



# 2023

## Environmental, Social and Governance Report



Zhengzhou Coal Mining Machinery Group Co., Ltd.

# 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 2023, namely, from January 1, 2023 to December 31, 2023.

This report highlights and discusses the activities carried 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., Zhengzhou Coal Mining Comprehensive Machine Equipment Co., Ltd., 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), Hubei Super Electric Auto Motor Co., Ltd., ASIMCO NVH Technologies Co., Ltd. (Anhui), ASIMCO Technologies (Yizheng) Co., Ltd. For ease of presentation and reading, these six 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 Chinese and English, and all contents shall be subject to the Chinese version. This report can be downloaded from the website of the Stock Exchange of Hong Kong Ltd. ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of Zhengzhou Coal Mining Machinery Group Co., Ltd. (hereinafter referred to as ZMJ) ([www.zmj.com](http://www.zmj.com)).

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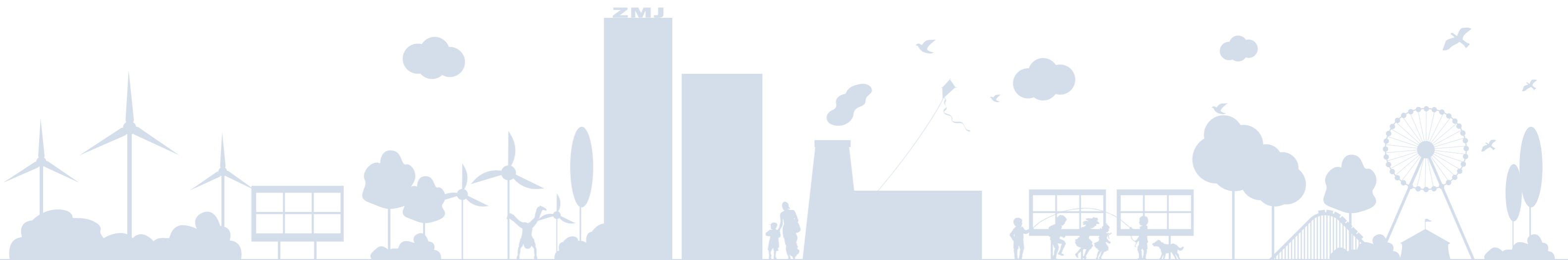
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# Message from the Company

Dear stakeholders,

At present, changes in the world, times and history are unfolding in an unprecedented way. The development of ZMJ has also entered a period when strategic opportunities, risks and challenges coexist and uncertainties and unpredictable factors increase. In 2023, we resist external pressure and overcome internal difficulties, persist in development, advance all business sectors side by side, set new highs for various major indicators, and deliver a high-quality answer sheet for the critical year of "14th Five-Year Plan".

2023 is a year for the transformation and upgrading of ZMJ. The smart park of the coal mining machinery sector won the honor of National Intelligent Manufacturing Demonstration Factory in 2023 by virtue of its self-developed digital twin technology. SEG Changsha and ASIMCO Shuanghuan in the auto parts sector have also been consecutively selected into the list of national, provincial and ministerial digital factories. At the same time, the Group and its business sectors are orderly promoting the launch of the cockpit system, and the blueprint for digital reform and transformation of the whole business process is slowly unfolding.

2023 is a year when ZMJ has made breakthroughs in technological innovation. A new generation of distributed intelligent control system was successfully developed, and the 10-meter hydraulic support once again held up the industry height. The high-end pump station made its debut at Beijing International Coal Mining Machinery Exhibition. The 48V BRM2.8 self-developed inverter rolled off the mass production line, the main components of the intelligent air suspension system were successfully developed, and 800V HV flat wire adhesive rotor products were successfully mass produced. We have

increased R&D investment, improved flexible production capacity and seized market opportunities.

2023 is the year when ZMJ's reform continues to deepen. Hengda Intelligent Control Company further focuses on its future development ideas and business operations. ASIMCO introduced strategic investors and employee stock ownership, and the operation mechanism was further marketized. Professional managers are transformed into business partners in an all-round way.

In 2023, ZMJ becomes more and more determined on the road of "sustainable development of enterprise and long-term happiness of employees". We adhere to green and low-carbon development, improve energy efficiency through technological innovation, and help achieve the dual carbon objectives; we lead the growth of employees, cultivate high-end talents through industry-education integration, and care for the physical and mental health of employees; we participate in community construction, assist education poverty alleviation and public welfare undertakings, actively promote the integrated development of science, technology, culture and creativity, and stimulate regional economic vitality.

The journey ahead will be long and the wind is strong, and we will set off again with a critical mission. ZMJ will continue to adhere to the new development concept of "innovation, coordination, green, openness and sharing", fight tenaciously and forge ahead bravely with a more enterprising attitude and more responsible actions, and step towards a new historical peak!

Zhengzhou Coal Mining Machinery Group Co., Ltd  
March 2024

# 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 successively 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 2023

- Revenue amounted to RMB **36,423** million, with a year-on-year increase of **13.67%**.
- Net profit attributable to the parent company stood at RMB **3,301<sup>(1)</sup>** million, representing a year-on-year increase of **30.06%**.
- We distributed cash dividends of RMB **998** million (tax inclusive),
- accounting for **39.32%** of the net profit attributable to the shareholders of the listed company in 2022.

Note (1): Disclosed in accordance with IFRS



# Important honors in 2023

- Commendation Award of the 7th China Grand Awards for Industry (approved and established by the State Council)
- Ranked 403th in the Fortune China 500 companies in 2023 - Fortune (Chinese Version)
- Ranking 342nd among 2023 China's Top 500 Manufacturing Enterprises - China Enterprise Confederation
- Ranking 35th among 2023 China Machinery Top 500 - China Machinery Enterprise Management Association
- Ranking 21st among 2023 HenanTop 100 Enterprises - Henan Enterprise Confederation
- Ranking 3rd among 2022 China Coal Machinery Industry Top 50 - China National Coal Machinery Industry Association
- Ranked 21st in the Top 100 Companies of China in the Machinery Industry in 2022 - China Machinery Industry Federation
- Ranked 23rd in the Top 30 Auto Parts Suppliers of China in 2022 - China Association of Automobile Manufacturers
- 2023 Intelligent Manufacturing Demonstration Factory Listed Unit - Ministry of Industry and Information Technology of the People's Republic of China
- 2023 Henan Intelligent Manufacturing Benchmarking Enterprise - Department of Industry and Information Technology of Henan Province
- 2023 Jiangsu Industrial Internet Benchmark Factory - Industry and Information Technology Department of Jiangsu
- 2023 Shanxi Technological Innovation Demonstration Enterprise - Department of Industry and Information Technology of Shanxi Province
- 2023 National Public Procurement Excellent Case - China Federation of Logistics & Purchasing
- Jiangsu Excellent Enterprise with Harmonious Labor Relations - Department of Human Resources and Social Security of Jiangsu Province
- Award for Enterprise with Special Contribution in Ten Years - State-owned Assets Supervision and Administration Commission of Henan Provincial People's Government
- Chairman Jiao Chengyao Wins the Honorary Title of "Meritorious Entrepreneur" in Zhengzhou - Zhengzhou Municipal People's Government
- SEG Awarded "Top 50 Innovative Companies in India 2023" - Confederation of Indian Industry



# 01 MANAGEMENT APPROACH

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## 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
<b>Investors</b>	<ul style="list-style-type: none"> <li>Protection of rights and interests of shareholders</li> <li>Timely and accurate disclosure of relevant information</li> <li>Improvement of the corporate governance</li> <li>Operation in compliance with laws</li> </ul>	<ul style="list-style-type: none"> <li>General meetings of shareholders</li> <li>News releases and announcements</li> <li>External reports</li> <li>Release of news on the website of the Company</li> <li>Investment briefings</li> </ul>

<b>Government/Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>Operation in compliance with laws</li> <li>Safe and healthy workplace</li> <li>Benefits to stakeholder communities</li> </ul>	<ul style="list-style-type: none"> <li>Compliance reports</li> <li>Supervision and inspection</li> <li>Application for licensing documents</li> <li>Compliance conferences</li> </ul>
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<b>Employees</b>	<ul style="list-style-type: none"> <li>Competitive remuneration and benefits</li> <li>Safe and healthy workplace</li> <li>Training and capacity building</li> </ul>	<ul style="list-style-type: none"> <li>Trade unions/employee representative congress</li> <li>Collective negotiation agreements</li> <li>Safety and compliance conferences</li> <li>Training and career development</li> <li>Communication channels for employees</li> </ul>
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<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer Service</li> <li>Quality assurance</li> <li>Product liability</li> </ul>	<ul style="list-style-type: none"> <li>Seminars for key customers</li> <li>Systematic communication</li> <li>Visit to plants in operation</li> <li>Participation in industrial organizations</li> <li>Sustainable development reports</li> </ul>
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Stakeholders	Expectations on the Company	Channels of Feedback
<b>Supplier</b>	<ul style="list-style-type: none"> <li>Supplier admittance management</li> <li>Evaluation of suppliers</li> <li>Protection of suppliers' interests</li> <li>Cooperation with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Tendering, seminars</li> <li>Admittance and evaluation of suppliers</li> <li>Field visits</li> <li>Meetings with senior management</li> </ul>
<b>Non-Governmental Organizations</b>	<ul style="list-style-type: none"> <li>Investments in local development</li> <li>Participation in local community projects</li> <li>Bearing environmental responsibility</li> <li>Human rights</li> <li>Sharing benefits fairly</li> </ul>	<ul style="list-style-type: none"> <li>Annual Environmental, Social and Governance Report</li> <li>Direct communication</li> <li>Factory visit</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>Local development</li> <li>Bearing environmental responsibility</li> <li>Promoting employment</li> <li>Providing opportunities for local goods and service providers</li> </ul>	<ul style="list-style-type: none"> <li>Convening community meetings</li> <li>Focusing on group meetings</li> <li>Procurement demand notices</li> <li>Recruitment notices</li> </ul>

## 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

## HIGHLIGHT

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New Height of Business Indicators Reached by the Company	HIGHLIGHT 1: / 11
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## HIGHLIGHT 1: New Height of Business Indicators Reached by the Company

In 2023, the coal mining machinery segment seized market opportunities externally and strengthened process capacity building internally. The ordering, payment collection, output value, output, per capita work efficiency, R&D achievements and other aspects hit a new record high in an all-round way. We have successfully delivered the world's highest intelligent hydraulic support with an ultra-large mining height of 10m, and also ushered in the rollout of the 300,000th hydraulic support. This is not only a major breakthrough in leading the equipment technology in the fully mechanized coal mining industry, but also a pioneering feat of the era to further promote the progress of China's coal equipment level and consolidate China's world leading position in super-large mining height hydraulic support.



In response to the requirement of "accelerating mine upgrading and transformation" in the Opinions on Further Strengthening Mine Safety Work issued by the state in 2023, we have developed cutting-edge innovative products, technologies and solutions such as industrial Internet platform, 5G remote control, space capsule remote control operating platform, ZMOS intelligent mining system and AI video analysis, significantly improving the intelligence level of mine operations and achieving a double leap in production efficiency and safety.



The auto parts sector continued to promote reform and transformation, increased R&D investment, actively grabbed orders, and achieved record highs in major indicators such as operating income and net profit. ASIMCO successfully developed the main components of intelligent air suspension system, and ASIMCO revenue from Anhui new energy products accounted for 22%, covering mainstream new energy vehicle manufacturers. The 48V BRM2.8 equipped with SEG's self-developed inverter went off the mass production line, and received 48V BRM orders from many leading European automobile enterprises throughout the year. The 48V BRM energy recovery system, with the functions of start-stop, energy recovery and acceleration assistance can recover energy to charge the battery during braking and cooperate with the engine to output power during acceleration. The newly launched BRM2.8 has a compact design, excellent power density and efficiency with improved all performance indicators including starting torque, boost power and continuous power to further save fuel and reduce CO2 emissions.



We have also actively deployed new industries. Zhengzhou Hengda Intelligent Control Technology Co., Ltd. (hereinafter referred to as "Hengda Intelligent Control"), our holding subsidiary, continues to promote reform and innovation, which will promote Hengda Intelligent Control to further realize business focus, improve professional operation level and enhance core competitiveness. In addition, we help state-owned enterprises in Henan Province to deepen the reform, participate in the mixed-ownership reform of Luoyang LYC Bearing Co., Ltd., enter the high-end bearing segment, and broaden the industrial layout in the field of high-end equipment manufacturing.

## HIGHLIGHT 2: New Progress of Digital Intelligent Factory

The Company actively responds to the national "14th Five-Year Plan" for Intelligent Manufacturing Development, is committed to promoting digital and intelligent transformation of enterprises, and insists on digitization-driven whole-process business reform.

### ZMJ Intelligent Park

In 2023, the ZMJ Intelligent Park was officially put into production, became the first native digital smart factory in the industry, and was selected as a 2023 National Intelligent Manufacturing Demonstration Factory listed unit, which is the highest national honor in this field. Guided by the Industry 4.0 intelligent manufacturing system and relying on 5G communication system, Internet of Things system and "Digital Twin System" independently developed by ZMJ, ZMJ Intelligent Park has realized the digitalization of the whole process from product design, material selection, production to delivery.

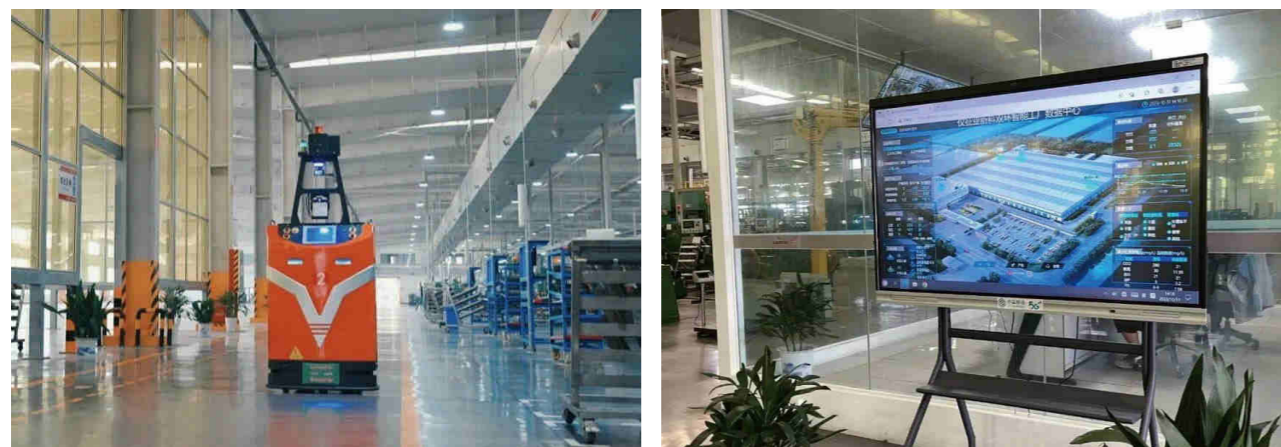
Thanks to the deep integration of digital technology, ZMJ Intelligent Park can convert all physical information in the factory into data and upload them online, with continuous optimization in the production process to greatly reduce trial-and-error costs, improve product quality, accelerate product innovation cycle and shorten time to market. At present, the delivery time of hydraulic supports has been greatly shortened from 28 days to 7 days, with production efficiency increased by 200%, production cost reduced by 60% and space utilization increased by 50%.



### ASIMCO Intelligent Factory

In 2023, the "ASIMCO Shuanghuan High-end Piston Ring Intelligent Manufacturing 5G Factory" project was selected into the "List of 5G Factories in 2023 by MIIT" and "Industrial Internet Benchmarking Factory in Jiangsu Province". Through 5G technology transformation, it has become a digital advanced factory with extensive connection of production units, deep integration of information operation and full utilization of data elements, realizing the management of the whole life cycle of production and manufacturing and the digital presentation of system information. The digital transformation has increased the manufacturing speed of workshops by 40% and the efficiency of the factory by 30%.

In addition, ASIMCO Shuanghuan Factory also passed the 3-star on-site assessment of the highest level of digital transformation maturity in China and was selected into the list of national excellent intelligent manufacturing scenario enterprises in 2023. Its "digital product R&D and design" and "process digital design" scenarios show the depth and breadth of digital transformation. Through the construction of two digital scenes, digital design software, digital process software and advanced manufacturing technology are deeply integrated to realize personalized customization of small-batch and complex products, shorten the development cycle, improve production efficiency and improve product quality.



### HIGHLIGHT 3: New Track of Automobile Electrification Transformation

SEG has actively deployed in the field of new energy vehicles and established SEG Automotive E-Drive System Co., Ltd. to carry out R&D, manufacturing and sales services of electric drive system assembly and its core components for new energy vehicles, integrate global resources and deeply root in China's market. In 2023, SEG made significant progress in the new energy business: China's first 800V high-voltage flat wire glued stator product has been successfully mass-produced and supplied in batches, which enables large-scale industrial production of new energy electric drive. It is also the only supplier in the world that can meet the demand for a full range of high-voltage motor products from entry-level passenger vehicles to heavy commercial vehicles; SEG India achieved a zero breakthrough in the high-voltage motor business in India, and quickly seized the rapidly developing Indian market with localization advantages; The global new energy project and R&D center of SEG E-Drive System Co., Ltd. were put into operation, laying the foundation for building a top three new energy motor enterprise in the industry.



ASIMCO seized the development opportunity of "Electrification, Intelligence, Networking and Sharing" of automobiles and invested in the establishment of ASIMCO Intelligent Automobile Technology (Yizheng) Co., Ltd. to expand the diversified auto parts business market with the core components of new energy vehicle air suspension as the center and build a comprehensive strategic platform with great core competitiveness. With its professional air suspension R&D technology and project management team, ASIMCO Intelligent Automobile Technology (Yizheng) Co., Ltd. has obtained the first technical patent of intelligent air compressor, a core component of air suspension in China, and won the 8th Lingxuan Award in 2023. At present, the intelligent vehicle business has established strong sticky business interaction with a number of leading new energy vehicle enterprises and completed on-site preliminary review.

In addition to strong technical accumulation, the strong capital support of the Group also helps the rapid promotion of intelligent vehicle projects. In order to optimize the governance system and broaden financing channels, ASIMCO introduced 5 external strategic investors in 2023 and implemented the Business Partner Shareholding Plan, enabling 170 employees including directors, supervisors, senior management personnel and core backbones to hold shares. By establishing a more market-oriented and effective incentive and restraint mechanism, the entrepreneurial spirit and innovation power of core backbones are stimulated, and the endogenous power is further enhanced to achieve long-term high-quality development of the Company.

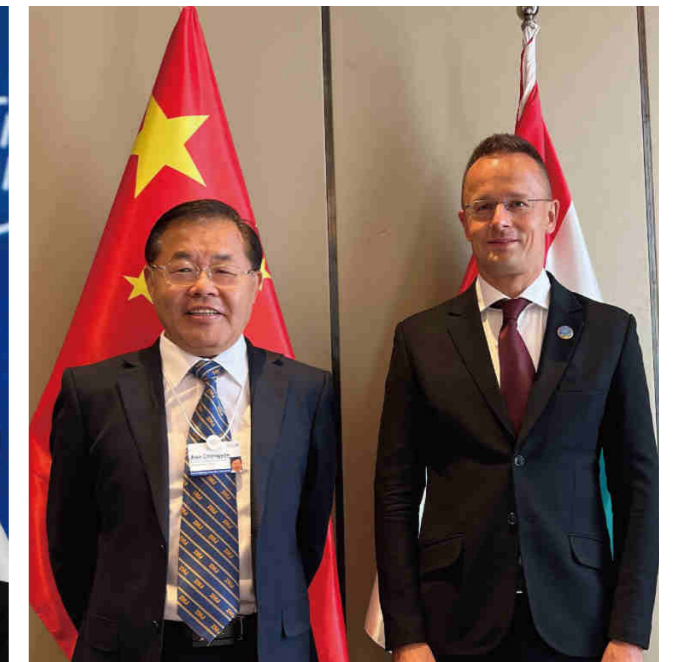


## HIGHLIGHT 4: Continued Writing of a New Chapter on Davos Forum

In June 2023, Jiao Chengyao, Chairman of ZMJ Group (ZMJ), was invited to attend the 14th Summer Davos Forum as a representative of China's equipment manufacturing industry. During this period, he attended many meetings such as the Special Dialogue between Premier Li Qiang and Global Entrepreneurs, the TV Debate on "New Blueprint for Digital China", and the Roundtable on China's Energy Transition, and met with Mr. Péter Szijjártó, Minister of Foreign Affairs and Economy of Hungary.

During the forum, Chairman Jiao Chengyao exchanged views with guests from all walks of life on the digital economy and its future development prospects, and shared his insights into the digital economy and intelligent manufacturing. Chairman Jiao Chengyao believes that the digital transformation of equipment manufacturing industry is all-round, covering every link from design to process flow, from production organization to after-sales service. The core of digital enterprises is that they can automatically generate and capture data in real time, and have the ability of intelligent analysis and push. Taking the smart mine of ZMJ as an example, Chairman Jiao Chengyao explained how to automatically collect key data in the coal mining process, such as gas dust concentration, roof pressure, emulsion concentration, temperature, output and equipment status, and intelligently analyze and push the automatically collected data. He also mentioned the "Coal Machinery Index", which is being developed to provide a new perspective on national economic development from an energy perspective by monitoring the operating rate of about 4,000 intelligent working faces nationwide.

Regarding the digital prospects of manufacturing, Chairman Jiao Chengyao believes that in the digital economy ten years later, not only factories but also their products should get intelligent, which will bring new growth points and innovation opportunities to the manufacturing industry. ZMJ will also always adhere to the dual drive of intellectualization and digitization, driving the development of complete sets of products by intelligence, facilitating the whole process reform of business with digitalization, and continuing to promote coal mining to be more "intelligent, efficient, safer and greener".



# 03

## MARKET RESPONSIBILITY

Focusing on Product Quality /	19
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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 quality of our suppliers' products, but also raised the requirements on environmental protection, business ethics and other aspects.

## 质 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 2023, we continued to improve the quality system construction and quality assessment and motivation, consolidate the standard operating practices, take the initiative to fulfill the liabilities for product quality, and strictly controlled the product quality through authoritative certification.



The coal mining machinery segment has established a perfect quality control system and whole-process inspection system, and has obtained ISO9001 Quality Management System Certification and CNAS laboratory accreditation. 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 according to the After-sales Service Control Procedure. In March 2023, the coal mining machinery segment launched the "Do It Right the First Time" quality culture reform project. By learning from the best practices of international high-end manufacturing products, it formulated a detailed list of quality problems, solidified the production method of doing it right the first time, continuously improved the production process, and strengthened the quality culture concept of "do it right the first time and every time" through multiple quality training sessions to ensure that each product can meet high standards.



### Case: ZMJ Won the First Safety Sign Certificate for Maximum Cylinder Diameter of Mining Columns in China

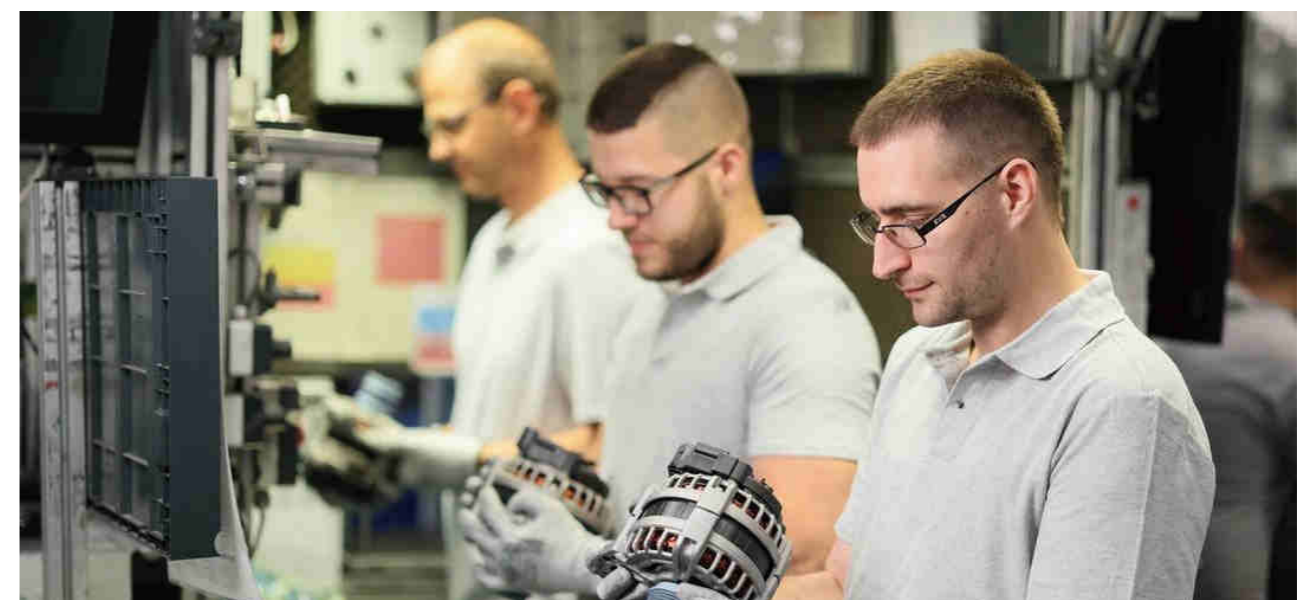
The  $\phi 630/\phi 460$  double telescopic column with super-large cylinder diameter independently developed by ZMJ has won the first new product safety sign certificate in the industry, which is also the current national safety sign certificate for the maximum cylinder diameter of mining columns. This product focuses on tackling the mining problems in ultra-thick coal seams and complex geological environment. After the scheme demonstration of industry experts and strict testing by the national test center, this product has reached international standards in terms of structural parameters, safety and reliability and performance of main components, providing important technical support for China to maintain its world leading position in super-large mining height hydraulic supports.



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 IATF16949 quality management system certification, and ASIMCO NVH Technologies Co., Ltd. (Anhui), ASIMCO International Casting Co., Ltd. (Shanxi), and ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. also have even obtained ISO9001 quality management system certification. For the product quality problems fed back by clients, the Quality Control Department shall organize relevant personnel to investigate and analyze in strict accordance with the standard 8D process. If the analysis shows the return or exchange criterion is met, timely recall for maintenance or return and exchange measures shall be taken.

Based on external laws and regulations as well as internal code of conduct, SEG has established a complete central management system (OMS) with clearly defined standard processes and procedures for product quality control, product recalls and client claims management that combine preventive quality assurance with continuous process improvement to ensure products and services consistently meet the highest standards. All affiliates of SEG have been certified by IATF16949 Quality Management System. SEG is also one of the few suppliers in the industry that have obtained ASPICE Level II certification, which proves that SEG has a high level of capability in the field of automotive software research and development, and can provide comprehensive resource planning and effective monitoring management for projects.

In 2023, the Company did not identify any recall of sold or shipped products for safety and health reasons.



## Provision of Satisfactory Services

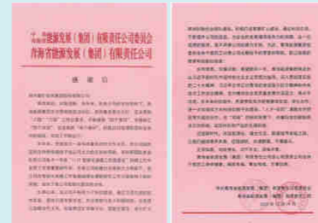
Customer satisfaction is the foundation for a company's survival. We attach great importance to customer satisfaction and regard maximizing customers' benefits as our first priority. In 2023, we enhanced the service quality, continued to improve the sound and complete service system, and built periodic 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 2023, we received 43 communication complaints about products and services, with a completion rate of 100%. In terms of the protection of customer privacy, we will sign a confidentiality agreement according to clients' requirements, and properly keep or destroy without delay drawings, inspection records, technical agreements and other materials generated in the production process in strict accordance with standards; implement encryption measures for computer systems to prevent data leakage; provide regular training on data protection for employees. The Supervision Department of the Company shall strengthen routine supervision and inspection. Once any disclosure of clients' privacy is found, it will be handled seriously to effectively protect the rights and interests of clients.

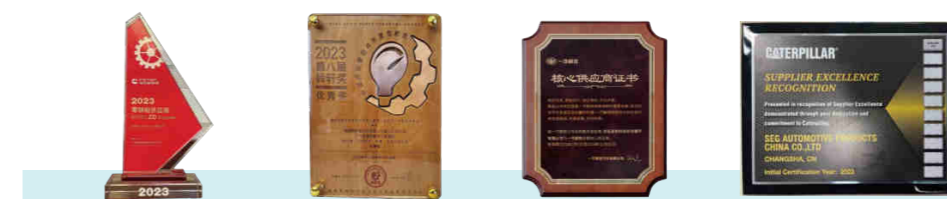
### Case: Letter of Thanks from Qinghai Energy Development Group Co., LTD.

At the beginning of 2023, we received a letter of thanks from Qinghai Energy Development (Group) Co., Ltd. in which clients highly praised ZMJ's scientific research capability, technical level and service quality. Especially in the "Construction of 1179 Intelligent Coal Mining Face" project of Yuka No.1 Well, a national key coal mine safety transformation project, our scientific research team has played a key role in assisting clients to achieve major breakthroughs in the basic theoretical research on intelligent coal mining face and accelerate their pace of intelligent construction.



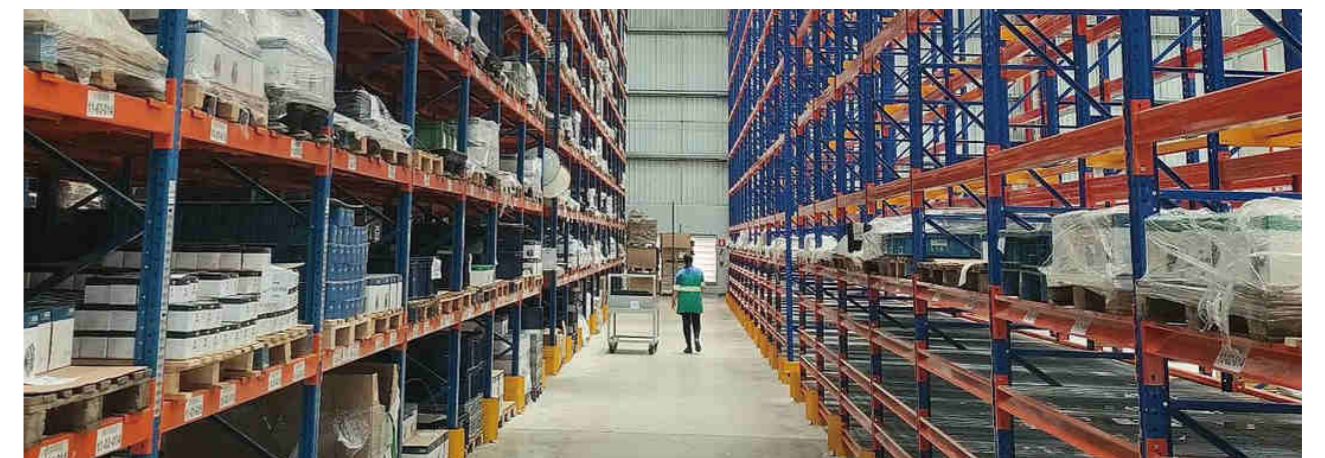
In 2023, we were recognized by a number of customers for our high-quality products and comprehensive customer services:

- ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd., ASIMCO Camshaft (Yizheng) Co., Ltd. and ASIMCO International Casting Co., Ltd. (Shanxi) were awarded the "Excellent Supplier" of Yuchai in 2023;
- ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd., ASIMCO Camshaft (Yizheng) Co., Ltd. and ASIMCO International Casting Co., Ltd. (Shanxi) won the "Best Supplier" Award of Foton Cummins in 2023;
- ASIMCO Camshaft (Yizheng) Co., Ltd. was awarded the "Zero-defect Excellent Supplier" by Foton Cummins in 2023;
- ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. won the title of "Core Supplier" in the first batch of FAW Jiefang;
- ASIMCO Technologies (Yizheng) Co., Ltd. won the 8th Lingxuan Award (Excellence Award) in 2023;
- ASIMCO NVH Technologies Co., Ltd. (Anhui) won the 2023 "Quality Rock Award" of Leapmotor;
- ASIMCO NVH Technologies Co., Ltd. (Anhui) won the "Quality Leadership Award" for Shanghai Mainland Automotive Suppliers;
- SEG received the 2023 Caterpillar Top Supplier Award "Cater Excellence Platinum Award".



## 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 2023, 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 Supplier Management Measures. 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, the coal mining machinery segment also strictly implements China's environmental protection requirements by formulating procurement standards for water-based paint, promoting the replacement of water-based paint with powder injection process, requiring all suppliers to refrain from using vehicles meeting China IV emission standard or below to transport materials, and directly delivering steel products purchased in a centralized manner from steel mills to reduce logistics transportation. The coal mining machinery segment continued to promote the construction of electronic bidding platform and digital SCM supplier portal, and built a supply chain ecological platform featuring "resource integration, process optimization, data empowerment and continuous leadership" by carefully studying and implementing *the Procurement Operation Specification for State-owned Enterprises* (Revised Edition).

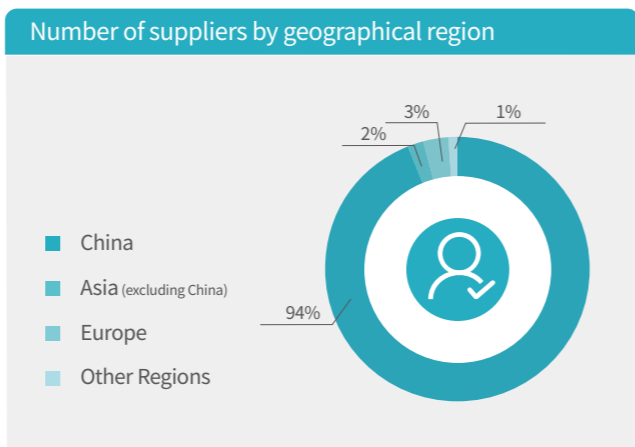
ASIMCO formulated procurement-related systems such as *Procurement Policy*, *Supplier Development*, *Procurement Process Control Procedure* and *Management Measures for Supplier Performance Evaluation*, which made agreements on suppliers in terms of employment of child labor or young workers, wages and welfare, working hours, freedom of association, collective bargaining, and environmental protection, etc., and used the supplier information management platform (SRM system) to realize informatization control of purchase order management, new product quotation, supplier portrait and other modules. Potential suppliers are investigated in the early stage, ASIMCO organized an evaluation team 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 formulated supplier management systems such as *the Supplier Code of Conduct* and *the Enterprise and Quality Agreement*, and established a complete supplier risk management system, incorporating delivery date, product quality, product performance and suppliers' sustainable development practices into its supplier evaluation standards. SEG will regularly evaluate the validity period of suppliers' ISO14000 environmental management series certification and entrust a third-party organization to monitor their environmental and social risks, so as to ensure that they take effective measures to deal with relevant risks. At the same time, SEG is also committed to improving its professional skills and knowledge throughout the supply chain, providing regular skills training for suppliers and imparting technical expertise on parts, so as to build and consolidate long-term cooperative relationships.

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 4,505, and their distribution is as follows:



SEG provides skills training for suppliers



## 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 2023, the Company continued to implement the provisions on anti-corruption in the Management Measures for Discipline Inspection, Supervision and Reporting of ZMJ Group, 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 supervise corruption and promote integrity, and to practically monitor the proper duty performance of employees. At the same time, carry out regular warning education on promoting correction through cases in monthly economic operation analysis meetings of the Company, regular meetings of various departments and pre-shift meetings of branches, etc., and sign integrity commitment letters with middle-level assistants and above leading cadres to strengthen the integrity awareness of employees at all levels; Before holidays, issue a notice of corruption-free celebrations on the company's intranet and carry out integrity education before holidays to ensure corruption-free celebrations; Carry out professional integrity education and training for new employees to build a corruption-free corporate culture.



Carry out professional integrity education and training

ASIMCO continued to work on the integrity education of employees and senior management to strengthen the compliance awareness. Regularly issue integrity and self-discipline notices to all employees through the Company's OA platform and mails, 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; For reimbursement of legal and reasonable expenses such as sponsorship, entertainment and gifts, *the Application and Approval Form for Anti-Corruption Compliance Expenses of ASIMCO* shall be filled in. Any payment without real business will not be recognized and entered into the account; Conduct special training on anti-corruption for middle-level and above personnel of the Company every year; Implementation of job rotation for procurement personnel; Require suppliers to sign the Sunshine Agreement with the Company; Measures such as issuing integrity supervision notices to all suppliers and various units with business connections by mail can effectively prevent potential corruption risks in operation and business activities.

Outside China, SEG has set up a global compliance department headed by the Chief Compliance Officer to monitor non-compliance and formulate corresponding prevention and countermeasures. 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 addition, in 2023, SEG launched an e-training course of compliance management and code of conduct, including topics such as anti-corruption, anti-money laundering, code of conduct, data protection, etc., and continuously updated the course content to adapt to new developments to ensure that all employees timely learn and comply with relevant compliance requirements.

In 2023, we did not identify any closed corruption litigation cases against the Company and its employees.



# 04

## EMPLOYEE RESPONSIBILITY

Labor Rights and Interests /	27
Employee Caring /	29
Career Development /	32
Safety and Health /	34



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 only 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.



Employees Attended the Meeting of Employees' Representatives

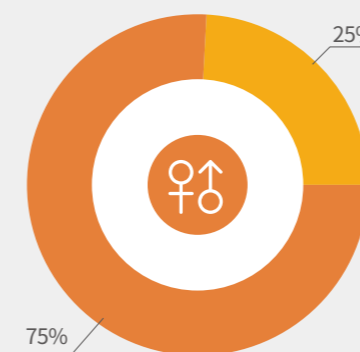
We attach great importance to a diversified employee structure. Accordingly, we recruit employees from different backgrounds and encourage them to enrich our thoughts and values, so as to invigorate the Company and employees. In 2023, we have a total of 15,639 employees with approximately 25% women and 28% in Europe and beyond.

## Labor Rights and Interests

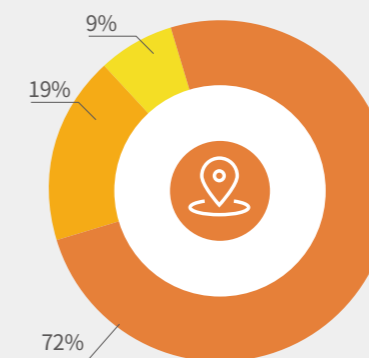
We strictly abide by local labor laws and regulations in all business segments around the world. In this regard, we have established corresponding systems, such as the Staff Manual and the Administrative Measures for Staff Recruitment and Admission. The coal mining machinery segment and ASIMCO strictly comply with the laws and regulations of the People's Republic of China, such as the Labor Law, the Anti-Employment Discrimination Law, the Employment Promotion Law, and the Law of the People's Republic of China on the Protection of the Minors. They 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, human rights and other benefits. These principles were incorporated in SEG's Business Conduct Guidelines and Business Conduct Guidelines for Suppliers. In 2023, we did not identify any incidents of child labor, forced labor, or discrimination.

We attach importance to two-way communication with employees and safeguard their legitimate rights and interests. We have set up an employee hotline to encourage employees to anonymously report any behavior that may harm their rights and interests. The annual congress of workers and staff is convened to collect the opinions and requests of employees, so as to better respond to their expectations towards the Company. 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.

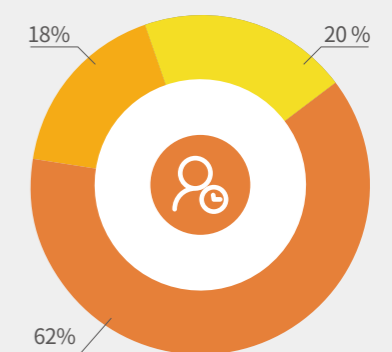
Structure of employees by gender



Structure of employees by regional distribution



Structure of employees by age



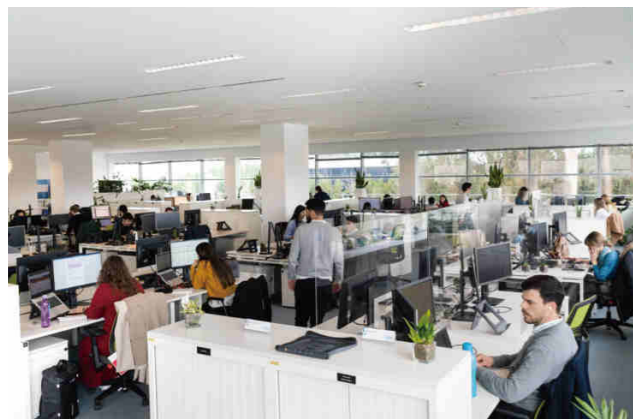
● Male ● Female ● Asia ● Europe ● Other Regions ● Below 30 ● 30 to 50 ● Above 50

## Employee Caring

We, 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 2023, we organised a variety of cultural and sporting activities. The coal mining machinery segment has planned the 2nd Singing and Dancing Competition, which provides a stage for employees to bring out their best and unleash the dynamism, enriching their recreational life. Interesting competitions have been held to help employees relieve pressure and strengthen their physique through various sports games; Artistic flower arrangement activities are held on International Women's Day to help female employees relax physically and mentally and enrich their spiritual and cultural life.



Employees participating in the 2nd Singing and Dancing Competition



Employees participating in the "Dynamic Five Rings" team cooperation competition



Employees participating in the fun game of "Caterpillar Race"



Female employees participating in artistic flower arrangement activity

In 2023, ASIMCO also carried out a variety of employee activities, such as the Mid-Autumn Festival garden party, the field expansion training on China's Youth Day on May 4, and the first "ASIMCO Cup" relay race for employees to enrich their cultural life and strengthen teamwork spirit. In addition, ASIMCO is well aware of the importance of employees' families, demonstrating it through condolence activities for employees' children on the occasion of the college entrance examination. ASIMCO sent blessing gift boxes to numerous students, putting people first and showing genuine care for its employees in practice.



Employees participating in the lantern riddle guessing game at the Mid-Autumn Festival garden party



Employees participating in expansion training activities on May 4th Youth Day



Carrying out condolence activities for employees' children on the occasion of the college entrance examination

SEG has also carried out a variety of team building activities such as fishing competitions, mountain hiking, employee barbecue festivals and outdoor expansion activities, aiming to enhance the friendship between employees through relaxing and pleasant social activities, relieve work pressure, and strengthen team spirit and cohesion of corporate culture.



SEG Germany Holding Employee Barbecue Festival



SEG Portugal Holding Outdoor Expansion Activities

## 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.

## Career Development

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 2023, all business segments continued to develop echelons of talents in preparation for future succession. The coal mining machinery segment has selected business backbones and reserve backbones to participate in special training programs for junior managers, organized middle and senior personnel to go out for exchange and study, and signed an agreement on industry-education integration collaborative education base with the School of Mechanical and Electrical Engineering of China University of Mining and Technology. The two sides will cooperate in theoretical teaching, internship practice, curriculum reform, textbook construction and other fields to realize the deep integration of industry and education, improve the quality of talent cultivation, and contribute to the development of China's coal mining equipment manufacturing industry; ASIMCO is committed to establishing a multi-level talent development system. It has launched training programs such as the MTP Middle Management Ability Improvement Program and the Group's Elite High Potential Development Program, providing job rotation opportunities at home and abroad for outstanding talents, and broadening career development paths; SEG has carried out a series of training courses including leadership, technology, language and soft skills to cultivate compound talents in all aspects.



ZMJ signing an agreement on industry-education integration and collaborative education base



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 multi-level 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 always implement the construction of a learning organization and carry out a variety of company-level and department-level training to improve competency of employees by providing training for all employees. The coal mining machinery segment uses the HR online training platform to carry out online training, which greatly improves the training efficiency; it regularly organizes multi-skilled worker training so that employees can be competent for multiple posts and achieve the goal of "mutual learning and common progress"; it encourages and supports employees to participate in various skill competitions inside and outside the Company, and continuously improves their skill levels through competition instead of training. ASIMCO and SEG provide a series of continuous and professional vocational training for employees, including professional skills training, management ability training, leadership training, etc. In April 2023, ASIMCO organized business English training covering all departments and levels of employees within the Company to improve their international business communication skills. In September, it successfully held the third session of high-potential and digital training in the mode of "lecturing + visiting" to expand the strategic cognition of high-potential employees and lay a talent foundation for digital strategic transformation. SEG organized a special training for the sales team in June to strengthen their knowledge and understanding of products and improve business skills.



Overhead traveling crane operator skill competition held in the coal mining machinery segment



Overhead traveling crane operator skill competition held in the coal mining machinery segment



ASIMCO Training on Business English



High Potential and Digital Training Organized by ASIMCO



SEG Special Training for Sales Teams

## Safety and Health

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 2023, 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 2023, the coal mining machinery segment organized special training on work safety for managers and invited Deputy Director of Henan Provincial Department of Emergency Management to give lectures to strengthen their awareness of safety management and promote the construction of a safety management system. At the same time, fire warning education and fire safety training have been organized for all employees to improve their awareness of fire safety and ability to prevent and deal with fires.



Special training on work safety



Fire warning education and fire safety training activities

In June 2023, ASIMCO comprehensively carried out a series of activities of "Work Safety Month". Through extensive safety publicity, in-depth emergency knowledge training, high involvement safety knowledge contests, practical emergency response plan drills and detailed investigation of potential safety hazards, employees' safety awareness and ability to deal with emergencies have been improved, ensuring the safety and stability of the production environment.



"Work Safety Month" Publicity Activities

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.

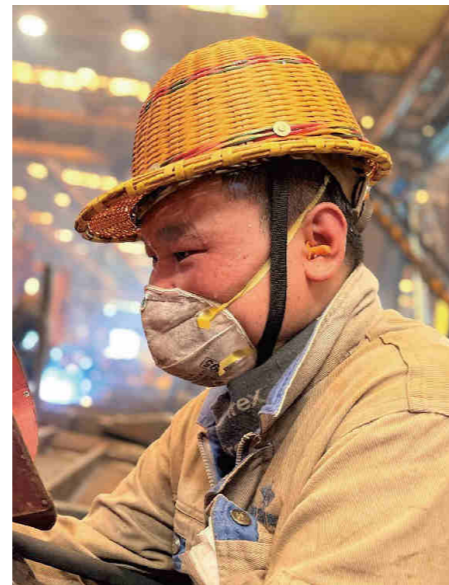


HSE Training for SEG Employees

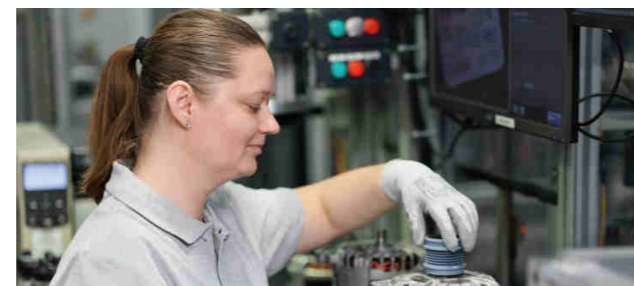
## Safety Precaution

To effectively protect the safety of our employees, we have established a complete safety precaution mechanism for our business segments worldwide. In 2023, 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 2023, we continued to implement 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, it will continue to strengthen on-site 5S management, establish an intelligent safety monitoring system, build a safety management platform, refine the safety management structure, and realize the sharing of safety data information among subsidiaries in the coal mining machinery sector; formulate distribution standards for labor protection articles and distribute them regularly and on time; carry out hidden danger investigation activities and occupational hazard factor detection, and make timely rectification.



ASIMCO also continues to strengthen the safety management of its employees. For example, ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. carried out a special campaign to eliminate potential safety hazards in electric casting furnaces and equipped automation equipment to improve safety protection devices to ensure the safety of employees. ASIMCO NVH Technologies Co., Ltd. (Anhui) promotes safety risk control, plans and implements thematic management improvement of fire safety, compiles fire risk guidelines and inspection guidelines by category, and establishes an internal control mechanism for fire safety; promotes the signing of the work safety responsibility system for all employees and sets up hierarchical control standards for safety risks; organizes educational activities of "Re-examination of Adverse Events" to strengthen employees' awareness of safety protection.



SEG has also taken a series of measures to ensure work safety, including providing personal protective equipment and training employees to use it correctly, regularly supervising whether employees use protective equipment as required, regularly inspecting devices storing chemicals, strictly supervising and controlling the safety of high-altitude, airtight, high temperature and other hazardous working environments, organizing work safety accident drills and promoting special safety inspections and improvements for 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 extreme high temperature, heavy rain, thunderstorm, and frost, in our business operation areas. During the high temperature days in summer, we take various measures to ensure the health and work safety of employees, such as distributing heatstroke prevention articles, organizing emergency drills and training for heatstroke, updating air cooler equipment, etc. 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 provides employees with consultation on health issues, ergonomics and toxic and hazardous substances; It provides fitness classes and organizes activities such as smoking cessation activities; It offers periodic physical examination for all employees, including blood test, urine test, visual inspection and blood pressure test; For the employees at posts with risk factors, SEG conducts pre-job, on-the-job and off-post occupational health examination, and regularly conducts the detection and improvement for occupational hazard factors.

In 2023, we continued to invest in the improvement of production processes and devices, to reduce the impact of occupational hazards on employees' health. Currently, our primary occupational hazards include smoke, dust, acid mist, and other exhaust gases generated during production. To reduce exhaust emissions in the workshop and lower the concentration and frequency of exposure for workers, we have upgraded the exhaust treatment equipment and processes. For instance, we use a chromium mist inhibitor in the chrome plating production line to minimize the release of chromic acid mist gas; we adopt spraying dust reduction, bag-type dust removal and other technical processes to significantly improve the concentration of occupational hazardous gases on the work site; and we equip high-capacity smoke and oil mist collectors to reduce exhaust emissions from the operation site.

In 2023, we continued to focus on the physical and mental health of our female employees. On the occasion of International Women's Day, the Coal Mining Machinery Sector held lectures on the physical and mental health of female employees and organized free TCM health care clinic activities to promote their self-care awareness and advocate for a healthy lifestyle. In April, ASIMCO held a lecture on women's health knowledge and purchased a special insurance from the Chinese Workers' Mutual Insurance Association of All-China Federation of Trade Unions for each female employee. In October, SEG collaborated with local hospitals to hold breast cancer lectures and EAP psychological counseling sessions from time to time to assist employees in managing their emotions and stress, and to aid in their physical and mental recovery.



SEG Holds Breast Cancer Lecture



Lecture on Physical and Mental Health of Female Employees and Free TCM Health Care Clinic Activity

# 05

## ENVIRONMENTAL RESPONSIBILITY

Energy Management /	41
Emissions Management /	43
Water Resources Management /	45



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 are committed to empowering environmental protection initiatives through technological innovation, adopting advanced processes equipment and actively promoting energy conservation and emission reduction measures. We prioritize resources recycling to reduce costs and enhance efficiency. 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 2023, we did not cause any material incident of environmental pollution or ecological destruction.

ASIMCO NVH Technologies Co., Ltd. (Anhui) built a new PV power generation project to reduce electricity costs. ASIMCO Camshaft (Yizheng) Co., Ltd. reduced standby energy consumption by using inductive switches and timers to eliminate phenomena such as unmanned lights, continuous water running and equipment idling. ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. phased out equipment with high energy consumption 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.

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. SEG has also applied more energy-efficient automatic standby modes in systems such as circuit transmission, lighting, and air conditioning. In November 2023, it launched an upgrade project for the factory lighting system based on Wi-Fi control, achieving a daily power saving of about 478 kWh.

In 2023, We consumed energy of 746,190.86 MWh in total, 82% of which was electricity. The total energy consumption increased by about 20% compared to last year due to the production capacity increase of smart industrial park of the Coal Mining Machinery Sector. We have taken various energy-saving and emission reduction measures to increase energy efficiency, resulting in a 9% reduction in energy consumption intensity compared to 2021.

## Energy Management

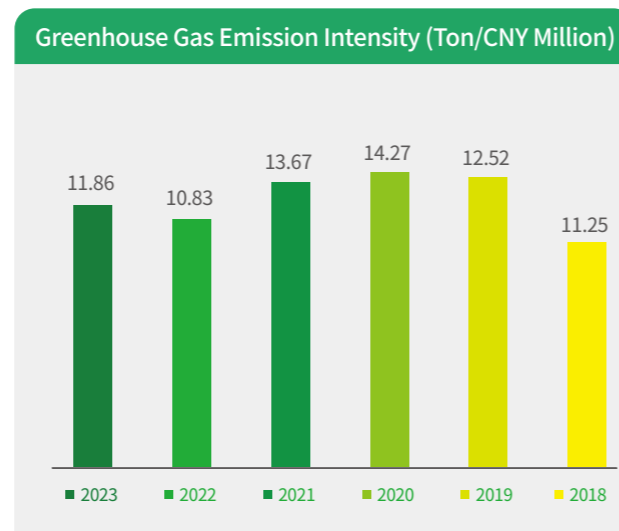
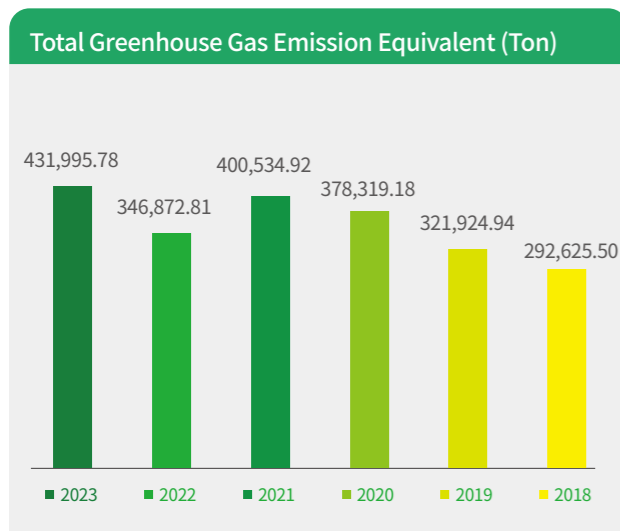
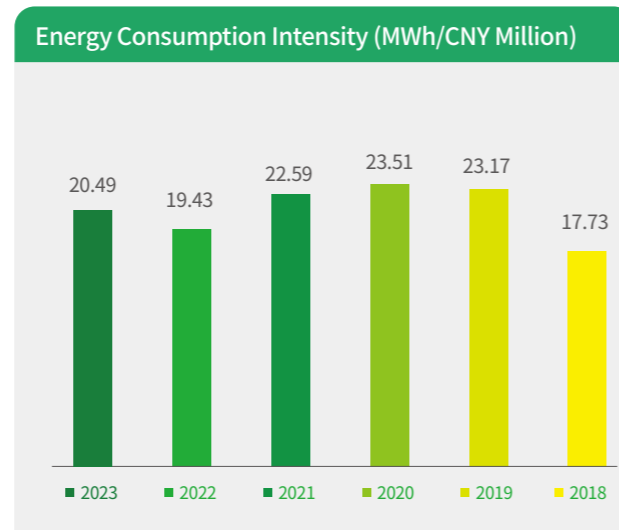
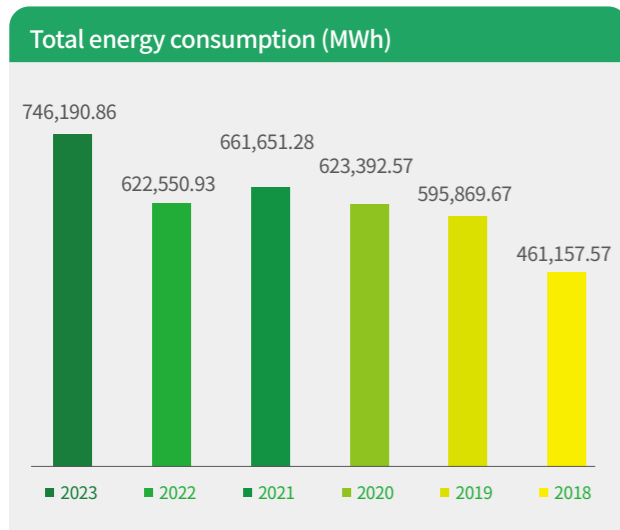
The energy that we consumed in the business operation process is mainly electricity, natural gas, and a small amount of diesel, gasoline, liquefied petroleum gas, etc. We keep enhancing our energy efficiency and adopting more clean energy, to reduce fossil fuel consumption and greenhouse gas emissions. 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 2023, we continued to take a series of measures to reduce energy consumption in response to the Dual Carbon Goal. The Coal Mining Machinery Sector has installed physical heat dissipation devices on the circulating water tower to replace water pumps for raising water levels, utilizing potential energy for cooling, and effectively saving electric energy. The pump house has been retrofitted with motor frequency conversion and automation control to reduce power consumption and failure rate. Additionally, interlocking devices are installed in the painting and drying rooms to save the energy by continuously operating burners during loading and unloading processes, effectively reducing natural gas consumption.

Energy Consumption Composition (%)







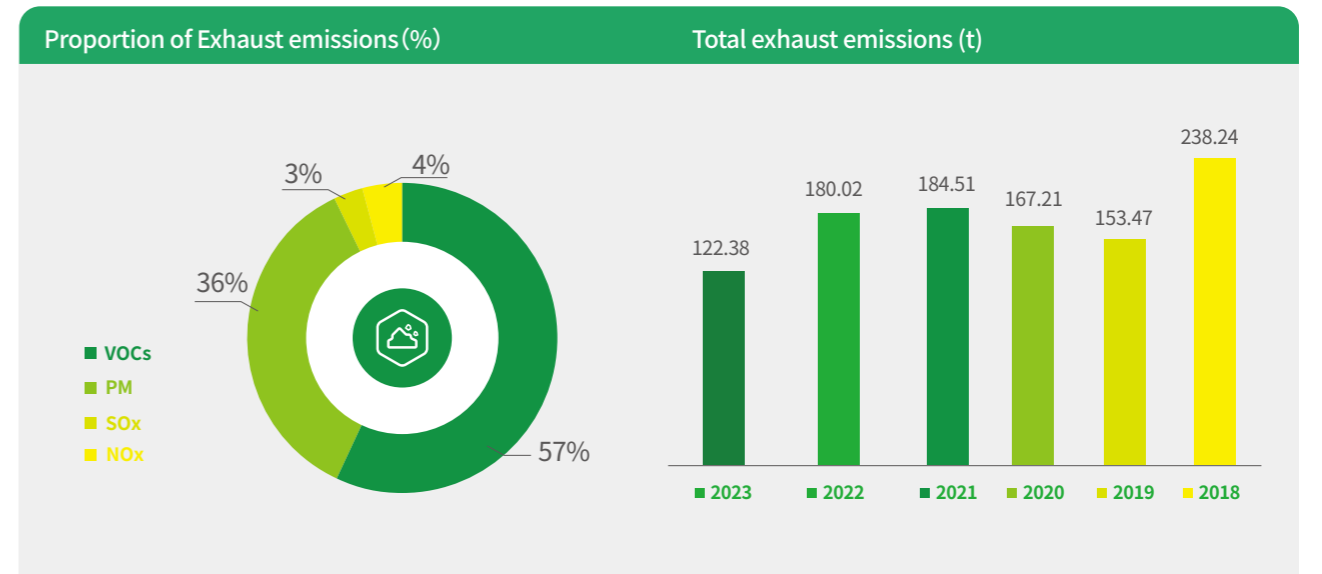
In the same year, our greenhouse gas emissions equivalent totaled 431,995.78t, an increase of about 25% from last year due to the same reason for the increase in energy consumption as mentioned above. We have taken various energy-saving and emission reduction measures, resulting in a 13% decrease of greenhouse gas emission intensity compared to 2021. 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 NO<sub>x</sub>, SO<sub>x</sub>, PM, and VOCs. In 2023, our primary exhaust emissions totaled 122.38 tons, which is a 32% decrease from 2022.



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:

- Use water-based coatings with low VOC content, strengthen the management and optimization of spraying process, improve effective spraying efficiency and reduce volatilization of VOCs;
- Adopt robot welding instead of manual welding, improve and upgrade the welding workshop, and increase the exhaust collection efficiency;
- Upgrade the dust collector to further reduce the concentration of particulate matter and reduce exhaust emissions;
- Improve the maintenance frequency of environmental protection equipment, enhance the disposal efficiency of environmental protection equipment and reduce the exhaust emission.

#### ASIMCO has also taken the following measures accordingly:

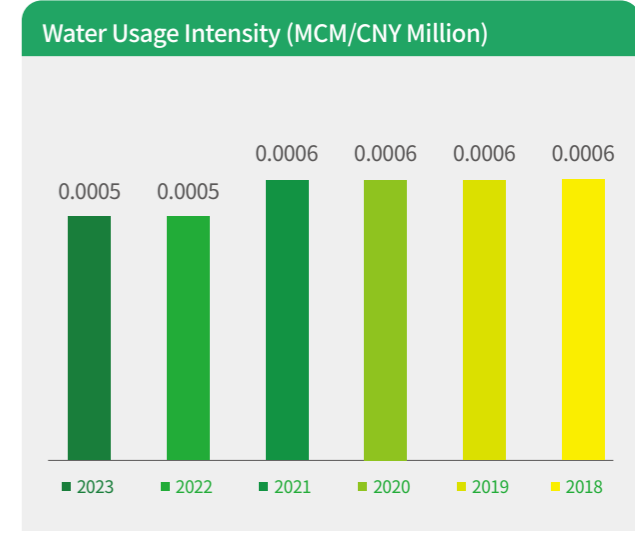
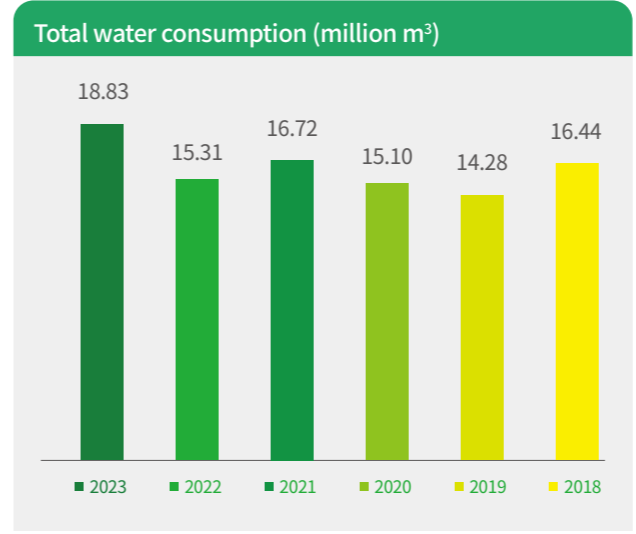
- ASIMCO NVH Technologies Co., Ltd. (Anhui) upgraded the VOCs terminal treatment by replacing the original process by a combination of spraying, dry filtration and two-stage activated carbon adsorption, which greatly reduced the emission of VOCs;
- ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. adopted the heat pump low-temperature drying method to dry and reduce phosphating sludge, thus eliminating dust emission; updated the dust collector in front of casting furnace and shot blasting machine to solve the problem of unorganized emission of smoke and dust at the operation site;
- ASIMCO Casting (Shanxi) International Co., Ltd. renovated and transformed the equipment to significantly reduce the emission of PM particulates and meet the environmental protection standard for Grade A enterprise.

## 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, reuse and sell them to waste resource recycling companies or reuse them, or entrust a garbage power plant for waste treatment. In 2023, we generated 2,253.28t of hazardous wastes and 151,292.52t 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 analysed their causes.

To reduce wastes, our business segments took a series of measures in 2023. 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 NVH Technologies Co., Ltd. (Anhui) reduced the annual output of cutting fluid by about 55% through circulating, filtering and reusing waste cutting fluid from the source. ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. reduced the annual output of phosphating sludge by about 70% by drying it at low temperature. 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 87,000t in 2023. In the future, we will explore more sustainable waste management methods to ensure that no environmental contamination incidents will occur.



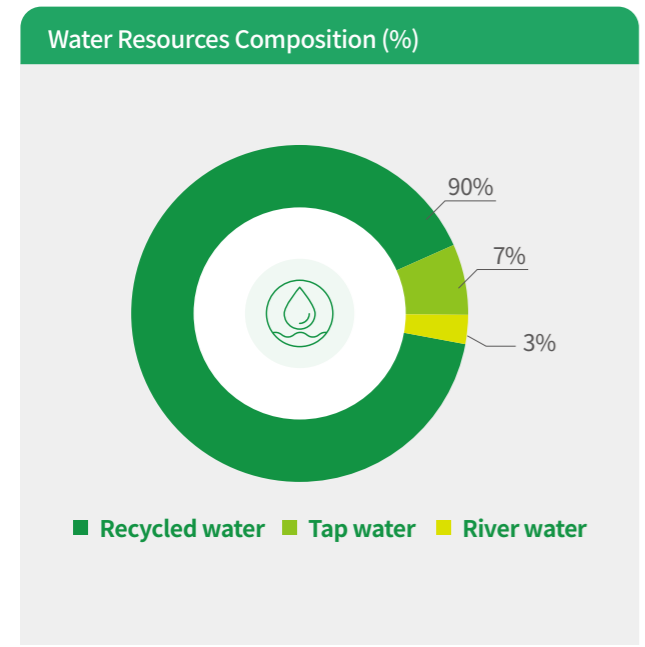
**In 2023, our business segments across the globe continued to actively reduce water consumption through measures such as improving the water recycling rate and renovating the equipment:**

- ASIMCO Camshaft (Yizheng) Co., Ltd. recycled wastewater after treatment for casting production, saving 6,848 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 NVH Technologies Co., Ltd. (Anhui) strengthened the spot inspection and maintenance of intake pumps and pipelines to eliminate direct drainage, improve the recycling rate of water resources, and enhance employees' awareness of water conservation.
- SEG implemented the recycling and reuse of evaporator condensate water, effectively improving the utilization rate of water resources. By phasing out backward production capacities, processes and products, SEG has improved 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.

## 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 2023, our water consumption totalled 18.83 million m<sup>3</sup>, including recycled water of 16.99 million m<sup>3</sup>. The recycling rate is approximately 90%. 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%.



# 06 COMMUNITY RESPONSIBILITY

Leading the collaboration of innovation and entrepreneurship /	49
Facilitating Educational Development /	50
Actively participate in public welfare activities /	51



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 2023, we actively invested RMB XX to actively participate 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.

## Leading the collaboration of innovation and entrepreneurship

In 2023, ZMJ 1958 Innovation and Entrepreneurship Park upheld the industrial positioning of "scientific innovation + cultural creation" and persistently fulfilled its role in leading innovation and entrepreneurship and driving community employment. In terms of scientific innovation, the park focuses on science and technology service-oriented enterprises, including innovation platform projects, R&D and design industry, energy conservation and environmental protection services, inspection and testing industry, electronic information big data and big health industry. It aims to become a demonstration benchmark for upgrading the industrial level of industrial land in Zhengzhou. At present, the park has attracted over 160 enterprises to settle in, initially forming an industrial agglomeration effect. After the first phase of the park was officially opened, the enterprises that settled there generated over RMB 10 billion in main business revenue and created about 5,000 jobs.



As a new cultural landmark, ZMJ industrial park not only provides an exhibition venue, but also stimulates the vitality of cultural innovation and leads the development of the cultural industry. In June 2023, Zhengzhou Fashion Week sponsored by the People's Government of Zhengzhou Municipality and the Department of Industry and Information Technology of Henan Province was successfully held in ZMJ industrial park. Positioned with the theme of "Design Driven • Industrial Revitalization", the event aimed to promote the development of fashion and culture industry in Zhengzhou, creating a diversified platform for mutual benefit and win-win cooperation across the entire industrial chain. In July, the "Walking Palace Museum Culture" Immersive Experience Exhibition sponsored by the Palace Museum was successfully opened in ZMJ industrial park. The exhibition skillfully integrates traditional calligraphy and painting with digital technology, inheriting and promoting outstanding traditional culture, while breaking down cultural boundaries.



## 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 2023, we actively established close cooperative relationships with China University of Mining and Technology, Zhengzhou University, and other universities and successfully held a series of practical exchange activities, attracting more than 1,500 teachers and students. This deepens collaboration between academia and industry and provides valuable hands-on learning opportunities for students.



In addition, ASIMCO has set up Li Keping Scholarship Fund since 2006 to support eligible employees' children in pursuing higher education in the fields of science, technology, engineering, and mathematics at colleges and universities, thus laying a solid foundation for cultivating more outstanding talents in these fields. In 2023, a total of 30 outstanding children of employees received the scholarship fund. As of the end of the reporting period, the scholarship fund had provided financial assistance for 245 children to attend school.



## 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 June 2023, the Coal Mining Machinery Sector, in collaboration with Henan Red Cross Blood Center, organized a voluntary blood donation event for employees. A total of 35 employees successfully donated 12,200ml of blood, which strengthened their sense of social responsibility and conveyed the warmth and energy of ZMJ Group to the society. Furthermore, the Coal Mining Machinery Sector also assigned key security personnel to serve as "Peace Volunteers", assisting in the social security administration of relevant communities. They regularly carried out activities to help farmers and organized the purchase of honey from Henan Mileyuan Beekeeping Professional Cooperative, with a total value of about RMB 75,900.



ASIMCO has been continuously involved in and promoting community public welfare projects for many years. ASIMCO NVH Technologies Co., Ltd. (Anhui) has made it a regular practice to carry out charitable donation and scholarship activity every year on Children's Day. In 2023, it donated nearly RMB 60,000 to several primary and secondary schools, as well as special schools for children with disabilities, and organized employees to visit Zhongxi Town Nursing Home for 13 consecutive years to bring fruits and food to the elderly, with a total donation of RMB 10,000.



SEG also actively participates in various public welfare activities outside China. In 2023, SEG sponsored a swimming team of disabled youth from Porto, Portugal, making it possible for them to compete in national championships. The women's team stood out in the fierce competition and won the national championship. In addition, SEG sponsored the Ambulance Service in the Miskolc region of Hungary, contributing to the establishment of a modern skills laboratory. This initiative addressed the previous severe shortage of training facilities, allowing employees to develop their professional skills in a well-equipped laboratory environment and offering public first aid training courses to the community.



In terms of environmental protection, SEG has supported the "Beautiful Countryside" project organized locally in Trento, Spain, which is committed to environmental protection and sustainable development. We have funded the projects and encouraged employees to participate in beach clean-up activities focused on plastic pollution. This aims to raise awareness of the dangers of plastic pollution, promote resource recycling, and drive the development of a circular economy.



## Overview of Social Responsibility Data

Environmental Indicators	2023	2022	2021	2020	2019	2018	2017
<b>Emission</b>							
Total greenhouse gas emissions equivalent (scopes 1 & 2) (t)	431,995.78	346,872.81	400,534.92	378,319.18	321,924.94	292,625.50	238,027.60
Emissions under scope 1	27,444.39	23,970.98	20,939.18	20,760.48	17,554.26	21,217.52	10,617.77
Emissions under scope 2	404,551.39	322,901.83	379,595.74	357,558.70	304,370.68	271,407.98	227,409.83
Greenhouse gas emissions equivalent per RMB million in revenue (t/RMB million)	11.86	10.83	13.67	14.27	12.52	11.25	31.54
Total exhaust emissions (t)	122.38	180.02	184.51	167.21	153.47	238.24	166.75
Total discharge amount of hazardous wastes (t)	2,253.28	1,835.93	1,951.67	1,811.81	1,721.29	2,046.81	1,887.57
Hazardous waste discharge amount per RMB million in revenue (t/RMB million)	0.06	0.06	0.07	0.07	0.07	0.17	0.25
Total discharge amount of non-hazardous wastes (t)	151,292.52	130,118.25	109,943.88	97,506.58	98,632.34	88,529.06	73,013.66
Non-hazardous waste discharge amount per RMB million in revenue (t/RMB million)	4.15	4.06	3.75	3.68	3.83	3.40	9.67
<b>Water Resources</b>							
Total water consumption (million m <sup>3</sup> )	18.83	15.31	16.72	15.10	14.28	16.44	15.68
Fresh water	1.84	1.40	1.29	1.17	1.31	1.88	2.27
Recycled water	16.99	13.91	15.43	13.93	12.97	14.56	13.41
Water consumption per RMB million in revenue (million m <sup>3</sup> /RMB million)	0.0005	0.0005	0.0006	0.0006	0.0006	0.0006	0.0021
<b>Energy</b>							
Total energy consumption (MWh)	746,190.86	622,550.93	661,651.28	623,392.57	595,869.67	461,157.57	356,737.22
Electricity	609,966.12	497,488.34	540,114.64	496,418.79	464,193.28	363,820.37	309,085.99
Natural gas	111,144.03	107,329.10	93,964.36	94,343.82	110,025.18	66,595.12	41,520.36
Diesel and gasoline	21,076.15	11,725.60	3,583.19	8,843.16	4,573.95	3,498.84	2,076.82
Liquefied Petroleum Gas	189.00	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	3,815.56			
Energy consumption per RMB million in revenue (MWh/RMB million)	20.49	19.43	22.59	23.51	23.17	17.73	47.27
<b>Packaging materials</b>							
Total consumption of packing materials (t)	15,427.00	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	2023	2022	2021	2020	2019	2018	2017
<b>Employment</b>							
Total	15,639	15,415	16,774	17,412	16,368	8,657	9,056
<b>By gender</b>							
Male	11,783	11,760	12,777	13,332	12,287	6,421	6,871
Female	3,856	3,655	3,997	4,080	4,081	2,236	2,185
<b>By employment type</b>							
Full-time	15,344	15,376	16,729	17,326			
Part-time	295	39	45	86			
<b>By age group</b>							
Below 30	3,099	3,167	3,677	3,687	3,820	2,194	2,713
30 to 50	9,711	9,640	10,447	10,834	9,947	5,491	5,422
Above 50	2,829	2,608	2,650	2,891	2,601	972	921
<b>By region</b>							
Asia	11,343	11,592	12,696				
Europe	2,958	2,678	2,991				
Other Regions	1,338	1,145	1,087				

Social Indicators	2023	2022	2021	2020	2019	2018	2017
Employee Turnover Ratio	14%	13%	13%	14%	14%	15%	13%
By gender							
Male	14%	14%	13%				
Female	15%	12%	11%				
By age group							
Below 30	25%	23%	23%				
30 to 50	11%	11%	10%				
Above 50	8%	6%	9%				
By region							
Asia	12%	12%	12%				
Europe	19%	16%	12%				
Other Regions	20%	14%	23%				
Safety							
Work-related fatality	0	0	0	0	0		
Work-related fatality ratio	0%	0%	0%	0%	0%		
Number of working days lost due to work-related injury	658	974	1,999				
Training							
Training Ratio							
By gender							
Male	99%	97%	91%				
Female	100%	99%	87%				
By employment type							
Senior management	99%	95%	98%				
Middle management	100%	95%	98%				
General staff	100%	98%	90%				
Average Training Hours							
By gender							
Male	26.17	23.93	19.02				
Female	27.27	31.94	18.94				
By employment type							
Senior management	36.51	48.25	51.11				
Middle management	62.68	39.15	43.36				
General staff	25.08	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

Aspect	Description	Location/Remarks
<b>A4: Climate Change</b>		
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
<b>B. Society</b>		
<b>B1: Employment</b>		
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	Employee Responsibility
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
<b>B2: Health and Safety</b>		
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	Employee Responsibility
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
<b>B3: Development and Training</b>		
General disclosure	Policies on improving employees' knowledge and skills for performing duties at work. Description of training activities	Employee Responsibility
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
<b>B4: Labor Standards</b>		
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	Employee Responsibility
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

Aspect	Description	Location/Remarks
<b>B5: Supply Chain Management</b>		
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
<b>B6: Product Responsibility</b>		
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	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
<b>B7: Anti-corruption</b>		
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
<b>B8: Community</b>		
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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