



Shandong Molong Petroleum Machinery Company Limited*

(A Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 568)



2022

Environmental, Social and Governance Report

About this Report

Shandong Molong Petroleum Machinery Company Limited (the “Company”, “Enterprise” or “Shandong Molong”) and its subsidiaries (the “Group”) publishes its environmental, social and governance report (this “Report” or “ESG Report”), which summarises the principles of corporate social responsibility practices and sustainability concepts of the Group for the financial year ended 31 December 2022, and explains the relationship between us and our major stakeholders, and our vision and commitments to corporate social responsibility.

Basis of preparation

This Report is prepared according to the Environmental, Social and Governance Reporting Guidelines (the “Guidelines”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”) and the scope it covered is in compliance with the disclosure principles under the Guidelines. We have also complied with the “Comply or Explain” provisions under the Guidelines to address the environmental and social impacts from various business and operating activities of the Group accordingly. In addition, by referring to the Chinese social responsibility standard GB/T36001-2015, “Guidance on Social Responsibility Reporting”, “Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises” (CASS-ESG 5.0) issued by the Chinese Academy of Social Sciences, and the “GRI Sustainability Reporting Standards” (GRI Standards) issued by Global Sustainability Standard Board (GSSB), the Report is prepared to give a full picture of the Company’s environmental, social and governance (ESG) performance. For information on the corporate governance of the Group, please visit the official website of the Company (www.molonggroup.com) and refer to the 2022 Annual Report of the Company.

Reporting period and scope

This Report covers the period between 1 January 2022 and 31 December 2022 (this “Year” or the “reporting period”). It focuses on the headquarters of the Group located in Shouguang of Shandong and the subsidiaries under the operating control of the Company. Specifically:

- Shandong Molong Petroleum Machinery Company Limited
- Shouguang Baolong Petroleum Equipment Co., Ltd. (“Shouguang Baolong”)
- Shouguang Maolong New Materials Technology Development Co., Ltd. (“Shouguang Maolong”)
- Weihai Baolong Special Petroleum Materials Co., Ltd. (“Weihai Baolong”)

Reporting language

This Report is published in simplified and traditional Chinese and English and is available for download from the official website of the Company (www.molonggroup.com), CSRC Juchao Website (www.cninfo.com.cn) and the website of the Stock Exchange (www.hkex.com.hk).

Valuable feedback

To continuously improve the environmental, social and governance performance of the Group, we value and welcome stakeholders and the public to share with us their views on this Report. Should you have any enquiries and recommendations, please contact the Group via the following channels:

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People-oriented

Building a Harmonious Society

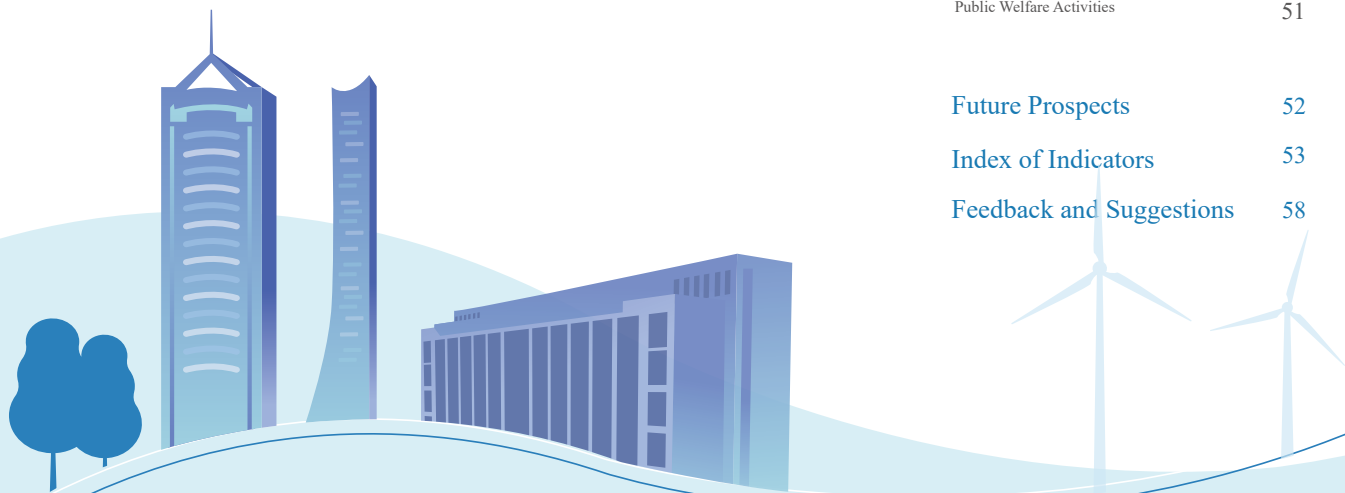
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Chairman's Statement

On behalf of the Group, I am pleased to present this Environmental, Social and Governance Report to share with you our management and performance in sustainable development for the year ended 31 December 2022.


The year 2022 saw a marked slowdown in the global economy due to numerous difficulties. Besides, other factors like geopolitical frictions made the external environment even more complex and volatile. In spite of those unprecedented challenges, we continue to put our focus on sustainable development, striving to build an economic, efficient, advanced and environmentally friendly industry chain for energy equipment manufacturing on the principle of green, innovative and sustainable development. Throughout the year, we have made our best endeavors to remain resilient while maintaining our commitment to sustainable development. Learning from our experience in fighting against the pandemic over the past years, we further understand the significance of integrating sustainability into business strategy.

We have made it clear that the Board of Directors is required to fulfil the responsibility for sustainable development, and we have also set up ESG (Environmental, Social and Governance) Working Team. Since the establishment of the governance structure of “three boards and one management”, the above Board of Directors and the working team have maintained good cooperation in the assessment and management of matters related to environmental, social and governance, as well as in the implementation of related initiatives by all subsidiaries and departments. We believe that the enhanced governance structure will further improve our environmental, social and governance performance and steer us to a more sustainable future.

As a special equipment manufacturing enterprise, the Company sets the strategic goal of “becoming an internationally renowned energy equipment manufacturer and service provider”. It insists on independent innovation and continuously enhances its technological innovation capability and core competitiveness. Deeply engaged in the furnace rehabilitation technology, the Company stays committed to the application and promotion of HIs melt technology in iron and steel smelting and other fields. After the identification of scientific and technological achievements organized by the Chinese Society for Metals, Shandong Molong HIs melt furnace rehabilitation technology has reached the international leading level. The Company has a strong presence in China and now sets foot in the global market. After the years of development, the Company has built a network providing long-term, stable, fast and effective sales services and established a trusting, long-lasting and win-win partnership with its clients. The “Molong” trademark of the Company is named as a famous trademark of Shandong Province, and the products of the Company have become a key export brand for cultivation and development in Shandong Province. The Company has always stayed true to its principle of “encouraging all people, absorbing all ideas, collecting all contributions and creating all achievements”, and has gained a good reputation and built up a solid position in the energy equipment market sector through expansion of scale and extension of production chains.

The Company pays great attention to the creation of social value, and fulfill its social responsibility by participating in social activities for public good. We have spared no effort to participate in social services and charity activities with a view to giving back to the society within our capacity. In 2022, the Company issued RMB 64,000 in total as employee assistance fund to support workers with financial difficulties. Besides, it also proactively contacted the Central Blood Station of Weifang City, initiated and organized nearly 100 employees to make voluntary blood donation and devote themselves to public welfare undertakings, which demonstrated the social responsibility and accountability of the Company.

The ESG Report was released to take account of the Company's efforts in fulfilling its social responsibility in 2022, in the hope of further strengthening its corporate social responsibility, to promote the sharing of interests between the Company and the community, especially with stakeholders, and to enhance mutual understanding and recognition, so as to make new and greater contributions to economic and social development through its further devotion to corporate social responsibility.



Chairman: Yuan Rui

Shandong Molong Petroleum Machinery Company Limited



Excellence Company Profile

01

About Shandong Molong



Shandong Molong Petroleum Machinery Company Limited (Shandong Molong) is an A + H listed company specialized in the R&D, manufacturing and sales of products required by the energy equipment industry. Its main products include oil drilling and production machinery, oil and gas transmission equipment, oil mining equipment and high-end castings, etc., and the products are mainly used for equipment manufacturing in the fields of oil and gas extraction, mechanical processing and urban pipe network. Shandong Molong is a qualified supplier of CNPC, CNOOC, ChemChina and Sinopec.

In 1994

Shandong Molong Holdings Company was established.

In 1987

The Company entered the petroleum machinery industry.

In 1986

The Company was found.

In 2001

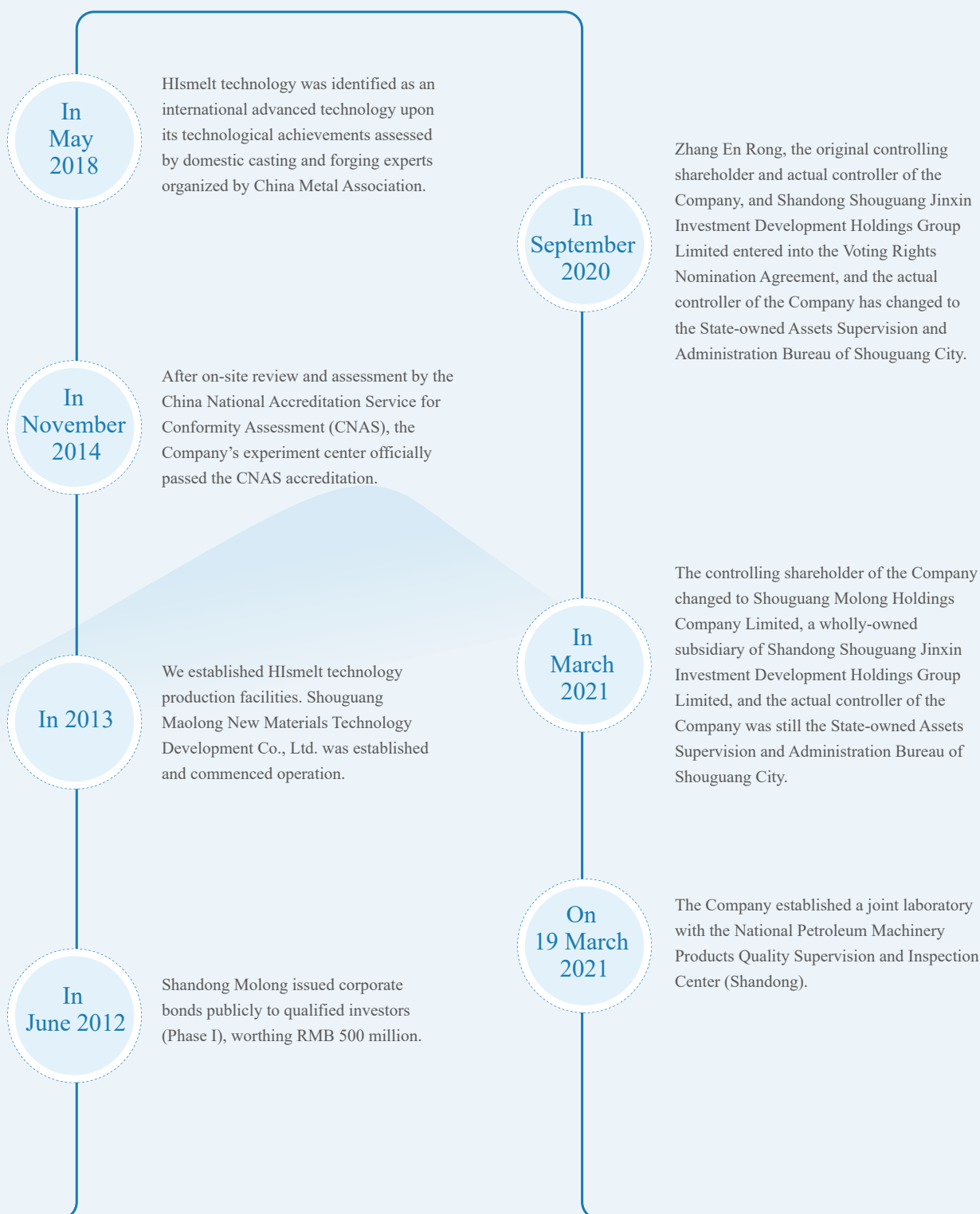
The People's Government of Shandong Province approved the establishment of Shandong Molong Petroleum Machinery Company Limited.

On
15 April
2004

Shandong Molong's H-shares were successfully listed on the Stock Exchange, becoming the first private company in Weifang, and the first domestic company in the petroleum machinery industry, to list offshore.

On
21 October
2010

Shandong Molong's A-shares were listed on the Shenzhen Stock Exchange, becoming the first homecoming H-share company listed in Shenzhen Stock Exchange with A+H-share dual listing (Stock code of A-shares: 002490; Stock code of H-shares: 00568).



Company Strategy and Development

In 2022, Shandong Molong focused on its strategic goal of “becoming an internationally renowned energy equipment manufacturer and service provider”, adhered to the principle of stable progress, with the promotion of high-quality development as the guiding principle. The Company persists on a customer market orientation, and high-precision new product development and sales as the key points. It fully leveraged its industry advantages, continuously improved its technical research and development and service levels, and optimized its management and operational quality. It aimed to build an economic, efficient, advanced, and environmentally-friendly energy equipment manufacturing industry chain, adhering to green, innovative, and sustainable development principles, and striving to achieve steady corporate development.

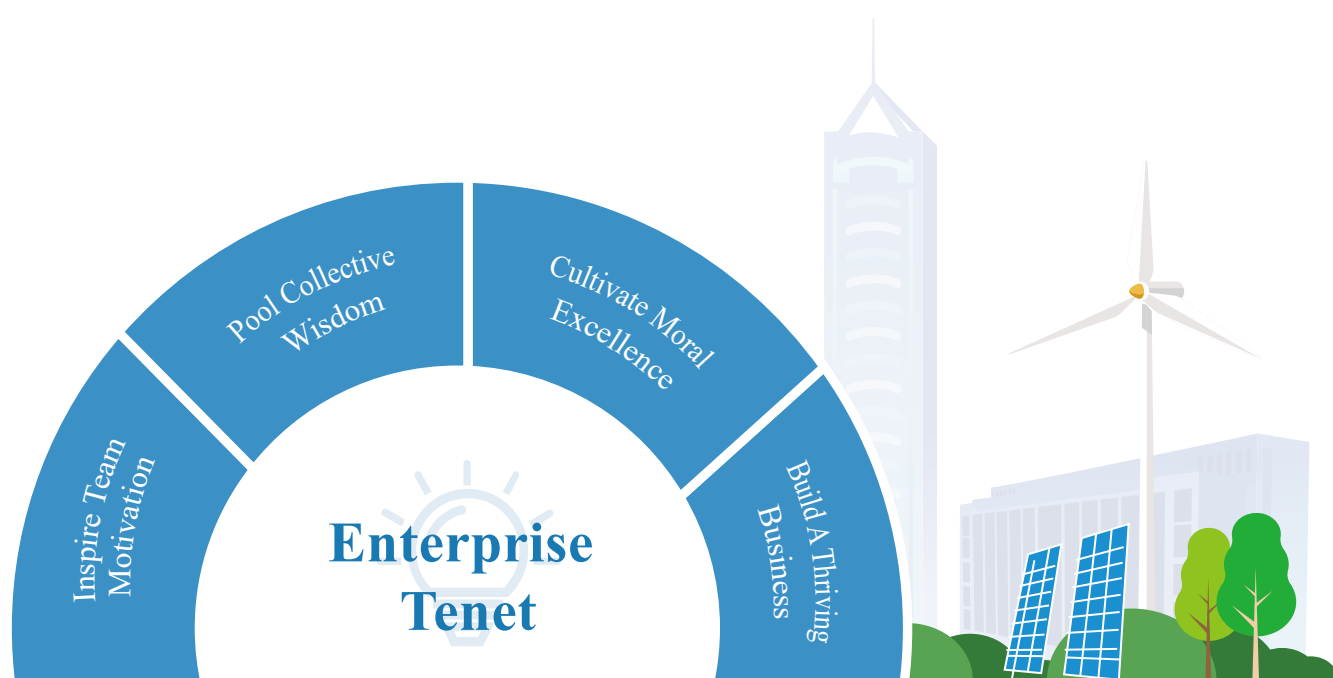


Business Philosophy

Shandong Molong regards product quality as the cornerstone of its business philosophy. The Company not only holds ISO 9001 international quality system certification, ISO 14001 and OHSAS 18001 management system certification, but also continually invests funds in the establishment and improvement of various inspection and monitoring methods. By leveraging the evaluations of customers both domestically and abroad, the company has realized a steady improvement in product quality.

Adhering to the corporate philosophy of “integrity-based entrepreneurship and social contribution as honor”, Shandong Molong regards social welfare as an important part of Party-mass cooperation and strives for excellence, actively fulfilling corporate social responsibility by supporting rural construction, post-disaster reconstruction, and other initiatives, and earning high recognition from the municipal government and local people.

Going forward, Shandong Molong will continue to focus on corporate reputation and competitiveness, and strive to become an internationally renowned petroleum equipment manufacturing service provider.



In 2022

Key Company Honors

Guided by the enterprise tenets of “Inspiring Team Motivation, Pooling Collective Wisdom, Cultivating Moral Excellence and Building A Thriving Business”, Shouguang has expanded its production scale and extended its production chain, resulting not only in an established good reputation and solid position in the energy equipment market, but also in an increasing influence within the industry. During the reporting period, reports of fresh successes kept pouring in. To name a few, the Company was awarded titles like the “Leading Enterprise for Green Development”, “Leading Enterprise for Open Development”, “Prominent Contributing Unit for High-quality Development” and “Advanced Enterprise in Safety and Environmental Protection”, etc..



Employment Training Base of Shouguang City



Shouguang Human Resources and Social Security
Bureau -January 2022



Leading Enterprise for Open Development



Shouguang Municipal Government
-February 2022



Leading Enterprise for Green Development



Shouguang Municipal Government
-February 2022



Prominent Contributing Unit for High-quality Development



Shouguang Municipal Government
-February 2022



Award for the Outstanding Contribution in 2021



Shouguang Municipal Government
-February 2022



Advanced Enterprise in Safety and Environmental Protection



Shouguang Municipal Government
-February 2022



Weifang's Top 100 Private Enterprises



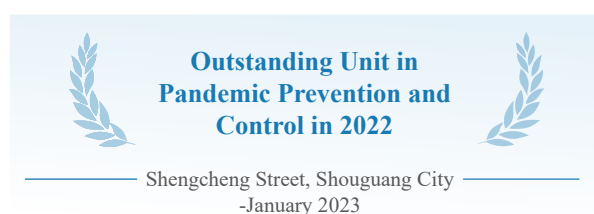
Weifang Federation of Industry and Commerce
-February 2022



Outstanding Collective with Excellent Performance of Grassroots Trade Union in 2021



Shouguang Federation of Trade Unions
-March 2022



Shandong Molong's performance in 2022 through data



Operating revenue:

RMB 2,765,645,300



Total tax payment:

RMB 103,236,100



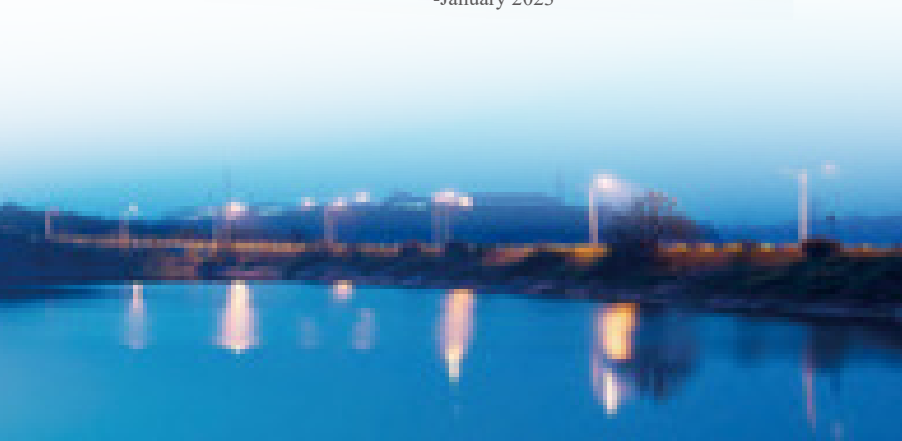
R&D investment:

RMB 64,035,700



Investment in safety and
environmental protection:







RMB 20,412,200



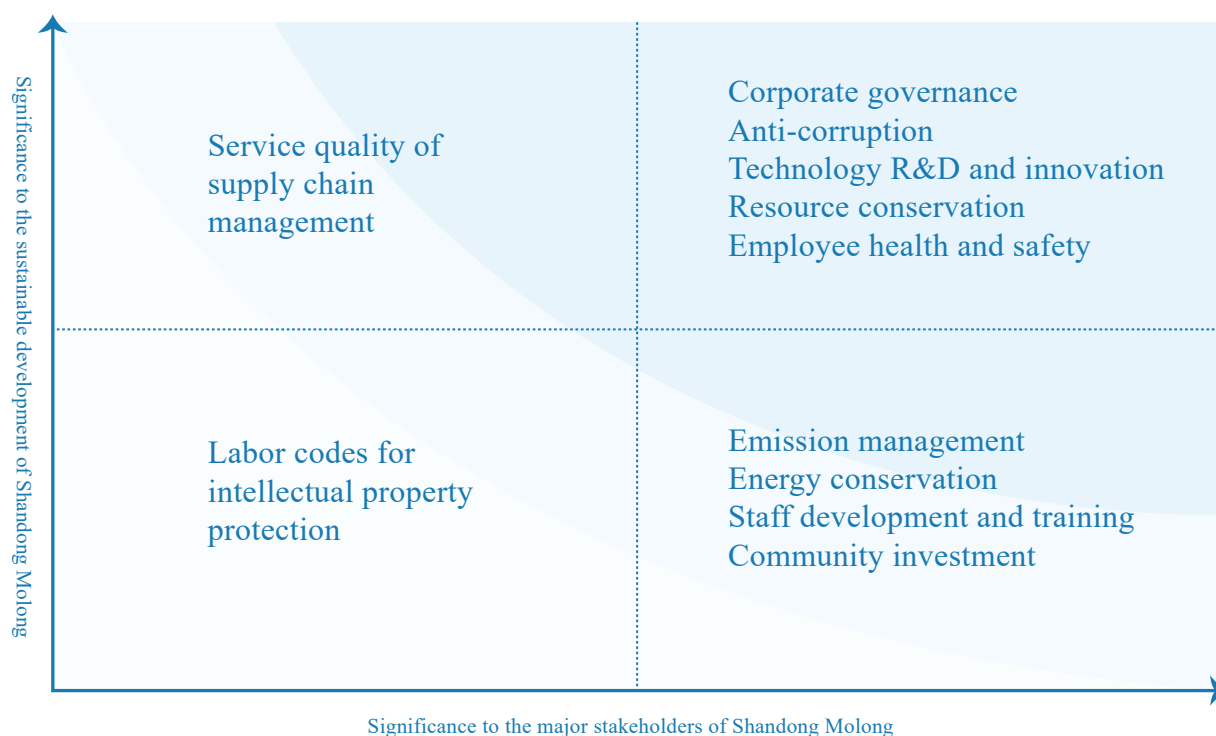
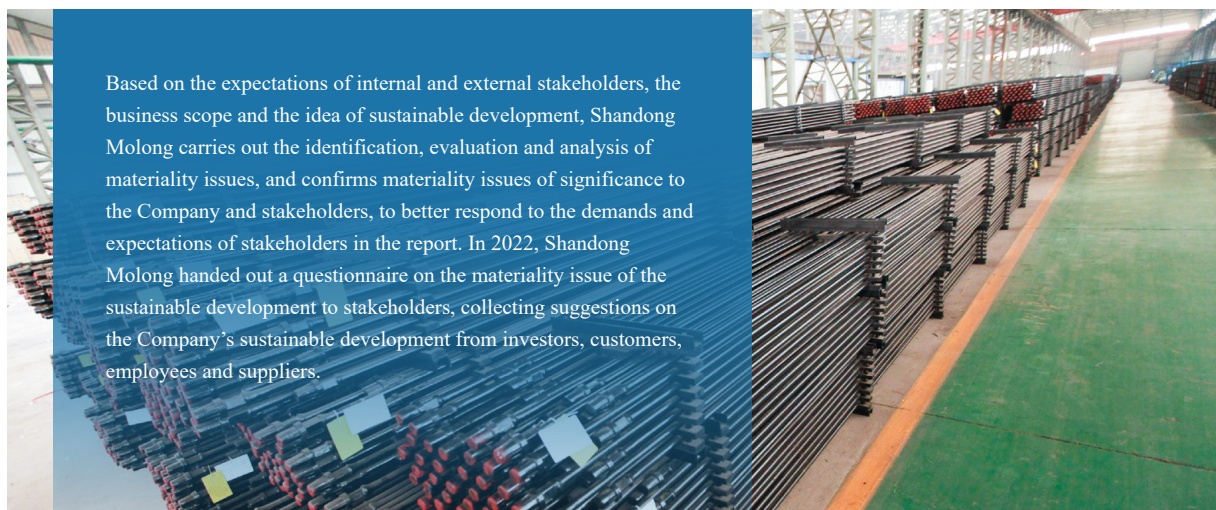
Stakeholder Communication and Identification of Substantive Issues

◎ Stakeholder Communication

Stakeholder communication is an important aspect of Shandong Molong's sustainable development management. The Company accurately identifies its stakeholders, and maintains communication and exchange with them through various forms such as meetings, regular visits, satisfaction surveys. It seeks to understand their expectations and interests in the company, and based on its own production and operational situation, takes measures to respond to and satisfy the reasonable demands of stakeholders.

Stakeholders	Expectations and Demands	Means of Communication
 Shareholders/ investors	Steady development and business compliance Good investment return Effective risk management Larger market share	General meetings Results presentations Press releases/announcements Investor surveys Enquiry calls
 Government/ regulators	Environmental compliance Corporate governance standard Community development	Phone calls/correspondence exchanges Site visits Regular reports
 Suppliers and distributors	Integrity and mutual benefits Fair purchasing Long-term and stable partnership	On-site surveys and assessments Communication on quality Open purchase tenders Phone calls/correspondence exchanges
 Staff	People-oriented Rational remuneration policy Harmonious employment relationship Safe workplace	Staff trainings Trade union activities Meetings of employee representatives Collection of feedback and reasonable suggestions
 Customers and consumers	Honesty, trustworthiness, fairness and mutual benefits Product quality Comprehensive after-sales service system	Market service hotlines Sales offices Opinion survey
 Mass public in community	Promote social harmony and stability Support social services Promote energy conservation and emission reduction	On-site survey Environmental education Social welfare activities

Identification of Substantive Issues



► Matrix of substantive issues

Integrity

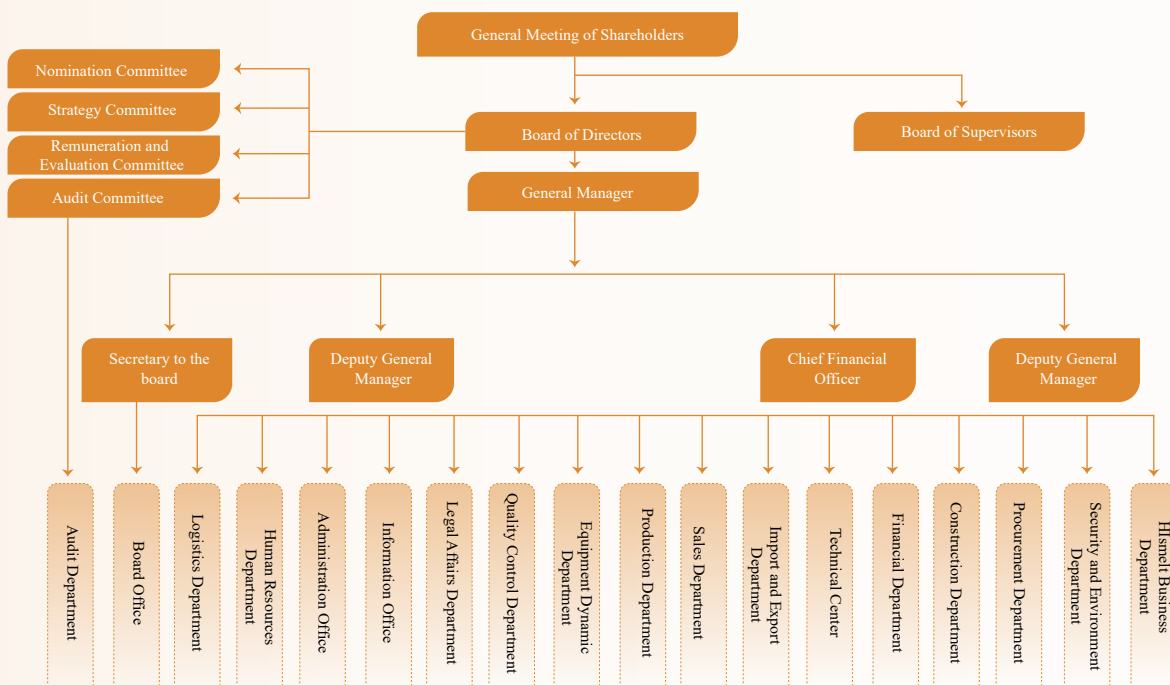
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Adhering to Governance Responsibilities

Upholding the core concepts of “integrity, harmony, humanity, innovation, excellence and win-win cooperation”, Shandong Molong has constantly improved the corporate governance structure and system, and comprehensively strengthened the risk management system. Through standardized operation, it has conducted compliance management in a down-to-earth manner and held the bottom line of honest operation, thereby laying a solid foundation for the long-term and stable operation of the Company.

Corporate Governance

The Company strictly complies with the requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code on Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange* and the *Listing Rules of the Stock Exchange of Hong Kong*, and other laws, regulations and regulatory documents, and it has, in line with its actual conditions, established an effective governance mechanism consisting of the general meeting of shareholders, the board of directors, the board of supervisors and the four special committees under the board of directors, namely, the strategy committee, the nomination committee, the remuneration and evaluation committee, and the audit committee, which is characterized with law-based rights and responsibilities, coordinated operation, and effective checks and balances.



► Organizational structure of Shandong Molong

⊙ System of Three Boards

Shandong Molong has formulated numerous systems concerning corporate governance, including the *Articles of Association*, *Rules of Procedure for the General Meeting of Shareholders*, *Rules of Procedure for the Board of Directors* and *Rules of Procedure for the Board of Supervisors*. The Company regulates the procedures for convening, holding and voting at general meetings, and adopts both on-site voting and online voting to provide convenience for shareholders, so that all shareholders, especially minority shareholders can fully exercise their rights.

System revision

Based on the actual conditions of the Company, it has revised the *Articles of Association* and some related systems, to further improve the governance of the Company and its subsidiaries, and regulate the Company's actions.

Subsidiary management

It has completed the change of the legal representative and directors, supervisors and senior executives of the subsidiary, and optimized the decision-making procedure of the Board of Directors for the subsidiaries, to normalize the corporate governance of the Company.

Performance of duty and training of directors, supervisors and senior executives

- Organized directors, supervisors and senior executives to participate in the phase 2 of the special training “to crack down on financial fraud and resolutely put an end to fund embezzlement” hosted by China Association for Public Companies;
- Organized directors, supervisors and senior executives to participate in the 2022 training class for directors, supervisors and senior executives of listed companies in Shandong hosted by China Association for Public Companies, and complete the test;
- Organized new directors, supervisors and senior executives of the Company to participate in the third session of the initial training class for directors, supervisors and senior executives of listed companies in 2022 hosted by Shenzhen Stock Exchange, and complete the test to receive the course-completion certificate;
- Organized independent directors of the Company to participate in two sessions of the follow-up training hosted by Shenzhen Stock Exchange;
- Organized secretary of the board to participate in the follow-up training for secretary of the board.
- By participating in the training courses for directors, supervisors and senior executives of the supervisory system, the Company has constantly improved its awareness of compliance and capacity of performing duties.

► Corporate governance in 2022



Convening of meetings of the three boards

Composition of the board:

9 directors (3 independent directors)

Two general meetings of shareholders

Five board meetings

Four meetings of the Board of Supervisors

Six meetings of the Audit Committee

⊙ Information Disclosure

The Company attaches great importance to information disclosure. Based on the principles of truthfulness, accuracy, completeness, timeliness and fairness, the Company formulates the *Information Disclosure Management System* to disclose relevant information to shareholders and investors in accordance with relevant laws and regulations including “Shenzhen Stock Exchange Guideline No.5 on Self-Regulation of Listed Companies - Information Disclosure Management”, ensuring that all shareholders and investors have equal access to company information.



Performance of information disclosure management in 2022

Complete the preparation, translation and disclosure of the 2021 Annual Report, the 2022 First Quarter Results, the 2022 Interim Report and the 2022 Third Quarter Results.

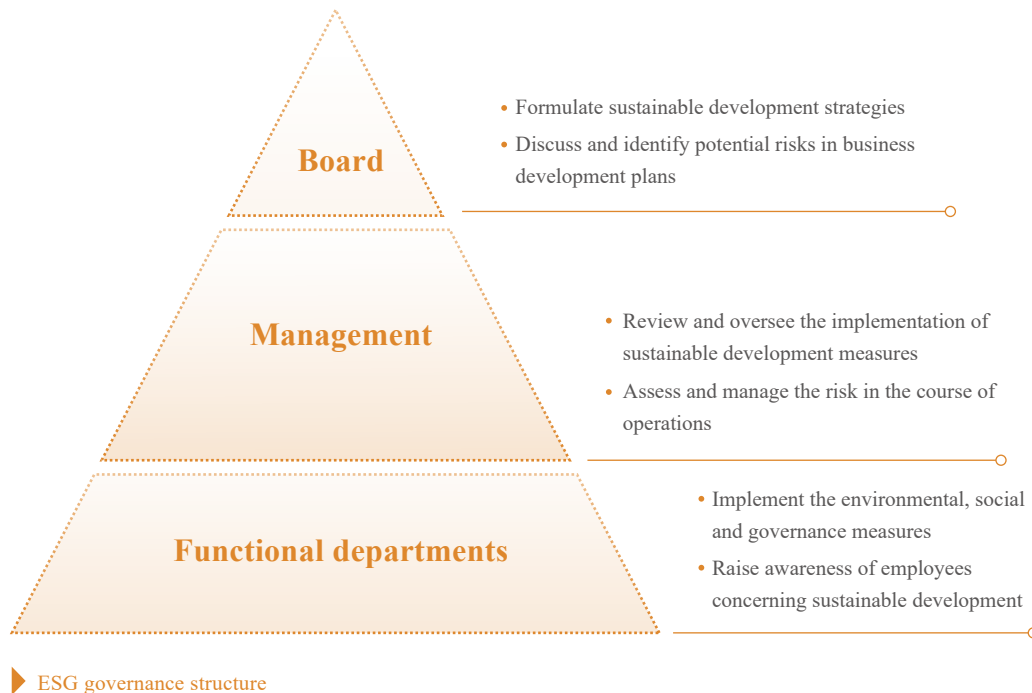
Prepare and disclose announcements concerning the Company's performance forecast, the change of registered address, the resignation and election of supervisors, the performance presentation, the online investors reception day activity, the revision of the articles of association and other matters in a timely manner, and in total 156 announcements are disclosed.

Sustainable Development Management

Shandong Molong thoroughly implements the new development concept and proactively integrates into the new development pattern. As a firm believer in corporate social responsibility and the concept of sustainable development, the Company is committed to integrating the concept of sustainable development with its general strategy, policies and business plans, so as to achieve the synergistic development of economy and environment through innovative technology. At the same time, Shandong Molong maintains communication with stakeholders through various channels and incorporates their expectations and aspirations for the sustainable development of the Company into the decision-making process of corporate management, so as to protect the rights and interests of customers, motivate the development of employees, help social organizations and achieve other sustainable development goals, and make due contributions to the development of society.

◉ Sustainable development management structure

Shandong Molong established an ESG (Environmental, Social and Governance) Working Team in 2019, with Chairman as the team leader. The working team has full responsibility for the Company's ESG strategy and reporting matters, with the management and functional departments ensuring the implementation and results of the ESG strategy and feedback to the Board. The establishment of this working group will help Shandong Molong to identify potential ESG risks promptly and take timely and effective measures to ensure that the ESG policies of the Company are implemented by all functional departments.

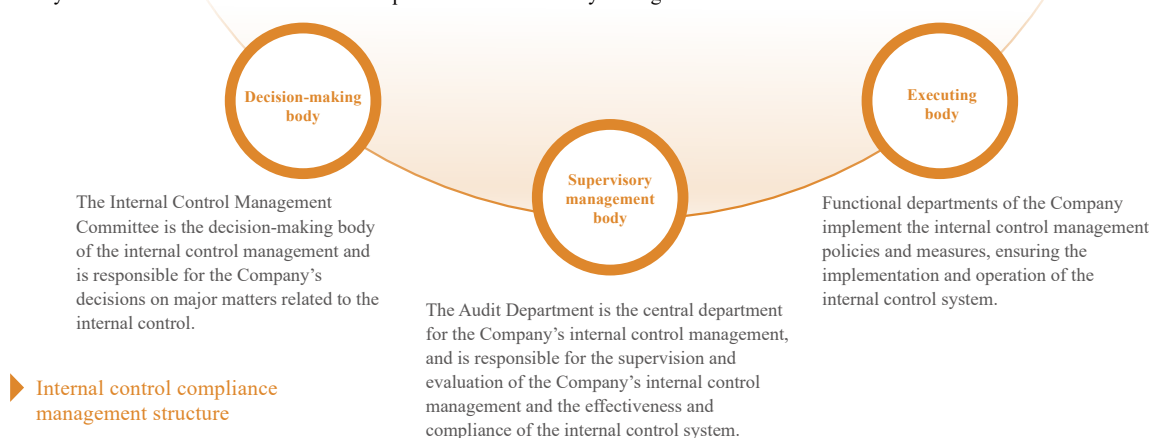


Compliance and Risk Management

Shandong Molong sticks to good faith management, earnestly fulfill the obligations of listed companies, and constantly improve the internal control system and risk management mechanism, to ensure its production and operation are run in accordance with the requirements of national laws and regulations as well as regulatory agencies for listed companies. It also assesses the risk points in the process of operation, and formulate countermeasures in timely manner.

Internal Control Compliance

The Company has established a three-level internal control management structure composed of the decision-making body, the supervisory management body and the executing body, and formulated the *Enterprise's Internal Management Manual* and other relevant system documents, in order to ensure the legal and compliant operation and management of the Company by means of optimizing and sorting out the internal environment, business processes and relevant systems. Meanwhile, the Company also performs quarterly inspections for internal control operation, issues internal control audit reports in a timely manner in response to operational deficiencies identified, and carries out timely elimination in accordance with the requirements of deficiency management.

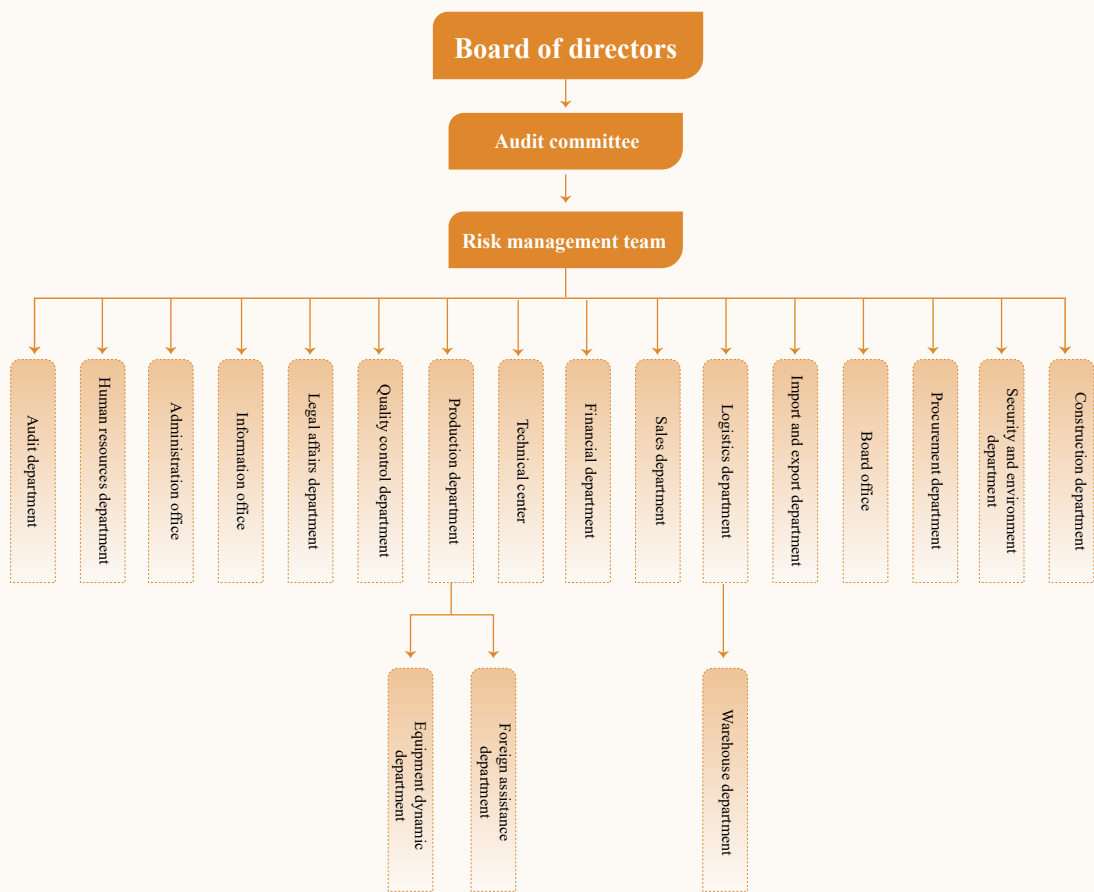


Internal audit control procedures						
Procedures	No.	Responsible department	Cooperative department	Incompatible duties	Means of Supervision and inspection	Relevant system
1. Prepare audit plan	1	Audit Department	Audit committee	Preparation and auditing	Examine the appropriateness of auditing	Internal Audit System
2. Audit implementation plan	2	Audit Department				Internal Audit System
3. Advice of audit	3	Audit Department	Units under auditing			Internal Audit System
4. Audit working paper	4	Audit Department	Units under auditing			Internal Audit System
5. Audit report	5	Audit Department	Board of Directors	Preparation and auditing	Examine the compliance of auditing	Internal Audit System
6. Report of audit results	6	Audit Department	Units under auditing			Internal Audit System
7. Follow-up rectification	7	Audit Department	Units under auditing	Rectification and verification	Examine the appropriateness of rectification	Internal Audit System

► Internal audit control procedures

⦿ Risk Management

In order to ensure the safe and steady operation and improve the operation and management capability, the Company has established a standardized and effective risk control system in accordance with its actual conditions. According to relevant provisions of the *Company Law*, the *Accounting Law* and other laws, regulations and normative documents, the Company has established the *Risk Management System* to ensure the authenticity and reliability of internal and external information communication, and to restrain the risks within control so that the overall goal of the Company won't be compromised. At the same time, the Company has established a three-level risk management structure composed of the Board of Directors, the Audit Committee and the Risk Management Team, which is responsible for the identification and evaluation of risks, and the introduction of countermeasures and rectification measures.



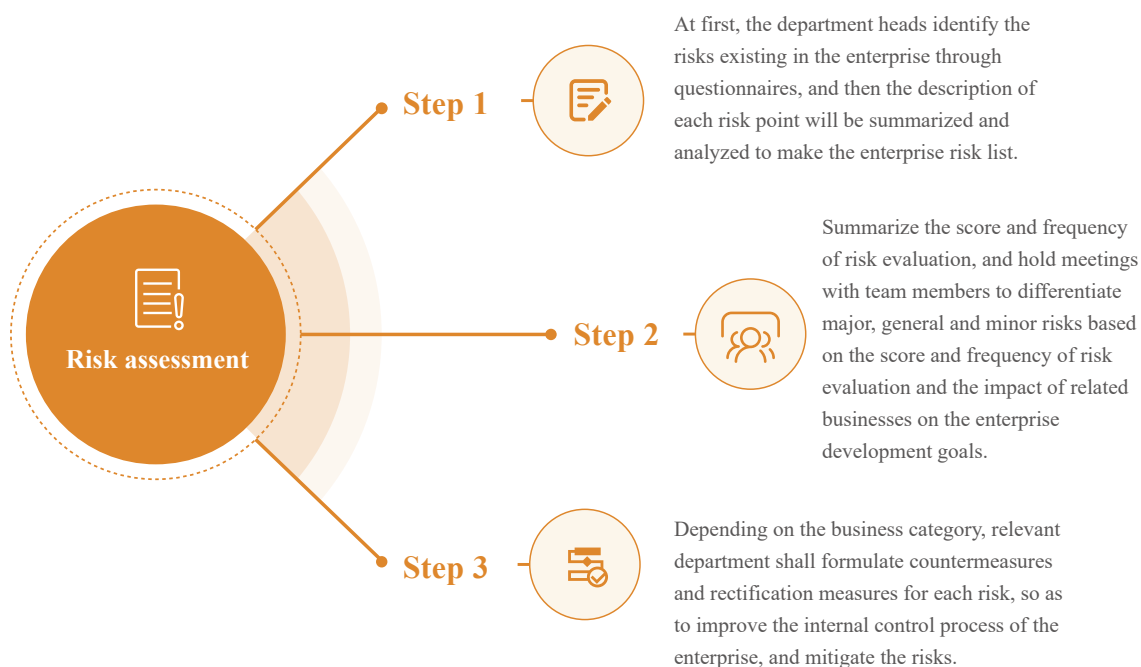
► Risk management organization structure

The Company holds regular meetings with senior management every month to discuss and analyze various risks existing in the Company, formulates rectification measures and follows up the implementation results. At the same time, the Company organizes ad hoc meetings with the management to learn about risk management, discusses annual risk assessment reports and formulates further risk control strategies.

Performance Data

During the reporting period

The Company actively conducted **one** training on risk compliance management, with **40** employee participants and **two** hours of training time.



► Three steps to risk assessment





Risk management process						
Process	No.	Responsible department	Cooperative department	Incompatible duties	Means of Supervision and inspection	Relevant system
1. Establish a risk management team	1	Audit department	All departments			Risk Management System
2. Collect risk management information	2	All departments		Preparation and auditing	Whether the information is collected and reported regularly	Risk Management System
3. Risk identification	3	Risk management team	All departments		Analyze the information to identify the risks	Risk Management System
4. Risk assessment	4	Risk management team			Assess various risks	Risk Management System
5. Formulate risk countermeasures	5	All departments	Risk management team	Formulation and auditing	Develop countermeasures of risks	Risk Management System
6. Supervision and evaluation	6	Risk management team	Board of Directors/Audit Committee	Rectification and supervision	Follow up on the rectification for risks and defects	Risk Management System

Key point: The risk group should organize regular meetings to constantly identify and analyze various risks faced by the enterprise, and formulate risk countermeasures in a timely manner. Besides, it should evaluate various risks faced by the Company every year and develop risk assessment reports.

Internal management process of the Company

Case

Annual risk assessment meeting

The Company held its annual risk assessment meeting at the end of 2022, according to which a total of 12 risk points scored up to 40 points and more in the assessment, among which 8 were internal risk points and 4 were external ones. The internal risks mainly rested with development strategy, corporate culture, human resources, environment and health safety, quality management, procurement business, etc., while the external risks mainly consisted in the natural environment, economic factors, social factors, science and technology factors, etc. The Audit Department summarized and developed the 2022 annual risk list according to the relevant scores and the descriptions of risk points by the assessors, and then organized relevant personnel to formulate coping strategies according to the risk list. The meeting helped the Company to find the deficiencies in management in a timely manner, and assisted employees to better understand various risk factors, contributing greatly to the enterprise-wide risk management.

Investor Relations Management

Shandong Molong attaches great importance to investor relations management and continuously optimizes the working mechanism. In accordance with the Company Law, the Securities Law, the Guidelines of the Shenzhen Stock Exchange for Self-regulation of Listed Companies No. 1 – Standardized Operation of Companies Listed on the Main Board and other laws and regulations, as well as the Guidelines for the Relationship between Listed Companies and Investors issued by China Securities Regulatory Commission, the Company has formulated the Investor Relations Management System to standardize the investor relations management based on the actual conditions. Besides, the Company has set up diversified channels to interact and communicate with investors, and reply to their enquiries in a timely manner through hotlines, e-mails, investor relations interactive platforms, investor reception days and results briefing, so as to effectively enhance information communication and facilitate positive interaction with investors while practically improving the standard and transparency of the Company's regulated operations.

Investor relations management system

Formulate the *Investor Relations Management System* to clarify the principles of “full disclosure, compliance disclosure, equal opportunity for investors, good faith, high efficiency and low consumption, and interactive communication.”

Make communication and exchanges through multiple channels

- Proactively broaden the channels of communication, communicating with investors through phone calls, email and the interactive platform of Shenzhen Stock Exchange (<http://irm.cninfo.com.cn>);
- Proactively enrich the form and content of communication, holding results briefing, online investor reception days, and investor protection propaganda.

Investor relations management

Board secretary is the person in charge of investor relations management, responsible for coordinating the relationship between investors, receiving the shareholders, answering investors' enquiries, and providing investors should information to be disclosed, etc.

Investor relations management system



Performance of investor relations management in 2022:

- Responded to **63** questions asked by investors on the interactive platform of Shenzhen Stock Exchange (<http://irm.cninfo.com.cn>), proactively communicating with medium and small investors;
- Held online performance presentations and made replies to **41** questions of investors, responding to investors' concerns about the Company in an enthusiastic manner;
- Participated in the Online Reception Day for Investors of Listed Companies in Shandong in 2022, answered **19** questions, and actively communicated with investors online.

Proactively participate in investor relations activities

【5·15全国投资者保护宣传日】心系投资者，携手共行动

山东墨龙石油机械股份有限公司 2022-05-13 18:38
发表于山东



“投资明风险，守护千万家”——2022年世界投资者周活动

山东墨龙石油机械股份有限公司 2022-10-11 16:57
发表于山东



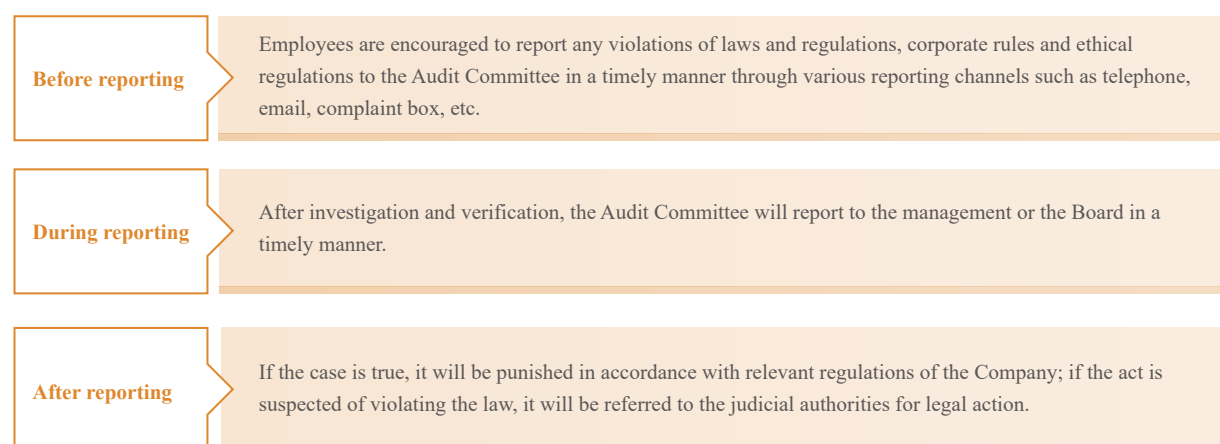
Anti-corruption

The Company strictly adheres to relevant laws and regulations, including the *Contract Law of the People's Republic of China*, the *Company Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-unfair Competition Law of the People's Republic of China*, and has established an Audit Committee in its governance structure, with responsibilities to formulate, review and monitor the corporate governance policies and practices, to prohibit any forms of bribery, extortion, fraud, money laundering and any other non-compliance. As at the end of the reporting period, the Company was not aware of any corruption, bribery or other fraudulent incidents, and no fraudulent incidents were identified during regular audits



► Internal corruption prevention management mechanism of the Company

The Company maintains a smooth reporting channel for its employees and organizes regular meetings with staff representatives to promote and implement anti-fraud and anti-corruption knowledge, so as to promptly identify possible corruption cases such as fraud and bribery within the Company. Meanwhile, the Company has also established a whistleblower protection system, and set up various channels such as tip-off hotline, e-mail, complaint mailbox for the reporting of professional ethics and fraud cases. It will look into the complaints carefully, and give feedback in a timely manner.



► Internal reporting process.

Protection of Intelligent Property Rights

The Company strictly complies with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations, and has established an intellectual property rights management system in accordance with the requirements under GB/T 29490-2013 *Enterprise Intellectual Property Management*. Under the guideline of "Driving the sustainable development of the enterprise through technological innovation, and enhancing the competitiveness of the enterprise through intellectual property protection", the Company has compiled and implemented 23 series of program documents concerning intellectual property management, including the *Work Manual of Intellectual Property Management*, the *Manual of Intellectual Property Management*, the *Control Procedure of Intellectual Property Documents*, and the *Control Procedure of Intellectual Property Management Review*.

In 2022, the Company strictly followed the requirements of the intellectual property management system in its regular business like patent application, patent maintenance, product development, foreign trade including product procurement and external sales. At the same time, the Company kept an eye on the patent issues of peers, competitors, suppliers, etc., to prevent patent infringement, and meanwhile protect its own patents. During the reporting period, there were no disputes initiated against or by the Company related to patent infringement or infringement.

Institution	Market monitoring	Intellectual property group
The Company has developed an intellectual property risk control mechanism and handling procedure, including <i>Risk Management and Control Procedure</i> , <i>Dispute Handling Control Procedure</i> , <i>Foreign Trade Control Procedure</i> , <i>Intellectual Property Risk Avoidance Plan</i> and so on.	Our staff keep an eye on local market when they participate in foreign exchanges, and take the initiative to collect information about main sales places in that market, product brand, product type, advantages and disadvantages, etc. Should any fake or infringing products be discovered, they report to the Company promptly, and organize technical personnel to conduct on-site analysis, investigation and evidence collection in a timely manner.	The intellectual property group conducts regular risk analysis and search on the Company's patent and trademark through online platform, or entrusted patent service agency, to ensure the risk of our patent and trademark will be controllable. The group search and collect the patent and trademark of peers, and strengthen the in-depth analysis of peer patent search, to avoid infringement or being infringed.

► Intellectual property protection and management methods to prevent infringing others' intellectual property rights

Case

Internal training on intellectual property protection

In June 2022, the Company conducted training on intellectual property management system for staff from production system and technical department. The training, focusing on the accurate implementation of *Enterprise Intellectual Property Management*, explained the standards under the *Enterprise Intellectual Property Management*, the preparation of the document, the implementation of internal auditing, management review and system improvement, etc. It helped our staff better understand how to contribute to the implementation as required by the standards. Besides, through the learning of audit process and requirements, our staff also knew how to run and improve the system. Thus, the meeting has provided a clear working concept and specific methods for the intellectual property management of the Company.

Performance of intellectual property management in the past three years:

Stakeholders	Unit	2020	2021	2022
Total number of patents	Piece	72	79	79
Number of new patent applications	Piece	1	7	4
Number of newly licensed patents	Piece	7	3	8



Win-win Cooperation

Protection of Natural Ecology

Shandong Molong works hard to integrate the concept of green development into every link of the Company's development and operation. It pushes forward the implementation of green production in the Company by adopting various measures of energy conservation and emission reduction, such as the improvement of energy efficiency and optimization of equipment, and boosts low-carbon, green and sustainable development of the Company by proactively responding to the risks and opportunities that climate change may bring to the Company.

Performance data

In 2022, the Company's total annual investment in environmental protection:

RMB 4,155,500

Environmental Management

Shandong Molong, taking high quality green development as the theme, continues to promote the construction and improvement of scientific environmental management system and “environmental policy”, to minimize related risks.

⊙ Environmental management organization structure

The Company’s environmental protection work is managed by the environmental protection management department and applying the system of division of labor and hierarchical responsibility. Therefore, the environmental protection work can be performed in a regulated, scientific, standardized and systematic way. Its legal representative is the person in charge of environmental protection work, and is responsible for allocating the relevant personnel and positions according to the task and needs of environmental protection work, and follow guidance of the provincial and municipal environmental protection departments, while the safety and environmental protection department is the responsible department for specific work. The Company continuously strengthens the supervision and management of environmental protection, formulates the environmental protection responsibility system and completes the objectives stipulated therein. The Company’s environmental protection work is reported to the Municipal Environmental Protection Bureau and the Company’s leadership on a regular basis, and is subject to the supervision of the general public.

At the same time, the Company has implemented the “environmental protection one-vote veto power” and incorporated environmental protection into its target responsibility system assessment.

- ▶ Publicize and implement national and local laws, regulations, guidelines and policies on environmental protection, and formulate relevant measures or implementation rules in line with the environmental protection strategies, guidelines and rules of the joint-stock company.
- ▶ Responsible for the formulation and implementation of plans for environmental protection and comprehensive resource utilization of the Company.
- ▶ Responsible for the technical supervision of the Company’s environmental protection and the auditing of environmental statistics.
- ▶ Establish and improve the Company’s environmental protection management and environmental protection facilities and equipment operation management system to ensure the safe, effective and normal operation of various environmental protection facilities and equipment.
- ▶ Responsible for handling environmental pollution accidents and pollution disputes of the Company, and formulating plan to prevent environmental emergencies. In case of pollution incidents or other unexpected pollution incidents, emergency measures to prevent pollution shall be taken immediately, and major or critical environmental pollution incidents shall be reported to the Municipal Environmental Protection Bureau within 24 hours after the occurrence of such incidents.
- ▶ Responsible for the preparation of the Company’s environmental protection project plan and reporting it to the relevant environmental protection department and the Company, and responsible for liaising with the local government’s environmental protection department on behalf of the Company on a daily basis.
- ▶ Responsible for the ecological protection and soil and water conservation work of the Company and to prevent environmental pollution incidents.
- ▶ Responsible for the organization and implementation of the Company’s environmental protection technology innovation, and the promotion and application of scientific and technological achievements.

▶ Key responsibilities of the Safety and Environmental Protection Department of the Company

Environmental management system

Shandong Molong strictly abides by the *Environmental Protection Law of the People's Republic of China* and other laws and regulations, and conducts scientific management in strict accordance with the *Environmental Protection Management System*, the *Hazardous Waste Management System* and the *System of Accountability for Environmental Incidents*, effectively performs environmental management responsibilities, and makes early warning of relevant environmental risks. In its efforts to go international, the Company's environmental management system has passed ISO 14000 certification, and it has also optimized management and enhanced efficiency during the reporting period.



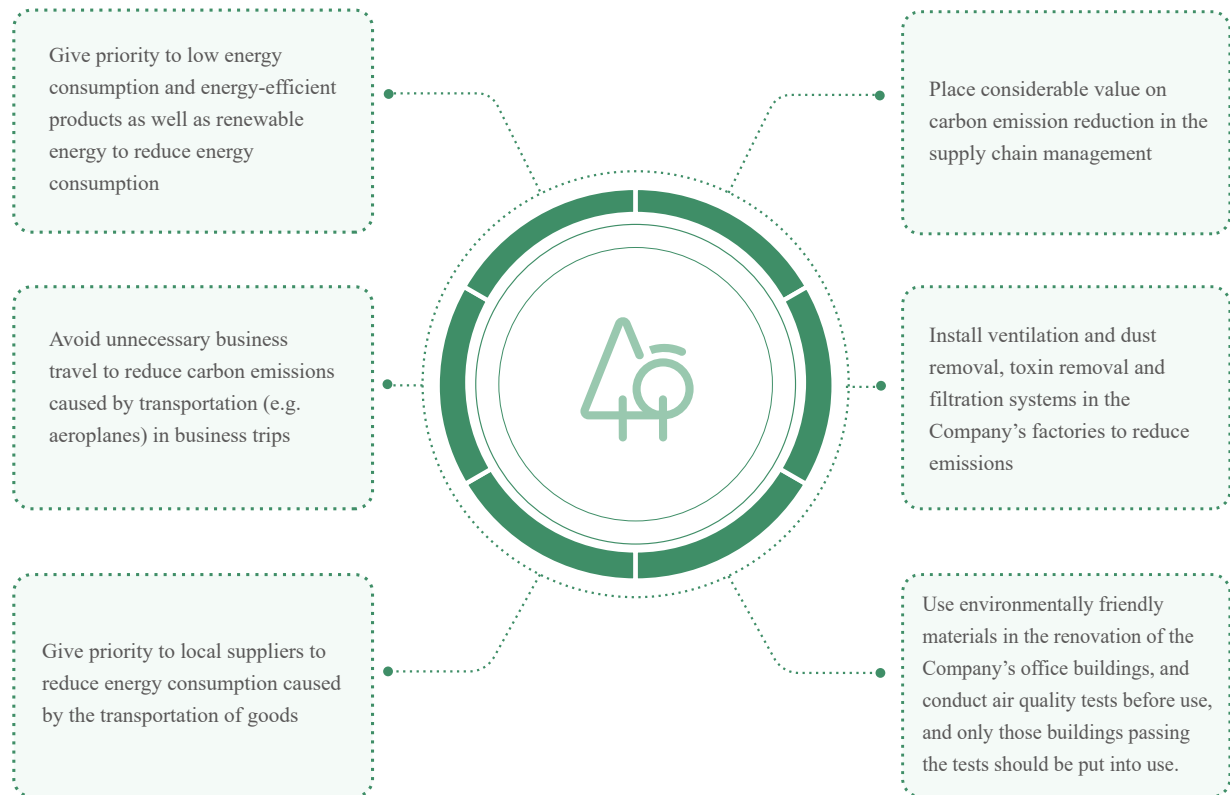
► Environmental Management System Certificate



Energy Conservation and Carbon Reduction

☉ Response to global climate change

At present, addressing global climate change is an important issue facing the human society, and pursuing carbon neutrality has become a set trend for the future development of the whole society. In response to the national goals of “carbon peak” and “carbon neutrality”, Shandong Molong, under the guideline of green development, proactively transform to green, low-carbon and harmless production through low-carbon manufacturing and intelligent manufacturing, so as to make positive contributions to the building of a carbon neutral society.



► Measures to reduce carbon emissions of the Company

★ Since Shandong Molong doesn't fall into the industry category of key units of which the statics of carbon emission information are required by local environmental authorities, the Company has not conducted statistics on carbon emissions.



☉ Resource utilization

In 2022, in response to stricter “carbon peaking and carbon neutrality” environmental policy, Shandong Molong went on strengthening the construction of energy management system to improve the efficiency of energy management. During the reporting period, the Company has achieved the goals of safe and stable economic operation of the energy system, continuous improvement of the performance indicators of energy conservation and emission reduction, and orderly progress of various key work.

☉ Energy management

The Company continues to improve its energy management system by equipping with corresponding energy measurement tools and implementing technological upgrades and transformations for energy saving and consumption reduction, to allow more reasonable and effective energy utilization and resource allocation

Disclosures	Unit	2020	2021	2022
Natural gas	m ³	54,973,300	36,005,800	29,374,700
Raw coal	Tonnes	389,975.49	372,461.35	269,257.07
Diesel	L	43.73	/	/
Petrol	L	/	/	/
Renewable energy	kWh	167,910,000	138,420,000	71,892,000
Purchased electricity	kWh	290,609,400	361,326,500	142,935,200

► Energy consumption of the Company in production, operation and office for the past three years

☉ Water resource management

Shandong Molong, following the principle of “multiple use of water”, lays stress on water saving at the source and water recycling. It consolidates the internal water circulation system by constantly optimizing the water supply network, so as to improve the water metering system. Besides, it improves the recycling and utilization of wastewater to be discharged outward, and carefully checks various technological processes and equipment to reduce the loss of water resources. During the reporting period, the Company’s production water recycling rate reached 100%.

The Company uses tap water provided by the government, and the water used in the production facilities is circulating water. By posting water conservation signs in workplaces, washrooms, pantries, canteens and staff dormitories, all employees are reminded to conserve water. During the reporting period, the Company and its subsidiaries adopted a series of water conservation measures to enhance the efficiency of water use and avoid wasting water resources in production.

Disclosures	Unit	2020	2021	2022
Municipal water purchased	m ³	137,398	1,441,938,000	118,861
Underground water consumption	m ³	71,130.60	156,105	66,375
Total circulating water	m ³	1,607,306	1,347,121.06	2,609,764.1

► Water consumption in the Company’s production, operation and office for the past three years

Emission Management

Shandong Molong strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Prevention and Control of Atmospheric Pollution Law of the People's Republic of China*, the *Prevention and Control of Water Pollution Law of the People's Republic of China* and other relevant laws and regulations on environmental protection, and continuously input human and material resources to ensure that all indicators of emissions are below the national pollutant discharge standards

◎ Solid waste management

Shandong Molong strengthens the control of emission reduction at the source for solid and hazardous waste to continuously enhance solid and hazardous waste management. The Company has formulated relevant regulations including the *Hazardous Waste Management System* to standardize the record books concerning the production, transfer, and receiving-in-storage of general industrial solid waste and hazardous waste at each production site and receiving site.



To reduce the generation of hazardous wastes from source, the Company, during its technological transformation, focuses on the use of non-toxic, non-hazardous or low-toxic, low-hazardous raw materials to replace highly toxic and hazardous raw materials; the use of processes and equipment with high resource utilization and low pollutant generation to replace those with low resource utilization and high pollutant generation;



Adjusting process indicators to simplify the production process and improve the utilization rate of raw materials and production output rate, while ensuring the normal operation of production equipment and pollution control facilities

► Disposal methods for hazardous and non-hazardous waste of the Company

Disclosures	Unit	2020	2021	2022
Total recyclable waste	Tons	372,281.83	280,966.10	164,554.03
Total general solid waste	Tons	372,282.13	280,966.37	164,554.11
Total hazardous waste	Tons	8.79	12.10	14.75

► Total waste of the Company during production, operation and office process in the past three years

⊙ Exhaust gas management

Shandong Molong vigorously promotes ultra-low emission transformation to strengthen comprehensive control of air pollution. In accordance with the *Prevention and Control of Atmospheric Pollution Law of the People's Republic of China* and other regulations and policies, the Company promotes ultra-low emissions of exhaust gas. During the reporting period, the Company has provided full support to ultra-low emission transformation, including giving preferential policies to and putting investment in ultra-low emission transformation projects, and it has completed organized and unorganized governance and clean transportation upgrading.

In order to achieve the emission targets, the production lines of each production plant of the Company are equipped with corresponding environmental protection facilities, including SCR denitration, desulphurisation, bag-type dust removal, activated carbon absorption + photocatalysis, acid mist absorption and other exhaust gas treatment facilities, as well as four sets of online monitoring facilities to monitor the emission of pollutants in real time in order to ensure that the exhaust gas generated during the production process is effectively treated and meets the emission standards. At the same time, the Company engages a qualified agency to conduct emission testing of each discharge outlet on a regular basis to ensure that the discharge meets the standard and the pollutant discharge is within the permitted range.

During the reporting period, the exhaust gas discharged by the Company has been tested by third-party company and online monitoring equipment, and the concentration of each type of pollutant is far lower than the national and local emission standards.

Disclosures	Unit	2020	2021	2022
Total exhaust emission	m ³	1,031,745.80	1,291,505.30	541,098.29
Particulate matter	Average emission concentration (mg/m ³)	5.22	5.12	4.18
	Total emission (tonnes)	5.83	17.4	16.92
Nonmethane hydrocarbon	Average emission concentration (mg/m ³)	/	/	/
	Total emission (kg)	/	/	/
NO _x	Average emission concentration (mg/m ³)	44.44	64.43	44.96
	Total emission (tonnes)	21.59	24.74	23.5
SO _x	Average emission concentration (mg/m ³)	3.86	4.74	7.8
	Total emission (tonnes)	25.92	18.17	16.54
VOCs	Average emission concentration (mg/m ³)	17.47	15.03	5.29
	Total emission (tonnes)	1.69	2.78	0.76

► Exhaust emissions from the production, operation and office process of the Company in the past three years

Wastewater management

Shandong Molong stays true to the goal of “zero discharge of wastewater”. It introduces professional wastewater treatment equipment to help each production workshop to continuously improve the efficiency of wastewater operation and management, so as to ensure that the wastewater discharged from production process of the Company is treated and recycled without outward discharge.

Disclosures	Unit	2020	2021	2022
Total Wastewater Discharge	m ³	9,226	14,426.50	4804.40
Chemical Oxygen Demand (COD)	Emission concentration (mg/L)	40	31.80	28.32
	Emissions (tonnes)	0.37	0.46	0.14
Ammonia nitrogen	Emission concentration (mg/L)	10.33	2.80	3.15
	Emissions (tonnes)	0.10	0.04	0.015
Total phosphorus	Emission concentration (mg/L)	1.26	0.91	1.28
	Emissions (tonnes)	0.01	0.01	0.006
pH	-	7.69	7.03	7.24
Other emissions	Emission concentration (mg/L)	15	15.88	17.03
	Emissions (tonnes)	0.15	0.24	0.08

► Wastewater discharge by the Company during production, operation and office process in the past three years

Green Operation

Shandong Molong attaches great importance to micro-environmental problems in daily operation and proactively promotes the concept of green office.

Green operation

The Company proactively promotes the concept of environmental protection internally, advocates the new mode of green office, and vigorously pushes forward the construction of green office. In terms of energy management, it formulates regulations on office behaviors for relevant staff, such as making clear requirements for the air conditioning degree and the usage of office electricity. The Company advocates reducing the use of office resources, such as setting up double-sided printing instead of single-sided printing; reminding staff and visitors to save water in daily operations; and using automatic water taps in the office building. In addition, the Company uses LED energy-saving lamps in its office premises to remind employees to save electricity; and energy-saving power supply is applied for the lighting in the Company's workshops where translucent tiles are used to attract natural lighting

Environmental protection advocacy and drills

Shandong Molong has established an emergency management system for sudden environmental incidents. The Company and its subsidiaries have entrusted qualified firms to prepare emergency plans for sudden environmental incidents, which have been filed to environmental authorities after expert review. Besides, the Company also organizes trainings and drills on a regular basis.

During the reporting period, the Company rectified the problems in the sector of emergency management, so as to strengthen the control over environmental risks. In the meantime, Shandong Molong proactively carried out training on environmental emergency drills, in order to push forward the implementation of its environmental management strategy.

During the reporting period

The coverage rate of the Company's environmental protection training was

100%



Environmental emergency drills and training





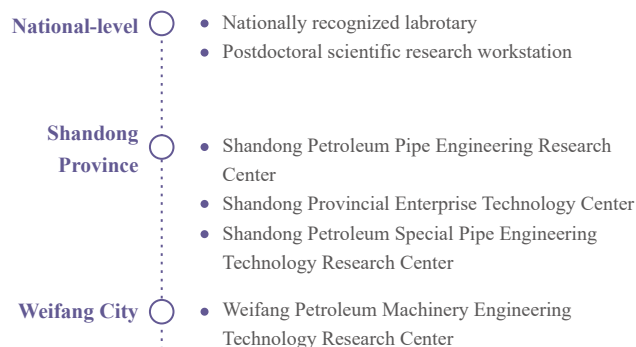
People-oriented

Building a Harmonious Society

04

Scientific and Technological Innovation

Shandong Molong puts great value on technological innovation and technical R&D. The Company invests a large amount of scientific research funds every year, constantly improves the technical conditions of scientific research, and proactively introduce advanced technology, in order to build an international R&D team and a high-level scientific and technological R&D platform. By doing so, the Company aims to provide customers with high quality, satisfactory products with the help of science and technology.



► Shandong Molong scientific research platforms

Performance data

As of December 31, 2022

The Company has invested
RMB **6403.57** in scientific
and technological research and development

The Company has a total of
229 scientific researchers

Among which those with
undergraduate degree or above
occupy **31**%.



◎ Innovation incentives

In order to encourage technical staff, as well as production and marketing staff to develop new products, especially those with high technological quality, high added value, high market demand or capable of solving key technical problems of customers, the Company has issued company-level systems and policies such as the *New Product Development Management Measures*, *Administrative Measures for the Evaluation and Appointment of Engineers*, *New Product Development Review and Reward System*, *Opinions on Incentivizing the Promotion of New Products and New Markets* and *Regulations on the Establishment of Technology Development and Promotion Team* to continuously stimulate employees to invent and create new, providing the driving force for the development of the Company.

◎ Achievements in scientific research

During the reporting period, the Company, based on market demand, kept pushing forward product R&D, and has developed a series of new products and improved technical craft.



Developed 139.70*9.17 ML-GC-2 anti-torsion special buckle casing, and obtained customer order (2747 tons +1740 tons). Currently it has been delivered and put into use successfully.

Completed the development of 2-7/8 ML-CS lengthened and thickened special connection tubing. Currently the order has been completed.

Completed the design of 139.7*12.7 MLC-2 and 244.48*11.99 mL-C-2-HC special buckle for Southwest oil and gas, and the product delivery has been completed.

Completed the design and development of 100.3* 8.38ML-FJ direct connection casing for Great Wall drilling, and the order has been delivered.

Completed the design and development of 114.3* 7.37ML-FJ direct connection casing, and delivered successfully.

► Five key R&D projects of the Company during the reporting period.



► Certificate of patent for an anti-scale oil-well pump

► Certificate of patent for a forced water cooling, wear resistant and high temperature resistant hot air spray gun head

► Certificate of patent for a high-strength directly connected oil casing

► Certificate of patent for a tri-roller mill set that can improve the uniformity of the thickness of seamless steel pipe

Case

Breakthrough in product development, Shandong Molong's products have been well-recognized by customers

In the process of shale gas development, the Southwest oil and gas field of PetroChina was faced with deep well, long horizontal well section and complex geological conditions, which put the project at the risk of failure with traditional techniques. In such situation, Shandong Molong, through sufficient communication with customer, fully tapped the Company's strengths in design and development, equipment capabilities and quality control, and by focusing on the key points, developed 139.7*12.7 MLC-2 special buckle casing at full speed, with reduced process but at the lowest cost. This set of products has met the needs of customers and solved the thorny problems faced by the oil field. It has been well-received by customers, and won a good reputation and a good deal of orders for the Company.



Case

Shandong Molong's core technology equipment won the award again

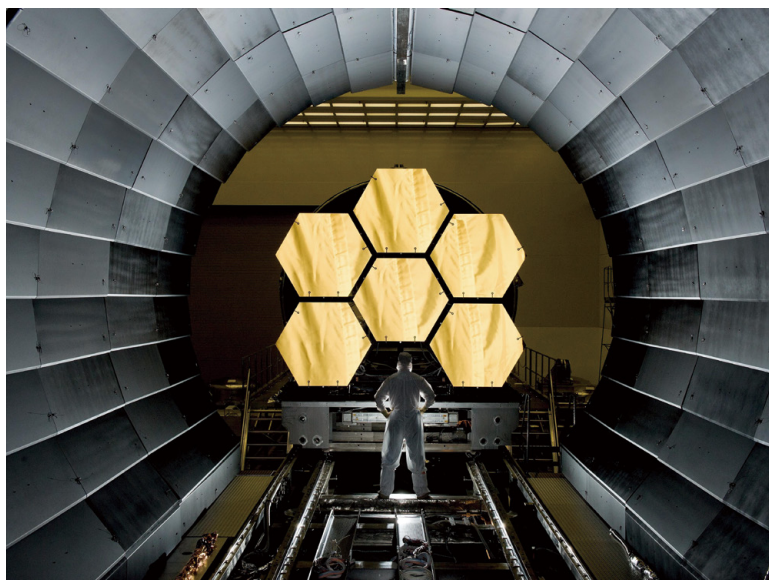
The Company developed integrated "complete set of core technical equipment for HISMELT furnace rehabilitation technology" through introduction and transformation, a major innovation all across the world for the first time. In terms of the technology, heavily polluted process like pelletizing, sintering and coking was removed, greatly reducing the generation and emission of exhaust gas. The research and development of such technology has filled the gap in the industry and yielded a number of achievements. During the reporting period, the project of "Key Technology and Application of Green and Efficient Furnace Rehabilitation for Iron Making" of the Company won the second prize of Weifang's Award for Science and Technology Progress in 2022. Moreover, Shandong Provincial Department of Industry and Information Technology released the 2022 "Shandong First (Set) Technical Equipment and Key and Core Parts Production Enterprises and Products List", the Company's "complete set of core technical equipment for HISMELT furnace rehabilitation technology" was successfully included, highlighting the Company's solid strength in the field of technical research and development, and high-end equipment manufacturing.



► Hismelt Factory

④ Setting up digital and intelligent factories

Shandong Molong continues to promote the construction of digital and intelligent factories. The existing pipelining workshops of the Company are mainly the pipelining workshops for seamless steel pipe equipped with (semi-) automatic systems, such as circular furnace monitoring system, piercing machine monitoring system, HGC monitoring system for continuous rolling mill, sizing machine monitoring system and steel pipe straightener monitoring system. The subsidiary, Shouguang Baolong uses similar industrial software as the parent company, such as: crane vehicle monitoring system, continuous casting monitoring system, electric furnace monitoring system, VD furnace monitoring system, dust removal system, pump room system, oxygen generation system (DCS), etc. The application of these software lays a solid data foundation for the Company to accurately control product quality, reduce cost and enhance efficiency, save energy and cut emissions.



Quality Assurance

Shandong Molong sticks to the quality policy of “aiming at the global market, building a good reputation with high quality, acting in good faith to win customers’ trust”. The Company has invested considerable funds and manpower every year to continuously improve the quality management system. During the reporting period, the Company has successfully passed online supervision and review of CE/PED certification, annual supervision and review of QES management system, review of API standard license re-certification, and its seamless steel pipe products with a variety of specifications have also obtained TS certificates.

④ Quality management system

Shandong Molong strictly complies with the *Product Quality Law of the People’s Republic of China* and other relevant laws and regulations. It has been running the quality management system since 1996. It obtained the quality management system certification in December 1996, and introduced the API Spec Q1 management system after passing the API product standard certification in February 2001.

Shandong Molong formulates the *Product Inspection and Experimental Control Procedures* and other systems, insisting that all products must be subject to quality inspection and their design, manufacture, installation and testing must comply with the relevant standards, specifications, design parameters and technical requirements. In addition, the Company revises and optimizes its quality management system based on market feedback on a yearly basis to ensure that the product quality of the Company is in the forefront of the industry.

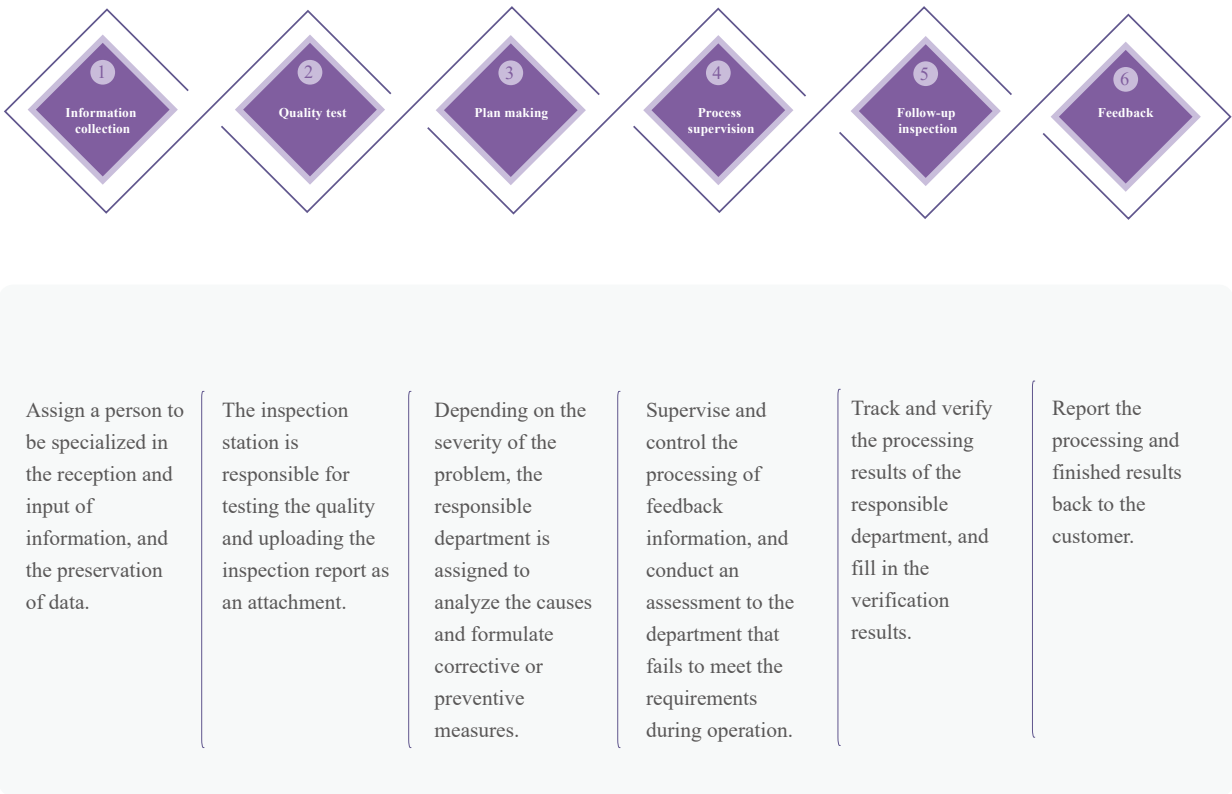
📊 Performance data

During the reporting period

The Company has revised
6 quality management
process documents.

④ Quality feedback and inspection

The Company has formulated the *Identification and Traceability Control Procedure* and *Nonconforming Product Control Procedure* and other systems, and had safety measures in place covering product and service quality and quality safety to ensure compliance with laws and regulations. At the same time, the Company continues to optimize the detection system. It expanded the CNAS national-level laboratory during the reporting period to improve product quality. In the event of products with problems, the Company will conduct a thorough investigation into the matter to identify the causes of the problems, and optimize the product process in a targeted way to ensure the stability and reliability of its products.



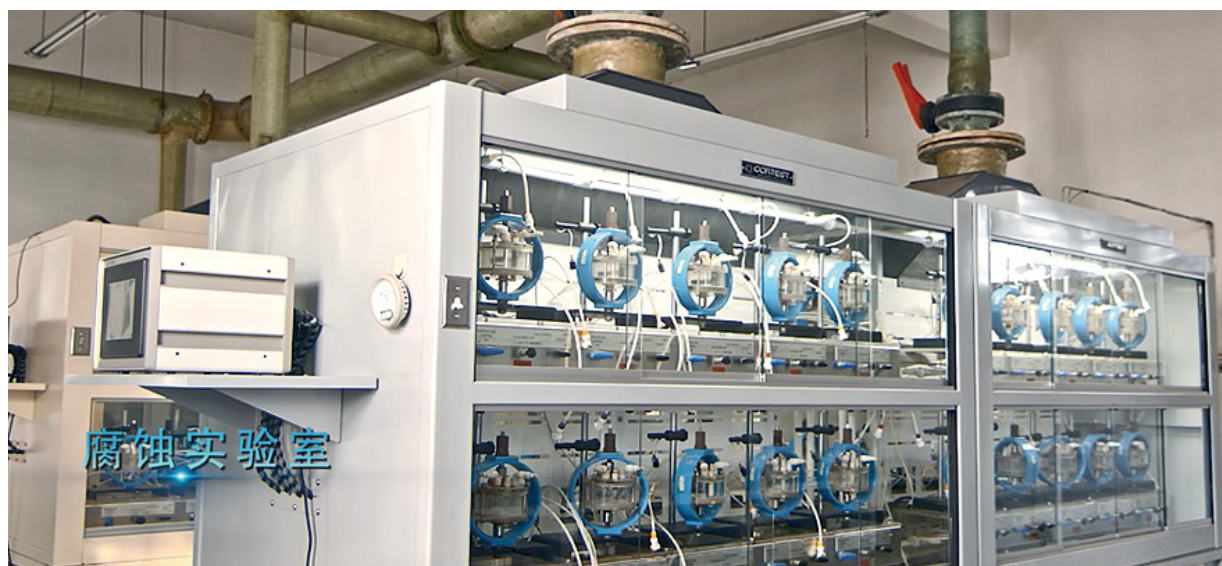
► Product quality feedback and optimization

Case

Through the expansion of the national laboratory, the quality detection capacity of Shandong Molong is further improved

The Company's physical and chemical laboratory passed the CNAS national laboratory accreditation in 2014. However, with the continuous expansion of the Company's business and the increasing requirements of customers for testing capabilities, the Company launched the CNAS laboratory expansion plan in 2021. And after review, the "expansion + reassessment + change" of the laboratory was finally approved by the evaluation group.


Through the CNAS evaluation, the inspection area of the experimental center has been further expanded, covering a total of 2 products (metal and metal products, special petroleum pipe products) and 25 testing items including mechanical performance test, chemical analysis, metallographic test, corrosion test, hydrostatic test, geometric size test, appearance test, marking, thread parameter test and so on. The forensics of the above testing items has enhanced the Company's testing strength, and improved the competitiveness of the Company to develop the sales market for its products.



Customer-first Service

☉ Customer service

Shandong Molong remains committed to providing “integrity-based top-quality service, and winning customers’ trust with superior product quality”, and constantly optimizes products, improves product quality, and ensures timeliness of delivery as required by customers. The Company, in processing product trading, exporting and reselling, strictly complied with related compliance policies and laws and regulations. In addition, in order to ensure the accessibility of service, the Company has established a dedicated after-sales service department and has set up relevant service organizations in each region. As a result, when there is a demand for service in the market, the Company is able to quickly organize an after-sales service team made up of relevant personnel such as marketing staff, technical experts and after-sales service engineers to arrive on site and provide after-sales service in a timely manner. During the reporting period, the Company has provided service to more than 50 clients.

 **Performance data**

During the reporting period

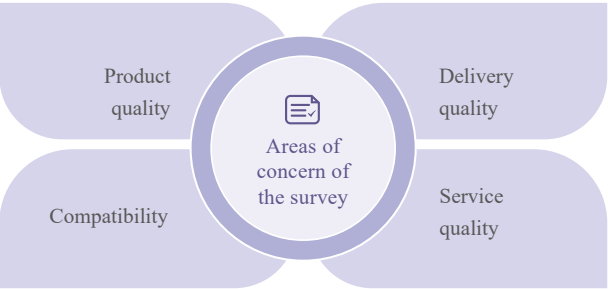
The Company signed cooperation framework agreements with CNOOC, CNPC’s South Sichuan Shale Gas Field and Sinopec.




► The Company sent personnel to the southwest oil and gas field to provide well drilling services as required by the customer in 2022.

☉ Customer feedback

In order to ensure that customer information can be replied and processed in a timely and effective manner, and to ensure that customers will be provided with satisfactory products, the Company has formulated the *Control Procedure for Customer Satisfaction Measurement*, the *Information Feedback Management System* and other provisions. The Company organizes customer satisfaction surveys on a regular basis and customer visits on an ad hoc basis every year. The survey can not only deepen the communication between the Company and customers, but also offer a good guide for the Company to develop and produce products to meet the needs of customers.



► Areas of concern of Customer Satisfaction Survey

 **Performance data**

During the reporting period

A total of **51** customer satisfaction surveys were distributed and all of them were returned, and the customer satisfaction rate increased from the previous year, reaching **97.26%**.

◎ Social responsibility marketing

While providing customers with quality service and good experience, the Company emphasizes the fulfillment of social responsibility in daily marketing activities, resolutely safeguarding the legitimate rights and interests of customers, and establishing a long-lasting, sustainable high-quality brand image. All employees of the Company are required to follow the necessary internal guidelines in product sales and customer contact. At the same time, the Company also organizes regular training concerning social responsibility marketing to improve employees' awareness of compliance. As at the end of the reporting period, the Company had not received any complaints regarding its service obligations.



► On-site training on social responsibility marketing

◎ Information security:

The Company strictly complies with relevant laws, regulations and regulatory documents, such as the *Cybersecurity Law of the People's Republic of China* and the *Administrative Measures for the Graded Protection of Information Security*, and adheres to the network management concept of "prevention first with strengthened control", formulating internal guidelines such as the *Cybersecurity Protection and Management System*, the *Information System Management System*, the *Computer Management Regulations* and the *Server Room Management System*. Besides, the Company also conducts staff training on a regular basis, seriously manages information security and ensures that customer information is effectively protected.

In order to strengthen data security, the information center of the Company is responsible for data backup for ERP, auxiliary office system and OA system and remote backup on daily basis, and for recording important data on a disk every half month. The important data of the technology center have been encrypted, and the server is automatically backed up, which further reduces data security risks and lays a foundation for the Company to build an information security benchmarking enterprise.

To further ensure the normal operation of the information system, the Company runs comprehensive anti-virus software on all networked computers every month, and deals with the hidden dangers and problems in computers in a timely and thorough manner, so as to effectively protect customer information and prevent divulging the information and data of suppliers, partners and customers to the maximum extent possible. Furthermore, the Company regularly supervises and inspects whether staff with access to confidential information have complied with non-disclosure provisions and will take serious actions to deal with any violation and divulgence. During the reporting period, the Company was not exposed to any risks or incidents related to information security.

Firewall Protection

Isolate most of the network attacks, regulate the access behavior of the entire Company's computer network, and prohibit non essential computers to access the Internet

VirtualWall Protection

VirtualWall monitors all computers of the Company for network configuration, illegal websites, access to computer USB storage devices, warning of virus files operation, etc.

Green Shield Protection

Green Shield encryption software is installed on the computer that stores important files to encrypt important files to prevent file leakage

► Three-tier protection for information security

Case

Strengthening information security training and improving employees' awareness of information security risks

To ensure solid results in information network security, the Company organized a meeting on corporate information network security in July 2022. On the meeting, the close correlation and importance of network information security with the life and work of employees were emphasized by taking examples of actual cases to all attendees, and the information network security personnel of all departments and branch factories were trained on the common operation of information security related to virus detection and killing, password modification and sharing authority management in the daily work. The holding of the meeting was of great importance, as it helped relevant staff of all departments and branch factories further understand the information network security, strengthen the awareness of information network security, and improve their basic skills of information network security.



► In July 2022, the Company held a network security meeting to improve employees' awareness of information security.

Multi-party Collaboration

☉ Supplier management

The Company has formulated the *Bidding Management Policy* and the *Supplier Management System*, and established a strict supplier admission and review system, while continuously enhancing the risk management of the supply chain and actively building a sustainable supply chain

The Company strictly selects suppliers based on a series of quantitative criteria, such as the compliance conditions, price, quality, supply stability, timely delivery rate, incoming material passing rate, customer complaints and after-sales service, etc. In the process of selection, the qualification documents provided by suppliers shall be examined one by one, and the materials submitted by the suppliers who participate in the bidding for the first time shall be sealed and kept on file.

The Company carries out supplier evaluation on a regular basis every year, targeting at the service, product quality, environmental and social factors of suppliers. If any problem is found in the evaluation, the Company will immediately ask the supplier to make a rectification within a limited time and will follow up on the rectification results. If the supplier fails to pass the second evaluation, it will be kicked out of the Company's supplier database and will not be worked together.

Performance data

During the reporting period

The Company has not been exposed to significant risks related to suppliers in the environmental and social aspects. As at the end of the reporting period, the Company had a total of **402** major qualified suppliers, **42** more than the previous year, all of which are located in China.



Disclosures		Unit	Annual information		
			2020	2021	2022
Total number of suppliers		/	326	361	402
By region	Suppliers in Mainland China	/	326	361	402
	Suppliers from Hong Kong, Macau and Taiwan or overseas	/	0	0	0
Percentage of suppliers who have signed the supplier code of conduct		%	100	100	100
Number of suppliers identified with actual and potential significant negative social impacts		/	0	0	0
Number of suppliers identified with actual and potential significant negative environmental impact		/	0	0	0
Total number of new suppliers		/	48	35	41
Proportion of purchasing staff who have passed sustainable procurement training within the Company		%	100	100	100

► Information on the Company's supplier management in the past three years

☉ Sunshine procurement

The Company signs anti-bribery agreements with suppliers and conduct regular integrity training for purchasing staff, and it will actively practice sunshine procurement by striving to establish a fair and competitive business environment and striving to maintain the ecology of the industry. The Company ensures strict transparency, fairness and impartiality in the procurement process in accordance with the *Supplier Management System*, *Material Procurement and Management System* and *Bidding Management Policy*.

Meanwhile, during cooperation with suppliers, Shandong Molong strictly implements the *Bidding Management Policy* and purchases materials and services through an open and fair bidding process. When signing the contract with the partner, the Company also signs a Letter of Undertaking with the partner, requiring that no corrupt and bribe-taking practices shall occur in the course of cooperation, so as to promote a more responsible and fairer industry ecology from the procurement side.

◎ Association cooperation

The Company proactively participates in industry conferences, maintains good and effective communication with peers, and makes its own contribution to the development of the industry through technical exchanges.

Case

Participating in the exchange meeting of the industry association

In October 20, 2022, six industry experts including Ren Hao, senior advisor of Shandong Iron and Steel Industry Association and former chairman of Shandong Iron and Steel Group, came to the Company, and had extensive and in-depth exchanges with relevant leaders and technical personnel of the Company on the current conditions of the industry at home and abroad, the interpretation of relevant industry policies, the current difficulties and problems faced by the Company, as well as corresponding solutions.



► Exchange meeting of the industry association



◎ Cooperation of industry-university-research

During the reporting period, the Company, through industry-university-research, inter-enterprise cooperation and other technical cooperation modes, provided technical support for all parties to push forward the industrialization of scientific and technological achievements. It continued to strengthen the strategic cooperation with leading universities and institutions in the industry like Tsinghua University, University of Science and Technology Beijing, Xi'an Tube Institute, Shandong Metallurgical Design Institute, Shougang Group, to further exert their respective advantages and deepen the industry-university-research cooperation, jointly setting a benchmark for the new era.

Case

The Company was titled the “Employment Training Base of Shouguang City”

In recent years, the Company has proactively provided internship opportunities for students of Shouguang Vocational Education Center, Weifang Institute of Science and Technology and many other vocational colleges in Shandong Province. On the one hand, it provides a good practice platform for students to adapt to the society and grow into talents. On the other hand, it also continuously brings in fresh blood for the technician positions of the Company, truly realizing the win-win interaction between the colleges and the enterprise, and assuming its due social responsibilities by tackling the problem of employment of local people and promoting the harmonious development of society.



- In January 2022, the Company was awarded the plaque of “Employment Training Base of Shouguang City” by Human Resources and Social Security Bureau of Shouguang City.

Caring for Employees

Shandong Molong regards employees as important partners for its sustainable development. The Company, adhering to the talent concept of “people-oriented, respect talents, cultivate talents, moral integrity and ability, and make the best use of talents”, strictly abides by national laws and regulations, protect the rights and interests of employees, set up a labor management system including employee employment, training and development, remuneration accounting and staff attendance. During the reporting period, Shandong Molong continued to optimize its employment management mechanism, strengthen the communication with employees, and constantly improve employees’ compensation and benefits, so that employees can grow together with the Company in a “caring” environment.

Employee rights

In order to create a fair workplace environment, Shandong Molong has formulated relevant human resource management standards such as the *Employee Recruitment Management System* and the *Employee Reward and Punishment Management System*, continuously strengthened the human resources management system, and work strictly in accordance with the standards set to ensure that there are rules to follow in staff recruitment, mobility and resignation, and safeguard the legitimate rights and interests of employees.

Meanwhile, the Company has built a bridge for communication between the employees and the Company. It encourages the employees to make oral or written complaints when their rights and interests are infringed. The Human Resources Department will be responsible for the investigation and evidence collection, and will put forward preliminary opinions. In addition, employees can also appeal to the management of their department or to the labor union. After the acceptance of the appeal, relevant departments will investigate, collect evidence and give feedback as soon as possible to protect the legitimate rights and interests of the employees.

Democratic management

Shandong Molong highly recognizes the democratic management system in the form of employee representative meeting and other forms, and takes the participation of staff in the democratic management of the enterprise as an important means to protect the legitimate rights and interests of staff and promote the healthy and harmonious development of the enterprise. The trade union of Shandong Molong has established a complete system of employee representative meeting, which is regarded as an important bridge for communication between the enterprise and the workers. Through various channels such as employee representative meeting, employee representatives’ WeChat groups, mailboxes and telephone calls, the Company collects timely and reasonable suggestions from employees, feeds back the development requirements of the enterprise and does a good job of communication and consultation to ensure that the authority to deliberate on major decisions of the Company and decide on major matters relating to the living and welfare of employees is implemented.

To ensure the effective implementation of the Company’s democratic management system, it has specially established democratic management systems such as the *Shandong Molong Employee Representative Meeting System*, and at the same time, dedicated and part-time employee representatives have been set up in each branch and department of the Company, and offline employee representative meetings are held regularly to collect suggestions and opinions from employee representatives. In order to ensure that the opinions and suggestions of the representatives are effectively implemented and handled, the OA system of the Company has also set up a column for the management suggestions and problems found by the staff representatives, so that the problems and opinions needed to be coordinated and handled by the departments can be posted on the website in a timely manner and the implementation status will also be announced to the staff in a timely manner. In 2022, since the offline representative meeting was restricted due to the pandemic, the Company collected representatives’ suggestions and opinions through online WeChat group and engaged in timely implementation.



▶ OA system – Section to manage the suggestions of employee representative meeting

Performance data

In 2022

More than **180** suggestions and opinions were collected from employee representatives, of which **12** needed to be coordinated by the departments to be put on the web for supervision, and more than **160** suggestions and opinions were pending to be put on the web for immediate coordination

In addition, the trade union of Shandong Molong has proactively promoted employee satisfaction survey. During the reporting period, the satisfaction or basic satisfaction rate of the staff towards the openness of factory affairs and the trust rate of the leadership team reached over 98%.

Staff recruitment

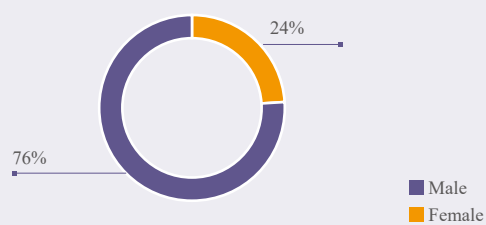
Shandong Molong is committed to creating equal employment opportunities, respecting diverse and inclusive culture, and eliminating any discrimination based on gender, race, nationality, physical condition, religion, marital status, etc. It proactively provides equal employment opportunities for vulnerable groups, protecting the rights of female employees, and implementing equal pay for equal work. In strict accordance with national laws and regulations, the Company constantly standardizes labor management, prohibits the employment of child labor, and resists all forms of forced labor and compulsory labor. It has implemented a labor supervision and inspection system, and conducted inspections on labor and employment management from time to time. In 2022, no child labor, forced labor or employment disputes occurred in the Company.

Performance data

As of the end of the reporting period

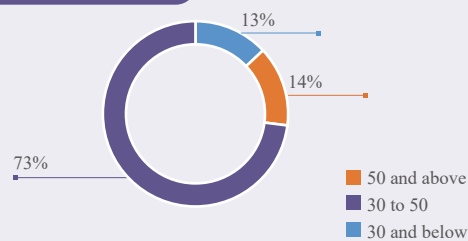
As of the end of the reporting period, the company had employed **38** disabled people and **65** demobilized veterans.

Employee composition (gender)



► The age composition of the Company's workforce at the end of the reporting period

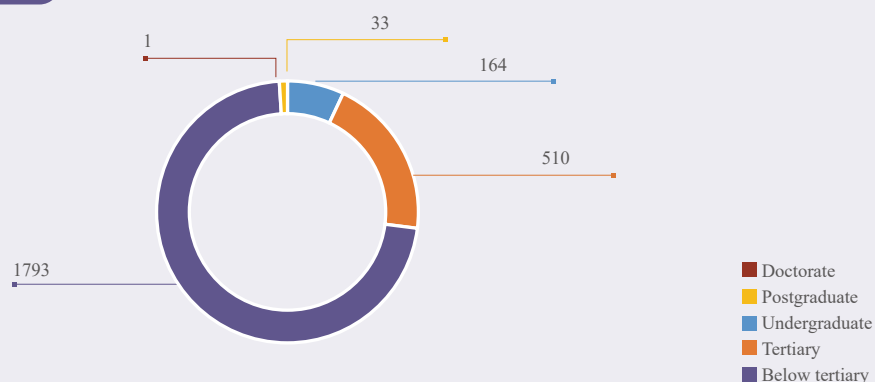
Employee composition (age)



► The gender composition of the Company's workforce at the end of the reporting period

In order to strengthen the construction of talent team, stabilize the existing talents, and give full play to the role of talents in the production, operation, R&D and management of the enterprise, the Company keeps introducing highly educated talents, and it has recruited 113 people with college degree and 20 people with bachelor degree in 2022. Besides, it has also revised the relevant management measures for skilled talents in a timely manner to improve talents management measures and treatment. Skilled workers are also organized to participate in the corresponding occupation/job skill assessment. A total of 348 employees involving turning, electrician, steelmaker positions were evaluated this year, among which 95 were senior workers. In this way, it has better improved the operational skills of the staff.

Employee composition (education)



► Educational composition of employees in the Company at the end of the reporting period

☉ Staff training and development

Talent is the most precious resource of enterprises and plays an important role in the development of enterprises. Shandong Molong has always paid great attention to the absorption and training of talents, and created a number of high-quality enterprise elite teams, to provide reliable talent resources for the development of the Company.

Shandong Molong always adheres to the management concept of people-oriented, guided by the idea of “keeping up with the times and innovation” and based on the existing human resources for optimizing the allocation of manpower, and at the same time putting efforts in the development of human resources. Through job analysis, it formulates career planning for employees, pays attention to employee training and growth, so that the growth of employees can be kept in line with the development of corporate development planning objectives. By reforming and improving the incentive mechanism, increasing rewards and punishments, and establishing the performance-based payment system, the income of employees will be reasonably determined according to their responsibilities and contributions. An open, fair, competitive and merit-based talent selection and appointment system is then formed, creating an environment for nurturing more outstanding talents.

Staff training is also another focus of the Company. It has established a training system that combines both long-term and short-term trainings and an employee training management system to build the staff team into a learning-oriented organization. Through a variety of means, such as study abroad, on-job learning, short term training, inviting experts and veterans in the industry to give lectures, we have improved the business standard of our staff and expanded their potential. At the same time, we pay attention to updating the knowledge structure of the existing staff, and the annual staff training rate reaches 100%, which greatly improves the operational skills and management level of the staff.

In order to improve the overall quality and operation skills of employees, and stimulate the enthusiasm and creativity of all employees, the Human Resources Department makes the annual training plan of the Company based on the training needs of all departments of the Company, which is mainly divided into four types, namely, quality management, environmental safety, product process and other training. The training plan is composed of training content, training object, training method, teaching department, lecturer and training time, etc. Relying on the Company's learning platform, internal lecturers, external lecturers and network learning, depending on the strategic objectives and development needs, the knowledge of nondestructive testing, appearance quality inspection, measuring instruments management, mechanical field testing, safety management, all kinds of operation documents of three kinds of oil pumping units, rolling process, oil casing thread processing, and the product knowledge of the Company are taught through training. The completion rate of the 2022 annual training plan is 100%.

Indicators	Unit	2022
Total number of hours of training received by staff	Hour	480
Total number of hours of training received by grassroot staff	Hour	120
Total number of hours of training received by mid-level managers	Hour	72
Total number of hours of training received by senior managers	Hour	48
Training Coverage	%	100

► Key indicators of Shandong Molong staff training



► Photo of on-site staff training

Case

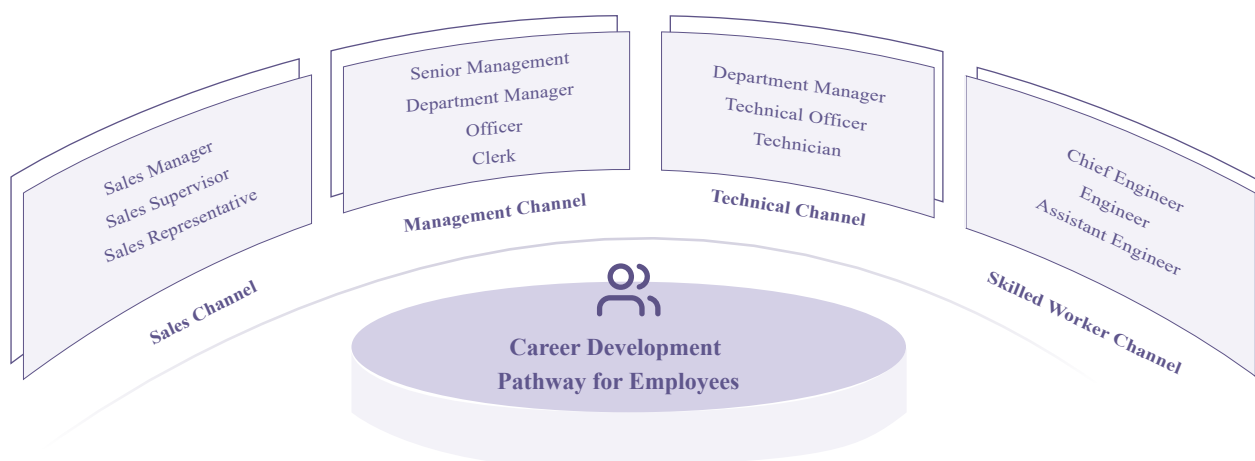
Organizing internal safety training courses to improve employees' safety skills.

In May 2022, Shouguang Life and Property Insurance Data Management and Control Project organized training courses for internal security trainers for the Company. 38 safety production supervision practitioners of the Company participated in the training. The training helped the enterprise trainees to grow into internal trainers in professional fields as soon as possible, and cultivated the trainees to become the first batch of internal trainers and municipal trainers in Shandong Molong, playing a more important role in the safety management of the Company. Going forward, the Company will take this training as an opportunity to enhance the safety quality of all personnel, improve their safety awareness and safety management capabilities, to prevent the occurrence of safety accidents.



► On-site safety training

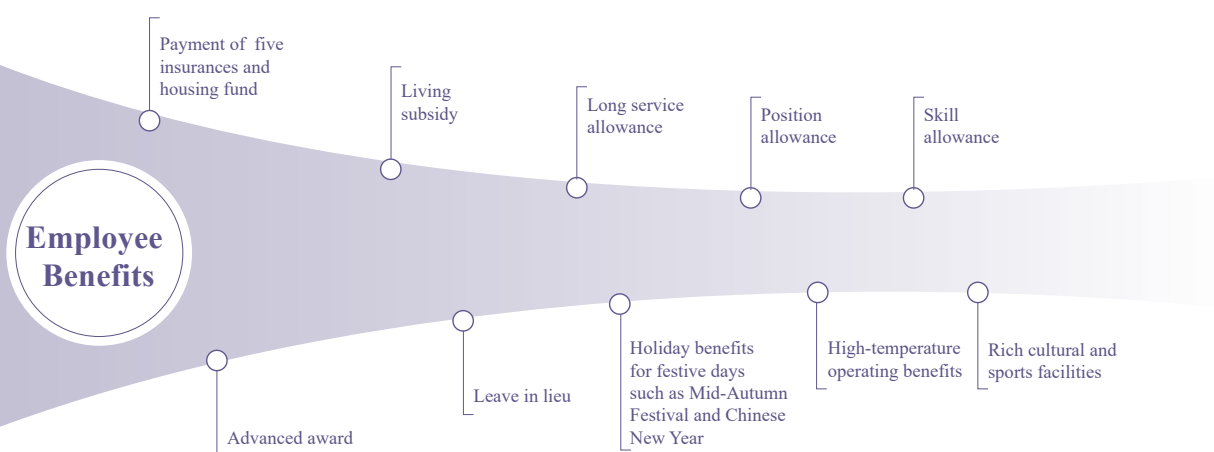
In order to provide staff with a broader platform and more opportunities for promotion and development, the Company has developed four development channels for sales, management, technical and skilled workers. The Company's staff will be promoted through competitive recruitment or move from junior staff to management positions.



◎ Employ remuneration and well-beings

In order to strengthen the absorption of talented people from all sides, the Company has formulated the *Salary Management System for Employees with Fixed Salaries*, the *Salary Management System for Employees with Fixed Monthly Salaries* and other management systems according to its current situation and future development. On the premise of stabilizing employees' income and encouraging them to work harder and earn more, the Company not only guarantees the stable income in the employees' basic salary, but also tries to add performance-based rewards to encourage excellent employees to go on working for the Company, thus making the salary more attractive externally and more stimulating internally. The Company also continuously increases the salary of technical, administrative and front-line production personnel, so as to fully mobilize the subjective initiative and creativity of employees, and constantly improve their satisfaction and loyalty.

In addition, the Company provides diversified welfare subsidies for employees, pays various social insurance premiums for employees on time and in full, improves the enterprise annuity and enterprise supplementary medical insurance system, doing its best to solve the most concerned and realistic problems of employees, to enhance their sense of belonging and well-being



► Employee benefits system of Shandong Molong

Shandong Molong concerns much about the development of physical and mental health of its staff, implements multi-dimensional caring actions, actively carries out various forms of cultural and sports activities with distinct themes and rich content and does a good job in all kinds of sympathy work, so that employees can fully feel the caring and warmth of the Company.

Case

Ushering in the Spring with auspicious snow, Molong brings warmth to employees in financial or material difficulties

As the year 2022 was coming to an end, and the New Year was coming in, the labor union of the Company helped and rescued the employees who were in financial or material difficulties, bringing them the warmth of family, and showing the Company's warm heart to care for employees. In this event, the Company assisted more than 10 employees, and gave 3,000 to 15,000 yuan of consolation money, depending on the staff's family conditions, to help them enjoy a happy and peaceful Spring Festival.



► Visiting employees with financial difficulties

④ Employee occupational health and safety

Shandong Molong adheres to the people-oriented and life first concept, being committed to reducing small accidents and putting an end to the fatal accidents, and at the same time sticks to the guideline of “safe prevention, scientific management, continuous improvement of the system”. It continues to invest manpower and material resources, and constantly optimize the Company’s occupational health and safety system. In the strategic aspect, it makes use of mechanization and automation to replace manpower, takes the advantage of monitoring, alarm equipment instead of manual inspection, deepens safety standardization and EHS system management, striving to establish a new benchmark for safety production industry.

The Company maintains a dual prevention system of hierarchical security risk control and hidden danger investigation and treatment. Departments at all levels implement regular inspection for hierarchical security risk control and thorough rectification for security risks that are found. At the same time, the Company actively carries out emergency drills and safety training, continuously improves the safety awareness and self-protection awareness of employees, thereby laying a solid foundation for the Company to reduce safety risks.

Performance data

By the end of the reporting period, the Company had **40** full-time safety management personnel, including **3** safety directors, **7** registered safety engineers and **30** full-time safety officers.

In 2022, the Company established **12** occupational health systems and revised **38** safety management systems.

By the end of the reporting period, the Company had issued labor protection supplies valuing more than **480,000** yuan and invested more than **26.72** million yuan in the maintenance of production equipment.

By the end of the reporting period, the Company had inspected a total of **1,802** types of safety hazards, with a correction rate of **100%**. The safe operation rate of equipment was **100%**.

By the end of the reporting period, the Company had organized safety related training for **20** times and emergency drills for **75** times, and the employee participation rate was **100%**.

Case

Organizing emergency drills for handling safety accidents to improve employees’ ability of emergency management

Shandong Molong firmly believes that “safe production depends on employees, and every employee assumes responsibility”. In July 2022, the staff of the Company’s subsidiary, Shouguang Maolong Laboratory, 19 people in total, in response to the call of the Company, under the guidance and supervision of the safety officers from the Safety and Environmental Protection Department, conducted emergency plan drill for possible safety accidents in the

work, including discovery and report of dangerous situations, first aid and transfer of injured workers. The drill has enhanced the safety awareness, the ability of discovering and eliminating safety risks, the emergency rescue ability of the participants, playing a positive role in avoiding similar accidents in the future work and promoting the safe production of the Company.



► On-site emergency drill



► Shandong Molong has obtained the ISO 45001 occupational health and safety management system certification

Public Welfare Activities

Shandong Molong always insists on giving back to the society and adheres to the concept of “establishing a harmonious society and a harmonious community”, actively calling on and leading all staff to participate in various community exchange activities. During the reporting period, the Company adhered to the development of public welfare undertakings, strived to fulfill social responsibilities, and made active contributions in various fields to assist rural revitalization and achieve a win-win results with the society.

Performance data

During the reporting period

The amount of charitable donations of the Company reached about RMB 100,000, and up to 86 employees attended the volunteer work, contributing 12 hours per participant.

Case

Priceless blood donation to spread the love of Molong

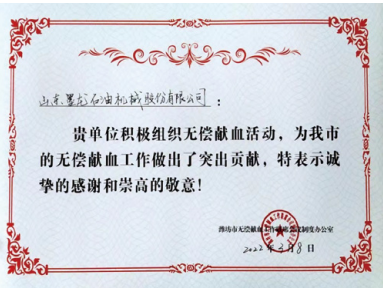
In 2022, in order to ease the tight supply of blood for medical use in Weifang, Shandong Molong conducted public welfare activity of “Voluntary blood donation, with CPC Party members taking the lead”, and organized three voluntary blood donations in March, August and December, respectively. During the event, members of party branch took the lead in donating blood. At the same time, Shandong Molong Party Branch signed a cooperation agreement with Weifang Central Blood Station on “Guiding Party Construction for a Shared Future”, and carried out a series of cooperation on publicizing public knowledge of voluntary blood donation, increasing exchanges and interactions with blood donors, thus contributing Molong strength to the cause of voluntary blood donation in Weifang City.

During the reporting period

In the past three years, the Company has organized more than 300 people to donate blood without compensation, and the volume of blood donated has reached more than 80,000 ml.



► Photo of blood donation activity



► The voluntary blood donation of the Company is commended

Future Prospects

The world today is undergoing profound changes unseen in a century, and the marketplace is full of challenges. In the face of all these difficulties, Shandong Molong will uphold the guidance and leadership of the CPC, studying and comprehending the spirit of the Party's 20th National Congress, and implementing the "14th five-year" plan (covering the years 2021 to 2025). It will conduct strict corporate governance, in order to maintain the stable operation of the Company. Meanwhile, in adherence to the guiding philosophy that "sci-tech self-reliance and self-strengthening should always be considered a strategic support for national development", the Company will, relying on its core technology, go all out to seek high-quality development through vigorous and determined endeavor. It will take its own advantages to promote the collaborative progress of the industrial chain, contributing a positive share to China's petroleum machinery technical breakthrough. In addition, the Company will go on deepening the implementation of the "30•60" dual-carbon strategy, and increasing investment in environmental protection, so as to achieve green, low-carbon and sustainable development, and make its own efforts to build an ecological environment with "green mountains". Going forward, Shandong Molong will, upholding the principle of "encouraging all people, absorbing all ideas, collecting all contributions and creating all achievements" and staying true to its original aspiration, work with employees and partners to make the society and environment more harmonious and beautiful.

Index of Indicators

☉ Employee occupational health and safety

Content of indicators			
	Content of indicators		Related Section
A1: Emissions	General Disclosure:	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.3 Emission Management
	A1.1	The types of emissions and respective emissions data.	3.3 Emission Management
	A1.2	Total amount and density of greenhouse gas emissions.	3.3 Emission Management
	A1.3	Total amount and density of hazardous wastes produced.	3.3 Emission Management
	A1.4	Total amount and density of non-hazardous wastes produced.	3.3 Emission Management
	A1.5	Description of measures to mitigate emissions and results achieved.	3.3 Emission Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.3 Emission Management
A2: Use of Resources	General Disclosure:	Policies on the efficient use of resources, including energy, water and other raw materials.	3.1 Environmental Management
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity	3.2 Energy Conservation and Carbon Reduction
	A2.2	Water consumption in total and intensity.	3.2 Energy Conservation and Carbon Reduction
	A2.3	Description of the energy efficiency program and the results achieved.	3.2 Energy Conservation and Carbon Reduction
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency program and the results achieved.	3.2 Energy Conservation and Carbon Reduction
	A2.5	Total packaging material used for finished products and, with reference to per unit produced.	3.2 Energy Conservation and Carbon Reduction
A3: Environment and Natural Resources	General Disclosure:	Policies on minimizing the issuer's significant impact on the environment and natural resources.	3.1 Environmental Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1 Environmental Management

Content of indicators			
	Content of indicators		Related Section
B1: Employment	General Disclosure:	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.5 Caring for Employees
	B1.1	Total workforce by gender, employment type, age group and geographical region.	4.5 Caring for Employees
	B1.2	Employee turnover rate by gender, age group and geographical region.	4.5 Caring for Employees
B2: Health and Safety	General Disclosure:	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.5 Caring for Employees
	B2.1	Number and rate of work-related fatalities.	4.5 Caring for Employees
	B2.2	Lost days due to work injury.	4.5 Caring for Employees
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.5 Caring for Employees
B3: Development and Training	General Disclosure:	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.5 Caring for Employees
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.5 Caring for Employees
	B3.2	The average training hours completed per employee by gender and employee category.	4.5 Caring for Employees
B4: Labor Standards	General Disclosure:	Information on: (a) the policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	4.5 Caring for Employees
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	4.5 Caring for Employees
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.5 Caring for Employees

Content of indicators			
	Content of indicators		Related Section
B5: Supply Chain Management	General Disclosure:	Policies on managing environmental and social risks of the supply chain.	4.4 Multi-party Collaboration
	B5.1	Number of suppliers by geographical region.	4.4 Multi-party Collaboration
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.4 Multi-party Collaboration
B6: Product Responsibility	General Disclosure:	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.2 Quality Assurance
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.2 Quality Assurance
	B6.2	Number of products and service related to complaints received and how they are dealt with.	4.2 Quality Assurance
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.2 Quality Assurance
	B6.4	Description of quality assurance process and recall procedures.	4.2 Quality Assurance
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.2 Quality Assurance
B7: Anti-corruption	General Disclosure:	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.5 Anti-corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.5 Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.5 Anti-corruption
B8: Community Investment	General Disclosure:	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	4.6 Public Welfare Activities
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	4.6 Public Welfare Activities
	B8.2	Resources contributed to the focus areas.	4.6 Public Welfare Activities

⊙ GRI Guideline and CASS 5.0

Contents		GRI Standards	CASS-5.0
About this Report		GRI 102	P1.2 P1.3
Chairman's Statement		/	/
Excellence • Company Profile	About Shandong Molong	GRI 102 GRI 202	P4.3 P4.4 G1.2
	Company Strategy and Development	GRI 102	P4.1 P2.3 P2.4
	Business Philosophy	/	P1.2
	Key Company Honors in 2022	/	P1.2
	Corporate Governance	GRI 102	G1
Integrity • Adhering to Governance Responsibilities	Sustainable Development Management	GRI 3 GRI 302 GRI 305 GRI 201 GRI 416 GRI 304	G2

Contents		GRI Standards	CASS-5.0
	Compliance and Risk Management	GRI 3 GRI 306	G1.3,G1.4
	Investor Relations Management	GRI 3 GRI 201 GRI 202 GRI 203 GRI 204	G3.6
	Anti-corruption	GRI 205	G1.7,G1.8
	Protection of Intelligent Property Rights	GRI 201	V2.2,V2.3,V2.4
Win-win Cooperation • Protection of Natural Ecology	Environmental Management	GRI 308	E1
	Energy Conservation and Carbon Reduction	GRI 306	E1
	Emission Management	GRI 305	E3
People-oriented Building a Harmonious Society	Scientific and Technological Innovation	GRI 3	M2.4 - M2.7,M3.5
	Quality Assurance	GRI 202	M2.1 – M2.3,M2.8 – M2.18
	Customer-first Service	GRI 415	S4
	Multi-party Collaboration	GRI 405	M3.4,M3.6
	Caring for Employees	GRI 403 GRI 404	S2.1 – S2.19
	Public Welfare Activities	GRI 405	S4.1,S4.6,S4.8-S4.11

Feedback and Suggestions

Dear readers,

Thank you very much for taking time out of your busy schedule to read the “2022 Environmental, Social and Governance Report of Shandong Molong Petroleum Machinery Company Limited”. In order to provide you and other stakeholders with more valuable information, and effectively enhance the Company’s capability of and performance in the fulfillment of corporate social responsibility, we sincerely look forward to your comments and suggestions.

Clicker Questions (please tick the appropriate box)

1. Your evaluation on this report as a whole is:

☐ Very good ☐ Good ☐ Average ☐ Weak ☐ Poor

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

☐ Very good ☐ Good ☐ Average ☐ Weak ☐ Poor

3. How do you think Shandong Molong does in economic responsibility?

☐ Very good ☐ Good ☐ Average ☐ Weak ☐ Poor

4. How do you think Shandong Molong does in environmental responsibility?

☐ Very good ☐ Good ☐ Average ☐ Weak ☐ Poor

5. How do you think Shandong Molong does in safety management?

☐ Very good ☐ Good ☐ Average ☐ Weak ☐ Poor

6. How do you think Shandong Molong does in employee responsibility?

☐ Very good ☐ Good ☐ Average ☐ Weak ☐ Poor

7. How do you think Shandong Molong does in community responsibility?

☐ Very good ☐ Good ☐ Average ☐ Weak ☐ Poor

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

☐ Very good ☐ Good ☐ Average ☐ Weak ☐ Poor

9. Do you think the report is easy to read in terms of its contents and layout?

☐ Yes ☐ No

10. Open questions

Do you have any other comments and suggestions for Shandong Molong’s fulfillment of its social responsibility or for this report?