



2022

Zhengzhou Coal Mining Machinery Group Co., Ltd.
Environmental, Social and Governance Report



About this Report

This report is prepared with reference to the provisions set out in *Guidelines for Environmental Information Disclosure of Listed Companies* issued by Shanghai Stock Exchange in May 2008 and *Environmental, Social and Governance Reporting Guide* issued by Hong Kong Exchanges and Clearing Limited (HKEX) in December 2015. For ease of presentation and reading, Zhengzhou Coal Mining Machinery Group Co., Ltd. and its subsidiaries are referred to as “the Company” or “we” in this report. The Company is pleased to present its social responsibility performance from the year 2022, namely, from January 1, 2022 to December 31, 2022.

This report highlights and discusses the activities carries out by Zhengzhou Coal Mining Machinery Group Co., Ltd. and covers the following entities on account of a range of indicators such as sales values, business types, profits and assets values:

Coal Mining Machinery Segment

Zhengzhou Coal Mining Machinery Group Co., Ltd., Zhengzhou Hengda Intelligent Control Technology Co., Ltd. (formerly known as “Zhengzhou Coal Mining Machinery Hydraulic Electronic Control Co., Ltd.”), Zhengzhou Coal Mining Comprehensive Machine Equipment Co., Ltd., and Zhengzhou Coal Mining Machinery Group Material Trading Co., Ltd. For ease of presentation and reading, these four companies are collectively referred to as the “coal mining machinery segment” in this report.

Auto Parts Segment

ASIMCO Technology, Inc., ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd., ASIMCO Camshaft (Yizheng) Co., Ltd., ASIMCO International Casting Co., Ltd. (Shanxi), and ASIMCO NVH Technologies Co., Ltd. (Anhui). For ease of presentation and reading, these five companies are collectively referred to as “ASIMCO” in this report.

SEG Automotive Germany GmbH is referred to as “SEG” in this report.

Investment Segment

Zhengzhou Zhima Street Industrial Co., Ltd., a wholly-owned subsidiary of Zhengzhou Coal Mining Machinery Group Co., Ltd., is one of the three major segments under the strategic planning of Zhengzhou Coal Mining Machinery Group Co., Ltd (ZMJ). For ease of presentation and reading, Zhengzhou Zhima Street Industrial Co., Ltd. is referred to as “Zhima Street” in this report.

This report is issued in simplified Chinese, traditional Chinese and English, and all contents shall be subject to the simplified Chinese version. This report can be downloaded from the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Stock Exchange of Hong Kong Ltd. (www.hkexnews.hk) and the website of Zhengzhou Coal Mining Machinery Group Co., Ltd. (hereinafter referred to as ZMJ)(www.zmj.com).

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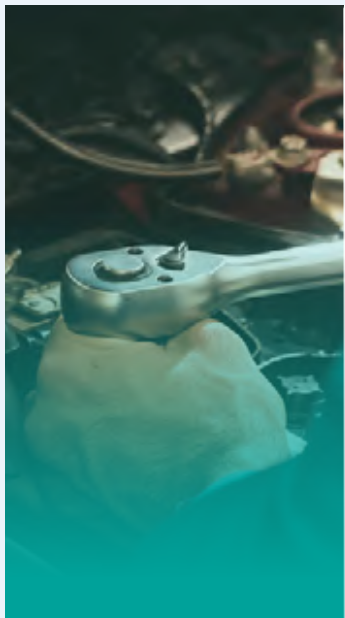
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Message from
the Company

Dear stakeholders:

2022 saw the extraordinary development of ZMJ. Faced with the world’s unprecedented changes in a century, the severe and complex external environment and market competition, the in-depth evolution of scientific and technological revolution and industrial transformation, and the coexisting strategic opportunities and risks and challenges, ZMJ’s employees bear in mind the important instructions of General Secretary Xi Jinping during his visit to ZMJ. ZMJ has deeply grasped the important opportunity period of industry reform and adjustment, continuously strengthened group control globally, and accelerated the process of new energy, intelligence and digital transformation, striven for progress in stability and success in difficulties, and made progress in business performance, achieving a good start of the “14th Five-Year Plan”.

ZMJ continued to deepen reform and practice high-quality development in 2022. We have made clearer the transformation path and implementation measures. We have actively promoted the mixed ownership reform of Zhengzhou Coal Mining Machinery Hydraulic & Electric Control Co., Ltd., boosted the listing of Nanjing Bestway Intelligent Control Technology Co., Ltd. on the Growth Enterprise Market, continuously increasing our intrinsic motivation. We have participated in the mixed ownership reform of LYC Bearing Co., Ltd. and have broadened the deployment in new industries.

ZMJ’s various industrial sectors made great progress and complemented each other in 2022. The coal mining machinery sector has made achievement in implementing the “intelligence, complete package, internationalization and socialization” strategy and the main economic indicators have reached a record high. The “complete package” model has been fully developed at home and abroad, and brought about benchmark effect. Intelligent products have ranked first in the industry in terms of market share. Digital factories have been successfully put into production and moved towards intelligent manufacturing. The auto parts sector has sought development in the turbulent and changing situation of the industry. ASIMCO Technologies (here-

inafter referred to as ASIMCO) has achieved remarkable results in export and new energy business, and its shock absorption and sealing have been used by domestic mainstream new energy vehicle brands. Established a transformation strategy for high-voltage electrification, SEG Automotive E-Drive System Co., Ltd. (hereinafter referred to as SES) has won orders from leading new energy client and entered the supply chain of electric drive systems for new energy vehicles at a high starting point. Zhengzhou Zhimajie Industrial Co., Ltd. (hereinafter referred to as Zhimajie) once again hosted the national “Mass Entrepreneurship and Innovation” event, further enhancing its industry exposure and regional influence.

On the way forward, ZMJ has always been courageous to assume economic, environmental and social responsibilities and is committed to creating more sustainable comprehensive values for investors, clients, employees, communities and other stakeholders. We have comprehensively increased the proportion of clean energy business in the Company in all aspects to help achieve carbon peaking and carbon neutrality goals. We have attended to and actively participated in social undertakings such as poverty alleviation through education and public welfare activities to promote the common development of the Company and the society. We have cooperated and integrated with schools and universities to continuously import high-quality professionals into the society.

Forge ahead and stay true to our original aspiration. In 2023, ZMJ will continue to adhere to the new development concept of “innovation, coordination, green, openness and sharing”, focus on the key fields and key links of the industry, to achieve continuous high-quality development with innovation, and to promote the green transformation of the Company with the goal of “peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060”. We forge ahead with passion and aspiration.

Zhengzhou Coal Mining Machinery Group Co., Ltd.
March 2023

Company
Profile

Zhengzhou Coal Mining Machinery Group Co., Ltd. was founded in 1958 and restructured into a limited liability company in 2008. It was listed on the main board of Shanghai Stock Exchange and Hong Kong Exchanges and Clearing Limited in 2010 and 2012, respectively, and became a listed company with A+H shares. The current controlling shareholders of the Company are Hong Yi Investment Management (Henan) Partnership (Limited Partnership) and Henan Asset Management Co., Ltd., collectively holding 19.47% of the Company’s shares with no actual controller. For ease of presentation and reading, Zhengzhou Coal Mining Machinery Group Co., Ltd. and its subsidiaries are referred to as “the Company” or “we” in this report.

The Company started with its coal mining machinery business and has remained a leader in the hydraulic roof support industry for years. The Company successfully acquired the ASIMCO Group and SEG in 2016 and 2017, and entered the field of auto parts with a

high starting point. In 2018, the Company established Zhima Street Industrial Co., Ltd. to develop investment business. The Company currently has three business segments, i.e. coal mining machinery, auto parts and investment, and has 29 branches in 18 countries and regions around the world.

General Secretary Xi Jinping visited the Company in 2019 and made important instructions on the future development of the Company, pointing out the way forward for us. In recent years, we have actively responded to the national development strategy and the instructions of the General Secretary, constantly explored the path of transformation and upgrading, strengthened independent innovation, developed high-end and intelligent manufacturing, and grown into the world’s largest supplier of fully mechanized coal mining technology and equipment and the world’s leading auto parts manufacturer.

Financial Performance in 2022

- Revenue amounted to CNY **32,043.31** million, with a year-on-year increase of **9.39%**. Net profit attributable to the parent company stood at CNY **2,538.23** million, representing a year-on-year increase of **30.31%**.
- We distributed cash dividends of CNY **774.08** million (tax inclusive), accounting for **39.74%** of the net profit attributable to the shareholders of the listed company in 2021.



Major Honors and Events in 2022

- **Commendation Award of the 7th China Grand Awards for Industry (approved and established by the State Council)**
- **Ranked 408th in the Fortune China 500 companies in 2022 – Fortune (Chinese Version)**
- **Ranked 21st in the Top 100 Companies of China in the Machinery Industry in 2022 – China Machinery Industry Federation**
- **Ranked 31st in the Top 50 Coal Companies of China in 2022 – China National Coal Association**
- **Ranked 23rd in the Top 30 Auto Parts Suppliers of China in 2022 – China Association of Automobile Manufacturers**
- We completed the mixed ownership reform of Zhengzhou Coal Mining Machinery Hydraulic & Electric Control Co., Ltd., introduced strategic investors, and stimulated its intrinsic motivation.
- Nanjing North Road Intelligent Control Technology Co., Ltd., a joint-stock company, was listed on the Growth Enterprise Market to help implement the intelligent strategy.
- Participated in the mixed-ownership reform of LYC Bearing Co., Ltd. to broaden the industrial layout in the field of high-end equipment manufacturing.
- The main market indicators of the coal mining machinery sector, production, operation and management hit a record high.
- SES was officially inaugurated and won the mass production procurement order from a leading new energy vehicle enterprise.
- ASIMCO Technologies (Yizheng) Co., Ltd. was established, indicating the Company’s industrial transformation and upgrading to intelligent new energy vehicle parts.
- ZMJ promoted complete package of fully mechanized coal mining equipment at home and abroad, and the use of complete packages in projects such as Pingdingshan Tianan Coal No.2 Mine, Yunnan Xiongda and Turkey Ozsen has a benchmark and demonstration effect.
- Installed with “Mine Harmony”, ZMJ’s “Ethernet electric control + intelligent centralized control system” has achieved a breakthrough for Shenhua Shendong Coal Group Co. Ltd. in intelligent market, and has achieved fruitful results in strategic high-end markets such as Shaanxi Coal and Chemical Industry Group Co., Ltd., Shenhua Ningxia Coal Industry Group Co., Ltd. and Datong Coal Mine Group Co., Ltd., maintaining the first place in domestic market share.
- ZMJ Intelligent Control System Intelligent Manufacturing Demonstration Base Project was commenced in April, and ZMJ Original Digital Demonstration Factory for Structural Components and Yizheng ASIMCO Shuanghuan High-end Auto Parts Intelligent Manufacturing Factory were put into trial operation.

01 MANAGEMENT APPROACH

Social Responsibility
Governance

Stakeholders'
Engagement

Key Social Responsibility
Issues


Social Responsibility Governance




The Board of Directors of the Company is responsible for our Environmental, Social and Governance Report, including the assessment and identification of risks relating to social responsibility, and ensuring an appropriate and effective risk management and internal control system in place for social responsibility. The Company has appointed our business function departments to review the Company's operations and hold internal discussions to identify relevant social responsibility issues and assess the importance of such issues to our business and stakeholders. The management has confirmed the effectiveness of the risk management and internal control system for social responsibility to the Board. According to the general disclosure requirements provided in Environmental, Social and Governance Reporting Guide, the identified major environmental, social and governance issues have been included in this report to provide balanced disclosure of the social responsibility performance of the Company during its operations.

Stakeholders' Engagement

While adhering to its commitment to creating a world-class brand and tirelessly pursuing its own development, the Company has due regard to the demands from stakeholders, including investors, government/regulatory authorities, employees, customers, suppliers, non-government organizations and the community. By establishing channels conducive to the engagement of stakeholders, the Company brings in the views of each party to its entire decision-making and operating process.

This report provides the stakeholders with the latest information about the Company's activities and performance in environmental, social and governance aspects, conveying the Company's willingness to create the best value for its stakeholders.

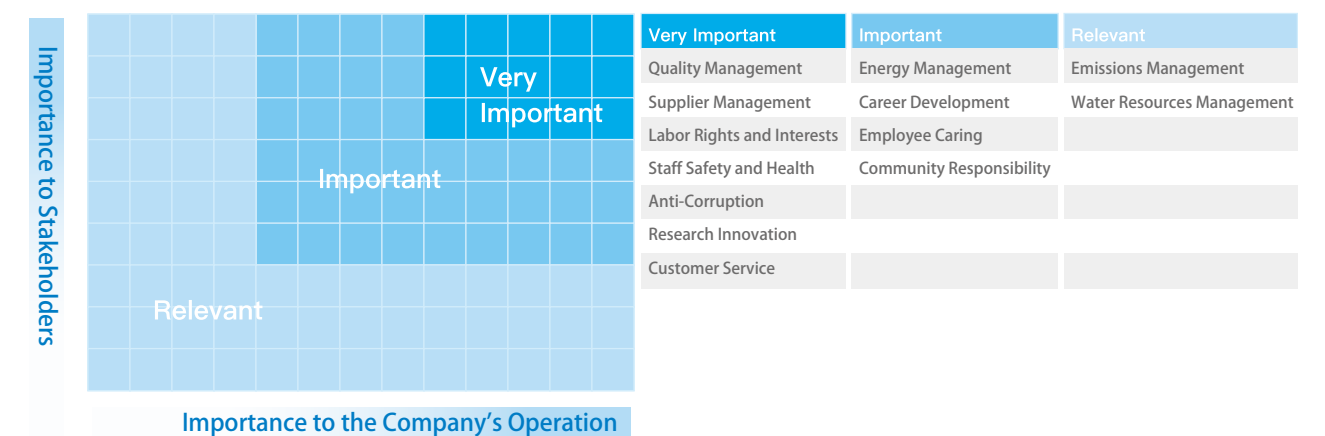
| Stakeholders | Expectations on the Company | Channels of Feedback |
|---|---|---|
|  Investors | <ul style="list-style-type: none">·Protection of rights and interests of shareholders·Timely and accurate disclosure of relevant information·Improvement of the corporate governance·Operation in compliance with laws | <ul style="list-style-type: none">·General meetings of shareholders·News releases and announcements·External reports·Release of news on the website of the Company·Investment briefings |
|  Government Regulatory Authorities | <ul style="list-style-type: none">·Operation in compliance with laws·Safe and healthy workplace·Benefits to stakeholder communities | <ul style="list-style-type: none">·Compliance reports·Supervision and inspection·Application for licensing documents·Compliance conferences |
|  Employees | <ul style="list-style-type: none">·Competitive remuneration and benefits·Safe and healthy workplace·Training and capacity building | <ul style="list-style-type: none">·Trade unions/employee representative congress·Collective negotiation agreements·Safety and compliance conferences·Training and career development·Communication channels for employees |
|  Customers | <ul style="list-style-type: none">·Customer service·Quality assurance·Product liability | <ul style="list-style-type: none">·Seminars for key customers·Systematic communication·Visit to plants in operation·Participation in industrial organizations·Sustainable development reports |

| Stakeholders | Expectations on the Company | Channels of Feedback |
|--|--|--|
|  Suppliers | <ul style="list-style-type: none"> · Supplier admittance management · Evaluation of suppliers · Protection of suppliers' interests · Cooperation with suppliers | <ul style="list-style-type: none"> · Tendering, seminars · Admittance and evaluation of suppliers · Field visits · Meetings with senior management |
|  Non-Governmental Organizations | <ul style="list-style-type: none"> · Investments in local development · Participation in local community projects · Bearing environmental responsibility · Human rights · Sharing benefits fairly | <ul style="list-style-type: none"> · Annual environmental, social and governance report · Direct communication · Factory visit |
|  Communities | <ul style="list-style-type: none"> · Local development · Bearing environmental responsibility · Promoting employment · Providing opportunities for local goods and service providers | <ul style="list-style-type: none"> · Convening community meetings · Focusing on group meetings · Procurement demand notices · Recruitment notices |

Key Social Responsibility Issues

Having communicated and conducted survey with the internal and external stakeholders of the Company, we have collected many suggestions. From the dimensions of both the impact on the Company's operations and the impact on our stakeholders, we have scored and ranked the social responsibility issues of the Company to reflect our material impacts on the environment and society and better respond to the expectations and demands from stakeholders.

A matrix of our key issues is as follows:



02

SPECIAL HIGHLIGHT

Special Highlight1: New Progress of New Energy Transformation

Special Highlight 2: New Breakthroughs in Intelligent Market

Special Highlight 3: New Achievements of Digital Factory

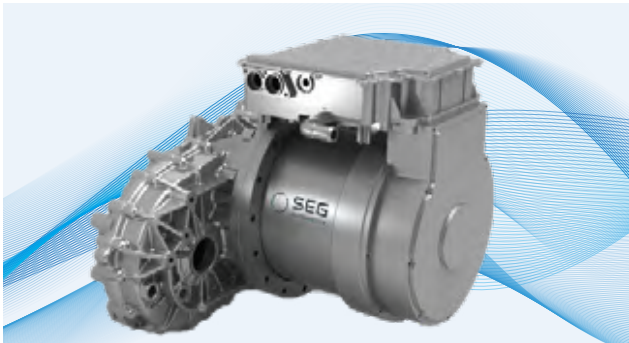
Special Highlight 4: New Trends of Industrial Layout



Special Highlight 1: New Progress of New Energy Transformation



In order to continuously promote the transformation path to new energy and follow the development trend of global automobile electrification, SES was officially inaugurated in early 2022, and it mainly conducts R&D and manufacturing of electric drive system assembly and core components of new energy vehicles and provides sales services. We will rely on flexible institutional mechanism and capital operation advantages, SEG's long-term experience of technology research and development, quality control and manufacturing in the field of motors, full-coverage client network and auto parts business resources to establish multi-platform product support, so as to promote the overall transformation of the company's auto parts sector from focusing on internal combustion engine parts to focusing on new energy auto parts. At present, SES has won a purchase order from a leading new energy intelligent vehicle solution provider, entering the electric drive system supply chain of new energy vehicles at a high starting point. At the same time, many high-voltage drive motor projects at home and abroad are being negotiated and promoted.



ASIMCO actively takes advantage of the adjustment of the global auto parts industry chain to develop the business of shock absorption and noise reduction parts for new energy vehicles, expands business areas, and invests in the establishment of ASIMCO Technologies (Yizheng) Co., Ltd. By promoting the three transformations: transformation from parts to components and system integration, transformation from domestic business to internationalization and transformation from conventional auto parts to parts for new energy vehicles to achieve energy conservation and emission reduction, ASIMCO is aiming to strengthen its global competitiveness and achieve continuous growth.

Special Highlight 2: New Breakthroughs in Intelligent Market



In order to implement the relevant national deployments of the *Guiding Opinions on Accelerating the Intelligent Development of Coal Mines*, the *14th Five-Year Plan for Mine Work Safety* and the *Guidelines for Intelligent Construction of Coal Mines (2021)*, we follow the strategic direction of "intelligence, complete package, internationalization and socialization" and enhance our core competitiveness through industrial transformation and upgrading. Focusing on the intelligent construction of coal mines, we contribute to the intelligent and green mining of coal mines.

Mixed ownership Reform of Electric Control

In order to rapidly promote the intelligent transformation of the coal mining machinery business and support the wholly-owned subsidiary Zhengzhou Coal Mining Machinery Hydraulic & Electric Control Co., Ltd. (hereinafter referred to as Electric Control) to actively respond to industry competition and challenges and achieve long-term high-quality development. In September 2022, the Board of Directors of the Company approved the implementation of the business partner shareholding plan for Electric Control in the form of capital increase and share expansion.

At the same time, strategic investors are introduced to hold shares, optimize the equity structure of Electric Control and broaden financing channels. The shareholding plan of business partners is to increase the capital of the Electric Control directly or through the employee shareholding platform by the directors, senior executives and key employees of the Company and the Electric Control, with a total amount of CNY 371.65 million, accounting for 6.93% of the shares. At the same time, the Electric Control also introduced six strategic investors to increase the capital of the Electric Control by a total of CNY 500 million, accounting for 8.05% of the shares. After this capital increase, ZMJ holds 85.02% of the shares and plays the following two positive roles:

Long-term incentive mechanism

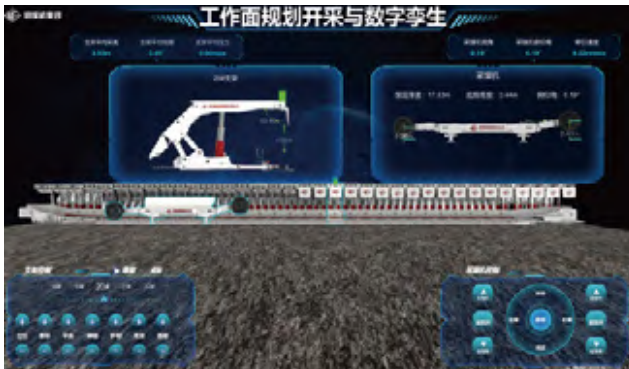
The business partner shareholding plan is conducive to improving the company's incentive and restraint mechanism, stimulating the innovation, entrepreneurship and creativity of core backbone employees, fully arousing the enthusiasm, initiative and creativity of employees, promoting the common growth of employees and enterprises, and facilitating the company's long-term, sustainable and steady development.

Market-oriented governance structure

The introduction of strategic investors is conducive to optimizing the equity structure of Electronic Control, promoting it to establish a more market-oriented system and mechanism, better coping with the development trend of coal mine intelligence, coping with industry competition and challenges, enhancing the core competitiveness, seizing the technical commanding heights of coal mine intelligence, and providing intelligent all-in-one solution for coal mine clients. At the same time, it promotes the expansion of Electronic Control to smart mines and non-coal intelligent fields.

Intelligent Coal Mining Business

In recent years, the Company has insisted on "driving the complete package development of products with intelligence and driving the whole process reform of business with digitalization", and focused on the intelligent field of fully mechanized coal mining. The Company provides a whole-system intelligent solution integrating software and hardware on the working face with complete packages of integrated equipment and complete packages of integrated control systems as the core products. By installing the "Mine Harmony" operating system on the main control of the shearer, the electro-hydraulic control device for hydraulic support and other equipment, and with the help of the unified protocol and data interface, low-latency near-field wireless communication and other new functions provided by Mine Harmony, the operation of the fully-mechanized working face is greatly simplified, so that various controllers, sensors and other equipment of the fully-mechanized working face can be seamlessly coordinated and interconnected with high efficiency and feasibility. In 2022, ZMJ's "Ethernet electronic control + intelligent centralized control system" has achieved a breakthrough for Shenhua Shendong Coal Group Co. Ltd. in intelligent market, and has achieved fruitful results in strategic high-end markets such as Shaanxi Coal and Chemical Industry Group Co., Ltd., Shenhua Ningxia Coal Industry Group Co., Ltd. and Datong Coal Mine Group Co., Ltd., maintaining the first place in domestic market share.



We know that technology is changing the world and intelligence is leading the future, and we are always committed to promoting the development of safer, more efficient, greener and smarter coal mining. In August 2022, the Company participated in the 2nd China Guizhou Coal Mine Intelligent Forum and Equipment Exhibition with the theme of “Digital Coal Mining Machinery, Smart Coal Mining Machinery”, displaying the industrial Internet platform, digital twin of working face, ground remote centralized control center, ZMOS intelligent mining system compatible with “Mine Harmony”, as well as the business ecology panorama covering the whole life cycle of intelligent selection, design and service of fully-mechanized coal mining equipment. We also shared with all walks of life our breakthroughs in intelligence, complete package, product reliability, and life-cycle services.



Special Highlight 3:
New Achievements of Digital Factory



In March 2022, ZMJ Original Digital Demonstration Factory for Structural components was put into trial operation. As an important exploration of the Company from manufacturing to “intelligent” manufacturing, we integrate digital support into the whole process from product design to service around the goal of “equipment automation, logistics automation and information automation”. Relying on the application of digital twin, big data, blockchain and other technologies, the digital factory has a data system covering production control, quality management, warehousing management, logistics dispatching, asset management and other fields, featuring by the networking of production equipment, visualization of production data, paperless production documents, transparent production process and unmanned production site. The main achievements are as follows:

Improved the Company’s core competitiveness:

Realized the interconnection of information such as design, manufacturing, management and production resources of support structural parts, establish and promote the application of a new mode of support structural component manufacturing; greatly reduced the rate of ineffective labor and defective products in the production process, and greatly improved the production efficiency and resource utilization.

Led the development of intelligent manufacturing mode in the industry:

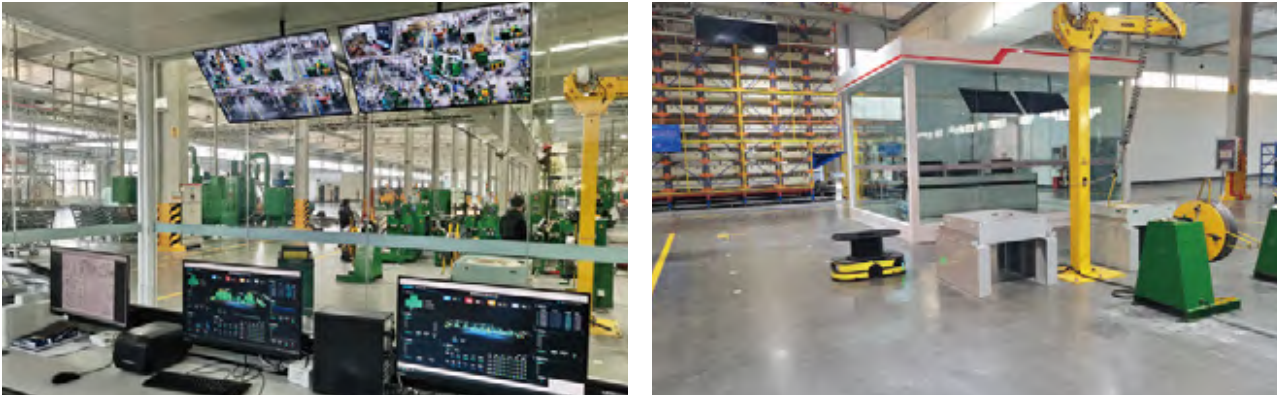
Compared with traditional factories, the digital demonstration factory after operation has the following improvement: 50% increase in space utilization efficiency; 200% increase in production efficiency; 60% reduction in manufacturing cost; 68% reduction in delivery time; 88% reduction in work-in-process; 70% reduction in number of personnel; 10% reduction in quality loss rate. The digital demonstration factory will become the benchmark of advanced manufacturing industry in China and even in the world.

Improved the digital management of the Company:

The construction of digital scenarios and the integration and application of digital technologies further improved the transparency and data relevance of various businesses in the digital factory, promoted the cultivation of digital talents, and improved the digital cognition ability, operational indicator analysis ability and ability to deal with market risks of all employees.



In April 2022, ZMJ Intelligent Control System Intelligent Manufacturing Demonstration Base Project was commenced. A fully mechanized coal mining control system and demonstration base for intelligent manufacturing of high-end support valves, an industrial Internet platform base, a R&D test base and an ASIMCO R&D center will be built. The purpose of the project is to comprehensively improve the lean, automatic and intelligent level of the company, and facilitate the strategic transformation of the Company.



In November 2022, Yizheng ASIMCO Shuanghuan High-end Auto Parts Intelligent Manufacturing Factory Phase I was put into trial operation, mainly engaged in the R&D, production and sales of various new high-end piston rings for passenger vehicles. The factory is equipped with advanced production equipment such as full-automatic honing machine, automatic winding machine, inner and outer circle grinder, multi-process lathe, etc. Through the automatic upgrading, transformation of equipment and the application of automatic logistics technology, it has become the first intelligent manufacturing factory in the industry to realize the automation of piston ring manufacturing, testing, logistics and information flow.

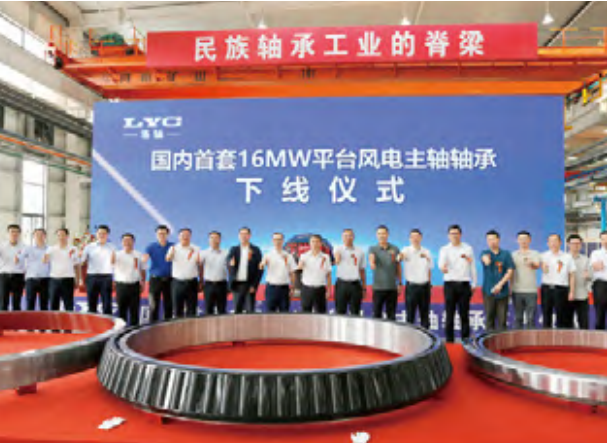
Special Highlight 4: New Trends of Industrial Layout



In order to expand business areas, cultivate and incubate new businesses, and find new profit growth points, the Board of Directors of the Company reviewed and approved the Company’s participation in the mixed ownership reform of Luoyang LYC Bearing Co., Ltd. (“LYC Bearing”) to formally lay out the high-end bearing industry in July 2022. The Company, as a limited partner, invests in ZMJ Emerging Industry Investment (Henan) Partnership (Limited Partnership) (“ZMJ Partnership”), and takes ZMJ Partnership as the investment subject to form a consortium with the entities involved in investment or control of Henan Machinery Investment Group Co., Ltd. and other intended transferees to participate in the public delisting and transfer of 43.33% equity of LYC Bearing. After the completion of the mixed ownership reform of LYC Bearing, Luoyang Guohong Investment Holding Group holds 51% of the shares, ZMJ Partnership holds 15%, and the employee shareholding platform holds 10%.



Under the influence of multiple factors such as increased uncertainty of the external environment, improvement of domestic process level and labor quality, expansion of wind power industry and large-scale wind turbines, China’s bearing industry has shown three obvious trends: specialization division of labor, industrial chain transfer and localization replacement. In the future, the potential growth space of the domestic bearing industry will be more reflected in the improvement of product quality, added value and profitability, and the high-end local products will lead the new industry trend. As one of the top companies in the bearing industry, LYC Bearing has high-end bearing product groups in many fields such as wind power, aerospace, high-speed railway and automobile. It has successively passed the certification of ISO9001, ISO14001 and other domestic and foreign authorities, and has leading core technical strength. The Company’s participation in the mixed ownership reform of LYC Bearing will not only conform to the development trend of the industry, but also produce a good industrial synergistic effect with the Company’s existing main business. It is conducive to the Company’s transformation of and exploration to strategic emerging business, enhancing the Company’s anti-risk ability and continuously promoting the Company’s high-quality development.



Jiao Chengyao, Chairman of ZMJ attended CCTV program “Dialogue”

Jiao Chengyao, Chairman of ZMJ, was invited to be the special program “Dialogue” of CCTV Finance Channel – decoding the “hidden champions” . Chairman Jiao Chengyao said in the program that ZMJ has always adhered to the combination of technological innovation, management innovation and system and mechanism innovation, and strove to promote the Company to develop from a supplier of fully-mechanized coal mining equipment to a service provider and a digital operator in the whole life cycle. On the basis that the Company’s coal mine hydraulic support has become a “hidden champion” in the industry, and based on the principle of “relevant diversity” and the profession, ZMJ actively makes cross-border layout, enhances the Company’s anti-risk ability, realizes the Company’s sustainable and high-quality development, and strives to build ZMJ into a high-end intelligent equipment industry group with international influence to make China’s brands world-renowned.



02

MARKET RESPONSIBILITY

Focusing on
Product Quality

Provision of Satisfactory
Services

Supplier Management

Anti-Corruption



As an international company with integrated development of dual principal businesses, i.e. coal mining machinery R&D and manufacturing and auto parts manufacturing, we are always committed to integrity operation by leveraging on our own advantages in technology R&D, craftsmanship and innovation, and operation management, etc. to provide customers with high-quality products and services. We have established an advanced R&D and experimental center, an automatic production line and a quality management system covering the whole production process to continuously improve product quality. Through a systematic intellectual property protection system, we have standardized the maintenance and protection mechanism of intellectual property rights and patents, and striven to ensure that intellectual property rights and patents are not infringed. We have built a complete sales and after-sales service network to provide timely and high-quality services for every client. In addition, we have strengthened the management of our suppliers. We not only paid attention to the everclient. In addition, we have strengthened the management of our suppliers. We not only paid attention to the quality of our suppliers' products, but also raised the requirements on environmental protection, business ethics and other aspects.

Focusing on Product Quality



As a global company, we attach great importance to product quality, stick to the quality concept of "high standards, delicacy, and zero defect", strictly abide by the laws and regulations relating to the product quality of the locations where we operate, including the Law of the People's Republic of China on Product Quality and Product Safety Act, and has taken various measures to ensure product quality. In 2022, we continued to improve the quality system construction and quality assessment and motivation, consolidate the standard operating practices, take the initiative to fulfil the liabilities for product quality, and strictly controlled the product quality through authoritative certification.

The coal mining machinery segment established a sound quality control system and a full-process testing and inspection system, and has obtained ISO9001 quality management system certification. To ensure product quality, the full-process testing and inspection system covers three levels of testing and inspection, namely, completion inspection by operators in the production process, sampling inspection or full inspection by the quality department, and inspection by an independent authoritative inspection and measurement institution. For products that experienced breakdown after the installation in the mine but are within the warranty period, they are recalled after that the breakdown was certified by our technical department and quality department, or corresponding repair parts are produced.

ASIMCO has formulated strict quality management system standards and product quality standards in accordance with the internationally accepted automotive industry quality system standards, and has implemented quality control, assessment and motivation throughout the process of procurement, production and delivery, and receives strict assessment by customers and third-party certification agencies every year. All subsidiaries of ASIMCO have passed the IATF16949 quality management system certification. ASIMCO NVH Technologies Co., Ltd. (Anhui) and ASIMCO International Casting Co., Ltd. (Shanxi) also have even obtained the ISO9001 quality management system certification. The Quality Control Department organizes relevant personnel to investigate and analyze the feedback on product quality problems from customers. If the analysis shows the return or exchange criterion is met, the recall for maintenance or return and exchange is performed in a timely manner.



Based on industry standards and customer needs, SEG integrated preventive quality assurance and continuous process improvement, established a quality management system (QMS), and developed corresponding product quality control procedures and recall procedures in accordance with the requirements of the system to timely recall the products with quality defects for testing and maintenance, or for return and exchange. All affiliates of SEG have been certified by IATF16949 Quality Management System. In 2022, SEG also won the ASPICE Level 2 certification. ASPICE is an important standard to evaluate the software R&D capability of suppliers in the automotive industry. Achieving the Level 2 certification means that SEG has the ability to carry out complete resource planning for specific projects. SEG not only has to complete the work related to product R&D, but also has to formulate a rigorous and comprehensive work plan in advance, and effectively monitor and manage the projects according to the plan to ensure the orderly progress of the projects. At present, SEG is one of the few suppliers in the industry that have obtained ASPICE Level 2 certification.

In 2022, the Company did not identify any recall of sold or shipped products for safety and health reasons.

Provision of Satisfactory Services

Customer satisfaction is the foundation for a company's survival. We attach great importance to customer satisfaction and regard maximizing customers' benefits as our first priority. In 2022, we enhanced the service quality, continued to improve the sound and complete service system, and built periodic service management to fully safeguard customer privacy and constantly improve customer experience, and we won a lot of recognition in both domestic and foreign markets.

For response to complaint, we always adhere to the principle of "customer first", establish a complete after-sales service process and customer relationship management platform. The Quality Department of the Company deals with the feedback from customers in a timely manner, specially appoints personnel to communicate with the purchasing, production site, logistics and other departments of customers, and proposes specific solutions according to the actual situations of customers to effectively solve problems. In 2022, we received 38 communication complaints about products and services, with a completion rate of 100%. For protection of customer privacy, we enter into a confidentiality agreement upon the customers' request. The Supervision Department of the Company strengthens the routine supervision and inspection. In case of disclosure of private information of customers, we deal with it seriously and effectively protect the rights and interests of customers.



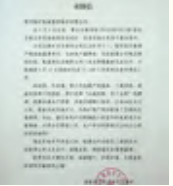
The complete package for Turkey Bozdag Madencilik was publicized and reported by the local national television station

Bozdag Madencilik is located in the middle of Turkey. The geological conditions of coal seams in this area are complex, with the characteristics of large water inflow, easy spontaneous combustion of coal seams, many faults and unstable coal seam structure. In order to solve the pain points and difficulties of the client, ZMJ development team rushed to the mining area for field investigation, repeatedly demonstrated and optimized the supporting facilities, and customized complete package of equipment. In July 2022, the complete package of equipment successfully passed the client's acceptance, helping the client achieve high-yield and efficient coal production, effectively alleviating the local shortage of thermal coal, and was publicized and reported by the local national television station.



Letter of Commendation from Shigetai Coal of China Energy Shendong Coal Group

In September 2022, the Company received a letter of commendation from Shigetai Coal Mine of China Energy Shendong Coal Group. In order to meet the customer's delivery needs to the greatest extent, the development team of ZMJ has reasonably allocated tasks, scheduled output plans, optimized process flows, improved equipment and tooling, and coordinated production resources, overcoming the problems of high process difficulty, high process complexity, and tight production time, providing an all-round guarantee for the life cycle of the project, and completing shipment and installation one month in advance. The letter not only affirmed ZMJ client-oriented concept, but also highly praised ZMJ for high-quality, efficient and positive service.



In 2022, we were recognized by a number of customers for our high-quality products and comprehensive customer services:



- ZMJ was awarded Excellent Enterprise as one of the "100 enterprises with strong economies of scale and 100 high growth enterprises".
- ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. won the "Special Contribution Award for Collaborative R&D" at the 2022 Weichai Power Product Research and Development Community Member Conference.
- ASIMCO NHV Technologies (Anhui) Co., Ltd. won the title of "Excellent Supplier in Asia Pacific Region" at Bosch Asia Pacific Supplier Conference 2022.
- ASIMCO Camshaft (Yizheng) Co., Ltd. and ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. won the title of "Excellent Supplier" of Cummins Industrial Power.
- ASIMCO International Casting (Shanxi) Co., Ltd. was listed as a pilot demonstration enterprise of intelligent manufacturing in Shanxi Province in 2022.
- The SEG India factory has received four awards of excellence from ACMA (Automotive Components Manufacturers Association of India) for new product development, export, localization and health, safety and sustainability.



Supplier Management



The Company takes “safe supply, timely supply and cost-effective supply” as its targets, and spares no effort in securing the stability of each part of the supply chain to pave the way for the smooth development of each project. In addition, we understand that the relationship between our partners and us is not only to achieve win-win cooperation, but also to establish mutual supervision. In 2022, we continued to promote the application of electronic bidding platform, integrated the concept of sustainable development into routine management of suppliers, abided by environmental protection laws, regulations and standards, took the initiative to purchase environmentally friendly materials, and continuously improved supplier assessment, qualification review and other significant links to work with suppliers for sustainable development.

The coal mining machinery segment formulated *Measures for the Administration of the Classification, Grading and Dynamic Appraisal of Suppliers (Provisional)*. Every year, it invites all user departments and R&D, technology, quality, warehousing and other departments to conduct assessment on the aspects of basic conditions, staffing, quality management, environmental protection, production safety and system documents of our suppliers to compile a directory of qualified suppliers. In addition, strictly complying with the environmental requirements in China, the coal mining machinery segment requires all suppliers to refrain from using the vehicles meeting China IV emission standard or below to transport supplies. The coal mining machinery segment continued to advance the construction of the electronic bidding platform. The platform process has been optimized from multiple perspectives such as upgrading the layout of the portal website of the platform (including the new classification of announcements and public information, as well as the upgrading of the overall visual effects of the website), adding the new project statistics module, improving informatization services, and increasing the short message alert of new complaints and short message notice of password resetting on basis of Alibaba Cloud.

ASIMCO has formulated procurement-related systems such as Procurement Policy, Supplier Development Process Control, Procurement Process Control Procedure and Supplier Performance Assessment Management Measures, and has made agreements with suppliers in terms of employment of child labor or young workers, wages and welfare, working hours, freedom of association, collective bargaining, and environmental protection. Potential suppliers are investigated in the early stage, an evaluation team is organized to carry out admission audit, and approve supplier admission according to the processes. For existing suppliers, ASIMCO signs environmental, health and safety (EHS) agreements with all suppliers and notifies relevant parties, clarifies that the supplied materials meet the requirements of national and regional environmental protection laws and regulations and environmental protection standards of automotive industry, and performs supplier quality system audit and EHS investigation every year. ASIMCO does not include the suppliers that fail to meet standards in the list of qualified suppliers until they complete rectification. Furthermore, we also promote the suppliers of raw materials and outsourced parts to comply with the environmental friendly packaging requirements to gradually eliminate the packaging of cartons and pallets, and use plastic storage boxes, storage cages, hoarding boxes and other forms to promote the recycling of packaging materials.

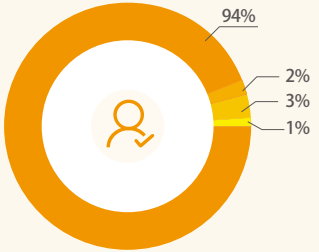
SEG has established a sound supplier risk management system to evaluate suppliers on the aspects of time of delivery, product quality, product performance, and timely notify the purchasing personnel of the evaluation results to facilitate them to make decisions. SEG has also monitored the environmental and social risks of suppliers through third-party companies to determine whether they have taken specific measures to deal with the associated risks.



When we are selecting suppliers, we prioritize those who are in close proximity to the locations where we operate. Promoting local procurement can not only reduce the energy resource waste and exhaust emissions during transport, but also create local jobs and drive the local economic development. By the end of the reporting period, our main suppliers total 3,824, and their distribution is as follows:

Number of suppliers by geographical region

- China
- Asia (excluding China)
- Europe
- Other areas



Anti-Corruption



We adhere to the principles of “integrity operation, legal operation and incorruptible management”. We abide by the laws and regulations of the locations where we operate, including Criminal Law of the People’s Republic of China, Anti-unfair Competition Law of the People’s Republic of China, Interim Provisions on Prohibition of Commercial Bribery, Law against Unfair Competition, Criminal Code and Money Laundering Act, to build an operating environment of “integrity, justice and transparency”. In 2022, the Company formulated the Management Measures for Discipline Inspection, Supervision and Reporting of ZMJ Group to ensure the implementation of anti-corruption work, and published the supervision and reporting telephone number and email address on the official website to encourage all parties to report violations of business ethics. The Discipline Inspection and Supervision Department of the Company will verify, follow up and strictly handle the reported matters.

The coal mining machinery segment has increased its efforts in the monitoring and inspecting, strictly implementing the discipline supervision and inspection, and collaborative operation with the board of supervisors, and internal audit, to make joint efforts to combat corruption and promote integrity, and to practically supervise the proper duty performance of employees. At the same time, through the regular implementation of warning education on promoting correction through cases in the Company’s monthly economic operation analysis meeting, regular meetings of various departments, pre-shift meetings of branches and other occasions, the Company signed a letter of commitment on corruption-free with the middle-level assistant and above leaders and cadres to strengthen the corruption-free awareness of employees at all levels. Monthly special supervision and inspection shall be carried out regularly according to the requirements of the Work Plan on Further Strengthening Regular Supervision and Inspection of Violations of the Eight-point Decision of the Central Committee of the Communist Party of China to standardize the corruption-free work.

ASIMCO continued to work on the integrity education of employees and senior management to strengthen the compliance awareness. Regularly issue corruption-free and self-discipline notices to all employees through the Company’s OA platform and emails, and post them on the bulletin boards of each company. Develop a compliance reporting platform to encourage internal employees and other external persons to report violations of laws and disciplines through the compliance platform. Conduct special training on anti-corruption for middle-level and above personnel of the Company every year. Implement the rotation of procurement personnel. Require the supplier to sign the Anti-Corruption Agreement with the Company. Measures such as issuing corruption-free supervision notices via mail to all suppliers and various units with business connections shall be taken to effectively prevent potential corruption risks in business activities.

Outside China, SEG has established sound compliance procedures, continuously updated training courses and plans according to external compliance requirements and actual work needs, regularly carried out compliance training online and offline, and required employees at all levels to attend. At the same time, the “Speak Up” strategy is launched within all affiliated companies. Any employee, customer and supplier can report non-compliance matters through the reporting mailbox and electronic reporting platform. The Compliance Manager checks all received reports and tracks them every week. The electronic reporting platform is operated by an independent third party to ensure anonymity in reporting non-compliance matters.

In 2022, we did not identify any closed corruption litigation cases against the Company and its employees.



04

EMPLOYEE RESPONSIBILITY

Labor Rights and Interests

Employee Caring

Career Development

Safety and Health

We adhere to the employment concept of “Gathering Excellent People and Doing Excellent Things”, and strictly abide by relevant employment laws. We not only take active measures to attract excellent talents, but also strive to create a learning organization, and strengthen the training and promotion of internal talents through rich training, competitive remuneration and continuous improvement of the promotion system. In addition, we provide an open, innovative and fair working environment for employees, attach importance to the physical and mental health of employees, safeguard the legitimate interests of employees, encourage employees to create value and achieve self-development to grow with the Company.

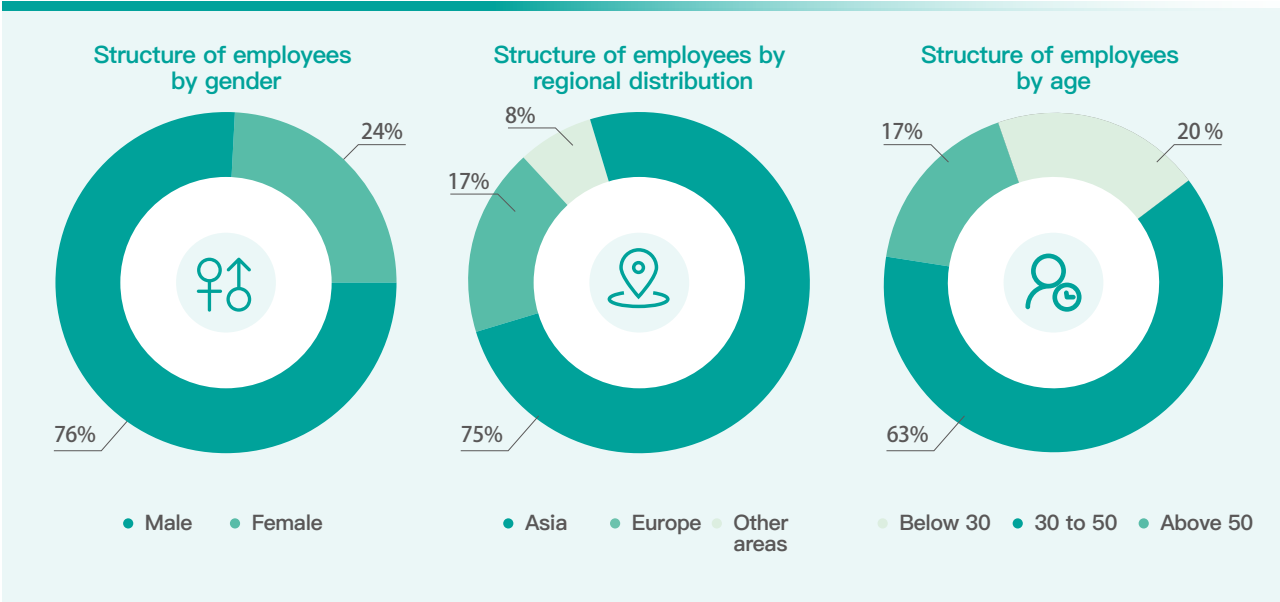
Labor Rights and Interests

We strictly abide by local labor laws and regulations in all business segments around the world. In this regard, we have established corresponding systems, such as *the Staff Manual and the Administrative Measures for Staff Recruitment and Admission*. The coal mining machinery segment and ASIMCO strictly comply with the laws and regulations of the People’s Republic of China, such as *the Labor Law, the Anti-Employment Discrimination Law, and the Employment Promotion Law*. We value openness and equality in both internal and external recruitment, prohibit the employment of child labor and compulsory labor, sign labor contracts with employees, arrange working hours in accordance with the standard working hour system, and pay social insurance premiums including medical insurance, work-related injury insurance and maternity insurance for employees on time every month. SEG complies with the General Information Equal Treatment Act (AGG) and other applicable local laws and regulations in terms of remuneration and dismissal, recruitment and promotion, working hours, equal opportunity, anti-discrimination and other benefits. These principles were incorporated in SEG’s Business Conduct Guidelines and Business Conduct Guidelines for Suppliers. In 2022, we did not identify any incidents of child labor, forced labor, or discrimination. We value two-way communication with our employees. To better respond to employees’ expectations toward the Company, we collect opinions and requests from employees on an irregular basis and hold meetings of employees’ representatives every year. Coal mining machinery segment, ASIMCO and SEG have reached collective negotiation agreements with labor unions or employment committees of the locations where they operate. All employees have the rights to associate freely and negotiate collectively.



● Employees Attended the Meeting of Employees’ Representatives

We attach great importance to a diversified employee structure. Accordingly, we recruit employees from different backgrounds and encourage them to enrich our thoughts and values, so as to invigorate the Company and employees. Our employees are located in 18 countries around the world, with women accounting for approximately 24% and employees in Europe and other areas accounting for approximately 25%.



Employee Caring

Being employee-oriented, consider employees’ physical and mental health as a cornerstone of the Company’s culture. We have been actively communicating with employees, paying attention to their demands, and focusing on supporting employees in need. We balance employees’ work and life by organizing a variety of sports and entertainment activities, creating a healthy, joyful, and positive work atmosphere, and enhancing employees’ sense of belonging and happiness.



Work-Life Balance

In order to enrich the spare time life of the employees, the Company headquarters is equipped with an employee cultural and sports activity center, covering an area of 712 square meters. The center includes sports and fitness area, table tennis activity area and culture and sports association activity area. Apart from work, we help our employees relieve their pressure and strike a balance between work and life with various activities. There are 7 culture and sports associations in the



Company, namely, basketball association, badminton association, table tennis association, painting, calligraphy and photography association, dance association, music association, and reading and public speech association, providing our staff with the same hobbies and interests with a platform for making friends.

In 2022, we organized a variety of colorful team-building activities. The coal mining machinery sector has planned six interesting games such as “together in the same boat” and “dragon boat racing” to help employees relieve pressure. The Health Dance Competition was held, and members of the China Dancers Association were invited to attend and serve as judges, providing a dynamic stage for employees and enriching their recreational life. The 13th “Breakthrough Cup” Basketball Game was organized to improve the physical fitness of employees. Together with the Association of Painting, Calligraphy and Photography, the “New Year Blessings” activity was held to send good holiday blessings to employees, increasing elements of the Spring Festival and carrying forward traditional culture.



Cooperative Ball Carrying Game



Fun Game of “Together in the same boat”



“Dancing Health, Vigorous Coal Mining Machinery” Health Dance Competition



Game Organized by Table Tennis Association

In 2022, ASIMCO also organized a series of employee sports activities, such as the 3rd “ASIMCO Cup” table tennis and badminton game, the 18th “ASIMCO Cup” mixed tug-of-war game, and the employee basketball game. A variety of games attracted many new and old employees to actively participate and exercise, and promoted their spirit of teamwork. In addition, ASIMCO also organized a meeting for the fresh college students who are children of employees, inviting 9 fresh college students and their parents to attend the meeting. Through interesting games and field visits to the factory, the understanding between employees and their children was improved.



Employees Playing in Basketball Game



Employees’ Children Visiting the Work Site of Parents

Outside China, SEG has also actively carried out a series of recreational and sports activities and parent-child activities to create a harmonious, healthy and positive working and living atmosphere. In 2022, SEG Mexico factory launched an employee football game to improve their health of and relieve their work pressure, further enhancing the cohesion of employees. In addition, in order to build a bridge of communication between the company and the employees’ families, SEG Brazil factory organized visit and experience activities to the employees’ families, so as to enhance the employees’ families’ awareness of the company’s working environment and development, and create a warm and harmonious company atmosphere.



SEG Mexico Factory Employee Football Game



Family Members Visting SEG Mexico Factory



Family Members Visting SEG Brazil Factory



In 2022, SEG Hungary factory won the Best Office of the Year Award, and the Portugal Shared Services Center won the Best Workplace Award in Portugal. These awards not only affirm our efforts to create a working environment that meets the needs of employees, but also recognize the dedication, team spirit and work enthusiasm of all employees.



SEG Hungary Factory Won the “Office of the Year Award”



SEG Portugal Factory Shared Services Center won the “Best Workplace Award”

Helping Employees in Need

We have a relatively complete assistance system in place to help employees in need. An employee medical mutual aid fund has been established to subsidize the clinical visits and hospitalization for employees suffering from major illnesses and those in particular difficulties. We have also set up a relief fund for our employees in particular difficulties, to assist them and their families who lead a difficult life by helping them improve their living and health conditions as well as enhance their qualities and abilities.



We are committed to providing more and better career development opportunities that suit our employees better. We have established a comprehensive and multi-level career development system, and formulated corresponding career development paths and training plans for different posts, so as to fully tap the potential of employees and strive to achieve the vision that the employees grow together with the Company. We also constantly improve our *Remuneration Management System*, and this scientific performance appraisal and evaluation system enables employees to improve their ability with clear targets.

Talent Cultivation

We have implemented an all-rounded talent cultivation plan to build a talent team featuring diverse categories, a reasonable structure and excellent quality, to offer robust support to the Company’s reform and development and accelerate its international innovation process. In 2022, all segments continued to develop echelons of talents in preparation for future succession. The coal mining machinery sector organized practical exercise competition for internal trainers to improve the professional ability of tutors, enhance their abilities in passing on experiences, facilitating the company to achieve sustainable and high-quality development. ASIMCO carried out activities such as training for new employees who just graduated from colleges and MTP middle management ability improvement training to cultivate talent teams at different levels for the Company. SEG strengthened the construction of talent teams mainly through leadership training.



● The Tutor Leads the New Employees to Be Familiar with the Production Equipment



● ASIMCO Middle Management Ability Improvement Training Program

Employee Training

We have formulated *Employee Training Management Measures*, built a team of experienced internal trainers, and established a multilevel education and training system that involves a range of categories, employs multiple channels and forms, stresses practical results, and engages the staff with great vitality. To effectively develop our talent team, we provided training for our employees of all segments worldwide.

We have always implemented the construction of a learning organization to improve the competency of employees by providing training for all employees. Training at company-level and department-level included “quality reform training”, “structural component process standard training”, “special training on supply chain”, “special training on digital platform”, etc. The coal mining machinery sector used the invested HR online training platform to carry out online training, greatly improving the training efficiency. Regularly organized training for multi-skilled workers to enable employees to be competent for multiple posts and achieve the goal of “mutual learning and common progress”. ASIMCO and SEG continued to arrange different forms of training activities for employees according to their working content in combination with the professional knowledge and practical knowledge of each position, so as to improve their professional quality and comprehensive ability and increase their sustainable development potential.



● Special Financial Training of Coal Mining Machinery Sector



● ASIMCO Special Training on Business English



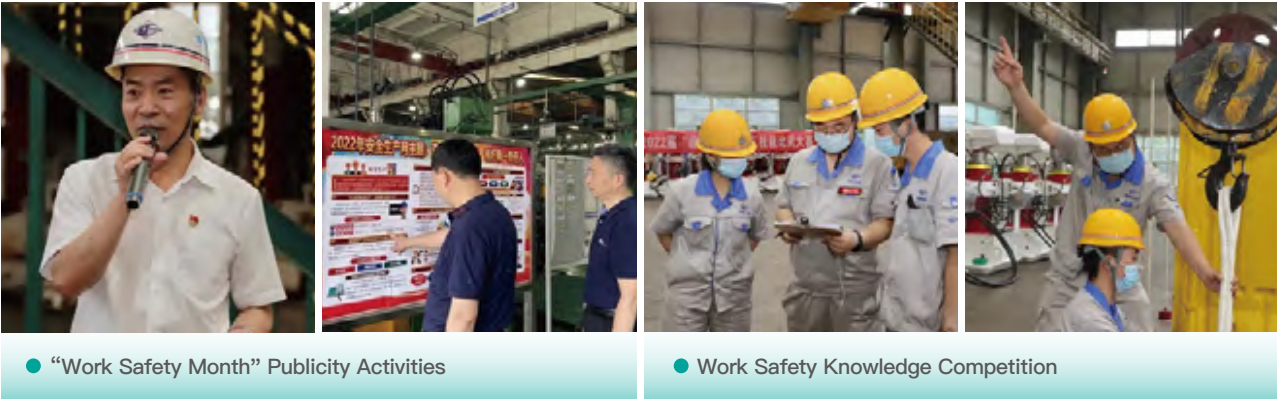
● SEG Special Training for Sales Teams and Suppliers



We put the safety and health of employees first, formulated rules and regulations such as *Operation Environmental Inspection System for Production Safety and Staff Health and Safety Management System*, and developed a relatively complete management system for occupational health and safety. Our main subsidiaries in China and SEG outside China have certification of ISO 45001 for management systems of occupational health and safety.

Health and Safety Education

To reduce the occurrence of safety incidents and occupational diseases, the first thing is to enhance the health and safety awareness of the employees. In 2022, we continued to provide health and safety-related education, training and emergency drills to improve employees’ health and safety awareness across our global business segments. The coal mining machinery segment and ASIMCO formulated plans for education and training about health and safety. In the forms of experiential training, pre-shift meetings, video training and professional training courses, they actively launched diversified training on safety standardization work, occupational diseases prevention and other subjects to implement the production safety concept at workplace and achieve “zero injury” in production. In 2022, the coal mining machinery sector organized safety training for safety management personnel, new employees and other key personnel for many times, and held work safety knowledge competitions such as “Health Guard Cup” to consolidate the safety quality of employees. In June 2022, ASIMCO held a series of activities of “Work Safety Month”: improved the safety awareness of employees through safety promotion and award-winning competition of safety knowledge; organized and carried out self-inspection of potential accidents and safety improvement proposal activities, formulated rectification plans or improvement measures for the identified potential safety hazards, and rewarded according to investigation results, increasing the enthusiasm and initiative of employees in safety improvement.



“Work Safety Month” Publicity Activities

Work Safety Knowledge Competition

SEG was committed to creating an HSE atmosphere. It holds regular HSE briefings and provides HSE training every year, monitors and manages the production environment in real time through the SEG Hildesheim information system, and displays HSE-related information to employees at factory entrances, important intersections, indoor office areas and other premises. Each year, SEG also holds 4 HSE committee meetings to discuss health, safety and environmental risks and corresponding measures.



HSE Training for SEG Employees

Safety Precaution

To effectively protect the safety of our employees, we have established a complete safety precaution mechanism for our business segments worldwide. In 2022, we optimized the safety precaution mechanism and incorporated digital technology to enable more scientific accident hazards screening.

The coal mining machinery segment continued to improve the dual prevention mechanism, the accident hazards screening mechanism, and the major risk sources management and control mechanism. In 2022, we revised 5S special incentive assessment method for safety (sorting, rectification, clearing, cleaning and quality), and promoted middle-level and grassroots management personnel to participate in on-site safety work. At the same time, the Company will continue to strengthen the on-site 5S management, establish a safety intelligent monitoring system, build a safety management platform, refine the safety management structure to realize the safety data information sharing of all affiliated companies in the coal mining machinery sector; continue to carry out hidden danger investigation activities and occupational hazard factor detection, and make timely rectification.

ASIMCO also continued to strengthen the safety management of its employees. For example, ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. replaced the foam sandwich panels in the rectifier room of the CDC production line and the control room of CKC production line to ensure fire safety. It also implemented safety risk classification control and hidden danger identification and management activities in each production workshop. ASIMCO NVH Technologies Co., Ltd. (Anhui) put up the notice boards for post risk identification in the production workshop and organized the education activities of “Reexamination of Adverse Events” to strengthen the safety awareness of employees.



SEG took a series of measures to ensure work safety, including distributing personal protective equipment to employees, regularly supervising whether employees use the protective equipment as required, regularly inspecting devices storing chemicals, strictly supervising and controlling the safety of high-altitude, closed, high-temperature and other hazardous working environments, organizing work safety accident drills, and promoting special safety inspection and improvement of special equipment, hazardous areas, and special operations.

In addition, we also attach great importance to the prevention of hazards caused by extreme weather events, such as heavy rain, thunderstorm, and frost, in our business operation areas. We issue flood control notices every year during the flood season, requiring all subsidiaries to strengthen hidden danger identification of on-site equipment and drainage ditches. In the event of extreme weather events, we set up an emergency leading group to deploy countermeasures in time, so as to ensure safe production and the safety of employees’ lives and property.

Health Assurance

We focus on protecting not only the lives of our employees but also their physical health.

In China, according to the requirements of laws and regulations such as *the Law on Prevention and Treatment of Occupational Diseases and the Provisions on the Supervision and Administration of Occupational Health at Workplace*, our coal mining machinery segment and ASIMCO have formulated the Occupational Hazard Management System. Every year, we take a series of measures to effectively prevent occupational hazards and create a healthy working environment for employees, such as arranging physical examination for employees, testing occupational hazard factors, purchasing protective equipment, training in occupational disease prevention, updating employees’ occupational health monitoring files and so on.

SEG, our overseas subsidiary, abided by laws and regulations such as the Health and Safety Act, the Industrial Safety Regulation, the Hazardous Substances Ordinance, the Workplaces Regulation, and the Maternity Protection Act, and actively adopted measures to reduce hazards of occupational diseases and improve employees’ health. SEG provided employees with consultations on health issues, ergonomics, toxic, hazardous substances and other subjects, organized fitness classes and smoking cessation activities, and offered periodic physical examinations which cover blood, urine, vision, and blood pressure tests, among others. For the employees at posts with risk factors, SEG regularly conducted occupational hazards identification and provided occupational disease inspections for them each month.

In 2022, we continued to invest in the improvement of production processes and devices, to reduce the impact of occupational hazards on employees’ health. At present, our main occupational hazard factors are smoke, dust, acid mist and other waste gases generated in the production process. In order to reduce the waste gas in the production workshop and reduce the concentration and frequency of exposure of operators, we will continue to transform the waste gas treatment equipment and process. For example, chromium mist inhibitors are used in chromium plating production lines to reduce the emission of chromic acid mist. Spraying system for dust suppression, bag filter and other technical processes are adopted, and the concentration of occupational hazardous gases on the operation site are significantly reduced. High-power smoke and oil mist collectors are equipped to reduce the emission of waste gas on the operation site.

In 2022, we also paid more attention to the health of female employees. On the occasion of International Women’s Day, the Company held a lecture on female health to enhance the awareness of disease prevention of female employees and guide female employees to establish a healthy life concept. ASIMCO purchased a special insurance for female employees from the Mutual Aid Association of All-China Federation of Trade Unions for each female employee.



ZMJ Lecture on Women’s Health

05

ENVIRONMENTAL RESPONSIBILITY

Energy Management

Emissions Management

Water Resources
Management

We attach great importance to environmental protection and strive to “promote green development and harmonious coexistence between human and nature” . Our each business segment has established a complete environmental management system. We have also passed the ISO14001 (Environmental Management System) certification. We complied with environmental protection laws and regulations in the places where we operated, and formulated systems such as *the Environmental Protection Management System, the Operation Management and Supervision System of Pollution Prevention Facilities, and the Emergency Plan of Environmental Pollution Incidents*.

We make great efforts to create a corporate culture that values resources, raise employees’ environmental awareness, and encourage them to actively fulfill their environmental commitments. Moreover, we require suppliers and partners to follow the local laws and regulations and environmental protection requirements of the places where they operate, and follow the concept of environmental protection in the production process. In 2022, we continued to invest considerable capital in energy conservation and emission reduction, valued resource recycling, and attained higher operational efficiency at lower costs. Meanwhile, we focused on enhancing environmental protection with our innovation capacity, sought technological breakthroughs to innovate emission pre-treatment methods, and realized the progress of both innovation and environmental protection. In 2022, we did not cause any material incident of environmental pollution or ecological destruction.



Energy Management

The energy that we consumed in the business operation process is mainly electricity, natural gas, and a small amount of diesel, gasoline, liquefied petroleum gas, etc. We keep enhancing our energy efficiency and adopting more clean energy, to reduce fossil fuel consumption and greenhouse gas emissions. In the future, we will actively respond to the national ”3060” Dual Carbon Goal, explore the applicability of photovoltaic power generation and other renewable energy sources, and promote green production and operation.

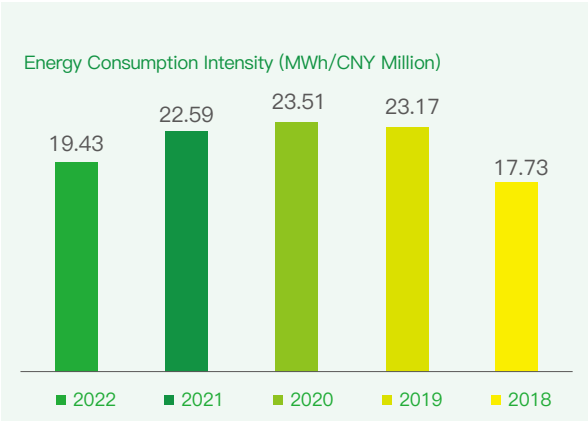
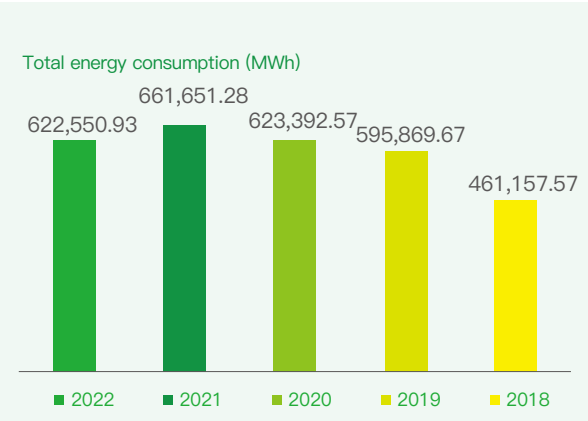
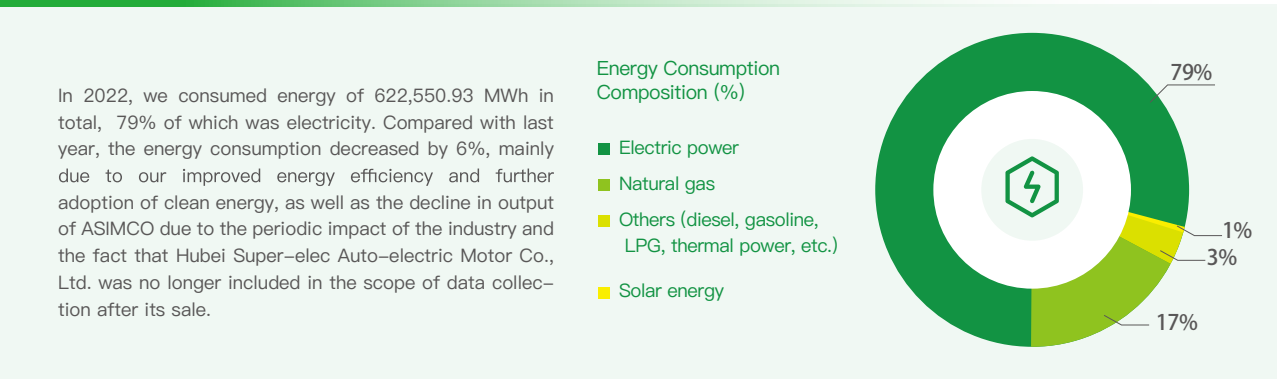
In 2022, we continued to take a series of measures to reduce energy consumption in response to the Dual Carbon Goal. In the coal mining machine sector, the optimization and reconstruction project of the air compressor pipeline in the air compressor room was implemented. The waste heat recovery of the air compressor was used in the employee bathhouse instead of electric heating, effectively saving electric energy. Another example, as manual startup and shutdown of preheating furnace caused ineffective utilization of energy, we modified the equipment to effectively reduce the consumption of natural gas.

Photovoltaic Power Generation System of SEG Factory

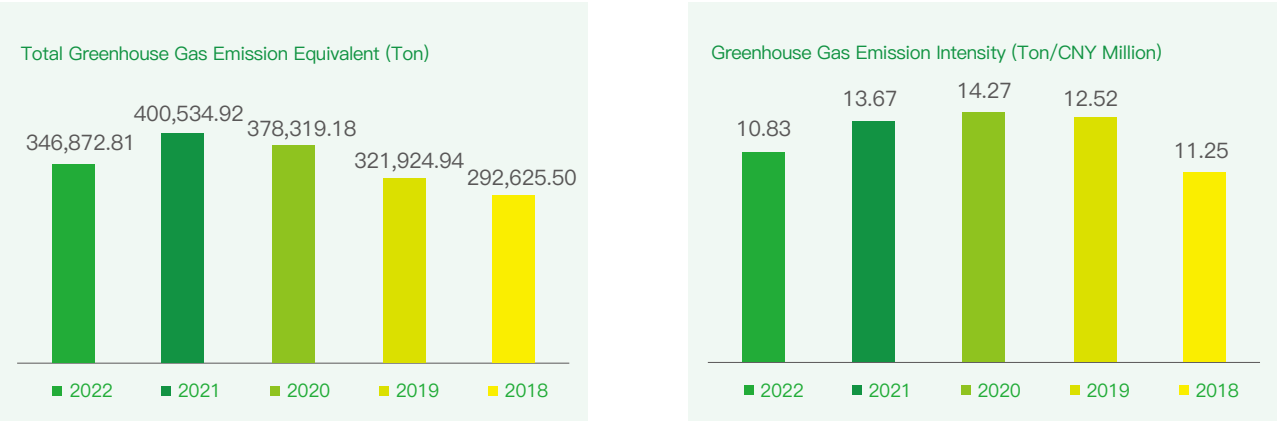
SEG continued to implement energy conservation and emission reduction measures, by introducing photovoltaic power generation projects, and utilized clean energy in a wider range of production and working areas. The power generated by the photovoltaic system is for self-consumption and the surplus power is transferred to the grid. After it was put into operation, the photovoltaic system can supply power for the air conditioning system in general, truly realizing green production.



ASIMCO NHV Technologies (Anhui) Co., Ltd. started new PV power generation project. ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. eliminated high-energy-consumption equipment and adopted variable-frequency transformers and motors to greatly reduce power consumption. ASIMCO International Casting (Shanxi) Co., Ltd. used the waste heat of the adjacent factory for heating, saving 1,225,300 cubic meters of natural gas throughout the year. At the same time, SEG also applied a more energy-saving automatic standby mode to systems such as circuit transmission, lighting and air conditioning, and managed the energy by online monitoring of product energy unit consumption, dynamic comparative analysis with energy consumption standard values, etc., improving overall energy efficiency.



In the same year, our greenhouse gas emissions equivalent totaled 346,872.81t, a decrease of about 13% compared to 2021 due to the same reason for the reduction in energy consumption as mentioned above. The direct greenhouse gas emissions under scope 1 were mainly from burning natural gas, gasoline, and diesel oil, while the indirect greenhouse gas emissions under scope 2 were mainly from purchased electricity.

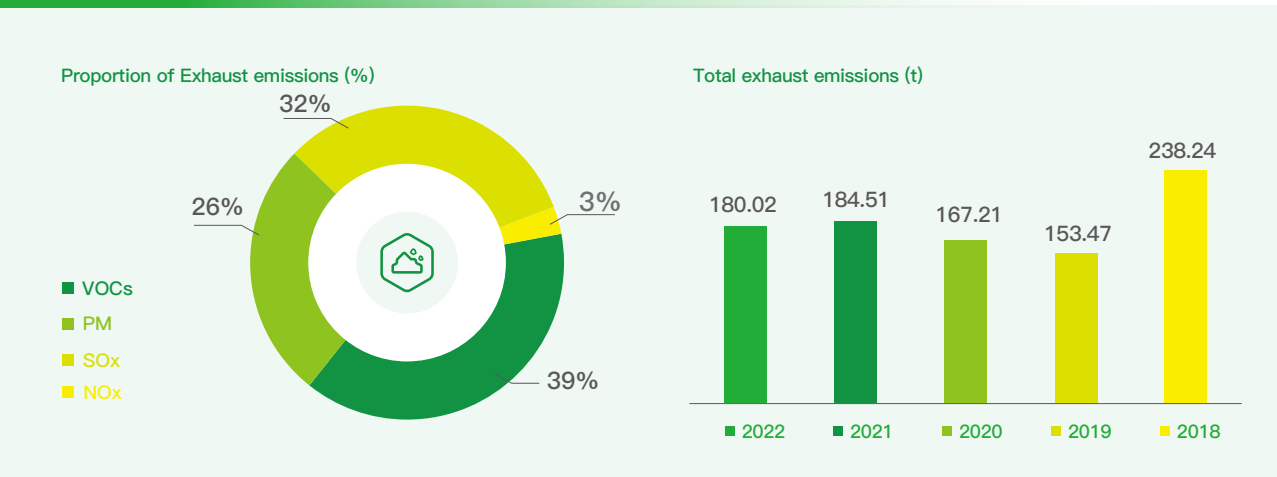


Emissions Management

We strictly comply with the laws and regulations related to emissions management in the places where we operate, carefully identify the sources of various pollutants during operation, and strictly monitor the management and discharge of exhaust and wastes.

Exhaust

Our main sources of exhaust include the exhaust from fossil fuel combustion and painting, dust and soot during the production process. The main pollutants in our exhaust include NOx, SOx, PM, and VOCs. In 2022, our main exhaust emissions totalled 180.02t.



In China, the coal mining machinery segment and ASIMCO comply with *the Atmospheric Pollution Prevention and Control Law of the People's Republic of China*. Overseas, SEG complies with the Federal Immission Control Act. For exhaust produced during production, our subsidiaries actively adopt new processes featuring energy conservation and emission reduction, and employ different measures to optimize the treatment process, so as to minimize exhaust emission. In the future, our subsidiaries will continue to optimize the process flow, monitor the emission situation in real time, and control their exhaust emission concentration to meet the emission standards of the places where they operate.

Measures of the coal mining machinery segment:

- Installed on-line monitoring equipment for waste gas from coating line and heat treatment industrial kiln and waste water from general discharge outlet, and optimized the use of water-based paint to reduce the emission concentration of VOCs to below 10 mg.
- Strengthened the coating process management to improve the effective coating rate and reduce the volatilization of VOCs.
- Optimized the treatment before the blanking process of structural component, and blank the steel plates after rust removal to reduce the smoke and dust generated during cutting.
- Transformed the welding robot in the structural component workshop to improve the efficiency of waste gas collection.
- Replaced the filter bag dedusting with water treatment to improve the efficiency of waste gas treatment.

ASIMCO has also taken the following measures accordingly:

- ASIMCO NHV Technologies (Anhui) Co., Ltd. adopted technologies such as spraying, filter bag, dry filtration and RCO combustion process to greatly improve the efficiency of waste gas collection and treatment.
- ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. used water-based paint to replace oily paint in the color code application process of finished products, greatly reducing the volatilization of VOCs.
- ASIMCO Camshaft (Yizheng) Co., Ltd. upgraded and reconstructed the shot blasting machine and dust collector in the casting workshop to reduce the dust on the operation site.

Wastes

Wastes produced in our operation process are categorized as hazardous and non-hazardous wastes. The hazardous wastes are mainly emulsion, paint slag and chromium slag. We have engaged a qualified third-party professional treatment firm for centralized treatment of these wastes. Our non-hazardous wastes mainly include scrap mixed steel, scrap steel and household waste. Based on the nature of the wastes, we landfill or reuse them, or entrust a garbage power plant for waste treatment. In 2022, we generated 1,835.93t of hazardous wastes and 130,118.25t of non-hazardous wastes.

In China, the coal mining machinery segment and ASIMCO comply with *the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, formulated the Hazardous Waste Management and other systems, and established a dynamic management mechanism for hazardous wastes, to monitor the clean-up, storage, and transport of hazardous wastes on a real time basis. Outside China, SEG strictly abided by the Soil Protection Act and other laws, collected, stored, and treated hazardous wastes from different production lines, and analyzed their causes.



To reduce wastes, our business segments took a series of measures in 2022. For example, a low-temperature evaporator was installed in the coal mining machine sector to extract the waste cutting fluid and waste emulsion before disposal. ASIMCO NHV Technologies (Anhui) Co., Ltd. reduced the amount of waste binder and waste phosphating slag by controlling wastewater water and water conservation and reducing the amount of chemical addition. For example, ASIMCO International Casting Co., Ltd. (Shanxi) increased the recycling rate of wastes through the waste sand recycling workshop and produced reclaimed sand of about 55,000t in 2022. ASIMCO Camshaft (Yizheng) Co., Ltd. recycled 164 tons of waste oil and grinding fluid oil, and recycled 681 tons of waste foundry sand for brick making. In the future, we will explore more sustainable waste management methods to ensure that no environmental contamination incidents will occur.



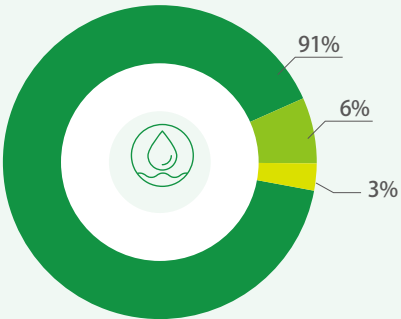
Water Resources Management



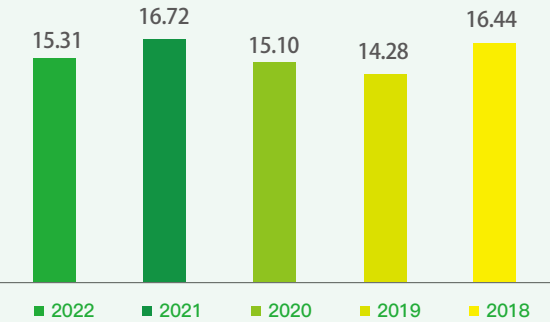
The Company values water resource management and takes measures to reduce water consumption as much as possible though none of its business locations are located in water shortage areas. Our water supply is mainly from tap water and river water. In 2022, our water consumption totalled 15.31 million m³, including recycled water of 13.91 million m³. The recycling rate is approximately 91%. In the future, we will continue to implement the concept of using water for multiple purposes and repeatedly, and maintain the overall water recycling rate at more than 90%.

Water Resources Composition (%)

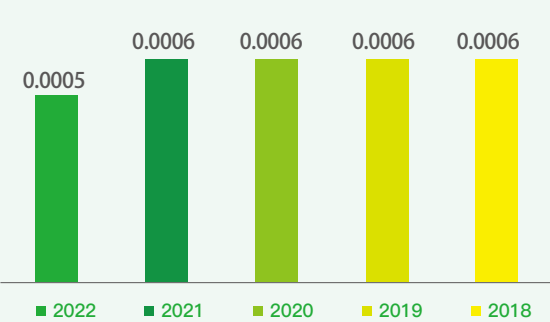
- Recycled water
- Tap water
- River water



Total water consumption (million m³)



Water Usage Intensity (million m³/CNY Million)



In 2022, our business segments across the globe continued to actively reduce water consumption through measures such as improving the water recycling rate and renovating the equipment:

- ASIMCO Camshaft (Yizheng) Co., Ltd. recycled wastewater after water treatment for casting production, and completed the transformation of cooling water circulation system to save 2,000 tons of water throughout the year.
- ASIMCO International Casting Co., Ltd. (Shanxi) optimized the cooling water circulation system to realize a utilization rate of recycled water of 95%;
- ASIMCO NHV Technologies (Anhui) Co., Ltd. continues to strengthen the treatment of gas and water leakage, eliminate direct drainage, improve the recycling efficiency of water resources, and enhance the awareness of water conservation of employees.
- SEG realized the recycling of evaporator condensate, effectively improving the utilization efficiency of water resources.

Our wastewater is mainly domestic sewage and production wastewater. The former is mainly from the office area restrooms and kitchens, without poisonous, hazardous or special substances, while the latter is mainly from electroplating and painting processes. We adopt different treatment systems for the electroplating wastewater that contains different heavy metals, to ultimately recycle all the wastewater containing heavy metals. In terms of painting wastewater, we install integrated industrial wastewater processing machines to process and discharge the wastewater in strict accordance with local environmental protection requirements. SEG continuously optimizes the efficiency of wastewater treatment and strictly controls the discharged wastewater through IT monitoring and regular third-party testing.

06

COMMUNITY RESPONSIBILITY

Innovation and Entrepreneurship

Facilitating Educational Development

Actively Participate in Public Welfare Activities



郑州煤矿机械集团股份有限公司
ZHENGZHOU COAL MINING MACHINERY GROUP CO., LTD.

While pursuing our own growth, we never forget to give back to the community. We actively devote ourselves to public welfare undertakings, insist on sharing our development achievements with the society, and take the Company’s social responsibility as one of the core strategies for our sustainable development. In 2022, we actively participated in innovation and entrepreneurship guidance, rewarding teaching and giving financial aid to students, and charity, promoting the integrated development of the Company and the community, and taking our corporate responsibility.

Innovation and Entrepreneurship

In 2022, ZMJ 1958 Mass Entrepreneurship and Innovation Park hosted the National Mass Entrepreneurship and Innovation Week for two consecutive years, and held four theme exhibitions. Among them, the section of “Future of Zhengzhou entrepreneurship and innovation, focus on the central plains” centered on “Innovation drives vitality, entrepreneurship creates employment”, demonstrated the innovation achievements of Zhengzhou City. The “Cradle of innovation and fertile ground for entrepreneurship” section, with the theme of “Praise life with entrepreneurship”, provided one-stop incubation services for young entrepreneurs. The section of “Extraordinary decade, brilliant Henan” highlighted Henan’s economic data, ten major scientific and technological innovation achievements and outstanding enterprises in innovation and entrepreneurship. The “World of metaverse, unbounded intelligence and innovation” section took the metaverse as the carrier to show the business scene of the metaverse ecosystem. Through the exhibition of innovation and entrepreneurship, the Entrepreneurship and Innovation Park provided a better exhibition platform for innovative entrepreneurs and created a good environment conducive to innovation and entrepreneurship creation.



Facilitating Educational Development

Education is the foundation of national development in the long run. We understand the importance of education for national and individual development and actively take on social responsibility in the field of education. In June 2022, we donated CNY 62,000 to improve the campus infrastructure of many primary and secondary schools and schools for special children in Ningguo City, Anhui Province, including reading facilities and labor education experimental bases, effectively improving the teaching environment in poor areas. Since 2006, ASIMCO has established the Li Keping Scholarship Fund, which provides assistance to eligible children of ASIMCO’s employees to encourage them to study science and engineering in colleges and universities and prepare for devoting themselves to the future development of science and technology. By the end of the reporting period, the scholarship fund had provided support to 215 children of ASIMCO’s employees.

In 2022, based on integration of industry and education as a breakthrough, as well as establishing Morality and cultivating People, we deepened the school–enterprise cooperation mechanism by building cooperation platforms with a number of professional schools. We carried out a series of “visiting enterprises and expanding job opportunities” to promote employment, receiving teachers and students from Henan University of Engineering, Henan Polytechnic and Zhengzhou University of Light Industry to visit the company for exchanges. We provided social practice and on–the–job practical training and learning, so as to stimulate the exploration interest of young students and guide students to establish personal career planning.



Actively Participate in Public Welfare Activities

We encouraged employees to pay attention to a wide range of public welfare issues and actively participate in various public welfare activities.

In the field of ecological environment, we carried out the tree planting activity of “Afforestation and Green Development”, with more than 70 participants from the Company’s middle and senior management, party member representatives, outstanding employee representatives, etc. in March 2022. By this activity, we not only contributed to afforestation, but also enhanced employees’ awareness of environmental protection.



In the field of community services, in October 2022, ASIMCO NVH Technologies Co., Ltd. (Anhui) organized an employee visit to the Nursing Home of Zhongxi Town, bringing fruits and food to the elderly and donating CNY 10,000 to the Nursing Home. This activity has been conducted for 12 consecutive years.



Outside China, SEG Spain factory has organized employees to participate in voluntary blood donation activities since 1978, and 10,000 times of donation have been made in total by 2022. In September 2022, SEG Spain factory was awarded a certificate of commemoration by the President of the local hospital and blood donation association, recognizing their contributions to the cause of voluntary blood donation over the years.



Overview of Social Responsibility Data



| Environmental Indicators | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------------|------------|------------|------------|------------|------------|
| Emission | | | | | | |
| Total greenhouse gas emissions equivalent (scopes 1 & 2) (t) | 346,872.81 | 400,534.92 | 378,319.18 | 321,924.94 | 292,625.50 | 238,027.60 |
| Emissions under scope 1 | 23,970.98 | 20,939.18 | 20,760.48 | 17,554.26 | 21,217.52 | 10,617.77 |
| Emissions under scope 2 | 322,901.83 | 379,595.74 | 357,558.70 | 304,370.68 | 271,407.98 | 227,409.83 |
| Greenhouse gas emissions equivalent per CNY million in revenue (t/CNY million) | 10.83 | 13.67 | 14.27 | 12.52 | 11.25 | 31.54 |
| Total exhaust emissions (t) | 180.02 | 184.51 | 167.21 | 153.47 | 238.24 | 166.75 |
| Total discharge amount of hazardous wastes (t) | 1,835.93 | 1,951.67 | 1,811.81 | 1,721.29 | 2,046.81 | 1,887.57 |
| Hazardous waste discharge amount per CNY million in revenue (t/CNY million) | 0.06 | 0.07 | 0.07 | 0.07 | 0.17 | 0.25 |
| Total discharge amount of non-hazardous wastes (t) | 130,118.25 | 109,943.88 | 97,506.58 | 98,632.34 | 88,529.06 | 73,013.66 |
| Non-hazardous waste discharge amount per CNY million in revenue (t/CNY million) | 4.06 | 3.75 | 3.68 | 3.83 | 3.40 | 9.67 |
| Water Resources | | | | | | |
| Total water consumption (million m³) | 15.31 | 16.72 | 15.10 | 14.28 | 16.44 | 15.68 |
| Fresh water | 1.40 | 1.29 | 1.17 | 1.31 | 1.88 | 2.27 |
| Recycled water | 13.91 | 15.43 | 13.93 | 12.97 | 14.56 | 13.41 |
| Water consumption per CNY million in revenue (million m³/CNY million) | 0.0005 | 0.0006 | 0.0006 | 0.0006 | 0.0006 | 0.0021 |
| Energy | | | | | | |
| Total energy consumption (MWh) | 622,550.93 | 661,651.28 | 623,392.57 | 595,869.67 | 461,157.57 | 356,737.22 |
| Electric power | 493,813.34 | 540,114.64 | 496,418.79 | 464,193.28 | 363,820.37 | 309,085.99 |
| Natural gas | 107,329.10 | 93,964.36 | 94,343.82 | 110,025.18 | 66,595.12 | 41,520.36 |
| Diesel and gasoline | 11,725.60 | 3,583.19 | 8,843.16 | 4,573.95 | 3,498.84 | 2,076.82 |
| Liquefied petroleum gas | 2,192.33 | 20,173.53 | 19,971.24 | 17,077.26 | 27,243.24 | 4,054.05 |
| Thermal power | 3,815.56 | 3,815.56 | 3,815.56 | | | |
| Solar energy | 3,675.00 | | | | | |
| Energy consumption per CNY million in revenue (MWh/CNY million) | 19.43 | 22.59 | 23.51 | 23.17 | 17.73 | 47.27 |
| Packaging Materials | | | | | | |
| Total consumption of packing materials (t) | 9,891.85 | 15,814.38 | 16,638.87 | 7,392.00 | 854.22 | 1,268.73 |

Data Calculation Standards and Methods:

Greenhouse gases: carbon dioxide, methane, nitrous oxide, and sulfur hexafluoride. Data of greenhouse gases under scope 1 are calculated according to the default value of common fossil fuel characteristic parameters issued by the National Development and Reform Commission of the People’s Republic of China. Data of greenhouse gases under scope 2 are calculated according to the average carbon dioxide emission factor of China’s regional power grid issued by the National Development and Reform Commission of the People’s Republic of China.

Exhaust: The data are sourced from the monitoring systems installed or a third party entrusted for monitoring, and calculated according to the emission factor provided in the EMFAC–HK Vehicle Emission Calculation model issued by the Environmental Protection Department of Hong Kong.

Hazardous wastes: They are classified according to the “hazardous wastes” stipulated in the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal mentioned in the Reporting Guidelines on Environmental Key Performance Indicators published by the Hong Kong Exchanges and Clearing Limited (HKEX). The data are mainly sourced from relevant records and accounts.

Non-hazardous wastes: All wastes that do not fall within the definition of “hazardous wastes” in the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal are classified as “non-hazardous wastes”. The data are mainly sourced from relevant records and accounts.

Water consumption: The data are sourced from the monitoring system installed and the municipal water amount purchased.

Energy consumption: The data are calculated based on the electricity purchased, fuel consumption and relevant conversion factors provided by the International Energy Agency.

| Social Indicators | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--------------------|--------|--------|--------|--------|-------|-------|
| Employment | | | | | | |
| Total | 15,415 | 16,774 | 17,412 | 16,368 | 8,657 | 9,056 |
| By gender | | | | | | |
| Male | 11,760 | 12,777 | 13,332 | 12,287 | 6,421 | 6,871 |
| Female | 3,655 | 3,997 | 4,080 | 4,081 | 2,236 | 2,185 |
| By employment type | | | | | | |
| Full-time | 15,376 | 16,729 | 17,326 | | | |
| Part-time | 39 | 45 | 86 | | | |
| By age group | | | | | | |
| Below 30 | 3,167 | 3,677 | 3,687 | 3,820 | 2,194 | 2,713 |
| 30 to 50 | 9,640 | 10,447 | 10,834 | 9,947 | 5,491 | 5,422 |
| Above 50 | 2,608 | 2,650 | 2,891 | 2,601 | 972 | 921 |
| By region | | | | | | |
| Asia | 11,592 | 12,696 | | | | |
| Europe | 2,678 | 2,991 | | | | |
| North America | 1,145 | 1,087 | | | | |

| Social Indicators | 2022年 | 2021年 | 2020年 | 2019年 | 2018年 | 2017年 |
|--|-------|-------|-------|-------|-------|-------|
| Employee Turnover Ratio | 13% | 13% | 14% | 14% | 15% | 13% |
| By gender | | | | | | |
| Male | 14% | 13% | | | | |
| Female | 12% | 11% | | | | |
| By age group | | | | | | |
| Below 30 | 23% | 23% | | | | |
| 30 to 50 | 11% | 10% | | | | |
| Above 50 | 6% | 9% | | | | |
| By region | | | | | | |
| Asia | 12% | 12% | | | | |
| Europe | 16% | 12% | | | | |
| Other areas | 14% | 23% | | | | |
| Safety | | | | | | |
| Work-related fatality | 0 | 0 | 0 | 0 | | |
| Work-related fatality ratio | 0% | 0% | 0% | 0% | | |
| Number of working days lost due to work-related injury | 974 | 1,999 | | | | |
| Training | | | | | | |
| Training Ratio | | | | | | |
| By gender | | | | | | |
| Male | 97% | 91% | | | | |
| Female | 99% | 87% | | | | |
| By employment type | | | | | | |
| Senior management | 95% | 98% | | | | |
| Middle management | 95% | 98% | | | | |
| General staff | 98% | 90% | | | | |
| Average Training Hours | | | | | | |
| By gender | | | | | | |
| Male | 23.93 | 19.02 | | | | |
| Female | 31.94 | 18.94 | | | | |
| By employment type | | | | | | |
| Senior management | 48.25 | 51.11 | | | | |
| Middle management | 39.15 | 43.36 | | | | |
| General staff | 25.13 | 17.78 | | | | |

Appendix I – Content Index Based on the Environmental, Social and Governance Reporting Guide

| Aspect | Description | Location/Remarks |
|---------------------------------------|---|--|
| A. Environment | | |
| 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 exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes | Environmental Responsibility |
| A1.1 | Types of emissions and relevant emissions information | Emissions Management |
| A1.2 | Emissions (in tons) and (if applicable) intensity (e.g. per unit of production volume, per facility) of direct (scope 1) and energy indirect (scope 2) greenhouse gases | Energy Management Overview of Social Responsibility Data |
| A1.3 | Total amount (in tons) and (if applicable) intensity (e.g. per unit of production volume, per facility) of hazardous wastes produced | Emissions Management Overview of Social Responsibility Data |
| A1.4 | Total amount (in tons) and (if applicable) intensity (e.g. per unit of production volume, per facility) of non-hazardous wastes produced | Emissions Management Overview of Social Responsibility Data |
| A1.5 | Description of the emission targets set and steps taken to achieve them | Emissions Management |
| A1.6 | Description of measures for hazardous and non-hazardous waste treatment, the emission targets set and steps taken to achieve them | Emissions Management |
| A2: Resource Utilization | | |
| General disclosure | Policies on the efficient use of resources, including energy, water and other raw materials | Environmental Responsibility |
| A2.1 | Total consumption (in 1,000 kWh) and intensity (e.g. per unit of production volume, per facility) of direct and/or indirect energy by type (e.g. electricity, gas or oil) | Energy Management Overview of Social Responsibility Data |
| A2.2 | Total water consumption and intensity (e.g. per unit of production volume, per facility) | Water Resources Management Overview of Social Responsibility Data |
| A2.3 | Description of the energy efficiency targets set and steps taken to achieve them | Energy Management |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, the water efficiency targets set and steps taken to achieve them | Water Resources Management |
| A2.5 | Total consumption of packaging materials for finished goods (in tons) and (if applicable) volume attributable to per production unit | Overview of Social Responsibility Data |
| A3: Environment and Natural Resources | | |
| General disclosure | Policies on minimizing the Issuer's significant impact on the environment and natural resources | Environmental Responsibility |
| A3.1 | Description of the significant impact on the environment and natural resources due to business activities, and the actions adopted to manage such impact | Environmental Responsibility |
| A4: Climate Change | | |
| General disclosure | Policies for identifying and addressing significant climate-related matters that have and may have an impact on the Issuer | Safety Precaution |
| A4.1 | Description of significant climate-related matters that have and may have an impact on the Issuer, and countermeasures | Safety Precaution |

| Aspect | Description | Location/Remarks |
|------------------------------|--|--|
| B. Society | | |
| 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 remuneration and dismissal, recruitment and promotion, working hours, vacation, equal opportunity, diversity, anti-discrimination, and other benefits and welfare | Responsibility towards Staff |
| B1.1 | Total number of staff by gender, employment type, age group and region | Labor Rights and Interests Overview of Social Responsibility Data |
| B1.2 | The turnover ratio of employees by gender, age group and region | Overview of Social Responsibility Data |
| 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 | Responsibility towards Staff |
| B2.1 | Number and ratio of work-related fatalities in each of the past three years (including the reporting year) | Overview of Social Responsibility Data |
| B2.2 | Number of working days lost due to work-related injury | Overview of Social Responsibility Data |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored | Safety and Health |
| B3: Development and Training | | |
| General disclosure | Policies on improving employees' knowledge and skills for performing duties at work. Description of training activities | Responsibility towards Staff |
| B3.1 | Percentage of trained employees by gender and employee category (e.g. senior management, middle management, etc.) | Overview of Social Responsibility Data |
| B3.2 | Average training hours completed per employee by gender and employee category | Overview of Social Responsibility Data |
| 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 or forced labor | Responsibility towards Staff |
| B4.1 | Description of measures for reviewing recruitment practices to avoid child labor and forced labor | Labor Rights and Interests |
| B4.2 | Description of steps taken to eliminate the relevant violations when discovered | Not Applicable |
| B5: Supply Chain Management | | |
| General disclosure | Policies on managing environmental and social risks of the supply chain | Supplier Management |
| B5.1 | Number of suppliers by region | Supplier Management |
| B5.2 | Description of practices relating to the engagement of suppliers, the number of suppliers to which the practices are implemented, and how they are implemented and monitored | Supplier Management |
| B5.3 | Description of practices for identifying environmental and social risks at each stage of the supply chain, and how they are implemented and monitored | Supplier Management |
| B5.4 | Description of practices of promoting the use of environmentally friendly products and services in selecting suppliers, and how they are implemented and monitored | Supplier Management |

| Aspect | Description | Location/Remarks |
|----------------------------|--|------------------------------------|
| B6: Product Responsibility | | |
| 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 health and safety, advertising, labeling and privacy matters of products and services provided and corresponding remedies | Focusing on Product Quality |
| B6.1 | Percentage of products that must be recalled for safety and health reasons among the total products sold or delivered | Focusing on Product Quality |
| B6.2 | Number of complaints received for products and services and relevant solutions | Provision of Satisfactory Services |
| B6.3 | Description of practices relating to the maintenance and protection of intellectual property | Market Responsibility |
| B6.4 | Description of the quality inspection process and product recall procedure | Focusing on Product Quality |
| B6.5 | Description of consumer data protection and privacy policy, and how they are implemented and monitored | Provision of Satisfactory Services |
| 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 | Anti-Corruption |
| B7.1 | Number and outcomes of concluded legal cases regarding corruption practices brought against the Issuer or its employees during the Reporting Period | Anti-Corruption |
| B7.2 | Description of precautions and reporting procedure and how they are implemented and monitored | Anti-Corruption |
| B7.3 | Description of anti-corruption training provided to directors and employees | Anti-Corruption |
| B8: Community | | |
| General disclosure | Policies on community engagement to understand the needs of the communities where the Issuer operates and to ensure the communities' interests will be taken into account in its activities | Community Responsibility |
| B8.1 | Areas to make contribution (e.g. education, environmental matters, labor demands, health, culture, sports) | Community Responsibility |
| B8.2 | Resources (e.g. money or time) contributed to the areas | Community Responsibility |



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