances employee happiness and satisfaction at work.

Employee employment and rights and interests

The company insists on the principles of justice, fairness, openness and equality, formulates the *Employee Recruitment Management System*, *System Release Management Measures*, *Comprehensive Management Regulations* and other rules and regulations, signs labor contracts with workers pursuant to law and regulations, and resolutely prohibits any form of discrimination. For employees of different nationalities, ethnic groups, genders, religious beliefs and cultural backgrounds, the company treats equally without discrimination, actively provides equal employment opportunities for disadvantaged groups, firmly resists the use of child laborer and forced labor, safeguards the legitimate rights and interests of employees and creates a fair, mutually respectful and diverse working environment. The company has a complete staff development and protection system of rights and interests for all-round protection of the legitimate rights and interests of employees and enjoying fair treatment.

To create a fair workplace environment and ensure that employees' rights and interests are effectively protected, Shandong Molong has formulated a series of relevant human resource management norms, including *Employee Recruitment Management System* and *Employee Reward and Punishment Management System*. By standardizing the company's recruitment operation process standards and reward and punishment mechanism, the company has formulated clear procedures and regulations for employee turnover and dimission to ensure the smooth transition of employees' legitimate rights and benefits.

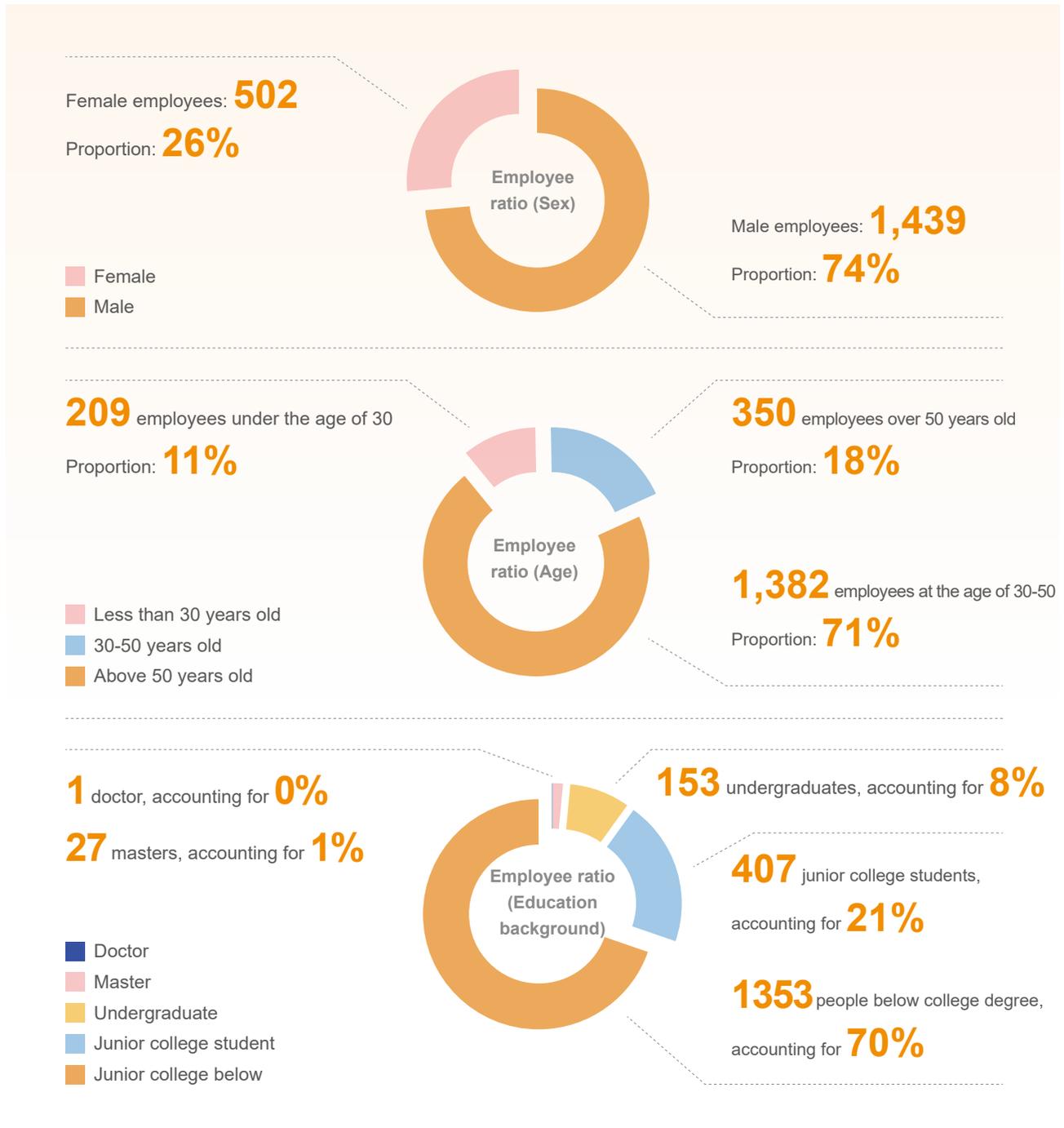
Protection of women's rights and interests

The company attaches great importance to protecting the rights and interests of female employees, implements the principle of equal pay for equal work and strictly implements the leave provisions of pregnant female employees to maintain and protect the equal lawful rights and interests of each employee. At the same time, the company supports the development of women's careers and provides equal development platforms and promotion opportunities for female employees. The company helps promote the leadership of female employees and encourages them to move to management positions through a variety of ways and measures. The company is committed to creating an inclusive and equal working environment and providing fair employment opportunities and development space for all employees.



Staff structure

As of the end of the report period, the company had 1,941 employees, and 100% of them had signed labor contracts. There were 35 people with disabilities, 52 veterans and 6 people subject to hardship support. No child laborer, forced labor or employment disputes occurred in 2023.



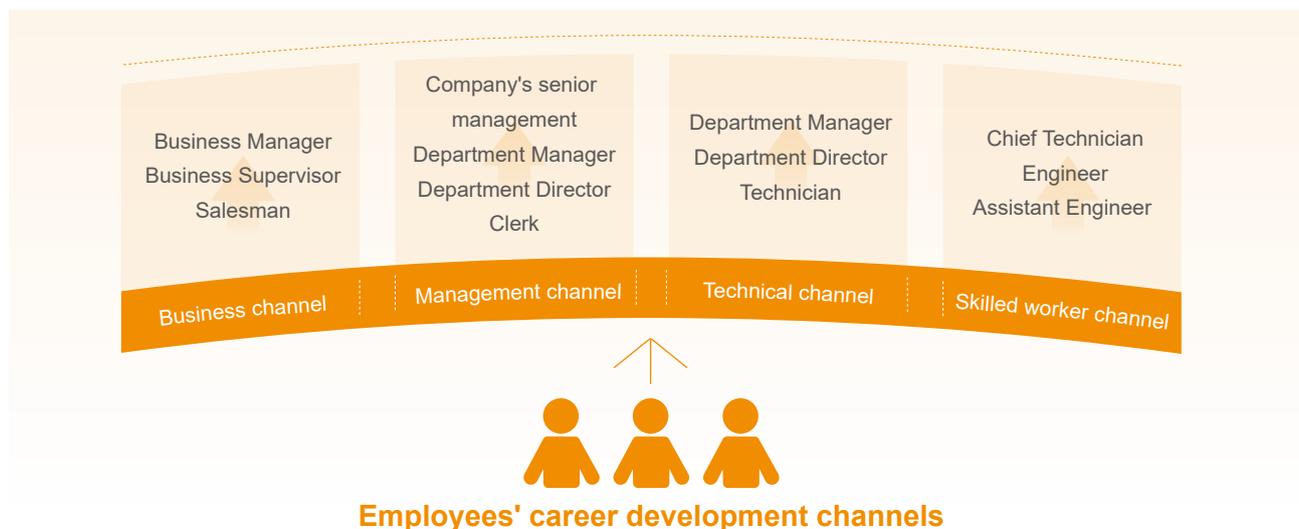
Democratic communication

Shandong Molong pays high attention to democratic management, helps employees establish communication channels through labor union and workers' congress, builds strong relationships between the company and its employees and encourages employees to put forward opinions and ideas. To ensure the effective implementation of the company's democratic management system, the company has specially formulated the *Shandong Molong Workers' Congress System* and other democratic management systems, establishes a communication mode of equal consultation, unblocks the democratic dialogue mechanism, collects opinions and suggestions from all employees and strengthens democratic supervision to ensure the effective implementation of democratic management and strives to create harmonious and stable labor relations.



Staff development and training

To provide employees with a broader development platform, the company has developed four development channels, including business, management, technology and skilled workers. Employees of the company can achieve job promotion through competitive recruitment or gradually develop from grass-roots employees to core talents in management positions. The company provides employees with diversified development paths and encourages them to show their talents and achieve their personal career goals in various fields.



The company optimizes the allocation of existing human resources and strengthens the development of human resources; formulates the staff career planning through post analysis, pays attention to employee training and growth and realizes the simultaneous development of employee growth and the company's development plan; reforms and improves the incentive mechanism, increases rewards and punishments and establishes the concept of performance so that the income of employees varies reasonably with the degree of responsibility and contribution; establishes an open, fair, competitive and merit-based talent selection and appointment system to help outstanding talents stand out.

Employee training

Shandong Molong has formulated the *Training Management System* to improve the overall quality of employees and post operation skills and stimulate the enthusiasm and creativity of all employees. The Human Resource Department shall formulate the company's annual training plan in light of the training needs of each department of the company. The training types are mainly divided into four parts: quality management, environmental safety, product technology and other categories, including training content, training objects, training methods, teaching departments, lecturers and training time. The training of nondestructive testing knowledge, appearance quality inspection, management of measuring instruments, mechanical field testing, safety management knowledge, various operation documents of three-extraction products, rolling process, oil casing thread processing, company product knowledge and other aspects is performed as per the strategic objectives and development needs through the company's learning platform, internal lecturers, external lecturers, network learning, etc.. The completion rate of the 2023 training plan is 100%.



Improve quality and create excellence--heat treatment technology training

In Apr. 2023, the company organized training on the theme of "Heat Treatment Technology" for all employees of the heat treatment production line, introduced the problems affecting the product quality in each working procedure of the company's steel pipe heat treatment production line operation and production process and answered the problems in the production process for employees to improve the product quality awareness of employees and further improve product quality in the production process.



The company organized the theme training of "Heat Treatment Technology"

2023

Number of trainings organized by the company

1,941

Training staff coverage

100%

Number of grass-roots employees receiving training:

1,827

Total

120_h

Middle management staff

107

Number of senior management staff

7

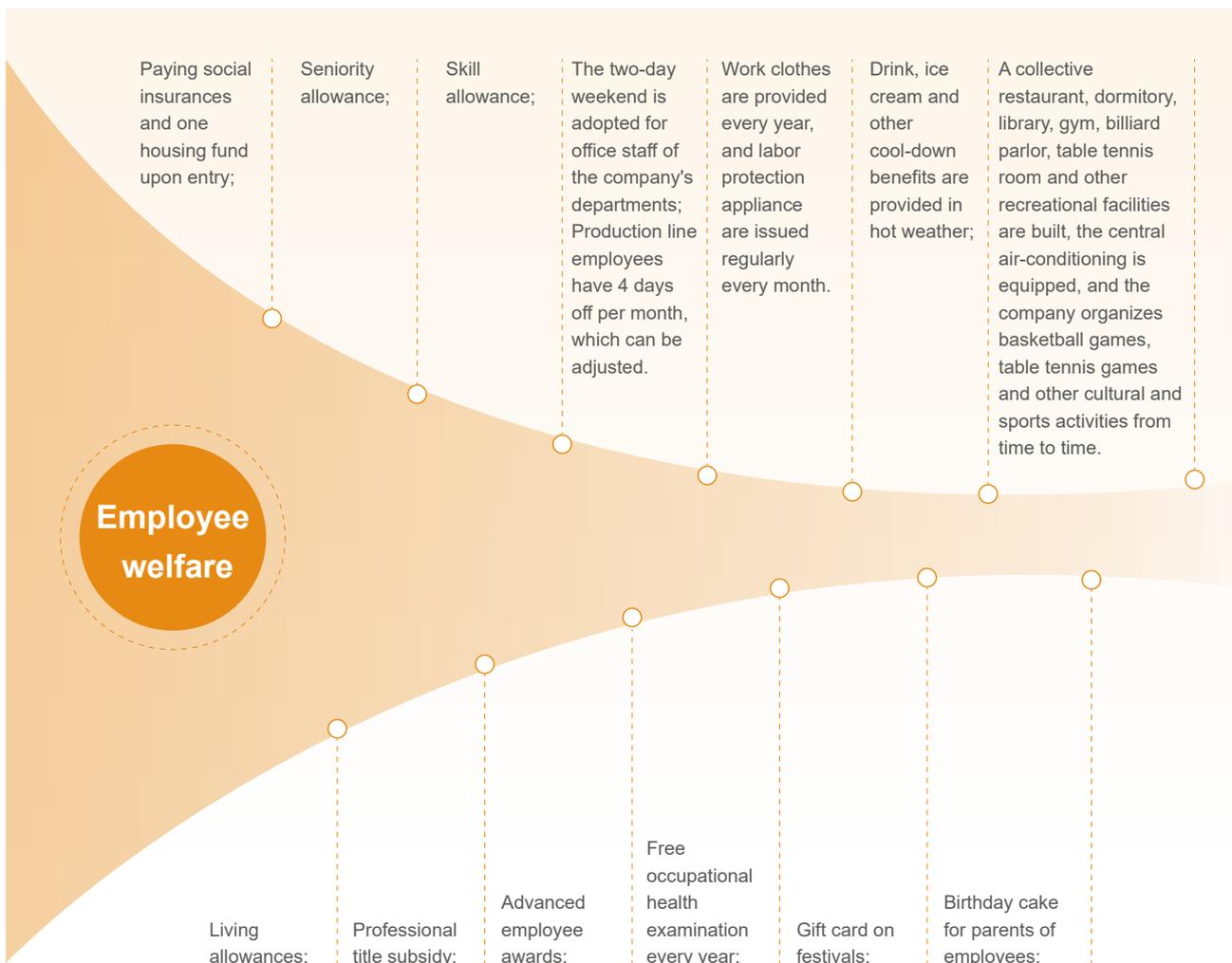
Total training time for employees

480_h

Employee compensation and benefits

The company has such formulated rules and regulations as *Salary Calculation Process Regulations and Salary Management System for Monthly Fixed Salary Employees*. On the premise of stabilizing the employee income and motivating employees to work more, the company aims to encourage excellent employees to continuously make contributions to the company by ensuring the stable income of employees' basic salary and adding rewards linked to employee performance on this basis. The company has also increased the compensation of technical, administrative and front-line production personnel to stimulate employees' enthusiasm and creativity, motivate employees internally and improve external competitive advantage.

Shandong Molong strictly complies with the *Social Insurance Law of the People's Republic of China* and has formulated the *Social Insurance Management System*, the *Management System of the Mutual Aid Fund for Employees in Difficulty*, the *Travel Reimbursement Management System*, etc., to ensure the legitimate rights and interests of employees. According to the law, the company shall pay various social insurance and provide various subsidies for employees as required. The company also regularly organizes employees to undergo comprehensive physical examination, ensures that the coverage rate reaches 100% and distributes labor protection appliances for front-line workers. The company comprehensively improves the happiness and satisfaction of employees, creates a healthy and harmonious working environment for employees and jointly promotes the development and progress of the company by providing diversified welfare protections.





Care in action--the company visited difficult workers during the Spring Festival to convey warmth and blessings

During the Spring Festival, the company took active action to visit the needy workers, went into the communities where the workers were and had a cordial exchange with the needy workers to understand their actual difficulties and needs. At the same time, the company also sent easements and holiday blessings to the needy workers to make them feel warmth and care and further establish a positive corporate image.



Molong party members visited needy workers



Shandong Molong staff cultural and sports activity month



The 12th Shandong Molong Men's Basketball Game, Tug-of-war and Weiqi Competition

Social public welfare

Shandong Molong adheres to the concept of establishing a "harmonious society and community" as well as actively calls on and leads all employees to participate in various community exchange activities. During the report period, the company adhered to the development of public welfare undertakings, strived to fulfill its social responsibility, established the image of corporate social responsibility, always insisted on the desire to give back to the community, established a solid cooperative relationship with community organizations, injected vitality into the sustainable development of the company, promoted the sustainable development of the social economy and achieved the company's long-term development strategic goals.

During the report period

Cumulative donations of the company
CNY

54,400.00

Number of employees participating in volunteer activities

More than **50**

Per capita time

10_h

Case Party members practicing their original aspirations and growth with love--helping needy students in the Shangkou Town Education School District

The company participated in the love pair help ceremony of Shangkou Town Education School District with the theme of "Growth with Love", and conducted "one-to-one" pair help with 8 needy students from the district, distributed student subsidies and school supplies on site, passed on social warmth and gave them encouragement and care spiritually.



"Growth with Love" pair help scene

Case Voluntary blood donation and Party members taking the initiative--organizing the blood donation public welfare activity to celebrate "July 1"

Since Shandong Molong and Weifang Blood Center signed the agreement on Party building, joint construction and cooperation of "Guidance in Party Building and Shared Future", Shandong Molong has organized three collective voluntary blood donation activities, involving more than 100 employees, with the honorary title of "Weifang City Advanced Unit of Unpaid Blood Donation" awarded. On the occasion of the 102nd anniversary of the founding of the Party, Shandong Molong organized the charity activity of "Adding Luster To the Party Flag and Voluntary Blood Donation Welcome on July 1", and the company's employees actively participated, which alleviated the current situation of medical blood tension, and continued to improve and enhance Shandong Molong Party building service brand in public voluntary activities.



Charity activity of "Adding Luster To the Party Flag and Voluntary Blood Donation Welcome on July 1"

Prospect

In the Year of the Dragon, Shandong Molong will ride the wave due to old saying: dragon flight and dragons rising and tigers leaping.

Looking forward to 2024 and the future, Shandong Molong will still uphold the management concept of strict governance, consciously constrain corporate behavior, optimize the internal management system and safeguard the legitimate rights and interests of multiple stakeholders. The company will continue to improve the company's soft power by building a high-quality service team and providing customers with high-quality products; The company encourages R&D and innovation, strictly controls product quality and takes into account digital transformation to enhance the company's hard power and further comprehensively strengthen the company's core competitiveness.

As a professional energy equipment manufacturer and service provider, the company has always implemented the development concept of "bearing in mind the purpose of entrepreneurship, tax expansion and enriching the people, cultivating moral talents and deeply digging greed", actively shoulders social responsibilities, improves community well-being, responds to the national "carbon peaking and carbon neutrality" goal, implements the ESG sustainable development strategy, takes green and low carbon as the long-term development goal of the company and uses own resources and advantages to promote the green transformation of the industry.

Molong staff are united in good faith and devote themselves as long as life endures for prosperous career in peace and prosperity. In the future, the company will continue to work together with employees and partners, work hard and forge ahead to achieve sustainable development and protect the clear water and green mountains.



Annex

Indicator index

		Indicator contents	Related chapters
A. Environmental category			
A1: Emissions	General disclosure	Regarding exhaust gas and greenhouse gas emissions, sewage discharge to water and land, generation of harmful and harmless wastes, etc.: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	3.3 Management of greenhouse gas and emissions
	A1.1	Emission category and related emission data.	3.3 Management of greenhouse gas and emissions
	A1.2	Total greenhouse gas emissions and density.	3.3 Management of greenhouse gas and emissions
	A1.3	Total amount and density of hazardous waste generated.	3.3 Management of greenhouse gas and emissions
	A1.4	Total amount and density of non-hazardous waste generated.	3.3 Management of greenhouse gas and emissions
	A1.5	Describe the measures taken to reduce emissions and the results achieved.	3.3 Management of greenhouse gas and emissions
	A1.6	Describe methods for disposing harmful and harmless wastes, measures for reducing output and gained achievements.	3.3 Management of greenhouse gas and emissions
A2: Resource utilization	General disclosure	Policies about effectively using resources (including resources, water and other raw materials)	3.1 Sound environmental management
	A2.1	Total consumption and density of direct and/or indirect energy (such as electricity, gas or oil) by type.	3.2 Resource and energy management
	A2.2	Total water consumption and density.	3.2 Resource and energy management
	A2.3	Describe energy service efficiency plan and gained achievement.	3.2 Resource and energy management
	A2.4	Describe any problems with access to applicable water sources as well as water efficiency enhancement plan and results achieved.	3.2 Resource and energy management
	A2.5	Total amount of packaging materials used in finished products and the amount per unit of production.	3.2 Resource and energy management
A3: Environment and natural resources	General disclosure	Policies about reducing issuer's significant impact on environment and natural environment.	3.1 Sound environmental management
	A3.1	Describe significant impact of operational action on environment and natural resources and actions taken for managing relevant impacts.	3.1 Sound environmental management
B. Social category			
B1: Employment	General disclosure	Relating to pay and dismissal, recruitment and promotion, working hours, leave, equal opportunities, diversity, anti-discrimination and other benefits and benefits: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	4.2 Putting talents first
	B1.1	Total number of employees divided based on gender, employment category, age group and region.	4.2 Putting talents first
	B1.2	Turnover rate of employees divided based on gender, age group and region.	4.2 Putting talents first
B2: Health and safety	General disclosure	Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	2.2 Practicing safe production
	B2.1	Number and ratio of people dying due to work	2.2 Practicing safe production
	B2.2	Number of working days lost due to injury.	2.2 Practicing safe production
	B2.3	Describe adopted occupational health and safety measures and relevant implementation and monitoring methods.	2.2 Practicing safe production

		Indicator contents	Related chapters
B3: Development and training	General disclosure	Policies about improving employees' knowledge and skill for fulfilling working responsibilities. Describe training activities.	4.2 Putting talents first
	B3.1	Percentage of trained employees divided based on gender and employee category (such as senior management and middle management).	4.2 Putting talents first
	B3.2	Average number of hours of training completed per employee divided based on sex and type of employee	4.2 Putting talents first
B4: Labor criterion	General disclosure	Information relating to preventing child laborer and forced labor: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	4.2 Putting talents first
	B4.1	Describe measures for reviewing recruitment convention to avoid child laborer and forced labor.	4.2 Putting talents first
	B4.2	Describe steps taken for eliminating related situations when violations are discovered.	4.2 Putting talents first
B5: Supply chain management	General disclosure	Policies of managing supply chain environment and social risks	4.1 Stable supply chain
	B5.1	Number of suppliers by region.	4.1 Stable supply chain
	B5.2	Describe the convention about hiring suppliers, number of suppliers to whom the practice is enforced and implementation and monitoring method of related convention.	4.1 Stable supply chain
B6: Product Liability	General disclosure	Regarding health and safety, advertising, labeling and privacy matters and remedies for products and services provided: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	2.1 Product quality assurance
	B6.1	Percentage of products sold and transported that need to be taken back due to safety and health.	2.1 Product quality assurance
	B6.2	Number of complaints about products and services and coping approach.	2.1 Product quality assurance
	B6.3	Describe conventions in respect of maintaining and guaranteeing intellectual property right.	2.1 Product quality assurance
	B6.4	Describe quality verification process and product recovery procedure.	2.1 Product quality assurance
	B6.5	Describe the consumer data protection and privacy policy and relevant implementation and monitoring methods.	2.1 Product quality assurance
B7: Anti-corruption	General disclosure	Information relating to bribery, extortion, fraud and money laundering: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	1.4 Compliance with business ethics
	B7.1	Number and results of corruption proceedings initiated and concluded against the issuer or its employees during the report period.	1.4 Compliance with business ethics
	B7.2	Describe precautionary measure, reporting procedures and relevant execution and monitoring methods.	1.4 Compliance with business ethics
B8: Community investment	General disclosure	Policies regarding knowing about the demand of the community where the operation is conducted based on communication participation and ensuring community interest is considered in operational action.	4.3 Social benefits
	B8.1	Focus on contribution scope (such as education, environment, labor demand, health, culture and sports)	4.3 Social benefits
	B8.2	Resources used in areas of focus.	4.3 Social benefits

Reader Feedback Form

Dear readers,

Greetings!

Thank you very much for taking time out of your busy schedule to read the *2023 Environmental, Social and Governance Report of Shandong Molong Petroleum Machinery Company Limited*. To provide you and other stakeholders with more valuable information and effectively promote the company to improve the ability and level of performing corporate social responsibilities, we sincerely look forward to your opinions and suggestions.

Multiple-choice questions (please tick in the corresponding position)

1. Your overall assessment of the report is

Very good Good Average Poor Poor

2. How does the report respond to and disclose stakeholder concerns?

Very good Good Average Poor Poor

3. How do you think Shandong Molong is doing in terms of economic responsibility?

Very good Good Average Poor Poor

4. How do you think Shandong Molong is doing in terms of environmental responsibility?

Very good Good Average Poor Poor

5. How do you think Shandong Molong is doing in terms of safety management?

Very good Good Average Poor Poor

6. How do you think Shandong Molong is doing in terms of employee responsibility?

Very good Good Average Poor Poor

7. How do you think Shandong Molong is doing in terms of community responsibility?

Very good Good Average Poor Poor

8. Are the information, indicators and data disclosed in the report clear, accurate and complete?

Very good Good Average Poor Poor

9. Do you think the content arrangement and layout of the report are easy to read?

Yes No

10. Open questions

Do you have any opinions and suggestions on Shandong Molong's social responsibility and the report?



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