



# 2024

## Environmental, Social and Governance Report of Shandong Molong



山東墨龍石油機械股份有限公司  
Shandong Molong Petroleum Machinery Company Limited\*  
(於中華人民共和國註冊成立的中外合資股份有限公司)  
(568: 股份代號)



# CONTENTS

About the report	01	
Chairman's speech	02	
<b>01 Entering Molong and process review</b>	<b>03</b>	
<b>02 Upgrade governance and enabling operation</b>	<b>08</b>	
2.1 Corporate governance	09	
2.2 ESG governance	11	
2.3 Compliance risk control	14	
2.4 Business ethics	17	
2.5 Party building leadership	19	
<b>03 Green scene and life and growth in nature</b>	<b>20</b>	
3.1 Strengthening the environmental compliance	21	
3.2 Addressing the climate change	24	
3.3 Energy management	26	
3.4 Resource management	27	
3.5 Emission and waste	28	
<b>04 Making progress together and building a dream home</b>	<b>34</b>	
4.1 Special topic: Creating a safety shield via responsibility and occupational health accompanying you	35	
4.2 Scientific and technological innovation and pursuit of excellent quality	41	
4.3 Responsibility chain and strengthening market cooperation	50	
4.4 Putting people first and creating a better future together	59	
4.4 Promoting public welfare and devoting ourselves to charity	64	
<b>05 Leading the future and breaking new ground</b>	<b>66</b>	
<b>06 Appendixes</b>	<b>68</b>	

# About the report

## Report description

Shandong Molong Petroleum Machinery Co., Ltd. (hereinafter referred to as the "Company", "Enterprise" or "Shandong Molong") and its subsidiary companies (the "Group") have issued an environmental, social and governance report (the "Report" or the "ESG Report") which summarizes the principle for fulfilling the corporate social responsibility and the idea of sustainable development of the Group within the financial year ending on 31 December 2024, describes our relationships with key stakeholders and presents a vision and commitment to corporate social responsibility.

## Basis for report preparation

The report is formulated in accordance with the Appendix XXVII Guideline of Environmental, Social And Governance Reports (hereinafter referred to as the "Guideline") of the securities listing rules ("Listing Rule") of Hong Kong Exchanges and Clearing Limited (HKEX), the contents covered by the report also conform to the disclosure principle required by the Guideline, and the report follows the article of "Explanation without Observation" specified in the Guideline to elaborate corresponding influence of the Group's various business and operational activities on the environment and society. References include:

*Self-Regulatory Guideline 3 for Listed Companies of Shenzhen Stock Exchange--Preparation of Sustainability Report*

*GSSB's Sustainability Report Standard GRI Standards 2021 Edition)*

The references for the preparation of the report also cover:

SASB's Oil and Gas Exploration and Production Standards

*United Nations Sustainable Development Goals (SDGs) Corporate Action Guide*

*International Financial Reporting Sustainable Disclosure Standard No. 2 (IFRS S2)--Climate-Related Disclosures*

## Time and range of report

The contents disclosed by the report cover the headquarters set up by the Group in Shouguang, Shandong and some subsidiaries with the right of operational control owned by the company during the period from 1 January 2024 to 31 December 2024 (hereinafter referred to as the "Year" or the "Report Period" as follows:

- Shandong Molong Petroleum Machinery Co., Ltd.
- Shouguang Baolong Petroleum Equipment Co., Ltd. (hereinafter referred to as "Shouguang Baolong")
- Shouguang Maolong New Material Technology Development Co., Ltd. (hereinafter referred to as "Shouguang Maolong")
- Weihai Baolong Petroleum Specialty Materials Co., Ltd. (hereinafter referred to as "Weihai Baolong")

## Report language

The report is published in simplified Chinese and English and traditional Chinese and can be downloaded from the company's official website ([www.molonggroup.com](http://www.molonggroup.com)), <http://www.cninfo.com.cn> and the website of HKEX ([www.hkex.com.hk](http://www.hkex.com.hk)).

## Valuable opinions

You may consult and download the electronic version of the report on the official website of Shandong Molong Petroleum Machinery Co., Ltd. The company will continue to perfect and enhance the disclosure level of the report and the company's ESG governance in the future. In case of any questions or suggestions about the report, please feel free to contact the company:

Shandong Molong Petroleum Machinery Co., Ltd.

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

Postal code: 262700

Tel.: 0536-5100890 E-mail: [dsh@molonggroup.com](mailto:dsh@molonggroup.com)

# Chairman's Speech

The time zips by and the brilliant chapter is updated. Shandong Molong has faced unprecedented opportunities and challenges in the past year. The enterprise's resilience and innovation ability is tested due to the fierce competition in the industry, the difficulty of technological innovation and the difficulty of market development. With the indomitable spirit and continuous innovation practice, all Molong staff have gone through 38 years' course of trials and hardship step by step from enduring great hardships in pioneer work at the beginning of establishment in 1986 to today's important position in the field of oil equipment manufacturing.

In 2024, we always focused on the main business and improved the research and development and manufacturing capacity of petroleum equipment products. Through continuous innovation and active adjustment of product mix, remarkable progress has been made, especially in the field of high-end petroleum tubular goods and equipment. The company successfully won the bidding for the 2024 oil tube and casing intensive procurement project of China Oil & Gas Pipeline Network Corporation. Furthermore, the company also launched a number of high-performance new products (such as high-grade petroleum pipes and intelligent pumping equipment) to meet the needs of customers in complex conditions of oil exploitation.

In the face of dynamic changes in the global oil and gas industry, the company vigorously implements overseas strategies and carries out international market development energetically. We took an active part in various international exchanges and polish the international brand of "Molong". We participated in the Oil & Gas Indonesia, went to Kazakhstan for field research, went to the Middle East for market development and actively explored the international market in 2024. With excellent product quality and perfect service system, the company has further consolidated the cooperative relationship with large petroleum companies at home and abroad.

Under the guidance of the "carbon peaking and carbon neutrality" strategy, we actively respond to the national call for green development. In 2024, the company obtained the energy management system certification certificate issued by Zhongqing Inspection and Certification Co., Ltd. We comprehensively promote green and low-carbon operations, and are committed to implementing green and development concepts into the whole business process. In 2024, the company's investment in environmental protection was about RMB 4.29246 million and investment in environmental compliance management was RMB 1.7479 million. Through continuous upgrading and rebuilding of production equipment and advanced energy-saving technologies and environmental protection processes, the company improves the efficiency of resource utilization and reduced energy consumption and pollutant emissions. Moreover, we actively explore green manufacturing models and research and develop environmentally friendly petroleum equipment products to contribute to the sustainable development of the petroleum industry.

We unswervingly protect the rights and interests of employees and regard employees as the most precious wealth of the company on the road of practicing social responsibility. To create a safe and comfortable working environment, the company introduces advanced automated mechanical equipment to reduce the frequency of employees working in dangerous environments and provide all-round protection for employees' personal safety. The company also organizes various forms of training activities (including theoretical explanation of professional security knowledge, lectures on telecom fraud prevention knowledge, etc.), organized and simulation drillings to enable employees to master emergency handling skills in practice and build a strong line of defense for the safety of life and property of employees. At the same time, the company actively participates in social public welfare undertakings.

It's time to fight hard and be aggressive to get ready for battle. 2024 is a year full of challenges and gains. Our unchanged original intention is "to provide high-quality equipment and services for the global energy industry". With the practice of tenacious struggle, Molong staff continue to move forward. In the future, Shandong Molong will continue to uphold the concept of sustainable development as well as deepen reform and explore the application of emerging technologies in the field of petroleum equipment manufacturing internally; actively expand the market, strengthen international cooperation and exchanges and promote the internationalization process of the company externally. We will unswervingly take the road of green development, continue to fulfill our social responsibilities, create greater value for shareholders and make greater contributions to social development.



董事长 韩高贵

2025年3月



# Entering Molong and process review

1.1 Company profile	04
1.2 Enterprise culture	04
1.3 Molong's chronicle of events in 2024	05
1.4 Award glory	07



## Company Profile

Shandong Molong Petroleum Machinery Co., Ltd. is a professional energy equipment manufacturing and service provider and hammers at providing excellent products and services for the energy equipment industry. The company entered the petroleum machinery manufacturing industry in 1987, regards becoming an internationally renowned petroleum machinery manufacturing and service provider as the enterprise objective, continues to carry out technological transformation, new product development, production capacity improvement and industrial chain extension and has formed a complete petroleum machinery R&D, design, processing and manufacturing and technical service industry chain (including smelting, casting and forging, hot rolling of steel tube, cold drawing of steel pipe, heat treatment, surface treatment, machining, inspection, detection and testing and oilfield service).

The company's leading products include pipe products: oil casing, line pipe, drill pipe body, boiler pipe, fluid transfer pipe, hydraulic prop pipe, gas bottle tube and structural pipe; Triplex pump and accessories; sucker rod, oil pump, oil well pump, petroleum machinery parts and down-hole tool; precision casting and forging products; large ball valve body for petroleum, slush pump cylinder line and float ball valve. The company has the ability to provide high-quality and competitive products and technical services for the energy exploitation industry. The company has established good cooperative relationships with CNPC, China Petrochemical Corporation, CNOOC, Shaanxi Yangchang Petroleum (Group) Co., Ltd., domestic construction machinery manufacturers and foreign customers for a long time. Its products are widely used in petroleum, natural gas, shale gas and coal bed gas mining and coal mining machinery, boiler making and construction machinery manufacturing industry. Its products and services have been recognized and praised by users, laying a market foundation for the long-term and steady development of the enterprise.

## Enterprise Culture

### Core idea

arousing the fighting will of the masses, gathering the wisdom of the masses, gathering the virtue of the public and business startups by the public

### Company vision

Determined to become an internationally renowned energy equipment manufacturing and service provider

### Economic strategy

Forge the Molong's brand, expand the global market and achieve steady development

### Core values

Perseverance, keeping improving, putting people first and scientific development



# Molong's Chronicle of Events in 2024

## ① Shandong Molong and China University of Petroleum, Beijing held the ceremony of the signing of the hydrogen energy cooperation agreement and the unveiling of the cooperation project

Shandong Molong and China University of Petroleum, Beijing held the ceremony of the signing of the hydrogen energy cooperation agreement and the unveiling of the cooperation project on the morning of 4 July. The Chairman-Han Gaogui of Shandong Molong and the Director-Dong Shaohua of Pipeline Technology and Safety Research Center of China University of Petroleum, Beijing attended the signing ceremony and unveiled the hydrogen energy equipment base and oil and gas pipeline research and development base of the cooperation project.



Shandong Molong and China University of Petroleum, Beijing Holding the Ceremony of the Signing of the Hydrogen Energy Cooperation Agreement and the Unveiling of the Cooperation Project

## ② Shandong Molong obtaining the energy management system certification certificate issued by Zhongqing Inspection and Certification Co., Ltd.

From 14 to 16 February, the auditor of Zhongqing Inspection and Certification Co., Ltd. went to Shandong Molong Petroleum Machinery Co., Ltd. for on-site audit of energy management system, and Shandong Molong obtained the certificate after the certification was passed.

## ③ Shandong Molong participating in the 2024 Oil & Gas Indonesia



Shandong Molong participating in the 2024 Oil & Gas Indonesia

In September 2024, the 2024 Oil & Gas Indonesia sponsored by Informa Markets was held at the Indonesia-Jakarta Convention and Exhibition Center (East Pademangan, Pademangan, North Jakarta City, Jakarta), and the responsible person of Shandong Molong went to Indonesia for participating in the exhibition.

## ④ A Group of 4 Staff from Shandong Molong Going To Kazakhstan for Research

Recently, the Shandong Molong delegation of 4 people (including responsible leader and relevant middle management personnel) have gone to Kazakhstan for field research and carried out discussion and exchange with the principal of Antonoil, Kazakhstan Petroleum Equipment Company, Khorgas Special Economic Zone, Alma-Ata Tungsten Mining Industry Company, Zhonglun Law Firm, etc. to actively publicize and promote Shandong Molong's overseas strategic planning and build a platform for cooperation and exchange between both parties to promote common progress.



A Group of 4 Staff from Shandong Molong Going To Kazakhstan for Research

## 5 Vigorously implementing overseas strategy and carrying out international market development energetically--Shandong Molong going to the Middle East for market development



Shandong Molong Going To the Middle East for Market Development

To strengthen the implementation of overseas strategy, carry out international market development energetically and enhance the company's international popularity, a group of 4 staff from Shandong Molong (including Han Gaogui-Chairman and General Manager) went to the Middle East for field research and successively negotiated with relevant customers in Kuwait, the United Arab Emirates and other countries from 4 to 7 November 2024.

## 6 Shandong Molong successfully completing the change of the Board of Directors and the Board of Supervisors

On the afternoon of 21 November 2024, Shandong Molong successively held the fifth extraordinary shareholders' meeting in 2024, the first extraordinary meeting of the eighth Board of Directors and the first extraordinary meeting of the eighth Board of Supervisors to deliberate and pass relevant proposals and successfully complete the election at expiration of office terms of the Board of Directors and the Board of Supervisors.



Figure 5 Shandong Molong Successfully Completing the Change of the Board of Directors and the Board of Supervisors

## 7 Shandong Molong successfully passing the oil casing product certification of Kuwait Petroleum Company



Shandong Molong successfully passed the oil casing product certification of KOC

In December 2024, Shandong Molong successfully passed the KOC oil casing product certification and became a qualified supplier of KOC oil casing products.



# Award Glory

Honorary title	Issuer	Relevant pictures
Famous brand and one of top 50 tax-paying enterprises in Shouguang	CPC Shouguang Municipal Party Committee The People's Government of Shouguang City	
Member unit of China Petroleum & Petrochemical Equipment Industry Association	China Petroleum & Petrochemical Equipment Industry Association	
Member of China Petroleum & Petrochemical Equipment Industry Association	China Petroleum & Petrochemical Equipment Industry Association	
2023-2024 Shouguang famous brand	Shouguang Municipal Bureau of Commerce, etc.	

# Upgrade Governance and Enabling Operation

2.1 Corporate governance	09
2.2 ESG governance	11
2.3 Compliance risk control	14
2.4 Business ethics	17
2.5 Party building leadership	19



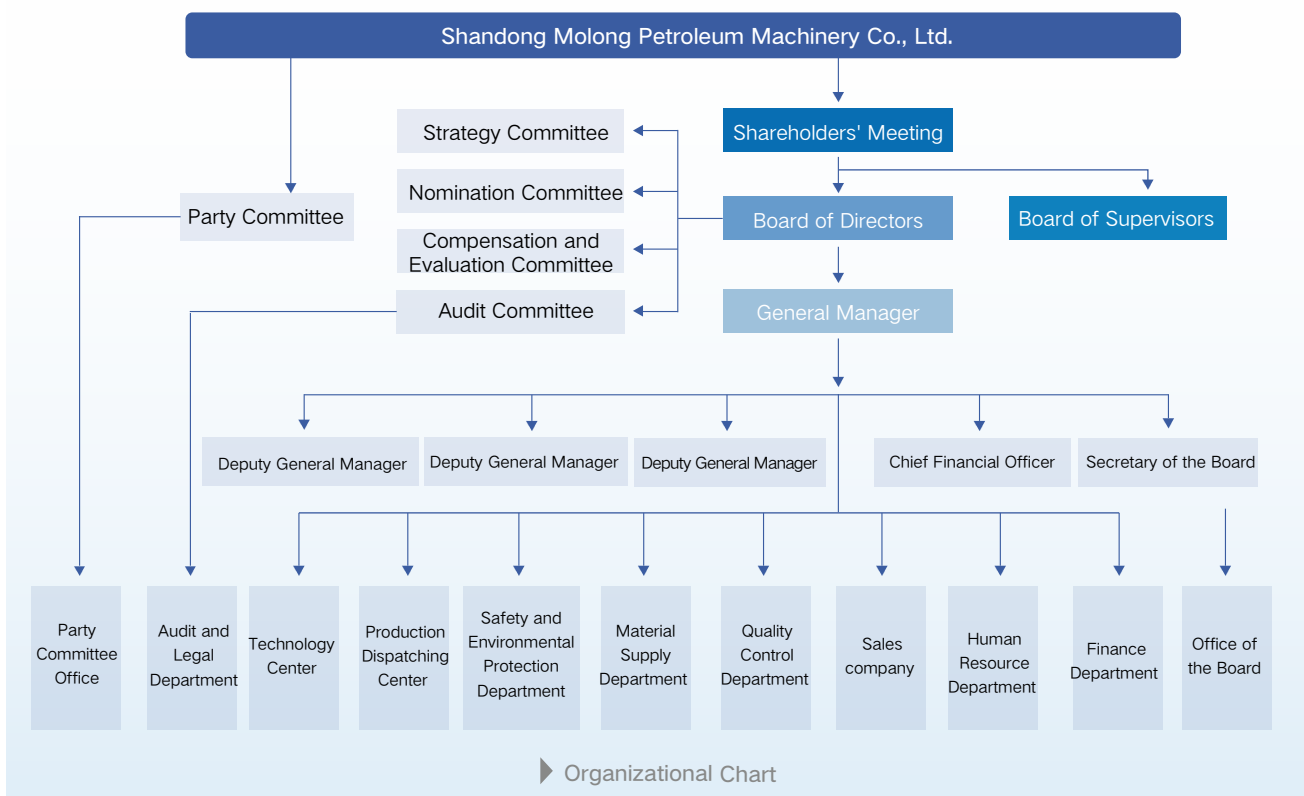
Shandong Molong upholds the concept of norms and responsibilities and strictly follows the requirements of the Company Law and other laws and regulations to ensure the compliance of daily operations. The company earnestly performs the responsibility of information disclosure, actively communicates with investors, protects investors' right to know and participate, promotes the ESG governance work, effectively fulfills ESG responsibilities, strives to achieve sustainable development of enterprise, society and environment, as well as optimizes the internal control system and improves the risk management mechanism to lay a solid foundation for the steady development of enterprises.

# Corporate Governance

The company carries out the daily operation of the "three boards" (Board of Shareholders, Board of Directors and Board of Supervisors) to ensure the legitimacy and effectiveness of the decision-making process. The company makes timely, accurate and complete information disclosure in accordance with regulatory requirements to protect the right to know of investors and other stakeholders and maintain market fairness and transparency. The company attaches importance to the relationship management of investors and actively communicates with investors through various channels to ensure information transparency and enhance investor confidence.

## Operation of Board of Shareholders, Board of Directors and Board of Supervisors

The company has set up a management structure consisting of the Shareholders' Meeting, the Board of Directors and the General Manager. The Shareholders' Meeting is the highest decision-making body, with the Board of Directors and the Board of Supervisors set for decision-making and supervision. The General Manager is responsible for the daily operation of the company and reports to the Board of Directors. Deputy General Managers are in charge of different departments to ensure the smooth running of all aspects of the company's business. The Board of Directors consists of the Nomination Committee, the Strategy Committee, the Compensation and Evaluation Committee and the Audit Committee to assist decision-making and supervision. The Party Committee Office is independent from other departments to ensure the healthy development of enterprises under the leadership of the Party.



1. Organize the directors, supervisors and senior executives to attend special training on annual report disclosure.
2. Organize the directors, supervisors and senior executives to attend the special training meeting on the reform of the independent director system of listed companies in Shandong.
3. Organize the senior executives to attend the M&A and reorganization seminar organized by China Securities Regulatory Commission Shandong Supervision Bureau.
4. Organize all directors, supervisors and senior executives of the company to participate in the second training course of directors, supervisors and senior executives of listed companies in Shandong in 2024.
5. Organize the pre-employment training for independent directors and obtain the course-completion certificate.
6. Organize the Secretary of the Board to attend follow-up training courses for the secretary of the board.

► Legend: Responsibility Fulfillment Training of Directors, Supervisors and Senior Executives of the Company during the Report Period



## Key performance

During the report period, the company organized [6] Shareholders' Meetings and completed the review of [23] proposals.

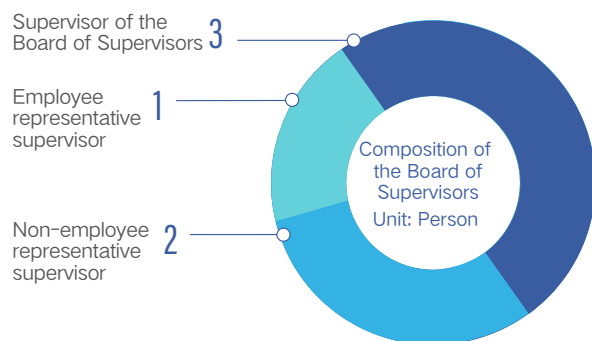
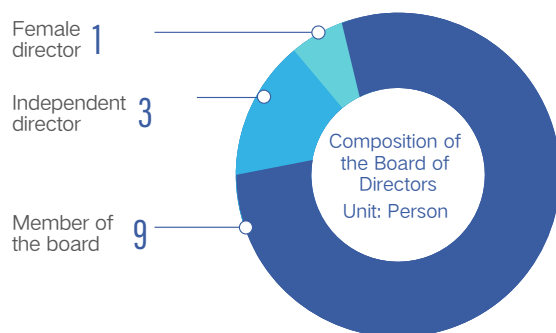
The company held a total of [14] Board Meetings and completed the review of [50] proposals.

The company organized and held [9] meetings of the Audit Committee and completed the review of [18] proposals; the company held [5] meetings of the Nomination Committee and completed the review of [8] proposals; the company organized and held [4] meetings of the Strategy Committee and completed the review of [4] proposals; organized and held [1] meeting of Compensation and Evaluation Committee and completed the review of [1] proposal.

The company organized and held [5] Meetings of the Board of Supervisors and completed the review of [14] proposals.

Completed the revision and disclosure of [9] internal governance systems and rules of procedure.

Completed more than [10] survey questionnaire of various regulators.



## Information disclosure

Pursuant to the internal *Information Disclosure Management System*, the company shall comply with the content, form, procedure, distribution of liability and confidentiality measures of information disclosure and discloses information to all investors simultaneously, truthfully, accurately, completely and publicly to ensure the standardization and transparency of the company's information disclosure.



## Key performance

During the report period, the company disclosed [280] Chinese announcements and [82] English announcements via designated websites and media compliantly.

## Relationship management of investors

The company pays high attention to the relationship management of investors and exchange and formulates the *System for the Relationship Management of Investors* based on laws and regulations and the work guidelines of the exchange. The Secretary of the Board is responsible for the relationship management of investors. The company takes an active part in a series of publicity activities regarding investor protection of China Securities Regulatory Commission Shandong Supervision Bureau and actively communicates and interacts with investors through receiving investor visits, answering shareholder calls, sending emails and other forms so that the investors can timely understand the company's operating conditions and future development direction.



## Key performance/case

Replied to [78] investor questions of Shenzhen Stock Exchange [irm.cninfo.com.cn](http://irm.cninfo.com.cn); Answered [10] investor interaction questions at the 2024 online performance illustration meeting.

Held May 15 National Investor Protection Publicity Day Activity and Illegal Fund-raising Prevention Propaganda Month Activity, and published 2 articles via the company's public account and official website.

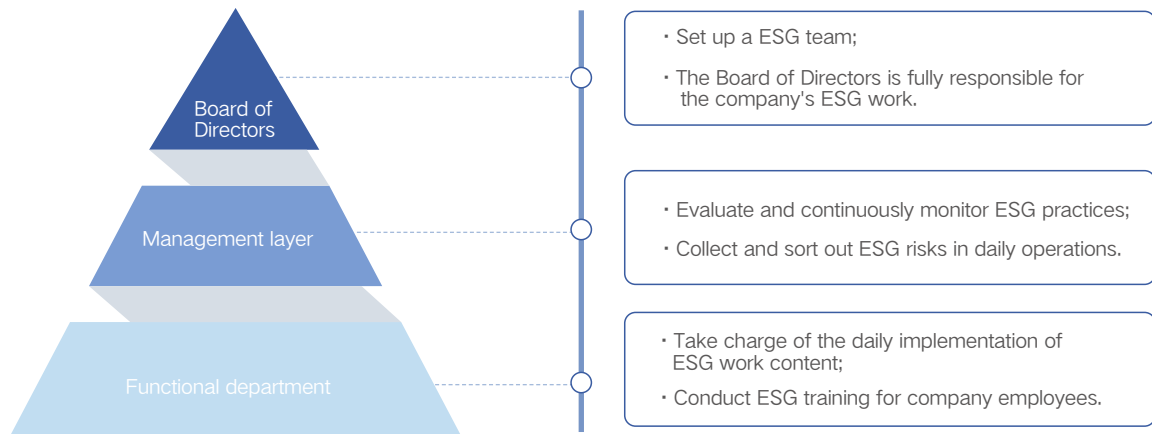


# ESG Governance

The company continues to improve its ESG governance structure to lay a solid foundation for sustainable development. The company actively communicates with stakeholders extensively to identify substantive issues, provide the important basis for the company's ESG strategic decision-making and promote the company and stakeholders to jointly achieve sustainable development goals.

## ESG control framework

The company has set up an ESG governance architecture system from top to bottom to ensure the effective integration at all levels and business areas and promote sustainable development practices.



► Legend: Schematic Diagram of Company's ESG Management Structure

## Stakeholder communication

The company attaches importance to communication with stakeholders and is committed to maintaining close communication with stakeholders to ensure transparency and accountability. The company actively listens to and collects feedback and suggestions from all parties in a variety of ways and summarizes the opinions of all parties as an important basis for decision-making and improvement.

Stakeholders	Topics of concern	Communication and response
Investors and shareholders	Corporate governance、Compliance risk control、Information disclosure、Scientific and technological innovation	Performance communication illustration meeting Improvement of business performance Improvement of scientific and technological innovation capacity
Government/regulator	Compliance management、ESG governance、Anti-corruption Employees' rights and interests、Public welfare	Daily communication、Legal operation Participation in public welfare
Customer	Product quality、Customer service	Improving product quality Improving customer satisfaction
Supplier	Supplier management、Industry collaboration	Performance of contract according to law Sincere cooperation
Employees	Employees' rights and interests、Employee career development Safety production	Protection of employees' rights and interests Improving communication channels Multi-channel training skill improvement Ensuring safe production
Community	Green production、Environmental compliance management Community public benefit	Participation in public welfare Participation in rural revitalization
Environment	Environmental compliance management Addressing the climate change、Energy management Resource management、Emission and waste management	Green production Strengthening management

► Table note: Stakeholder communication

## Substantive issue analysis

The company carries out research learning according to the communication situation of stakeholders, company's situation and excellent industry cases that can be referred to as well as the relevant provisions of the *Self-Regulatory Guideline 17 for Shenzhen Stock Exchange Listed Companies--Sustainability Report (Trial)*, the *Self-Regulatory Guideline 3 for Listed Companies of Shenzhen Stock Exchange--Preparation of Sustainability Report* and the *Code on Environmental, Social and Governance Reporting* and the GRI Sustainability Report Standards of HKEX and finally determines the 2024 substantive issue matrix in line with the expert opinions.

### Identification

Combined with the factors such as policy and macro and micro economic situation, the company's substantive issue bank of the previous year was reviewed and analyzed.

Assess the importance of the issue through daily communication.

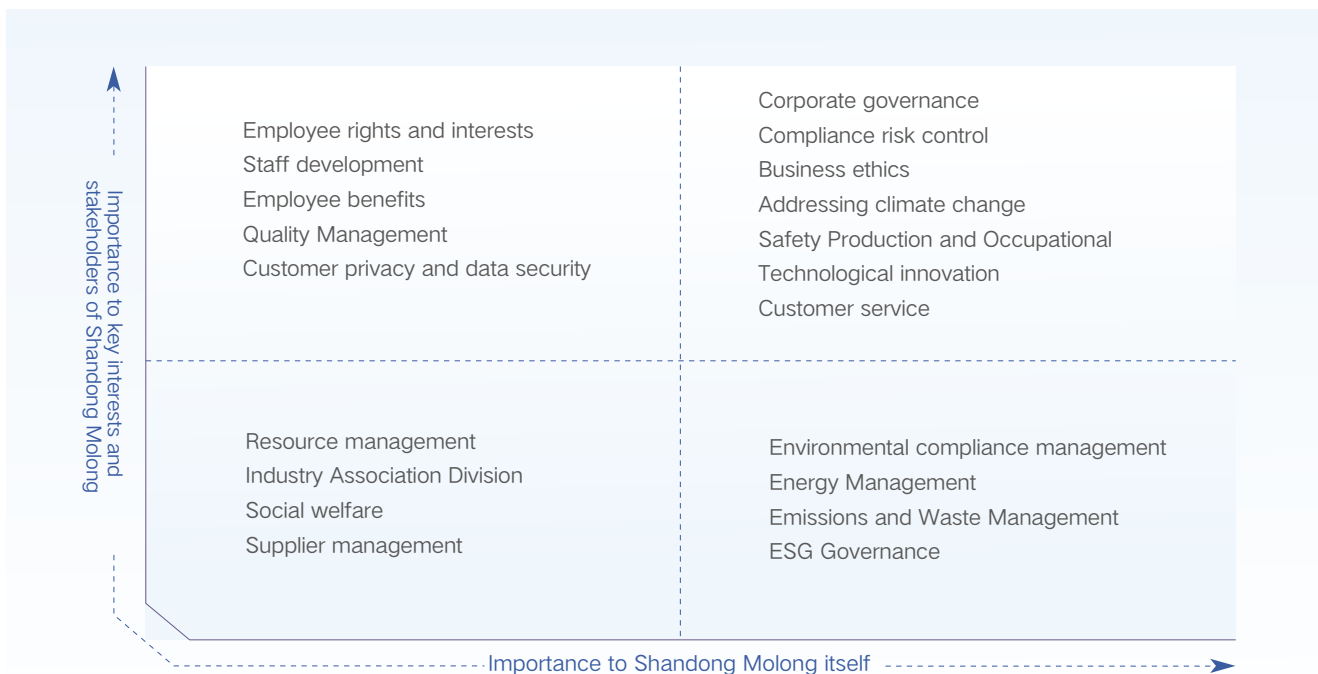
### Assess

### Build the matrix

According to the communication feedback of each topic, the "financial importance" and "impact importance" are evaluated, and the evaluation results of substantive topics are determined.

According to the evaluation results of substantive issues, a matrix of substantive issues in 2024 will be built and disclosed after the approval of the board of directors of the company.

### Disclosure



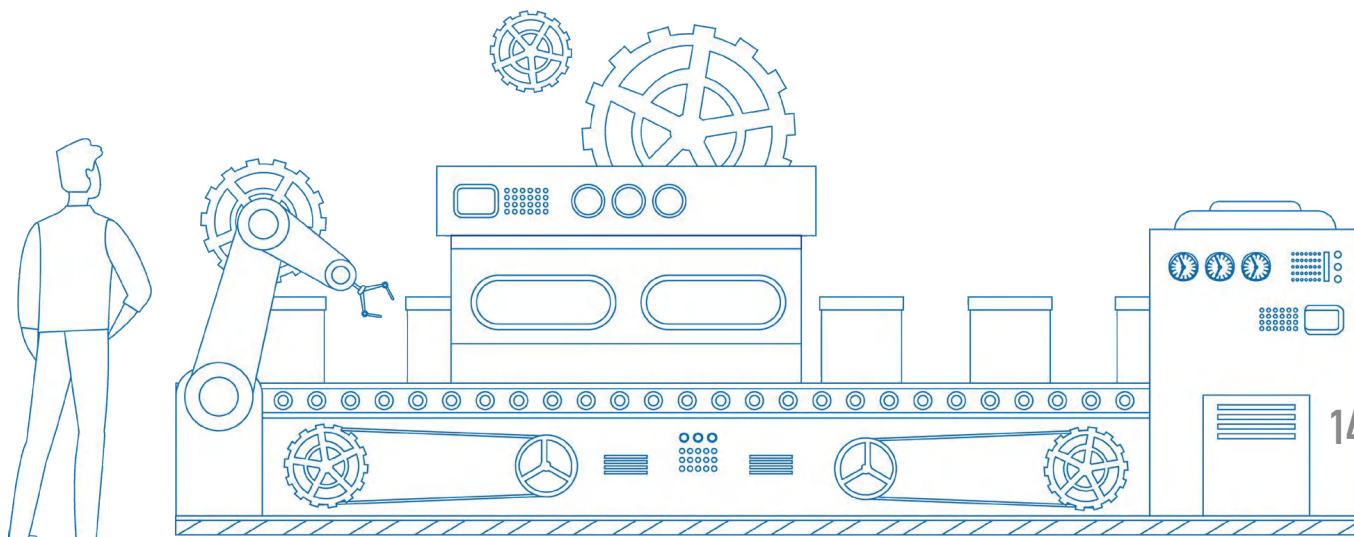
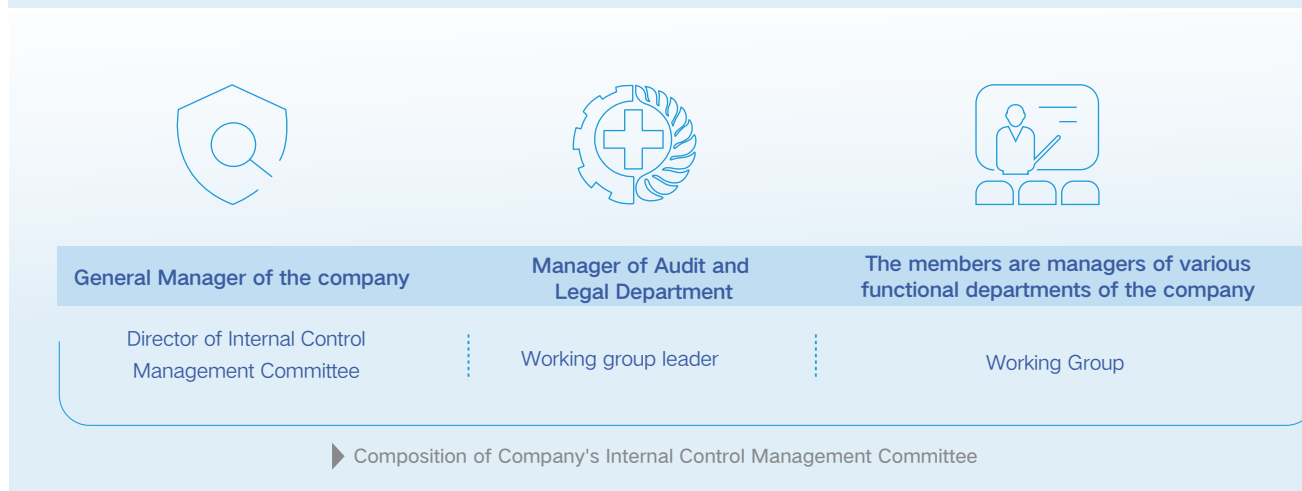
Company's 2024 substantive issues	GRI	Guidance of Shenzhen Stock Exchange	HKEX Code
<b>Company governance issues</b>			
Corporate governance	Governance 、 Strategy, policy and practice 、 Stakeholder participation Substantive issue	—	—
ESG governance	—	—	—
Compliance risk control	Governance Taxation	—	—
Business ethics	Anti-corruption Anti-competitive behavior	Anti-commercial bribery and struggling against corruption Anti-unfair competition	Struggling against corruption
<b>Environmental issues</b>			
Environmental compliance management	Biodiversity	Environmental compliance management	Environment and natural resources
Addressing the climate change	—	Addressing the climate change	Addressing the climate change
Energy management	Energy	Energy use	Environment and natural resources
Resource management	Water resources and sewage	Water resources use	Resource utilization
Emission and waste	Emission Waste	Pollutant emission Waste disposal	Emissions
<b>Social issues</b>			
Safety production and occupational health	Occupational health and safety		Health and safety
Employee rights and benefits	Activities and workers 、 Employment Labor-capital relationship Anti-discrimination 、 Child labor Forced or compulsory labor	Employees	Employment and labor standards
Employee development	Training and education Diversity and equal opportunity		Development and training
Staff development Industry collaboration Social welfare	Indirect economic impact The local community	Social contribution	Community investment
Rural revitalization	—	Innovation driven	
Technological innovation Quality Management	Equal treatment of small and medium-sized enterprises	safety marketing and signage	Product liability
Customer service	Customer privacy	Data security and customer privacy	
Customer privacy and data security	Supplier Environmental Assessment Supplier Social Assessment	Supply chain security Equal treatment of small and medium-sized enterprises	Supplier management

# Compliance risk control

The Company has established a three-level internal control management system consisting of the internal control management committee, the audit and legal department and various functional departments, and carried out internal control audit work on a quarterly basis, forming a management pattern of up-down linkage, coordination and efficiency. Establish a risk management leading group to actively identify, assess and respond to various potential risks, so as to provide a strong guarantee for the steady development of the company.

## Internal control compliance

- Objective** Optimize the business process and system, ensure the company's operation is legal and compliant, assets are safe and financial reports are true, improve efficiency and effectiveness, form a distinctive corporate culture and promote the strategic development by establishing and improving the internal control system.
- Governance** The organizational structure of the internal control management system is subject to three-level management to achieve hierarchical management and graded responsibility to ensure the effective operation and continuous improvement of the internal control system.





- Strategy** The company formulates the *Enterprise Internal Control Management Manual*, audits the relevant links of internal control every quarter during the report period pursuant to the requirements of the *Basic Specifications for Internal Control of Enterprises and the Application Guidelines of Enterprise Internal Control* and puts forward audit opinions on the corresponding audit issues.

The first quarter of 2024		The second quarter of 2024		The third quarter of 2024		The fourth quarter of 2024	
Problems	Audit opinions	Problems	Audit opinions	Problems	Audit opinions	Problems	Audit opinions
Organizational structure	Make timely changes to the company's organization chart	Comprehensive budget	Make timely adjustments to projects with large deviations from budget implementation	Engineering project	Follow the company system	Production management	Make an order in line with the approved production plan and close the case timely after completion
Human resource	Formulate standardized Regulations on Employee Dimission Management timely	Asset management	Carry out timely acceptance as the acceptance period stipulated in the contract	Social responsibility	Strictly controlling quality	Social responsibility	Establish the outgoing quality control process for products shipped more than 3 months ago
Enterprise culture	Relevant departments shall establish a cultural evaluation system to build employee confidence	Procurement business	The system requirements have been followed	Contract management	Sign the contract based on the requirements of the company's Contract Management System	Contract management	-

► Table note: Problems found by the company's internal control audit in each quarter during the report period and the corresponding audit opinions

### Case

#### ►► Precise training to strengthen quality and learning to enhance the ability--the company organizing to carry out special training on finance and auditing

To further strengthen the standardized operation of the company's finance and auditing as well as train and improve the comprehensive quality of personnel, Shandong Molong organized special training on finance and auditing in July 2024. A group of staff from a Beijing accounting firm was invited to conduct special training for company's senior executives and financial and audit personnel.

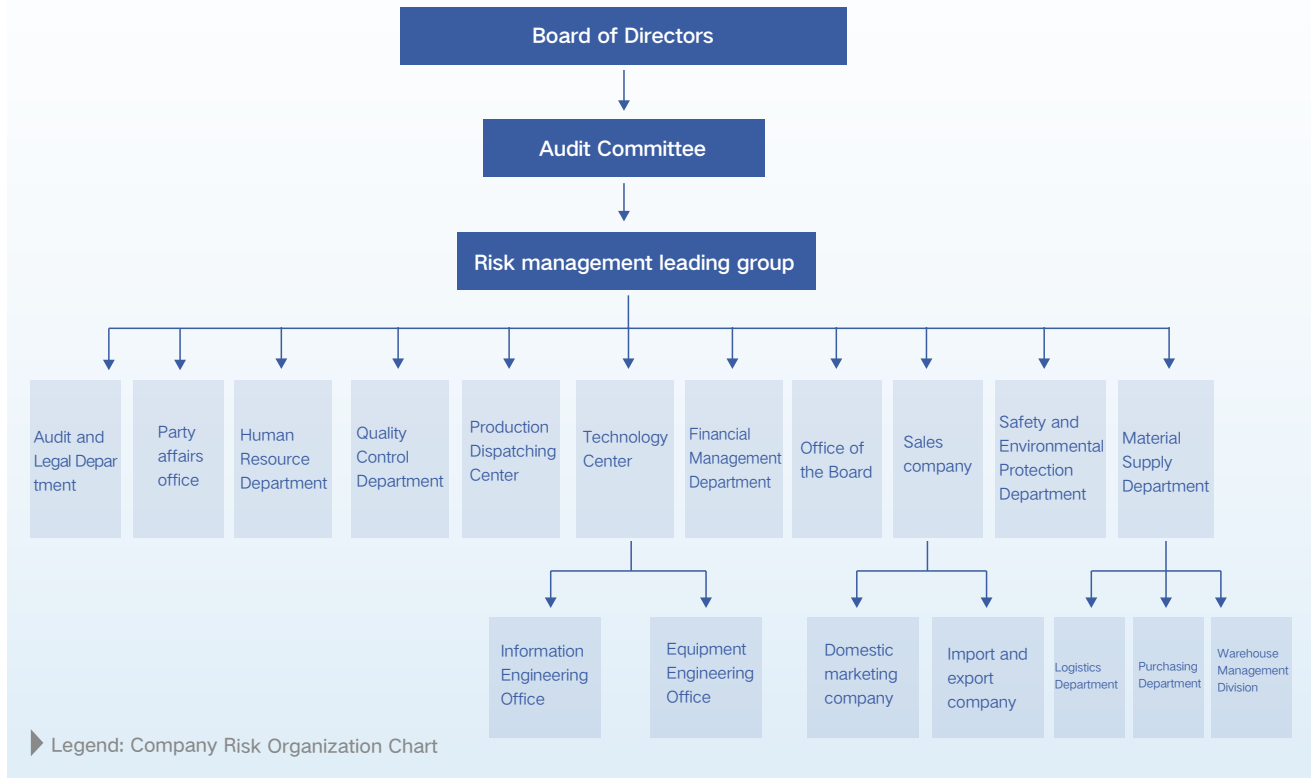


### Key performance

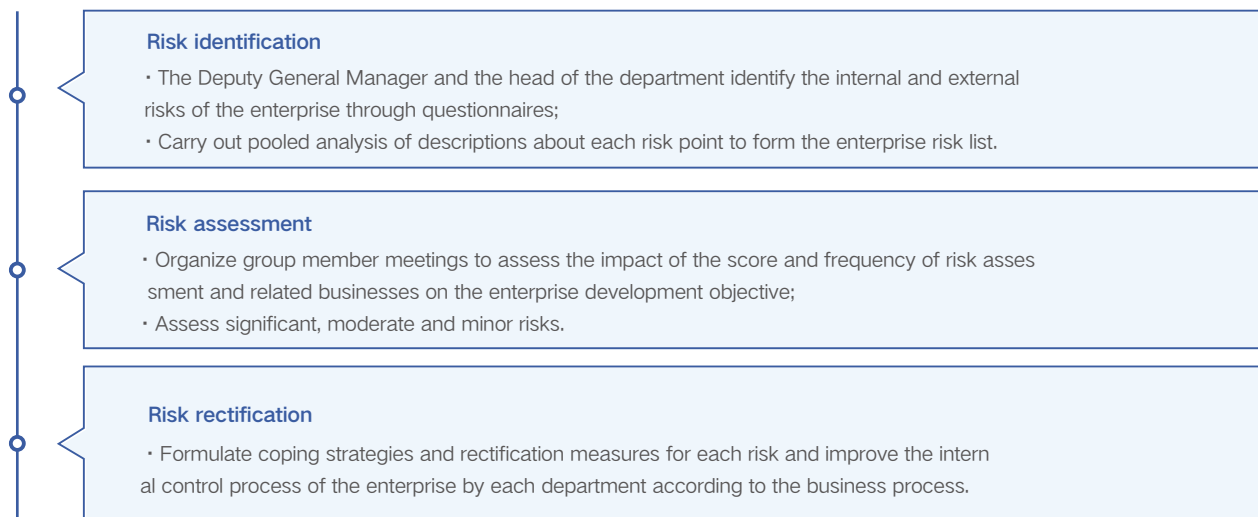
During the report period, no any violations occurred to the company.

## Risk management

- Objective** Establish a standard and effective risk control system, improve the risk prevention ability, ensure the safe and stable operation of the company, further improve the enterprise risk management, improve the company's risk control level and protect the legitimate rights and interests of the majority of investors.
- Governance** The company establishes a risk organizational structure system, and the leader of the risk management team is the Secretary of the Board. Through hierarchical leadership and multi-department cooperation, the company gives full play to the role of the risk organizational structure system and realizes the systematized, standardized and scientific risk management to provides a strong guarantee for the steady development of the enterprise.



- Strategy** Pursuant to the requirements of the Corporate Internal Control Regulations of the Ministry of Finance, the risk assessment team assessed the company's various risks in 2024 and developed corresponding risk coping strategies to ensure that the company can effectively identify, assess and manage potential risks.



► Company Risk Assessment Workflow

## Risk management effectiveness



### Key performance

During the report period, no significant risk event happened to the company.

During the report period, the company identified 4 general internal risks and 1 minor internal risk; 3 general external risks.

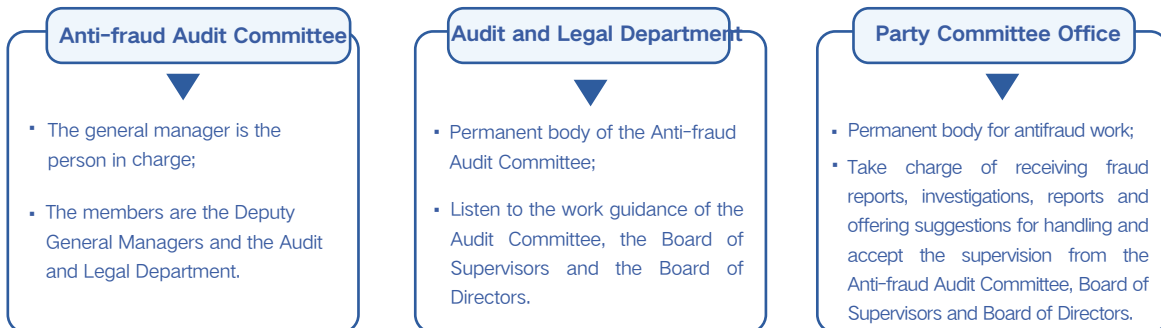
The recommendations for improvement have been offered for above risks.

## Commercial ethics

During the report period, the company further clarified the responsibilities of the Anti-fraud Audit Committee, granted the Audit and Legal Department as the permanent body of the company's anti-fraud work and strengthened the supervision function of the Party Committee Office to give full play to its core role in the supervision system. The company resolutely implements the principle of anti-monopoly and anti-unfair competition to maintain market order.

## Anti-fraud

- **Objective** Strengthen internal control, reduce company risks, standardize business behavior, safeguard the legitimate rights and interests of the company as well as ensure the realization of the company's business objectives and the company's sustainable, stable and healthy development.
- **Governance** During the report period, the company optimized the responsibilities of the Anti-fraud Audit Committee, granted the explicit authority of the Audit and Legal Department as the permanent body of the company's anti-fraud work and strengthened the supervision function of the Party Committee Office.



► Company Anti-fraud Organization

- **Strategy** The company formulates the *Anti-Fraud Management Provisions* which clearly prescribes the prevention and control measures for corrupt practices as well as prevents and controls corrupt practices by establishing and maintaining the honest corporate culture and the appropriate inte

- 1 The top management takes the lead in complying with company rules and regulations.
- 2 The company's anti-fraud policies and measures are publicized and implemented and trained within the company to ensure that employees know the laws and abide by them.
- 3 The anti-fraud training and laws and regulations as well as honesty and moral education contents must be added to the new staff training.
- 4 A reporting mechanism is established for unethical and dishonest behaviors.
- 5 The company conducts background investigation on people who will be hired or promoted to important positions as well as forms a written record about them and files them.

► Measures taken by the company to prevent and control fraudulent behavior

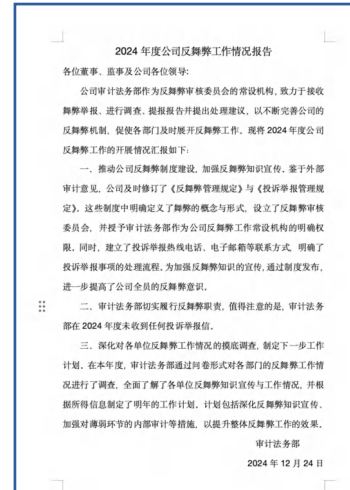
Company's measures to prevent and control corrupt practices. The real-name reporting is advocated in the company's Regulations on the Management of Complaints and Reports. The Audit and Legal Department keeps the informer information strictly confidential. As for the personnel with the breach of confidentiality, the company will impose the cash penalty and even rescinds the labor contract.

### Path for the company accepting complaints and reports

Complaint hotline telephone number: 0536-578908、5789085  
E-mail address: sjb@molonggroup.com  
Mailing address: No. 999, Wensheng Street, Shou guang City, Shandong Province  
Postal code: 262700

Shandong Molong attaches great importance to anti-corruption work and actively carries out training activities. 100% of the management have received anti-corruption training. Based on laws and regulations, combing the risk links of corruption with their own business, and clarifying the code of conduct; Through knowledge testing, behavior observation and continuous tracking of employees' feedback, we will enhance employees' anti-corruption awareness and ability to form a clean culture atmosphere, and will continue to strengthen relevant work in the future.

### ► 2Status Report on anti-fraud efforts, 2024



### Work performance

During the report period, the company prepared the Report on the Anti-Fraud Work of the Company in 2024, summarized the anti-fraud work in 2024 and deployed the next work plan.

Table for Key Performance of Struggling against Corruption and Anti-corruption

Disclosure items	Unit	2024
Number of corruption cases brought and concluded by regulatory authorities against issuers or their employees	Piece	0
Number of struggling against corruption and anti-corruption reports	times	0
Number of struggling against corruption and anti-corruption reports	Hour	4
Percentage of staff receiving the struggling against corruption and anti-corruption training	%	100
Number of employees violating the anti-bribery and anti-corruption system	Person	0
Percentage of management layer receiving the struggling against corruption and anti-corruption training	%	100
Number of managers violating the anti-bribery and anti-corruption system	Person	0
Percentage of directors receiving the struggling against corruption and anti-corruption training	%	100



# Anti-monopoly and anti-unfair competition

The company is committed to fair competition in the market and strictly complies with anti-monopoly and anti-unfair competition laws and regulations. The company adheres to the principle of integrity management, maintains a healthy competitive environment through transparent and fair business practices and ensures that the rights and interests of partners and other relevant parties are respected and protected.



## Key performance

During the report period, the company did not result in lawsuits or major administrative penalties due to act of unfair competition.

# Party Building Leadership

Guided by strengthening theoretical armament and highlighting political development, the company consolidated the foundation for Party building at the grassroots level by optimizing the Party organizational structure, strict education and management of Party members and innovating the work mode of party building in 2024. At the same time, the company steadily promoted the construction of the Party conduct and of an honest and clean government, strengthened supervision and enforcement of discipline, cracked down on corrupt practices and created a clean and upright environment. In terms of the integration of Party building and business, the company establishes the concept of integration, identifies the combination point, improves the assessment mechanism and promotes the resonance at the same frequency of Party building and business. Furthermore, the company also strengthens the work style construction, rectifies the formalism and optimizes the cadre team, providing a strong guarantee for the development of the enterprise.



► Molong Party building window and organizational structure

# Green scene and life and growth in nature

3.1 Strengthening the environmental compliance	21
3.2 Addressing the climate change	24
3.3 Energy management	26
3.4 Resource management	27
3.5 Emission and waste	28



## Highlight performance

The total number of employees who have received environmental protection training is 624.

The total duration of environmental training for employees is 800 hours.

The average length of environmental training for employees is 53.18 hours.

The company has not been subject to major administrative penalties imposed by relevant departments such as ecological environment due to environmental incidents.

The company adheres to the coordinated development of production and environmental protection, adheres to the sustainable development strategy, and realizes the synchronous planning, implementation and development of environmental protection and production. For the concept of environmental management, actively respond to the national call of "planning development from the height of harmonious coexistence between man and nature", incorporate environmental protection into the overall development strategy, comprehensively promote green and low-carbon management, continuously implement the concept of "green mountains are golden mountains and silver mountains", and strive to implement the concept of green and development into the whole business process.

# Strengthening the Environmental Compliance

The company earnestly implements the requirements of the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Environmental Impact Assessment, the Regulations of Shandong Province on the Prevention and Control of Air Pollution, the Regulations of Shandong Province on Environmental Protection and other relevant laws and regulations. The company has sorted out the Compilation of Environmental Protection Systems (including the Environmental Protection Management System, Environmental Management System and other internal management systems) which cover the environmental responsibility system, hazardous waste management, environmental responsibility investigation system and other contents, with the Pollution Permit Management Measures and National Hazardous Waste List (2025 Edition) added in 2024. The company adopts new technologies, promotes civilized and cleaner production, reduces harmful emissions, prevents environmental pollution and makes positive contributions to the improvement of the ecological environment.

The company regularly carries out environmental risk identification and impact assessment, and the contents of the inspection include whether the waste water and waste gas emissions meet the standards and whether the classified collection and storage of solid waste are standardized. The company carries out prompt supervision and rectification of environmental problems found and tracks the effect of rectification to ensure that environmental protection measures are effectively implemented. The company formulates environmental safety policies, builds the emergency management system and prepares the emergency plan for environmental emergencies and organizes emergency training and exercises regularly every year. At the same time, the company carries out environmental protection training for internal personnel, conducts daily spot check of environmental protection facilities and organizes environmental protection inspections. When major changes occur to existing projects, the company shall handle environmental impact assessment and other procedures on the basis of the changes. As for new projects, the company shall handle environmental impact assessment procedures in advance and complete independent acceptance before going into operation.



► Environmental Inspection Work Site

格式: TR07001R05


**中国船级社质量认证有限公司**  
 CHINA CLASSIFICATION SOCIETY CERTIFICATION CO., LTD.

## 环境管理体系认证证书

### ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATE

编号: No. **00523E4890R4M**

兹证明

**山东墨龙石油机械股份有限公司**  
 (注册/运营地址: 山东省寿光市古城街道兴南路 99 号 邮编: 262700)

This is to certify that the Environmental Management System (EMS) of

**SHANDONG MOLONG PETROLEUM MACHINERY CO., LTD.**  
 (Registered/Operation Add: No.99, XINGSHANG ROAD, GUCHENG STREET, SHOUGUANG CITY, SHANDONG PROVINCE, 262700, P.R.CHINA)

建立的环境管理体系符合标准: **GB/T24001-2016/ISO14001:2015.**  
 has been found to conform to standard: **GB/T24001-2016/ISO14001:2015.**

本证书对下述范围的环境管理体系有效: \*抽油杆、抽油泵、无缝钢管(资质范围内)、油套管、管线管、抽套管接箍的设计开发及制造; 石油机械配件、泥泵泵架套、阀体的制造\*。  
 This certificate is valid to the following scope for EMS: \*DESIGN, DEVELOPMENT AND MANUFACTURING OF SUCKER RODS, PUMPS, SEAMLESS STEEL PIPE (SCOPE OF QUALIFIED SUPPLY), OIL CASING, PIPELINE PIPE AND OIL CASING COUPLING; MANUFACTURING OF PETROLEUM MACHINERY ACCESSORIES, MUD PUMP CYLINDER SET AND VALVE BODIES\*.

上一认证周期截止日期: 2024 年 1 月 13 日/Last cycle Deadline: 13 January 2024  
 再认证审核时间: 2023 年 10 月 10 日-2023 年 10 月 13 日/Recertification audit time: 10 October 2023-13 October 2023

本证书有效期至: **2027 年 1 月 13 日.**  
 This certificate is valid until: **13 January 2027.**

注 1: 本证书覆盖的多场所见附件。Note 1: See the details of sites in the appendix.  
 注 2: 本证书包含的子证书见附件。Note 2: The sub-certificate (s) attached to this certificate.

  
 证书专用章  
 Seal for Certificate




 中国认可  
 国际互认  
 管理体系  
 MANAGEMENT SYSTEM  
 CNAS C005-M

发证日期: **2023 年 11 月 19 日**  
 Issued on: **19 November 2023.**  
 签 发: **1-2 3 布**  
 Issued by: **Tian Wei**

本证书由中国船级社质量认证有限公司(CCSQ)按照GB/T24001-2016/ISO14001:2015标准进行审核并颁发。该证书的有效性依赖于获证组织持续符合认证标准的要求。当获证组织发生任何影响其符合性的变化时，应主动通知认证机构，并接受认证机构的监督审核。获证组织应严格按照认证标准的要求，保持其管理体系的有效性，并接受认证机构的监督审核。获证组织应严格按照认证标准的要求，保持其管理体系的有效性，并接受认证机构的监督审核。

中国船级社质量认证有限公司 北京经济技术开发区东兴路 10 号 100021 电话: 010-57001000 传真: 010-57001001 邮编: 100021 网址: www.ccsq.com.cn

► Shandong Molong Environmental Management System Certification Certificate



The company has established an environmental protection leading group as well as a special Safety and Environmental Protection Department and full-time environmental protection commissioners in each production area to ensure the complete coverage and effective implementation of environmental management.

### Organizational structure for environmental compliance



The company's main business has a certain impact on the environment and natural resources during the production process. Mainly reflected in resource consumption, the company requires a large amount of metal raw materials and energy, which may lead to excessive exploitation and consumption of resources; At the same time, waste gas, wastewater, and solid waste are generated in the production process. If not handled properly, they can cause pollution to environmental factors such as air, water, and soil, thereby affecting ecological balance and the sustainable use of natural resources. To address these issues, the company focuses on energy conservation, emission reduction, and resource recycling. By improving the energy management system, adopting energy-saving processes, and optimizing the energy structure, the company aims to reduce energy consumption; Classify and recycle wastewater to reduce water resource waste; Classify, recycle and dispose of solid waste in compliance with regulations, reduce the impact on the environment, and strive to achieve sustainable development.

## Environmental risk management

To address potential environmental risks, the company has carried out detailed risk assessment, adopted such preventive measures as process optimization, equipment maintenance, staff training and management system construction and formulated a sound emergency plan (including clear emergency organizational structure, emergency response process and adequate emergency resource support) to ensure responding quickly and effectively when emergent environmental incidents occur, minimizing the impact on the environment and surrounding communities.

### Risk assessment:

In accordance with the business activities, production processes and facilities and equipment involved, the company identifies the sources that may cause environmental incidents, determines the potential environmental risks by analyzing the nature and quantity of raw materials, intermediate products and waste and assesses the possibility and impact of events in light of the risk characteristics, such as considering the leakage probability and leakage rate of a hazardous material and the scope of possible impacts on water bodies, the atmosphere and surrounding communities.

### Preventive environmental risk management measures:

#### Process optimization and equipment maintenance:

Optimize the process flow in the production process and try to use cleaner production technology to reduce the use of harmful substances; Regularly maintain and check the equipment to prevent environmental event risks (such as leakage) caused by aging or faults.

#### Conducting environmental safety training:

Carry out environmental safety training regularly to enable employees to understand environmental risks, be familiar with operation regulations and improve their risk awareness and emergency handling capacity.

#### Establishment of environmental safety management system:

Establish a sound environmental safety management system, standardize the daily operation process and strengthen the control of environmental risks.

## Environmental risk emergency plan:

The company sets up an emergency leading group to coordinate and command and clarifies the responsibilities of the department. The plan covers a variety of environmental emergencies and specifies the handling process. Systems (such as leader taking personal charge of the shift, emergency material reserve management and emergency information reporting) are established to ensure timely response, adequate materials and information notification.



### Clarify the emergency organizational structure

Clarify the responsibilities of the commanding agency and all departments in emergent environmental incidents.

Set an emergency rescue group (responsible for on-site rescue work), an environmental monitoring group (responsible for environmental monitoring of the event impact), a medical rescue group (responsible for the treatment of the injured) and a logistics support group (providing supplies, communications and other support).

### Specify emergency response processes

Specify the level of response and corresponding action steps after an event happens.

Activate emergency plans at different levels according to the severity of the event after receiving the event report.

### Safeguard emergency resources

Establish an emergency material storage, reserve protective equipment, emergency and rescue equipment, cleaning tools and other materials as well as maintain and update them regularly.

Ensure smooth emergency communication and establish a good cooperative relationship with external rescue forces (such as fire fighting and environmental protection departments).

## Typical case of environmental protection:

### Energy and fuel renewal

The company's heating furnaces are subject to clean energy (natural gas or electricity) to reduce the use of high-polluting fuels and be highly controllable and convenient. The generation of pollutants (such as waste gas and waste residue) caused by traditional fuel combustion is reduced and the green environmental protection of the full life circle is realized by accurately adjusting the intensity and time of heating.

### Spraying process improvement

As for the company's spraying process, the water-based paint is used to replace the oil-based paint, with such significant advantages as environmental protection and safety. The content of volatile organic compounds in its composition is very low, and the harmful substances that volatilize into the air in the spraying process are greatly reduced, effectively reducing the emission of pollutants from the source.

### Production water cycle

All the company's production water is recycled, reducing the consumption of water resources, greatly reducing the company's water resource procurement costs and charges for sewage treatment, reducing the dependence on external water resources, and reducing the impact of production activities on the surrounding water environment.

# Tackling Climate Change

Guided by the *Recommendations of Task Force on Climate-Related Financial Disclosure (TCFD)*, the company systematically promotes key measures (such as clean fossil energy, clean energy scale and low-carbon production process) and reduces carbon emission intensity and total amount year by year on the basis of its own business layout and in strict accordance with the climate change scenarios. The company is committed to achieving the carbon peak by 2030 and net zero emissions by 2050, entirely realizing carbon neutrality and contributing to the carbon peaking and carbon neutrality plan.

Risk type		Risk status	Coping measures
Transition risk	Compliance risk	<ul style="list-style-type: none"> <li>The government introduces stricter policies and regulations to tackle climate change, which may give rise to an increase in related lawsuits or claims and an increase in operational compliance workload.</li> </ul>	<ul style="list-style-type: none"> <li>Timely track and interpret the changes in policies and regulations to ensure that the enterprise operation meets the latest requirements.</li> <li>Establish a risk early warning mechanism, identify potential compliance risks in advance and formulate coping strategies.</li> <li>Strengthen the communication with government departments, actively participate in the policy formulation process and strive for policy support.</li> </ul>
	Market risk	<ul style="list-style-type: none"> <li>Rising costs of raw materials and energy</li> <li>Decrease in the demand for fossil fuels</li> </ul>	<ul style="list-style-type: none"> <li>Establish a long-term cooperative relationship with suppliers to lock in raw material prices and reduce procurement costs.</li> <li>Implement energy-saving upgrading, promote the use of high-efficiency energy-saving equipment and reduce energy consumption.</li> <li>Expand energy supply channels</li> <li>Adjust the product mix: Develop low-carbon high-value-added products to adapt to changes in market demand.</li> <li>Optimize the market layout and reduce single market risks.</li> </ul>
Entity risk	Outburst risk: Typhoon, rainstorm and other extreme weathers	<ul style="list-style-type: none"> <li>The construction site, office buildings and equipment are damaged, resulting in loss of assets;</li> <li>Employees fail in stable production and normal work due to equipment damage.</li> <li>The traffic standstill leads to supply chain disruption.</li> </ul>	<ul style="list-style-type: none"> <li>Purchase the necessary insurance and start the insurance claim.</li> <li>Prioritize repair of critical equipment and enable the standby equipment.</li> <li>Establish diversified transportation channels and optimize the inventory.</li> <li>Conduct risk assessment and update emergency plans regularly.</li> <li>Strengthen the equipment maintenance, organize the staff training and optimize the climate adaptability construction.</li> </ul>
	Chronic risk: continuous high temperature, drought, etc.	<ul style="list-style-type: none"> <li>The demand for the company's refrigeration equipment is increased, resulting in an increase of energy consumption and operating costs</li> <li>High temperatures may limit the employees' outdoor work time, influencing the operational efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Optimize the selection of refrigeration equipment and use energy-saving equipment to reduce energy consumption.</li> <li>Implement the flexible working system, arrange the outdoor working time reasonably and avoid working at high temperatures.</li> <li>Strengthen the staff's heat prevention measures and provide necessary protective equipment and rest facilities.</li> </ul>



#### Climate-related transition risks

- The Group has not yet quantified the amount and percentage of assets or business activities influenced by climate-related transition risks.



#### Climate-related physical risks

- The Group has not yet quantified the amount and percentage of assets or business activities influenced by climate-related physical risks.



#### Climate-related opportunities

- The Group has not yet quantified the amount and percentage of assets or business activities influenced by climate-related opportunities.



#### Capital utilization

- The Group has not recorded the amount of capital expenditure, financing or investment for climate-related risks and opportunities.



#### Internal carbon pricing

- The Group has not applied the carbon pricing in the decision-making.



#### Remuneration

- Climate-related considerations have not been incorporated into the Group's remuneration policy.



# Energy Management

In 2024, Shandong Molong actively promoted the transformation of energy structure. The company uses the clean energy (such as natural gas or electricity) in the heating furnace link to continuously expand the proportion of renewable energy used in the production life cycle, which plays a positive demonstration role in the global response to climate change and the protection of the ecological environment and effectively promotes the comprehensive green transformation of economic and social development. To improve the energy efficiency, Shandong Molong continues to improve the construction of energy management system. The energy use becomes more rational and efficient by equipping the corresponding energy metering tools and the upgrading and reconstruction of energy saving and consumption reduction processes. At present, the company has achieved the management objectives of safe and stable operation of the energy system and continuous improvement of the performance indicators of energy conservation and emission reduction.

Disclosure items		Unit	2022	2023	2024
Comprehensive energy consumption		Ton of standard coal equivalent	32,347.54	22,109.77	30,969.81
1	Diesel	Litre	The item statistics report wasn't open for filling in 2022.	Share: 35.2 tons; Baolong: 0.82 ton; Maolong: 11.37 tons.	Share: 25.79 tons; Maolong Diesel from January to May: 3.41t
2	Natural gas	Cubic meter	Share: 21,533,100 cubic meters; Baolong: 0, Maolong: 7,841,600 cubic meters.	Share: 14,174,800 cubic meters; Baolong: 0; Maolong: 674,900 cubic meters.	Share: 20,022,200 cubic meters; Baolong exiting the statistical list of enterprises above designated size; Maolong from January to June: 4,100 cubic meters
3	Liquefied petroleum gas	Cubic meter	The item statistics report wasn't open for filling in 2022.	Share: 141.95 tons; Baolong: 0; Maolong: 3.18 tons.	Share: 97.48 tons; Maolong Lubricating Oil from January to May: 1.71 tons;
4	Electricity	Megawatt hour	Share: 71,516,200 kilowatt hours; Baolong: 47,783,900 kilowatt hours, Maolong: 23,635,100 kilowatt hours.	Share: 51,536,200 kilowatt hours; Baolong: 893,800 kilowatt hours; Maolong: 8,763,600 kilowatt hours	Share: 71,358,400 kilowatt hours; Maolong: 2,918,100 kilowatt hours

# Resource Management

## Water resource

The company pays high attention to water resource management, with all production water recycled and the conservation and efficient use of water resources realize by many measures. The company advocates water conservation, optimizes the production water cycle, strictly controls the wastewater treatment process, strictly follows the principle of "multiple use of water", continuously improves the water supply network and upgrades the water metering system in the daily operation, which significantly improves the recycling rate of wastewater. The company also actively creates a water-saving culture by putting up water-saving slogans and propaganda posters in the workplace, toilet, tea room, restaurant and staff dormitory to comprehensively enhance employees' awareness of water conservation and provide strong support for sustainable management of water resources.

Disclosure items	Unit	2022	2023	2024
Recycle utilization of water resources	Ton	Share: 794,601,000 cubic meters; Maolong: 1,424,700 cubic meters	Share: 25,075 cubic meters; Maolong: 3,143 cubic meters;	Share: 18,931 cubic meters
Municipal water purchase	Ton	Share: 21,914 cubic meters, Baolong: 1,563 cubic meters, Maolong: 95,384 cubic meters	Share: 24,474 cubic meters; Baolong: 813 cubic meters; Maolong: 61,296 cubic meters	Share: 12,353 cubic meters
Underground water usage amount	Ton	Share: 66,375 cubic meters	Share: 8,179 cubic meters	Share: 14,019.20 cubic meters

## Material resource

The company has many initiatives to help environmental awareness promotion and publicity and promote material resource conservation. Internal-ly, the company promotes environmental protection policies and knowledge to employees by putting up environmental protection posters (such as "Green Life" and "Blue Sky Protection Action") and organizing environmental protection training regularly, integrates the concept of material saving and guides employees to reduce waste and improve the resource utilization rate; externally, the company actively participates in the World Environment Day publicity activities, distributes environmental protection publicity materials in the streets and alleys, popularizes the importance of environmental protection and resource conservation to the public, enhances the social environmental protection attention and advocates the green lifestyle.




► Legend: Putting Up Internal Environmental Posters

# Emission and Waste

The company strictly abides by the Regulations on the Administration of Discharge Permits, Air Pollution Prevention Law, Noise Pollution Prevention Law and other laws and actively practices the compliant emission control. In terms of management indicators, the company has achieved the discharge of sewage, waste gas and noise up to the standard, prevented environmental pollution accidents and complaints due to environmental impact, and ensured the compliance of hazardous waste treatment. The company has passed the QES system certification and established a systematic management system.

In 2024, the Measures for the Administration of Pollutant Emission Permits and the National Hazardous Waste List (2025 Edition) were added. The company has also established an environmental management ledger recording system to record all kinds of activities pertaining to environmental protection in details, including generation, collection and disposition of hazardous waste, generation ledger and transport records of general industrial solid waste, monitoring data of pollutant emission and maintenance records of environmental protection equipment. In the production process, priority is given to reducing waste generation, with the use of clean energy or technology for efficient use of energy and raw materials and reducing the emission of pollutants and waste generation.



### Key performance:

The sewage, waste gas and noise discharge happened after reaching the standard, and the number of environmental monitoring being not up to standard in each quarter was 0.

The number of environmental pollution accidents was 0.

The number of complaints due to the impact on the surrounding environment was 0.

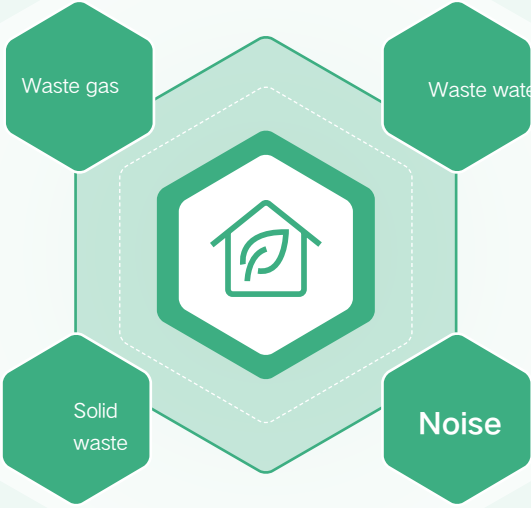
The number of non-compliant storage and treatment of hazardous waste was 0.

All the above objectives had been achieved.

The company has taken effective treatment measures to control the waste gas, waste water, solid waste and noise generated in the production and operation to achieve the pollutant emission under certain standard and the circular using of resource and ensure the coordinated development of environmental protection and production.

Mainly include combustion waste gas produced by the burning of natural gas when the tube blank and tube body are heated by the natural gas stove, process waste gas produced in the tube rolling process and organic waste gas from pipe body spraying.

Mainly include general industrial solid waste (such as waste pipe head, oxidized scale and iron scrap) and hazardous waste (such as waste cutting fluid, waste oil and waste activated carbon). The general industrial solid waste is sold for comprehensive utilization, and hazardous waste is uniformly disposed by professional organizations.



Mainly include the cooling water of the pipe body and equipment and the waste water produced by pickling and phosphating. All industrial wastewater is recycled after being disposed and is not discharged.

Mainly include the noise generated by equipment operation, cargo handling, etc. Various noise production facilities of the company are equipped with foundation damping, acoustic shield, complete plant and other measures to reduce noise emission, and the factory boundary noise emission conforms to relevant standards.

图注：墨龙党建窗口及组织架构展示

## ● Waste gas management

The company starts with source control, adopts the cleaner production technology and optimizes the production process to reduce the production of pollutants and chooses the appropriate end treatment technology for the composition and properties of the waste gas to fully achieve the emission reduction target for pollutants. The company ensures that the waste gas is discharged after reaching the standard through treatment by installing efficient waste gas treatment equipment (such as UV photooxygenation + activated carbon adsorption device, SCR denitration + electrostatic precipitation and bag dedusting). Four online monitoring facilities are equipped for real-time monitoring of pollutant emissions, and the heavy pollution weather emergency plan is formulated for corresponding emission reductions as per the response level when the government sectors issue an early warning for heavy pollution to reduce the negative impact on the environment and fully achieve pollutant emission reduction and environmental compliance targets.

Disclosure items	Unit	2022	2023	2024
Total waste gas	Cubic meter	5,410,982,900	1,203,521,500	1,248,901,104
Particulate matter	Kilogram	16,920	2,320	2,040
Sulfur oxide	Kilogram	16,540	680	2,591
Nitric oxide	Kilogram	23,500	12,490	23,819
Volatile organic compound	Kilogram	760	620	377
Hydrogen chloride	Kilogram	520	409,875	453.98



## Digital performance

Digital performance:

The total amount of nitric oxide discharged didn't exceed 44.9523 tons;

The total amount of sulfur dioxide discharged didn't exceed 14.9841 tons;

The total amount of particulate matters discharged didn't exceed 7.10068 tons;

All the above targets were achieved in 2024.

## ● Waste water treatment

Through the construction of supporting sewage treatment stations, the company adopts such advanced technologies as flocculation and precipitation to effectively remove impurities in sewage and the treated water resources are reused for production, realizing the recycling of water resources; at the same time, the company pays high attention to water resource management and continues to improve the water supply network and upgrade the water metering system through saving daily water, optimizing production water circulation, strictly controlling wastewater treatment and other measures based on the principle of "multiple use of water", significantly improving the recycling rate of wastewater; moreover, the company also actively advocates the concept of water saving, comprehensively enhances the awareness of water saving among employees and comprehensively promotes the sustainable management and efficient use of water resources by putting up water-saving slogans and posters in the workplace, toilet, tea room, restaurant and staff dormitory.

## Key performance:

Disclosure items	Unit	2022	2023	2024
Total industrial wastewater	Cubic meter	0	0	0
Total domestic wastewater	Cubic meter	4,804.4	18,826.4	7,217.2
Chemical oxygen demand (COD)	Milligram/liter	31	30	26
Biochemical oxygen demand (BOD)	Milligram/liter	9.7	9.7	9.7
Ammonia nitrogen (NH <sub>3</sub> -N)	Milligram/liter	3.24	3.01	1.88
Total nitrogen (TN)	Milligram/liter	15.2	16.8	15.3
Total phosphorus (TP)	Milligram/liter	1.86	1.27	1.23

## •Waste disposal

According to its own industry characteristics, national environmental protection policy requirements and sustainable development concept, the company sets long-term pollutant emission reduction targets, strictly abides by the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other laws and regulations and formulates internal documents (such as Hazardous Waste Management System). At the end of each year, the company entrusts a qualified third party to dispose of hazardous waste and issues a five-copy sheet for hazardous waste transfer. The environmental protection leading group (the company's senior management and head of Production Department, Purchasing Department and Environmental Protection Department) develops the overall strategy and objective of waste disposal, coordinates the work among all departments and makes decisions on major environmental protection matters.

The company lays emphasis on reducing the waste generation and effectively reduces pollutant emissions by optimizing the process flow, promoting the cleaner production, upgrading equipment and selecting environmentally friendly raw materials in the product design stage; at the same time, the company extends environmental requirements to the supply chain to ensure that suppliers provide environmentally friendly materials which comply with environmental standards to fully realize green supply chain management; the company strictly manages the hazardous waste to ensure their storage and treatment compliance, and the number of non-compliant storage and treatment of hazardous waste is 0, achieving the efficient and environmentally friendly production goals on the whole.

## Internal system specifications for waste treatment:

### *Waste Generation Recording System*

Detailed record contents: Require all departments to record the generation of waste, including waste name, generation time, generation quantity, generation source and other information.

### *Waste Generation Recording System*

Detailed record contents: Require all departments to record the generation of waste, including waste name, generation time, generation quantity, generation source and other information.

### *Management System of Temporary Waste Storage*

Temporary storage facility specification: Make provisions on the site selection, construction and management of temporary waste storage sites. The temporary storage place shall meet the safety and environmental protection requirements, such as anti-seepage treatment for the ground and rain-proof and sun protection facilities.



Disclosure items	Unit	2022	2023	2024
Total solid waste	Ton	164,566.21	18,261.52	21,431.761
Total amount of non-hazardous solid waste	Ton	164,554.11	18,826.4	21,420.47
Total hazardous solid waste	Ton	15.2	16.8	15.3



## Source identification

- All departments identify production waste or non-production waste pursuant to the EIA procedures and the hazardous waste catalog and determine the types of waste, such as general industrial solid waste and danger degree.
- In line with the type and nature of solid waste, different collection containers and storage areas are set for classified storage.



## General solid waste storage and disposal

- All kinds of solid waste shall be subject to classified storage, and the sign boards and warning boards shall be set in the storage area.
- The company signs a contract with the disposal unit to clarify the responsibilities and obligations of both parties, with the disposal progress and quality of the disposal unit tracked at the same time.



## Hazardous waste storage and disposal

- The temporary storage warehouse of hazardous waste meeting the requirements shall be constructed, and the temporary storage place shall have the functions of protection against rain, sun protection and leakage prevention.
- Hazardous waste labels shall be posted in the notable location of the temporary storage containers and sites, with hazardous waste names, hazardous characteristics of ingredients and other information indicated.
- Handover to the hazardous waste qualification unit for unified disposal shall be performed every year.



[illegible]

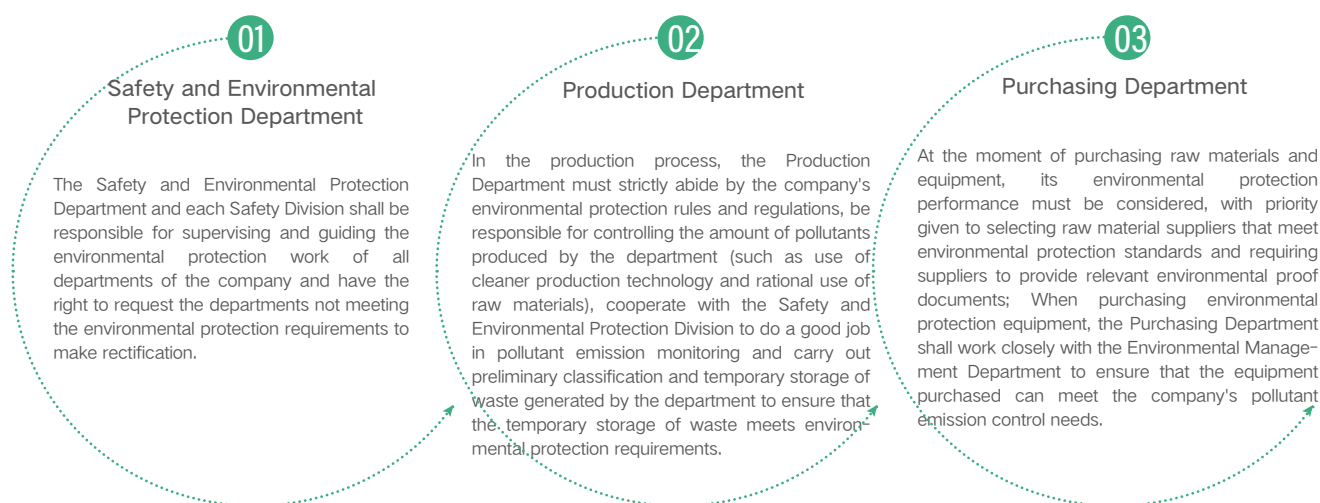
32

## ● Pollutant emission

To fully protect environmental compliance and sustainable development, the company closely tracks national and local environmental regulations, policies and emission standards to ensure that pollutant emissions are always legitimate and compliant; also establish a good communication mechanism with the environmental protection department, take the initiative to accept supervision and timely obtain the latest environmental protection requirement information to avoid penalties and reputation losses caused by violations. The company considers the influence of pollutant emission control on sustainable competitiveness from a long-term perspective and comprehensively consider the environmental protection investment costs and potential economic benefits in the process of controlling the pollutant emission to achieve a balance between environmental protection and development.

In case of any new pollution production facilities or environmental protection facilities, the company will hold special meetings to discuss environmental protection policies and environmental protection emissions, regulate the emission concentration and emissions of pollutants and avoid excessive emissions due to stricter environmental protection policies. The generation link of pollutants in the company is equipped with effective environmental treatment facilities and all pollutants are of standardized discharge, with no impact on employees and local residents

The senior executives shall directly lead the Safety and Environmental Protection Department, the Safety and Environmental Protection Division shall be set in each production area as well as the engineers and protection commissioners with professional background shall be equipped to be responsible for formulating and implementing strategies to control the pollutant emission, supervising the implementation of environmental management system and ensuring efficient implementation of environmental protection measures.



► Division of labor of all departments of pollutant emission control

### ● Emergency response mechanism

In case of emergent environmental incidents (such as excessive discharge of pollutants), the relevant departments shall immediately report to the Safety and Environmental Protection Department and the management layer of the company, with the contents including the incident nature, time, place, scope of impact and emergency measures taken.

### ● Internal inspection and evaluation

The Safety and Environmental Protection Department and the Safety and Environmental Protection Division regularly inspect and evaluate the operation status of environmental protection equipment, pollutant emission monitoring records and waste disposal to ensure the standard operation of environmental protection work.

### ● Third party monitoring

A third-party environmental monitoring agency is entrusted to monitor pollutant emissions on a regular basis to ensure the fairness and accuracy of monitoring data.

### ● Government supervision, inspection and rectification

Actively cooperate for the supervision and inspection of the government environmental protection department, rectify the problems found timely and report the rectification to the Environmental Protection Department to ensure compliance and efficient operation.



# Making Progress Together and Building a Dream Home

4.1 Special topic: Creating a safety shield via responsibility and occupational health accompanying you	35
4.2 Scientific and technological innovation and pursuit of excellent quality	41
4.3 Responsibility chain and strengthening market cooperation	50
4.4 Putting people first and creating a better future together	59
4.5 Promoting public welfare and devoting ourselves to charity	64



## Highlight performance

The amount of industrial injury insurance invested for the company employees was RMB 0.44 million

The company's R&D investment was RMB 46.6875 million yuan

The company had 8 new patent applications totally

No customer privacy and data security leakage events happened to the company

The customer satisfaction was 98.48%

The company had a total of 253 suppliers

Shandong Molong continues to optimize the standardized flow of safety production, strengthen the occupational health and safety management and comprehensively guarantee the safety of production operations; follow the national innovation-driven development strategy, improve the scientific research management and incentive mechanism and do a good job in intellectual property protection; focus on product quality and data information security management, build a green and sustainable supply chain and provide customers with satisfactory product solutions and comprehensive services; participate in the industry communication and industry-university-research cooperation to promote industrial development and continuously strengthen the company's influence.

# Special topic: Creating a safety shield via responsibility and occupational health accompanying you

The company always implements the environmental safety policy of "observing law and discipline, energy conservation and emission reduction, reduction of environmental pollution, safety prevention, scientific management and continuous improvement of the system", builds smart safety production lines, optimizes the standardization process of safety production, strengthens the occupational health and safety management and fully guarantees the safety of production operations.

## Safety production

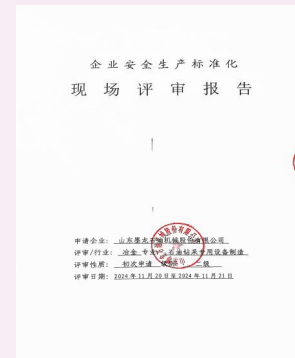
The company continues to establish and improve the standardization process of safety production, improves the responsibility system of safety production, promotes the construction of dual systems of safety risk control and near miss identification, regularly carries out safety production risk assessment and timely puts forward effective control strategies and protective measures.

### Safety production management

The company strictly abides by the Safety Production Law and other laws and regulations and has formulated the Safety Production Responsibility System Management System, Safety Protection Equipment Management System and other internal documents to carry out safety production management. In 2024, the company revised the Safety Production Responsibility System for All Employees, Safe Operation Rules, Safety Regulations for Limited Space Operation of Industrial and Trade Enterprises and Safety Management System for Limited Space Operation pursuant to the Regulations on the Entity Responsibility for Safety Production of Production and Operation Units in Shandong Province.

The company continues to improve the safety production management system, optimizes the safety production management process, formulates the safety production responsibility of all employees and sets up a safety production specialist to supervise and control the safety production process. The company ensures that the capital investment meets the needs of safety production conditions by formulating effective assessment standards and implementing strict process assessment and actively organizes employees to participate in safety production education and training; the company adopts advanced safety production technology, equipment and process to raise the scientific and technological support level of safety production and ensure that the process equipment and relevant labor tools used meet the safety production requirements.

In 2024, the company successfully passed the safety production standardization acceptance of Shandong Province Safety Production Technology Center.



评审单位信息				
(一) 评审单位基本情况				
单位名称	山东墨龙石油装备股份有限公司		地址	山东省东营市广饶县经济开发区
主要负责人	王 强	安全负责人	李 强	电子邮箱
评审人员	王 强	评审日期	2024年11月21日	
评审地点	山东省东营市广饶县经济开发区			
现场评审情况				
评审项目	评审内容/标准	评审结果	备注(发现问题)	
安全	安全生产责任制	符合		
安全	安全生产规章制度	符合		
安全	安全生产操作规程	符合		
安全	安全生产教育培训	符合		
安全	安全生产投入	符合		
安全	安全生产设施	符合		
安全	安全生产管理	符合		
安全	安全生产记录	符合		
安全	安全生产档案	符合		
安全	安全生产考核	符合		
安全	安全生产奖惩	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		
安全	安全生产结论	符合		
安全	安全生产建议	符合		
安全	安全生产其他	符合		
安全	安全生产总结	符合		
安全	安全生产改进	符合		
安全	安全生产其他	符合		
安全	安全生产总体	符合		
安全	安全生产评价	符合		

## ● Safety production risk management

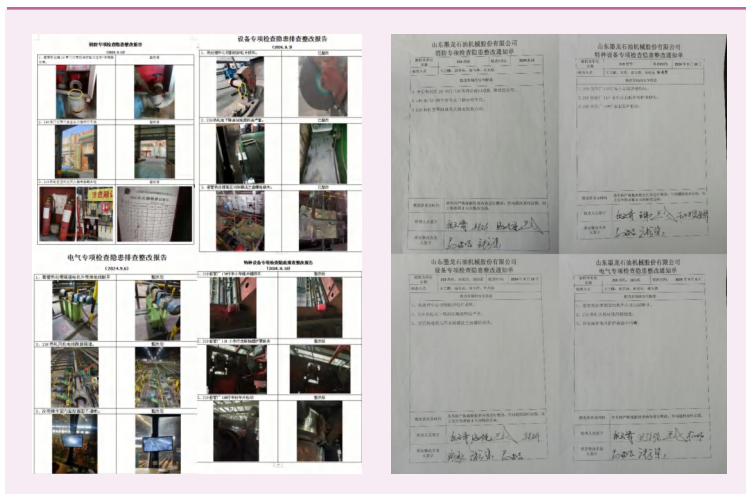
The company adopts a dual prevention system of safety production risk hierarchical control and investigation and management of hidden hazards of production safety accidents, of which the construction process of safety production risk hierarchical control system includes the establishment of organizational structure, the implementation of training all workers and staff, the division and investigation of risk points, the identification of danger sources, the risk assessment grading, the formulation and implementation of risk control measures, the risk notification and the update. In terms of the principle of "moderate size, easy classification, independent function, easy management and clear scope", the company conducts comprehensive investigation and divides 281 risk points. 513 hazards were identified for operation activities and 475 hazards were identified for equipment and facilities (978 hazards totally) in the identification of hazard sources. The risk level was determined by risk evaluation of hazards. The result of risk evaluation was that the company had no major risks, 45 major risks, 26 general risks and 210 low risks.

The company carries out systematic review of the risk hierarchical management and control system once a year, publicizes and announces the review results and puts forward effective control strategies and protective measures promptly. Based on the feasibility, reliability, advancement, safety, economy and other factors, the company has formulated a risk response plan and compiled a risk control list from the aspect of engineering and technical measures, management measures, training and education measures, individual protection measures, emergency disposal measures, etc.

All kinds of internal safety inspections shall be organized and performed by the Safety Management Department of the company, the inspection results shall be reported, and the relevant departments shall be urged to make rectification on schedule. In 2024, the superior emergency department organized 12 safety inspections of the company, and found 35 problems that had been rectified on schedule.

Safety inspection	Number of checks	Check problem
Comprehensive hidden danger detection	Four times	21 items
Special electrical inspection	Four times	11 items
Special inspection of equipment	Four times	10 items
Special fire inspection	Four times	13 items
Special inspection of special equipment	Four times	9 items
Holiday hidden danger investigation	Four times	24 items

### ► Shandong Molong Safety Inspection Results in 2024

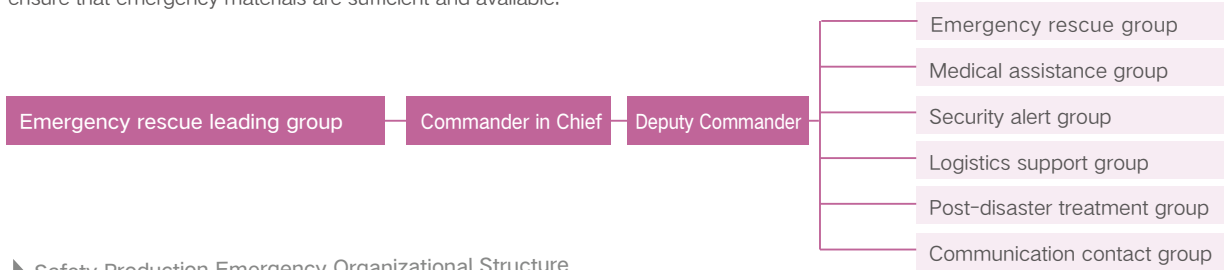


### ► Notice of Shandong Molong Safety Inspection and Rectification



## ● Emergency Plan for Safety Production

The company continues to improve the safety emergency management system, sets up an emergency command center to be responsible for unified coordination and command of emergency response work, formulates the emergency rescue plan for production safety accidents according to law, clarifies the responsibilities of each department in emergency management (including fire, explosion, mechanical injury, chemical leakage and other possible emergency types) and specifies the emergency handling process and measures to effectively respond to all kinds of emergencies, timely discover, manage and eliminate potential safety accidents and ensure the life and property safety of employees and the normal operation of the company. Moreover, the company has also developed an emergency material reserve and management system to ensure that emergency materials are sufficient and available.



### ► Safety Production Emergency Organizational Structure

The company pays high attention to safety production training, has formulated an emergency drill and training system, makes a detailed training plan every year, defines the training content, training time, participants and lecturers, provides various training courses for employees on schedule and regularly carries out safety production months and emergency drills to comprehensively improve employees' safety production awareness and emergency handling ability.

Table note: Shandong Molong Safety Training Schedule in 2024	Number of participants
Training on safety knowledge of high-place operation	46
Electrical safety knowledge training	20
Fire operation safety knowledge training	73
Special safety training for confined space operations	68
Safety education and training for the first lesson of work start-up	472
Safety Production Responsibility System for All Employees	444
Safety production management system, post safety operation procedures and risk identification and emergency disposal measures	434
Occupational health-related laws, regulations, standards and specifications	422
Emergency rescue team training	20
Safety production month training (in-depth study and implementation of General Secretary Xi Jinping's important discourse about emergency management (the latest edition of 2024))	447
Safety production month training (training examination of safety production law and company safety production rules and regulations)	445
Safety production monthly training (fire safety training)	446
Production safety accident emergency plan, emergency treatment and escape self-rescue and mutual rescue knowledge	429
Correct use and supervision and administration of articles for labor protection	431
Great learning and intensified training	435
Safety technical training for special operators	75
Mechanical accident prevention and safety training	421
Fire safety training	459
Major hazards and preventive measures of serious occupational hazard factors of related occupational diseases	49
Training of staff occupational hazard factors, laws and regulations and wearing the articles for labor protection	384

### ► Table note: Shandong Molong Safety Training Schedule in 2024

## Case

## Case: Improvement of emergency response capacity and promotion of safety production

To effectively improve the emergency rescue ability of the company's cadres and staff, enhance the teamwork skill and safety awareness and ensure the company's safety production, the company held an emergency rescue skill competition, with three projects (respirator wearing, cardiopulmonary resuscitation and two-person simulated fire fighting) set during the report period.

This competition was close to actual combat. Through mutual competition, the emergency rescue skills of cadres and workers had been significantly improved and they had mastered the usage of various rescue equipment and emergency disposal processes more expertly in the actual operation, laying a solid foundation for responding to the company's emergencies. At the same time, the cohesion and combat effectiveness among team members had been fully demonstrated, with the effect of "promoting training by competition and promoting competition by training" achieved.

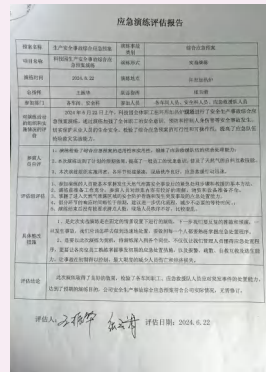
In the future, Shandong Molong will continue to promote the building of emergency rescue forces, strengthen overall coordination and guidance, improve the level of comprehensive support and strive to forge a batch of emergency "invincible armies" with comprehensive skills and excellent quality to escort the company's safety production.



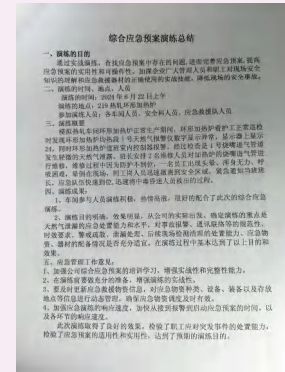
公司开展应急救援技能比武



The company carrying out safety production month activities and improving the safety knowledge level of employees by holding safety knowledge competitions.



Emergency Plan Evaluation and Summary



Comprehensive Emergency Drills by the Company

### • Smart and safe production

Shandong Molong continuously promotes the construction of intelligent factories and the progress of smart and safe production. The company put multiple (semi-automated) automatic production lines into production. Most of the industrial software used in the company's processing workshop is of control (semi-automated) automated system, further promoting the efficient connection of equipment and manufacturing system and laying a solid foundation for the company to accurately control product quality and improve production line safety.

Name of intelligent production system		
Annular furnace monitoring system	Puncher monitoring system	Tandem rolling unit HGC monitoring system
Sizing mill monitoring system	Steel pipe straightener monitoring system	Magnetic leakage flaw detection system of steel pipe
Quasi-hydraulic pressure testing system	Whole-vehicle monitoring system for cranes	Continuous casting monitoring system
Electric furnace monitoring system	VD furnace monitoring system	Dust removal system
Pump room system	Oxygen generation system (DCS)	

► Table note: Shandong Molong's Intelligent Production Systems Being Put into Use

### • Safety production performance

Disclosure items	Unit	2022	2023	2024
Investment in safety production	RMB	11,066,855	8,217,698.23	7,063,751.59
Employee work-related injury insurance investment amount	RMB 10,000.00	130	159	44
Number of safety production accidents	Piece	32	14	8
Employee injury insurance coverage rate	%	100	100	100
Number of work-related injuries	Piece	32	14	8
Number of employees suffering from work-related injuries	Person	33	14	8
Number of working days lost due to work-related injury	Person	655.5	562	479.5
Number of work-related fatalities	Piece	0	0	0
Number of work-related fatalities	Person	0	0	0
Number of employees receiving safety training	Person	2,501	1,941	1,339
Total hours of safety training attended by employees	Hour	87,773	38,804	49,685



## Occupational health

The company has established an employee occupational health and safety management system consisting of the employer's occupational disease hazard risk hierarchical control system and the employer's occupational disease hidden danger investigation and management system and confirmed that the Quality Control Department is responsible for the company's quality, environment and occupational health and safety management system and the Safety and Environmental Protection Department is responsible for the implementation of the occupational health and safety management system. In 2024, the company revised the occupational health-related management systems (such as the Safety Production Responsibility System for All Employees, Safe Operation Regulations and Safety Management System for Limited Space Operation). The company has passed the occupational health and safety management system certification.

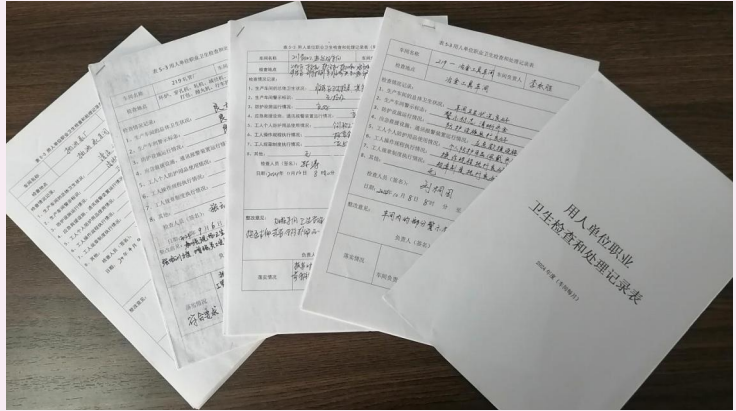
The company explicitly informs employees of the dangers, hazard factors, preventive measures and accident emergency measures of the workplace and the operating post, educates employees to consciously undertake the obligation of safety production, provides employees with articles for labor protection that meet national standards or industry standards as well as supervises and educates employees to wear and use them according to the regulations. The company regularly inspects safety facilities and equipment (including special equipment) in accordance with the provisions. Employees can receive the occupational health exam once a year free of charge.



Occupational Health and Safety Management System Certification Certificate

Introduce the production technology and facilities	<ul style="list-style-type: none"> <li>The advanced production technology and equipment are adopted. The equipment with large noise and vibration shall be installed at the bottom on the premise of meeting the process. All equipment is equipped with vibration reduction foundation. The air compressor is arranged separately with water-based paint used and exhaust fan and paint mist treatment device set. The phosphating station and pre-processing station are set with the acid mist treatment device, the maintenance station is set with welding smoke purifier, etc. and the shot blasting machine in the hot rolling workshop is equipped with a cloth bag dust collector.</li> </ul>
Optimize the plant layout	<ul style="list-style-type: none"> <li>The noise-generating workshop is arranged separately from the finished product warehouse for non-noisy operations.</li> </ul>
Equip and optimize protection and labor protection supplies	<ul style="list-style-type: none"> <li>Provide more comfortable safety helmets and labor protection shoes with better protective performance for employees.</li> <li>Equip the earplugs, dust masks and respirators for employees exposed to occupational hazards.</li> </ul>
Implement the occupational health and safety training	<ul style="list-style-type: none"> <li>Conduct occupational health and safety training for new employees, introduce safety rules and regulations and potential safety risks in the workplace and explain the correct use of personal protective articles.</li> <li>Carry out special training for specific personnel and high-place operation safety training for external personnel engaging in high-place operation.</li> </ul>
Monitor the implementation	<ul style="list-style-type: none"> <li>Organize the occupational health specialist to conduct comprehensive inspection of the workplace every month (including the safety of equipment and facilities and the integrity of safety signs), timely issue rectification notices for the problems found and track the implementation of rectification.</li> <li>Conduct random check on employees' safety operation behaviors as well as correct and educate the illegal behaviors.</li> </ul>





► Occupational health and safety training and occupational health and safety inspection by the company

## Key performance

Disclosure items	Unit	2024
Number of employees in occupational disease risk positions	Person	1,068
Number of employees participating in physical examination of occupational diseases	Person	1,068
Number of employees suffering from occupational diseases	Person	1
Number of the company employees participating in the physical examination	Person	1,223
Proportion of persons participating in physical examination	Person	91.30%

# Scientific and technological innovation and pursuit of excellent quality

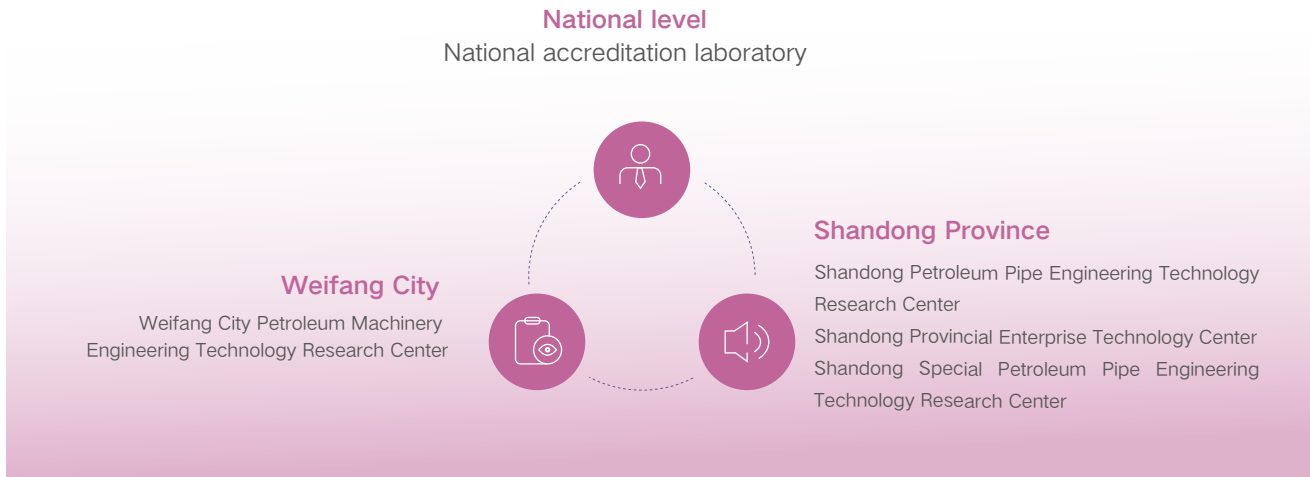
The company pays high attention to scientific research innovation, constantly improves scientific research management and incentive mechanism, does a good job in intellectual property protection, continues to increase investment in innovation and research and development, cultivates high-quality research and development teams, promotes the transformation and application of scientific and technological achievements and strives to provide customers with high-quality excellent products.

## Technological innovation

On the basis of adhering to the enterprise tenet of "arousing the fighting will of the masses, gathering the wisdom of the masses, gathering the virtue of the public and business startups by the public" and knowing that strengthening the core technology can increase the core competitiveness of the company very well, Shandong Molong has formulated such scientific research innovation management systems as Measures for the Management of New Product Development and Measures for the Management of Engineer Evaluation and Recruitment. For new varieties and new specifications of new products, the company has set up a new product development management group and determined the main responsibilities of each level. The company's research and development fields mainly cover oil tub, casing, line pipe, oil pump, sucker rod product business, etc., falling into the field of engineering technology and material science.

The company has established a team of more than 200 R&D testing and technical support personnel, including 1 Level III non-destructive testing personnel, 2 physical and chemical testing personnel with a Level III certificate and 10 senior engineers. The company has established a scientific research project and talent incentive mechanism and formulated a scientific research innovation incentive systems (such as Shandong Molong New Product Development and Scientific and Technological Progress Award Review and Incentive System, Opinions on Promoting Incentives for the Development of New Products and New Markets, Declaration of Scientific and Technological Achievements of New Products and Scientific and Technological Achievement Award Evaluation and Reward Methods (Revised Edition)) to encourage scientific research talents to actively innovate to fully stimulate the innovation vitality and work enthusiasm of employees, promote the company's technological progress and business development and inject strong impetus for the company's sustainable development.





► Scientific Research Platform of Shandong Molong



► Shandong Molong New Product Development Standard Process

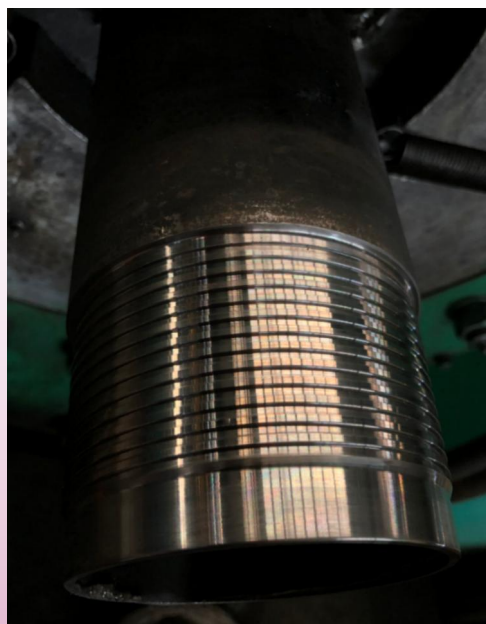
S/N	Item name	Research and development project progress or results
1	Export A4138M material DM class sucker rod new product design	As for 32 sucker rod with 29 threads, the drawing design is required. The 4138M material is of the company's first production, with the sucker rod heat treatment process redesigned; now, the processing has been completed and they have been shipped smoothly.
2	Export A4330M material D78 class sucker rod new product design	The material is changed to the 4330M material as per the customer requirements, with retest and design of heat treatment process; The centralizer is of polyphenylene sulfide plus 40% glass fiber; The threaded rod head is non-standard, and the coupling is of 4130 material. The drawing design and site verification are completed. Now, the processing has been completed and they have been shipped smoothly.
3	Product design of export sucker rod core with intelligent chip	The chip and epoxy resin are chosen according to the chip working environment temperature and epoxy resin type and working environment; in view of the requirement of yield strength under the sucker rod, the first production supply of this kind of oil rod and the drawing design are completed by reasonable adjustment of heat treatment parameters. Now, the processing has been completed and they have been shipped smoothly.
4	125TH and 150TH sand-settling and sand control pump	The duplex fitting of the new structural design is used to replace three parts (duplex fitting, pipe plug and end fitting) of the original sand control pump, saving the cost of raw materials, simplifying the whole pump structure, reducing the failure rate of the whole pump, prolonging the service life of the product and improving the pump efficiency. The product design, production and delivery have been completed now.
5	175TH, 225TH, 275TH and 325TH inclined shaft oil pump	As for the new product inclined shaft pump, the elastic reset structure of valve ball is redesigned, guide bar is cancelled, the hidden trouble is eliminated and the service life is extended; the new structure saves the material and pump cylinder production cost; as for the new structure fixed valve housing, the open area is improved and the pump efficiency is enhanced. As for the new structure inclined shaft pump, the wear resistance and corrosion resistance have also been significantly improved. The product design, production and delivery have been completed now.
6	175TH, 225TH, 275TH and 325TH common tubing pump	The new product tubing pump fixed valve bonnet structure improves the pump efficiency. By adding upper tubing nipple and coupling, the chrome-plated pump barrel length is shortened and the pump cylinder production cost is saved; The wear resistance and corrosion resistance of oil pump parts have also been significantly improved. The whole pump is of simple structure, low failure rate, long life, high pump efficiency and low cost. The product design, production and delivery have been completed now.
7	Low carbon equivalent AGES standard X60Q new product development	The HT2312014 contract X60Q line pipe is planned to be about 31,977.52 tons, with delivery after quenching and tempering according to the customer MPS/ITP and AGES-SP-10-001 standard requirements. The pipeline has special requirements for carbon content and carbon equivalent. To meet customer requirements and reduce production costs, the new material design for 33 specifications of X60Q line pipes with outer diameter: 88.9~406.4mm and wall thickness 5.49~25.4mm is performed, and the final product meets customer requirements.
8	X65 new product	To make X65 performance meet PSL2 requirements, a thermal expansion production is used to replace the use of X65Q steel grade, and the X65 line pipe with excellent performance has been developed to fill the gap in the market.
9	Development of line pipe new material	The X52QS acid line pipe must meet the Iranian IPS-M-PI-190 (4) standard and customer requirements and need to be subject to quenched-tempered heat treatment after hot rolling. To reduce production costs, the new material development of 323.8 large-size medium-thin wall pipeline is performed. Upon production, the performance fully meets customer requirements.
10	112.0*8.0 P110 ML-FJ straight connector	Product thread design, processing, customer communication about technical performance indexes and make-and-break test. The order is of 32 tons. Now, the processing of all products has been completed and all products have been successfully shipped

## Case

## >> The 112.0\*8.0 P110 ML-FJ straight connection new product strengthened the technological competitiveness of domestic products

With the advancement of oil exploitation technology, the number of deep wells and ultra-deep wells is increasing day by day and the use of casing for containment of complex formations has become a common practice in the world. The ML-FJ straight connection type casing provides a casing joint with internal and external straightness to solve the technical problem of insufficient casing layers in deep and ultra-deep wells.

The company carries out research and development based on the design of thread interference, design of internal and external thread length, scheme design of improving joint strength and design of internal control standard for thread parameters required for pipe end machining and successfully produces the product. In the production process, the high-quality pure steel smelting technology is adopted, and the inclusion denaturation technology is used to improve the form and distribution of inclusions and reduce the harm of inclusions; The new steel grade suitable for modified treatment is adopted; The rolling is conducted by oblique rolling and longitudinal rolling, with rolling parameters controlled and use of high-quality and high-precision tool and mould, so the quality level of the products produced is higher and the production cost is relatively low. The casing produced by the application of the technology can well serve extensive deep wells and ultra-deep wells and can completely replace the foreign imported product to further strengthen the core competitiveness of the company.



### Key performance









Disclosure items	Unit	2022	2023	2024
R&D investment	RMB	6,403.57	5,071.62	4,668.75
Proportion of R&D investment amount to main business income	%	3.86	4.32	3.69
Number of R&D staff	Person	195	192	162
Ratio of R&D personnel	%	11.7	11.8	11.8

### Patents and intellectual property rights

Shandong Molong actively responds to the national policy of promoting the development of intellectual property, attaches importance to the application, management and protection of intellectual property, establishes and improves the intellectual property protection management system, formulates the intellectual property management documents (such as Intellectual Property Management Manual, Control Procedure of Intellectual Property Documents and Control Procedure of Intellectual Property Management Review), sets up an intellectual property group and defines the relevant rights and responsibilities.

The company continues to improve the intellectual property risk management and control mechanism and disposal procedures, actively applies for patents, trademarks and other intellectual property rights and entrusts third-party professional institutions to improve patent protection, etc. to ensure that innovation achievements are fully protected by law; The company requires internal professional and technical staff, with signing confidentiality agreements at the time of business involving foreign secrets. Furthermore, the company attentively studies and implements the intellectual property policy issued by the government, regularly organizes internal intellectual property training and continuously promotes the transformation of achievements in scientific research.

In 2024, the company had 8 new patent applications totally.

S/N	1	2	3	4
Patent/application acceptance certificate				
Patent name	Steel Pipe Heat Treatment Furnace Outlet Side Pipe Body Controlled Cooling Device	An Anti-gas Locking, Anti-breakage, Wear-resisting and Anti-corrosion Pump with Antimagnetic Valve	A Measuring Tool for Line Pipe End Groove Wall Thickness	A Steel Pipe Heat Treatment Furnace Outlet Side Pipe Body Controlled Cooling Device
S/N	5	6	7	8
Patent/application acceptance certificate				
Patent name	A Oil Casing Automatic Sand Blasting Equipment	Coupling Automatic Spray-painting Plant	A Upper and Lower Hard Seal Rod Type Oil Pump	A Oil Tube Thickening Mandrel

► Shandong Molong's new patent applications in 2024

Key performance

Disclosure items	Unit	2022	2023	2024
Total number of patents	Piece	196	196	38
Number of newly applied patents	Piece	5	7	8
Number of newly authorized patents	Piece	21	5	5
Number of invention patents applied to the main business	Piece	35	26	10
Number of applications for invention patents during the report period	Piece	0	2	1
Number of invention patents authorized during the report period	Piece	6	1	1
Number of effective patents during the report period	Piece	196	196	43
Number of valid trademarks	Piece	17	17	17
Number of valid patents	Piece	196	196	43

# Quality management

As a professional energy equipment manufacturing and service providers, Shandong Molong always implements the quality policy of "aiming at the global market, high reputation, believers being our allies and sincerity bringing out the best in each other", continuously optimizes the product quality management system and process and is committed to providing excellent products and services that satisfy customers and the market.

## Quality management

The company strictly abides by the laws and regulations (such as Product Quality Law) and has formulated such quality control documents as Product Realization Control Procedures, Product Inspection, Testing and Verification Control Procedures, Quality Risk Management Control Procedures, Quality Accident Management System, Quality Reward and Punishment Management Measures, Measures for Quality Control and Administration of Purchased Products and Product Quality Certificate Control Provisions. The company has established the product quality management system, set the technical center and Quality Control Department as the responsible departments of quality management, clarified the work responsibilities of the department and continued to strengthen the construction of internal quality culture.

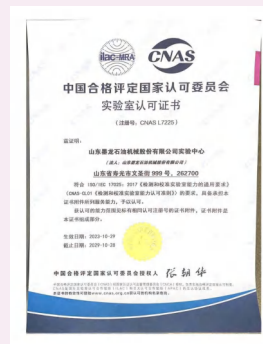
The company lays emphasis on the process quality control, takes the control forward as the quality management goal, formulates various quality reward systems under the premise of the process execution of each process and the design of quality assurance programs, encourages all employees to participate in quality supervision and improves the quality awareness of all employees to ensure that the quality objectives of the design are realized well.

The company has an independent physical and chemical laboratory with advanced and complete experimental equipment (such as tensile testing machine, impact testing machine and various hardness testers, spectrometers, metallographic microscopes and gas analyzers) and the 80-channel hydrogen sulfide corrosion laboratory. The company's physical and chemical laboratory has passed the CNAS national laboratory accreditation qualification, and the experimental data has been internationally recognized.

As for the company's products, the valve products and seamless steel pipe products pass the EU CE certification and DET NORSKE VERITAS certification. The company has obtained the Measurement Management System Certification (AAA) certificate.



► Legend: National accredited laboratory certificate with CNAS logo



► Legend: Shandong Molong's Measurement Management System AAA Certificate

## Strategy and objective

The management philosophy of the company is "arousing the fighting will of the masses, gathering the wisdom of the masses, gathering the virtue of the public and business startups by the public". To achieve the business strategy of "forging the Molong's brand, expanding the global market and achieving steady development", in terms of quality management, the company has always implemented the quality policy of "aiming at the global market, high reputation, believers being our allies and sincerity bringing out the best in each other", takes "control forward" as the quality management objective, strengthens the implementation of management measures and continuously improves the quality management system.



► Legend: Shandong Molong Quality Strategy and Shandong Molong Quality Concept



## Quality risk management

The company has established a complete set of control processes from raw materials to finished products leaving factory, with process management of quality control realized. The corresponding process management is equipped with the corresponding testing equipment. More than 30 pieces of non-destructive testing equipment (including ultrasonic flaw-detecting machine, magnetic leakage flaw detector, pipe end magnetic particle flaw detector and magnetic particle inspection machine for coupling) are configured, ensuring that the process quality can be tested effectively. The company has complete measuring instruments, the company's internal measuring room and sets up an early warning system for calibration of measuring instruments for regular verification and calibration of measuring tools, fully ensuring the use of various measuring tools under controlled conditions. The company has developed a hydraulic test technology in the production process. The water pressure test records are filled in clearly and completely. The record curve is saved effectively and can be reviewed repeatedly, further enhancing the standardization and rigor of quality management.

The management layer of the company implements management review once a year, the Quality Control Department organizes and implements the internal audit once a year and relevant functional departments carry out daily supervision and inspection of the system operation from time to time to continuously improve the suitability, adequacy and effectiveness of the management system. In addition, the inspector regularly carries out appearance inspection, dimension inspection and thread inspection, rectification of the situation noting meet the requirements required. The treatment of nonconforming products shall be subject to the Measures for the Review and Control of Nonconforming Products, and the review records of nonconforming products shall be kept; the non-conforming items found upon audit shall be controlled in line with the Control Procedure for Corrective Measures, and the quality risk and management system shall be comprehensively improved.

According to quality management regulations and standards and the regulatory agency dynamics, the company regularly carries out quality training for internal employees on an annual basis. The training contents cover the professional technical knowledge, quality management system and other aspects to ensure that employees can understand the company's quality policies, procedures and targets and comprehensively improve employees' quality management ability and awareness.

### Case

#### >> Pipe Processing Knowledge Training by the Company

During the report period, the company organized 45 people to carry out training on pipe processing knowledge. As for the training course, the basic knowledge of casing, the implementation of the 11th edition standard of API-5CT and the changes in product standards, the basic knowledge and detection of oil casing thread, the understanding of special thread of oil casing and the knowledge of oilfield field service were introduced to help employees fully understand the company's oil casing processing and testing and further consolidate professional knowledge.



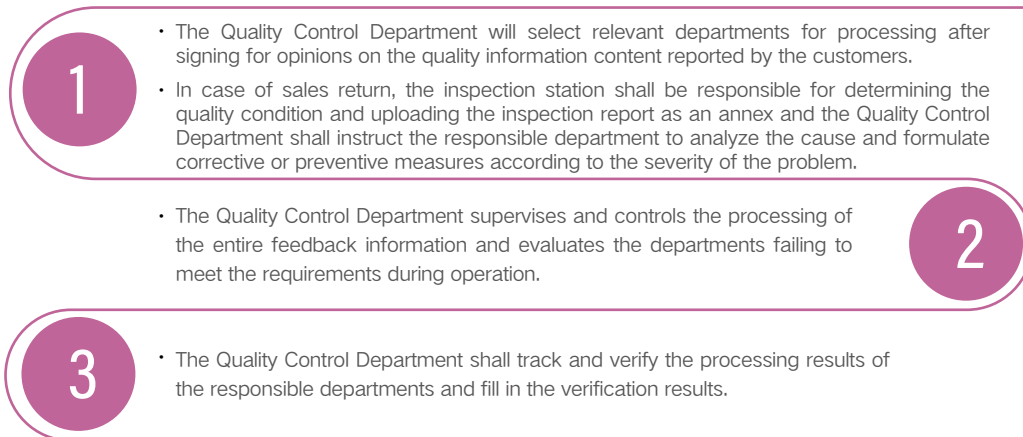
培训实施记录					
培训课题	管加工知识培训		培训地点	企业本部群星鑫鑫大厦西楼1009会议室	
培训对象	营销系统全体业务人员	培训时间	2024.2.19上午	培训人数	45人
签到表：见附件					
培训内容：1、油套管基础知识。 2、2024年12月19日开始执行API-5CT第十一版标准执行及产品标准中的变化。 3、油套管螺纹基础知识及检测。 4、油套管特殊螺纹认识。 5、油田现场服务知识。					
记录员：郭峰					
培训效果评价：充分了解我公司油管管的加工及检测，更好的对市场产品的了解及我公司产品的推广运用。					

Legend: Quality-related Special Training and Pipe Processing Knowledge Training Records

## Product recall

The company has formulated the Quality Accident Management System, Control Procedures for Nonconforming Products, Measures for the Review and Control of Nonconforming Products and other internal documents. For the recalled products with quality problems, the company has prepared a complete processing process and emergency plan. The company will identify the causes and track and improve them to ensure the stability of the company's product quality.

### In 2024, no product recall event happened to the company



► Settlement and Optimization Process of Product Quality Problem Reported by the Customer

## Customer privacy and data security

Shandong Molong lays emphasis on the protection of customer privacy and data security, continuously optimizes the information security management system, formulates the information security risk emergency plan, carries out network security training and further guarantees the company's network information security.

### Customer privacy and data security governance and strategy

The main operation links of customer privacy and data security involved in the company are bidding, price comparison, quotation approval, contract signing, etc. The customer privacy information involved is mainly the basic information of customers. The company follows the network information security management concept of "prevention first and strengthening management and control".

The company abides by the requirements of relevant laws and regulations (such as Network Security Law and Measures for the Management of Information Security Level Protection) and has formulated the internal customer privacy and data security management documents (such as Information System Management System, Network Security Protection Management System, Computer Management Regulations and Computer Room Management System) and built a network information security management system. Furthermore, the company regularly carries out network security training for employees to help employees enhance the information security awareness.

### Customer privacy and data security risk management

The company has established an integrated risk management framework to identify, assess and eliminate the information security risks through limited methods and classify them according to importance as well as formulated detailed contingency plans and measures. To standardize the company's internal data management and improve the company information management level, the company developed the Management System for Responding To Data Leakage during the report period. In case of information leakage, the company will immediately start the data recovery procedure, take conventional technical measures to recover the data, assess the chain loss caused by the leakage action and take appropriate measures.

The company's Information Department regularly conducts comprehensive risk assessment and vulnerability detection; if internal personnel are involved in the processing of sensitive data at work, they shall communicate with the Information Department and formulate a detailed data processing arrangement. Besides, the company has developed an accountability and punishment system for data security breaches.

To strengthen information security management, the company takes the measures of daily automatic backup and remote backup for ERP, OA and other system data, adopts the software of Lvdun to encrypt and process important materials, regularly conducts antivirus operations for computers as well as promptly treats computers with problems and vulnerabilities of the network security to effectively protect the privacy of suppliers, partners and customers. The company has also established the accountability system and the system of log audit to regularly supervise and check the confidentiality situation of the secret-related personnel.

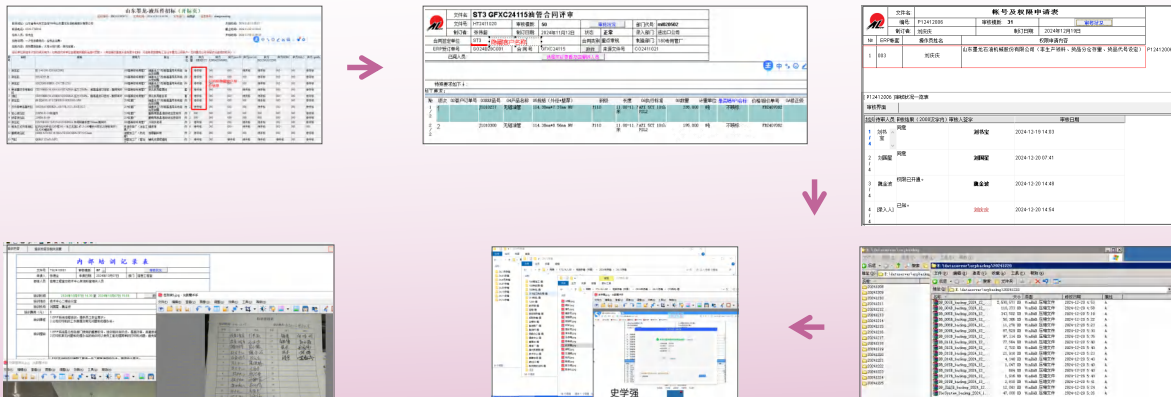
- Install ViaControl on all computers, strengthen the network behavior management and limit the use of mobile media.
- The Lvrui encryption software is installed on the computer of the Technical Department and workshop design drawings to prevent the leakage of important data.
- The regular virus removal is organized for all the company computers to prevent information leakage and loss caused by virus infection
- The Information Center shall be responsible for the data management
- The important data is backed up daily, with CD burned once every half month.

► Legend: Management Measures of the Company To Strengthen Data Security

## Case

### » Processes and Measures of the Company To Ensure the Security and Privacy of Bidding and Tendering Data

To protect the privacy and data security of the Purchasing Department in the bidding and tendering process, the company sets the automatic encryption of bid amount in the bidding and tendering process. No one can check the price before bid opening, the code is used for all quotations and contract approvals, the information rights are subject to hierarchical management and open on demand, and the data is subject to daily backup and regular virus removal.



Legend: Management Processes and Measures of the Company To Ensure the Security and Privacy of Bidding and Tendering Data

Legend: During the report period, the company conducted ERP security training once; conducted full scanning of the company computer once a month.

## Customer privacy and data security indexes and objectives

S/N	Customer privacy and data security management objectives
1	The total number of violations of customer privacy was 0
2	The regular data security training coverage rate reached 90%
3	The data security management system certification coverage rate reached 100%

► Shandong Molong Customer Privacy and Data Security Management Objectives in 2024

## Key performance

Disclosure items	Unit	2022	2023	2024
Number of information security audits	Times	1	1	1
Specific amount involved in the data security incident	RMB 10,000.00	0	0	0
Specific amount involved in the customer privacy disclosure	RMB 10,000.00	0	0	0
Data security and privacy training	Times	1	1	1
Number of people covered by data security and privacy training	Person	45	50	51

## Scientific and technological ethic

The company strictly follows the Measures for the Administration of the Identification of High-tech Enterprises. The company's business does not involve scientific research and technology development in ethically sensitive areas of science and technology (such as life science and artificial intelligence), thus the company does not need to disclose relevant content of this topic for the time being.

# Responsibility chain and strengthening market cooperation

Shandong Molong is committed to building the whole life cycle industry chain, continuously optimizes the customer service system and attaches importance to customer needs and satisfaction; improves the supplier management system, builds a green supply chain and drives the upstream and downstream industries to achieve green transformation; actively participates in industry cooperation and university-enterprise cooperation and gives full play to its own influence.

## Improving customer service

Shandong Molong knows that the good customer service is an important factor to strengthen customer trust and enhance market competitiveness. The company has always adhered to the service concept of "winning the trust of users by the high-quality product quality", formulated the perfect customer service management system and established an efficient customer service management system.

## Customer service governance and strategy

To optimize the customer service work and ensure the quality of after-sales service of the company's products, the company has formulated the customer service management systems (such as After-sales Service Management System, Production and Service Control, Customer Satisfaction Measurement Control, Well Tracking Service Management Measures and Sales Business Management System) and clarified the distribution of rights and liabilities of relevant departments. To protect the rights and interests of the company and its customers, the company will sign the Confidential Agreement, Agreement on honesty and Integrity Cooperation and Agreement of Strategic Cooperation with customers.

The company's customer service concept is "arousing the fighting will of the masses, gathering the wisdom of the masses, gathering the virtue of the public and business startups by the public; quality first, customer needs first and winning the trust of customers with high-quality products"; always implements the customer service management strategy of "forging the Molong's brand, expanding the global market and achieving steady development.

To improve the accessibility of customer services, the company has set special after-sales service agencies in different regions to ensure that marketing personnel, technical specialists, after-sales engineers, etc. can be quickly organized to arrive at the site and provide services when the demand of market services is generated, and customer service staff are assigned to track existing problems until they are solved. The company regularly conducts customer service training to improve employees' professional skills and service awareness and comprehensively improve the company's soft strength through high-quality customer services.



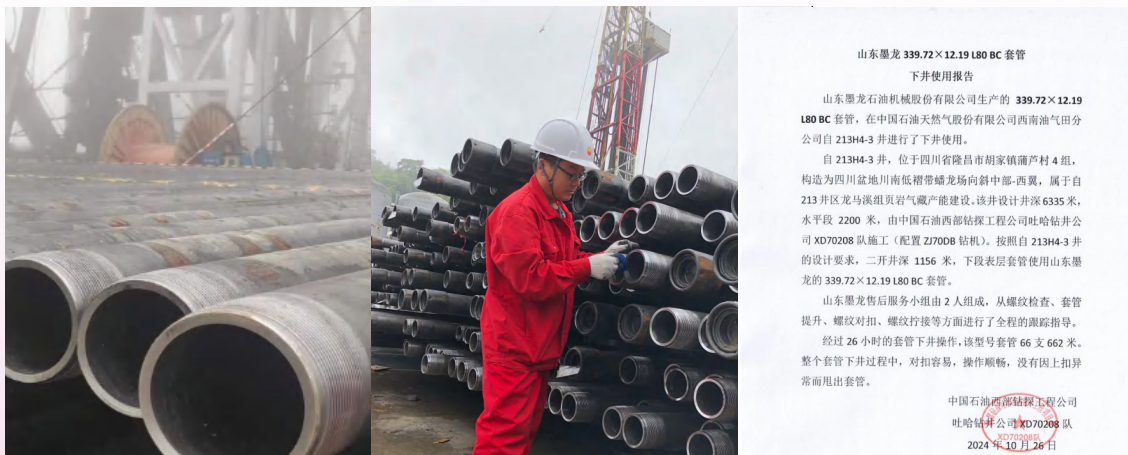


Legend: Shandong Molong After-sales Service Distribution

## Case

### >> The Company's Service Staffs Going To Petro China Southwest Oil & Gasfield Company To Coordinate the Service of Descending the Well

During the report period, the company arranged technical personnel and after-sales service personnel to track the well for 24 hours to provide technical services for Petro China Southwest Oil & Gasfield Company. The well depth of the site was about 6000 meters, and the quality of the pipe string and the operation and construction quality were high. As for the pipe string descending the well, it's required to fasten each pipe for confirmation. The company tracked 32 wells, with more than 7000 tons of casings descending the well. Petro China Southwest Oil & Gasfield Company was satisfied with the company's field service personnel.



Legend: Service of Descending the Well of Petro China Southwest Oil & Gasfield Company



Legend: CNPC Daqing Oilfield Gas Storage Construction Project Well Tracking Service Guidance



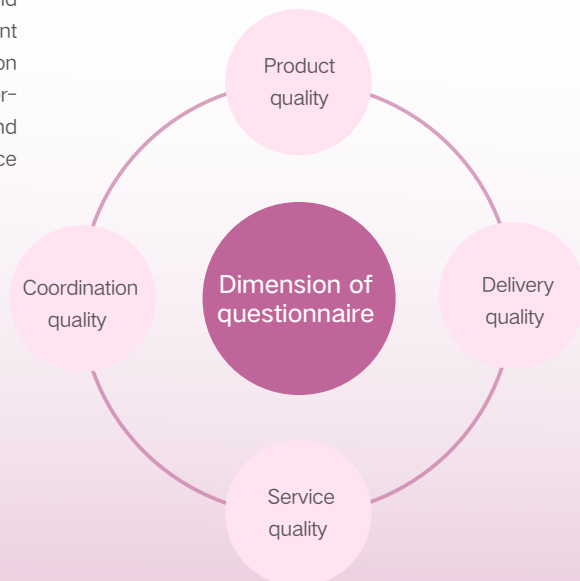
## Customer complaint

According to the After-sales Service Management System, the company classifies customer complaints into product quality complaints, transportation and packaging complaints, service quality complaints and other complaints. The company understands customer needs and optimizes the product quality through processing of customer feedback on delivered products, customer satisfaction survey, customer discussion and market share analysis.

- 1 The sales company has a specially-assigned person who is responsible for the reception and input of feedback information and the preservation of data.
- 2 Each time the feedback information is received, it's necessary to ensure that the content statement of the information is accurate and detailed, with the supply time and quantity of the products involved by such information and user's opinion on the disposal of the products indicated. The relevant data can be attached when necessary.
- 3 Timely input it to the record chart for corrective and preventive measures after understanding the information; select the quality director in the corresponding order to handle the information.
- 4 The Quality Control Department will select relevant departments for handling after signing for opinions based on the information feedback content. In case of sales return, the inspection station shall be responsible for determining the quality condition and uploading the inspection report as an annex and the Quality Control Department shall instruct the responsible department to analyze the cause and formulate corrective or preventive measures according to the severity of the problem.
- 5 The Quality Control Department supervises and controls the processing of the entire feedback information and evaluates the departments failing to meet the requirements during operation.
- 6 The Quality Control Department shall track and verify the processing results of the responsible departments and fill in the verification results.
- 7 After all feedback information is processed, the sales company will report the processing results and completion status to the customers and fill in the final conclusion.

► Legend: Customer complaint information feedback and handling process

To ensure that customer information can be timely fed back and effective processed, the company has formulated such management documents as Customer Satisfaction Control Procedure and Information Feedback Management System, collects customer feedback and understands customer satisfaction through regular questionnaire survey and irregular customer return visit, continuously optimizes customer service initiatives and further understands customer needs.



# Shandong Molong Customer Satisfaction Investigation

## 山东墨龙顾客满意度调查表

您好,感谢您填写此表!

In order to improve our work and supply you satisfying service and goods, we are sending the "Q" to you.

为了更加完善我们的工作,更好地为您提供满意的产品和服务,我们特向您赠送问卷,希望您能填写并寄回给我们,我们将根据您的宝贵意见,不断改进我们的工作,为您提供更优质的服务。

请您填写以下信息:

姓( ) 名( ) 性别( )

联系电话( )

手机号码( )

Internet address: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Zip: \_\_\_\_\_

E-mail: \_\_\_\_\_

Product name: \_\_\_\_\_

Product model: \_\_\_\_\_

Product quantity: \_\_\_\_\_

Product price: \_\_\_\_\_

Product date: \_\_\_\_\_

Product place: \_\_\_\_\_

Product time: \_\_\_\_\_

Product type: \_\_\_\_\_

Product brand: \_\_\_\_\_

Product color: \_\_\_\_\_

Product size: \_\_\_\_\_

Product weight: \_\_\_\_\_

Product material: \_\_\_\_\_

Product function: \_\_\_\_\_

Product use: \_\_\_\_\_

Product storage: \_\_\_\_\_

Product transport: \_\_\_\_\_

Product maintenance: \_\_\_\_\_

Product repair: \_\_\_\_\_

Product replacement: \_\_\_\_\_

Product return: \_\_\_\_\_

Product refund: \_\_\_\_\_

Product warranty: \_\_\_\_\_

Product guarantee: \_\_\_\_\_

Product service: \_\_\_\_\_

Product support: \_\_\_\_\_

Product help: \_\_\_\_\_

Product advice: \_\_\_\_\_

Product comment: \_\_\_\_\_

Product suggestion: \_\_\_\_\_

Product feedback: \_\_\_\_\_

Product evaluation: \_\_\_\_\_

Product rating: \_\_\_\_\_

Product score: \_\_\_\_\_

Product mark: \_\_\_\_\_

Product sign: \_\_\_\_\_

Product symbol: \_\_\_\_\_

Product icon: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo: \_\_\_\_\_

Product image: \_\_\_\_\_

Product picture: \_\_\_\_\_

Product photo

► Legend: Customer satisfaction questionnaire survey dimension

► Legend: Customer satisfaction questionnaire

## Customer service indicator

### Key performance

During the report period, the company issued 36 customer satisfaction questionnaires, and the questionnaire recovery rate was 100%; the customer satisfaction was 98.48%, exceeding the set target value; the customer satisfaction increased by 2.09% compared to last year.

Disclosure items	Unit	2022	2023	2024
Number of complaints received about products	Times	49	49	48
Number of recycled products	Piece	0	0	0
Sales amount involved by the recycled products	RMB	0	0	0
Number of product recall events	Piece	0	0	0
Amount of major safety and quality liability accident damages related to the product and service occurring during the report period	RMB	0	0	0
Business scope covered by the quality management system certification	%	100	100	100
Proportion of products sold or shipped that have to be recalled due to safety and health problems	%	0	0	0
Number of complaints received about the service	Times	0	0	0
Number of customer complaints solved	Times	49	49	48
Customer satisfaction survey results	%	97.26	96.39	98.48
Satisfaction survey results of return visit on received complaints	%	100	100	100

## Responsible marketing

The company has formulated the Sales Business Management System, specifying that the company's sales business control shall follow the principle of risk management and the principle of combining comprehensiveness and importance, namely comprehensive analysis of business order risk, timely formulation of prevention strategies, preventing business risks, complete control of sales business processes and strengthening the control of key links (such as responsibility and authority, sales policy, credit management and recovery of payment for goods).

The company strictly abides by local laws and regulations and system requirements in dealing with product trade, export, resale, etc. While providing high-quality services for customers, the company emphasizes the importance of accountable marketing behaviors, firmly protects customers' legitimate rights and interests and requires employees and the sales company to strictly follow the request guidelines when conducting sales business and providing customer services. In addition, the company carries out training and after-class assessments related to accountable marketing to strengthen the accountable marketing awareness of employees and the sales company to make them be responsible for products, the company and customers. During the report period, the company didn't receive customers' complaints caused by accountable marketing.

# Supplier management

Shandong Molong implements the concept of sustainable development, is committed to building a stable and responsible supply chain, formulates internal management documents (such as Supplier Management System), establishes and improves the supplier evaluation mechanism and access audit system, promotes the standardization and high efficiency of supplier certification, audit, rating and other management processes, guarantees the legitimate rights and interests of the supplier and the demander, continuously strengthens the supply chain risk management and actively builds sustainable supply chains.

## Supplier governance

The Supplier Management System covers the access review, evaluation and rectification of suppliers. In terms of supplier access, the company strictly selects suppliers according to the actual situation of the suppliers (including a series of quantization criteria, such as the compliance situation, price, quality, supply stability, timeliness ratio of delivery, pass rate of incoming materials, customer complaints and after-sales services), examines various qualifications provided by suppliers one by one as well as seals and files the materials submitted by suppliers who participate in the company's competitive bidding for the first time. Moreover, the company will regularly evaluate suppliers from the perspective of qualification, quality, environmental protection, social responsibility, etc. and require the suppliers to rectify the shortcomings timely after evaluation.

1

The Business Department organizes evaluation through request the update information from suppliers, conducting on-site investigations and statistical analysis, etc. every year. Evaluation indicators include the enterprises' basic condition, quality of supplied goods, timeliness of supply, transaction limit, amount of debts, fair competition, etc.

2

The company formulates the supplier evaluation form and the supplier survey form, requires suppliers to fill in and provide updated certificates related to qualifications, such as business licenses, production permits, certificates of quality and safety and environmental protection.

3

If the problems are founded, the company will ask the supplier to promptly make rectification and continuously track the rectification situation. In case of failure to reach the standard upon second evaluation, the supplier qualification will be removed, and the cooperation will be terminated.

► Legend: Shandong Molong Supplier Evaluation Process

## Supplier risk management

To further strengthen the risk control ability of suppliers, the company will carry out due diligence on suppliers, and suppliers need to sign the Commitment Letter before competitive bidding. To solve the problem of supplier corruption, the company has taken a number of risk prevention and management measures, such as advocating suppliers to report employees' extorting bribes and accepting bribes; The Business Department shall report the supplier's abnormality found timely to avoid risks; The Purchasing Department shall deal with dishonest suppliers prudently and specify and increase the audit of the Audit Department Manager in the bidding and price comparison.

## Green supply chains

At the moment of selecting suppliers, the company will consider the management effectiveness of environmental protection and social responsibility and give priority to choosing suppliers with environmental system certification certificate and green factory certification; the company encourages suppliers to actively carry out environmental protection and social responsibility management actions, promotes the upstream and downstream industries to jointly achieve green transformation and builds a green supply chain. Furthermore, the company will use new energy vehicles when delivering goods to further reduce carbon emissions.

## Sunshine purchasing

The company follows the Supplier Management System, Material Procurement Management System, Bidding Management System and other management documents, implements a strict bidding management system, ensures an open and fair bidding process, signs the Commitment Letter with the partner and signs the anti-bribery agreement with the supplier to jointly maintain the principle of cooperation without bribery. The company also regularly carries out integrity theme training for procurement personnel, maintains the industry ecology and practices sunshine purchasing.

## Key performance

Disclosure items	Unit	2022	2023	2024
Total number of suppliers	Piece	402	319	253
Percentage of signatories to the Supplier Code of Conduct	%	100%	100%	100%
Number of suppliers identified to have actual and potentially significant negative social impacts	Piece	0	0	0
Number of suppliers identified to have actual and potentially significant negative environmental influences	Piece	0	0	0
Percentage of new suppliers screened according to environmental criteria	Piece	41	26	31

## Industry collaboration

Shandong Molong actively participates in industry exchanges and university-enterprise cooperation, assumes positions in industry associations, participates in or assists in compiling industry standards, promotes knowledge sharing and helps the development of the industry.

### Industry and academic exchange

The company actively participates in industry exchanges to explore new models of industry development; in terms of university-enterprise exchanges, the company actively builds an industry-university-research cooperation system, establishes a university-enterprise cooperation platform, transforms scientific research achievements into actual productivity and injects new momentum into the development of the industry.

### Case

#### >> Shandong Molong participating in the 2024 Oil & Gas Indonesia

During the report period, the 2024 Oil & Gas Indonesia hosted by Informa Markets was held in Jakarta Convention and Exhibition Center and the responsible person of Shandong Molong went to Indonesia for participating in the exhibition.

At the exhibition, the responsible comrades of Shandong Molong's actively paid their respects to relevant leaders of Pertamina, introduced main products of the company (such as oil tube, oil casing, oil pump and sucker rod) in details and carried out systematic explanation of company's industrial layout, market expansion, etc.; had in-depth exchanges with oil equipment companies and manufacturers in the same industry on the market and drilling and production technique and got a detailed understanding of the expertise in oil-gas exploration, exploitation, production, transportation, storage, etc. Through their own publicity, they enabled more customers to further understand the company's production status and product content and better built the company's international popularity.



The company participating in the 2024 Oil & Gas Indonesia

## Case

### » Benchmarking learning and focusing on promoting--Shandong Molong taking a fast pace of "getting hold of every minute to promote development"

During the report period, the Chairman, General Manager, etc. of Shandong Molong visited Jiangsu Changbao Steel Tube Limited Co. Both parties carried out in-depth exploration of product upgrading, market expansion, enterprise management, etc. and discussed and analyzed the current domestic and foreign market situation, the next development direction of the enterprise and the current difficulties and problems at the meeting. Through pleasant communication, both parties said that the development model of the enterprise was of reference significance, the cooperation space was huge, the development prospect was broad and the further deepening of cooperation and exchanges could help the mutual benefit and win-win result of both parties.



The Company Visiting Jiangsu Changbao Steel Tube Limited Co.

## Case

### » Government-enterprise exchanges-offering policies, providing sound strategies and solving problems

During the report period, the Deputy Mayor of Shouguang City led the principal of a number of departments directly under city government to carry out special research in Shandong Molong to offer policies, provide sound strategies and solve problems for the company's development.

At the symposium, the Vice Mayor carefully listened to the report about basic situation, development advantages, global planning, development, operation and difficulties of Shandong Molong, fully affirmed the development ideas and achieved results of Shandong Molong and arranged the principal of all departments directly under city government to put forward measures to help Molong in turn. In the future, Shandong Molong will take the government's strong support as an opportunity to fully cultivate development advantages and consolidate the foundation for enterprise development.



Shouguang Government-enterprise Exchanges



## Case

## >> Industry Communication--Company Employees Going To Kazakhstan for Research

During the report period, the Shandong Molong delegation went to Kazakhstan for field research and carried out discussion and exchange with the principal of Antonoil, Kazakhstan Petroleum Equipment Company, Khorgas Special Economic Zone, Alma-Ata Tungsten Mining Industry Company, Zhonglun Law Firm, etc. to actively publicize and promote Shandong Molong's overseas strategic planning and build a platform for cooperation and exchange between both parties to promote common progress.

During the interview, the relevant local governments, enterprises and organizations introduced the national situation, economic development and preferential foreign policies of Kazakhstan in details to the Shandong Molong delegation and both parties discussed matters concerning the expansion of cooperation areas in the future. Both parties said that they could take advantage of the major opportunities of "the Belt and Road" to play the role of a bridge of The Republic of Kazakhstan, promote cooperation in a larger scope and achieve mutual empowerment.



Legend: Kazakhstan Site Research



Legend: The Secretary of the Party Committee, Chairman and General Manager of Jigang Urban Ore Visiting Shandong Molong To Guide the Work

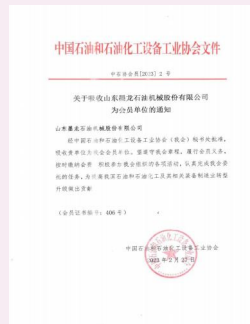


Legend: Shandong Molong Participating in the National Steel Pipe Production Technology

## Industry association



Legend: Shandong Molong being the Governing Unit of Shandong Iron and Steel Industry Association



Legend: Shandong Molong Being a Member Unit of China Petroleum & Petrochemical Equipment Industry Association



## University-enterprise cooperation

### Case

#### Shandong Molong and China University of Petroleum, Beijing held the ceremony of the signing of the hydrogen energy cooperation agreement and the unveiling of the cooperation project

During the report period, Shandong Molong and China University of Petroleum, Beijing held the ceremony of the signing of the hydrogen energy cooperation agreement and the unveiling of the cooperation project. The Chairman of Shandong Molong and the Director of Pipeline Technology and Safety Research Center of China University of Petroleum, Beijing attended the signing ceremony and unveiled the hydrogen energy equipment base and oil and gas pipeline research and development base of the cooperation project.

During the discussion and exchange, Shandong Molong made a detailed introduction about the main oil pipe, oil casing and other products as well as discussed the development situation of the national hydrogen energy equipment industry and the next company's planning in the development of hydrogen energy equipment industry. Both parties had deep exchanges on technological innovation of hydrogen pipeline and oil and gas pipeline. The Director of Pipeline Technology and Safety Research Center of China University of Petroleum, Beijing placed great hopes on the development prospects of Shandong Molong in the hydrogen energy equipment industry, was full of confidence in the cooperation between both parties and said that they would take the signing as an opportunity to further broaden the cooperation space and build an innovative cooperation platform with the two bases as the carrier.



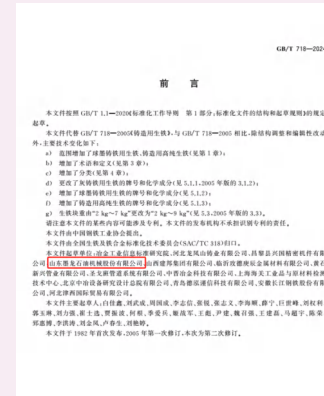
Legend: Shandong Molong and China University of Petroleum, Beijing holding the ceremony of the signing of the hydrogen energy cooperation agreement and the unveiling of the cooperation project



Legend: The company carrying out business exchanges with China University of Petroleum (East China) and building a platform for industry-university-research cooperation

## Standard compilation

Legend: In 2024, the company participated in the Revision of the Foundry Iron Standard proposed by the China Iron and Steel Association. The national standard number is GB/T 718-2024, and the centralized unit is the National Pig Iron and Ferroalloy Standardization Technical Committee.



## Putting People First and Creating a Better Future Together

The company adheres to the concept of putting people first in the management and development of employees, strictly abides by the labor law and ensures legal employment. The company provides equal promotion channel for female employees. The company motivates employees through multiple channels to fully mobilize their enthusiasm and creativity; actively carries out the democratic communication management of employees and listens to the voice of employees. The company lays emphasis on the construction of training and promotion system, with professional title and skill dual channel incentive and broad development space provided for employees. The company also provides employees with extensive welfare guarantees, organizes a number of activities to enrich the spare time life of employees and creates a harmonious and positive working atmosphere.

## Employees' rights and interests

- **Objective** In terms of talent recruitment, the company adheres to caring for people, standardizes labor employment according to law and protects the legitimate rights and interests of employees pursuant to the principles of fairness, justice, openness and equality.
- **Governance** The company's Human Resource Department is responsible for coordinating and managing the company's human resources as per various employment management systems, ensuring that the company's human resource management is legal and efficient and supporting the realization of the company's strategic objectives and the shaping of corporate culture.

### ● Strategy Employee recruitment

The company complies with the Labor Law of the People's Republic of China, the Labor Union Law of the People's Republic of China and other laws and regulations, completely eradicates child labor, implements equal pay for equal work, supports women's career development and provides equal development platform and promotion opportunities for female employees. The company establishes the labor and employment management system covering employee recruitment, education and training, salary accounting, employee reward and punishment and employee attendance. During the report period, the company revised and supplemented the internal management systems (such as Employee Turnover Management System and Fixed Salary Employee Compensation Management System) to promote the standardized management of the company.

#### Employment concept

- Putting people first, respecting talents, cultivating talents, equal stress on integrity and ability and giving full scope to the talents

#### Employment standard

- Employees with a sense of innovation and continuous enterprising spirit

#### Competitive mechanism

- Capable people will naturally be promoted to leadership positions, mediocre people should give way to more capable people and incompetent or vulgar people should be eliminated

Legend: The Company's Employment Concept, Employment Standard and Competition Mechanism



## Employee motivation

The company aims to attract talent and retain outstanding employees through the compensation system that stabilizes employee income and incentivizes more pay for more work. The company's compensation system includes basic salary and performance-related rewards, increases the compensation input for technical, administrative and front-line production personnel and improves skills and professional title subsidies. According to the revised Fixed Salary Employee Compensation Management System, the subsidies are provided to employees who have obtained relevant skill levels or job qualification certificates, with the employee stability and motivation improved.

## Employee democratic management

The company pays high attention to democratic management and regularly publishes the company's business dynamics to employees through platforms (such as bulletin board, WeChat public account and Tik Tok) to ensure that employees can keep abreast of the company's development process. Furthermore, the company sets up a number of suggestion boxes and regularly organizes the congress of workers and staff for reporting the company's management progress and reviewing and passing the company's rules and regulations. The opinions and suggestions of staff representatives are collected timely through employee representative symposium and WeChat groups, with the collaboration with all departments in the company to ensure that these suggestions are effectively implemented and addressed.

### Case

## >> The company holding a staff representative meeting in 2024



## >> A Message about Meal Card Management in the 2024 Employee Representative Management Advice Column

**2024年山东墨龙困难职工互助基金发放公示**

发布日期: 2024年1月30日

各部门:

经汇总各部门职工困难互助基金申报情况, 公司工会对困难职工申报材料进行审核, 依据公司《困难互助基金资助实施办法》, 决定对符合条件的困难职工进行帮扶救助。具体帮扶情况公示如下:

- 林林辉, 男, 45岁, 上口镇林家下口村人。2001年入厂, 铸钢厂职工。该职工团结同事, 工作积极主动, 不怕脏累, 工作深得领导肯定。母亲心脏病、高血压, 常年用药。妻子张建华2019年查出尿毒症, 失去劳动能力, 每周需透析3次, 2023年医疗费用报销后支出元。孩子外地读大专, 家庭负担很重, 开支全靠林林辉一人承担, 另外本人今年工资收入减少, 导致家庭非常困难。根据《困难互助基金资助实施办法》第二章七条规定一次性资助其家庭5000元。
- 范高国, 男, 39岁, 上口镇西景明村人。2002年入厂, 采油设备厂职工。该职工工作认真负责, 工作能力强, 表现良好。母亲糖尿病20年, 常年打胰岛素, 2022年4月查出尿毒症需常年透析, 现生活不能自理, 一年花费约3万元左右。父亲1992年右腿截肢, 丧失劳动能力。2016年确诊肺癌, 2023年11月确诊胃癌, 不能动手术, 目前只能化疗保守治疗, 21天化疗一次, 一年预计费用4万元。妻子打零工, 收入低。父母多病, 2023年有医保医疗费用报销后已支出26859.42元, 妻子收入少, 本人因企业效益不好收入严重缩水, 家庭负担很重, 经济困难。根据《困难互助基金资助实施办法》第二章六条、七条规定一次性资助其家庭8000元。
- 田云涛, 男, 40岁, 上口镇南半截河村人。2012年入厂, 219热处理职工。该职工遵章守纪, 热爱本职工作, 工作中听从领导安排, 团结同事。2023年6月, 该职工遇全委丰瑞导致骨折, 医疗费用报销后支出31875元, 后一直未上班, 期间无收入。妻子无正式工作, 收入低。两个小孩未成年需抚养, 父母年老需赡养。每月需偿还房贷。职工本人年工资收入减少, 家庭经济困难。根据《困难互助基金资助实施办法》第二章五条三款规定一次性资助其家庭5000元。

现对职工困难互助基金发放情况予以公示(各部门务必张贴), 公示期3天, 公司职工如有异议, 请与行政部联系反映情况, 联系电话5789011。公司将根据反映情况调查后进行处理。

山东墨龙工会  
2024年1月30日

【 已阅 】    【 关闭 】

逆境困八衢, 坚韧路自宽。



## Key performance

During the report period, the industry association solved more than [60] opinions and suggestions of employee representatives.

## Employee Development

- Objective** The company is committed to implementing the management concept of putting people first, takes continuous innovation and adaptation to the development of the times as the guiding principle, optimizes the existing human resource allocation and strengthens the human resource development.
- Governance** The Human Resource Department of the company is responsible for the promotion and training of employees. Employees are provided with a clear career development path through a multi-line promotion system and the development of human resources is continuously increased through a systematic training plan.
- Strategy** To give employees a broader career promotion and growth space, the company has carefully constructed a career development path covering the four fields: business, management, technology and skilled workers. Employees can rely on the mechanism of open competition to achieve the promotion of position; or move toward the management level step by step from the grass-roots staff to fully explore and develop personal potential.



► Legend: Employee career development channel

The company has always laid emphasis on the training of employees, established a long-term and short-term training systems and staff training management systems and built the staff team into a learning organization. The company improves the staff business level and expands the potential of employees through assignment abroad, on-the-job learning, short-term training, inviting experts and industry veterans for special lecture and other means. The company also pays attention to updating the knowledge structure of existing personnel, and the staff training rate reaches 100%.

**Professional title rating development line** Actively encourage employees with good comprehensive ability to participate in the professional title evaluation and continuously improve the professional title in line with the promotion route of technician, assistant engineer, engineer, senior engineer (deputy senior engineer), senior engineer (professor level senior engineer) to enjoy the relevant treatment by the company.

**Occupational skill development line** Encourage experienced employees to participate in vocational skill evaluation activities approved by the Ministry of Human Resources and Social Security. Since 2021, the company has started to carry out independent evaluation of skill levels, and its effectiveness is approved by the Ministry of Human Resources and Social Security. The employees participating in the vocational skill evaluation continuously improve their skill level pursuant to the promotion route of apprentices, junior workers, intermediate workers, senior workers, technicians, senior technicians, master technicians and chief technicians, and the company implements the treatment corresponding to their level.

► Legend: Company employee title or skill development line

## Employee training data

Disclosure items		Unit	2024
By gender	Number of male employees trained	Person	953
	Number of female employees trained	Person	386
By type of employee	Number of grass-roots employees trained	Person	1,285
	Number of middle management staff trained	Person	47
	Number of senior management staff trained	Person	7
Total time of employees trained		Hour	480
By type of employee	Total number of hours of training for grass-roots employees	Hour	120
	Total hours of training for middle management staff	Hour	72
	Total hours of training for senior management staff	Hour	48

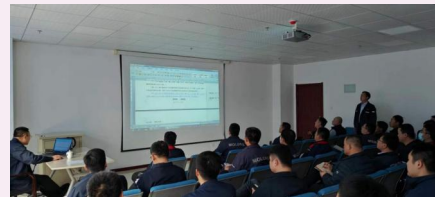


To improve the overall quality and job operation skills of employees and stimulate the enthusiasm and creativity of all employees, the Human Resource Department formulates the annual training plan of the company according to the training needs of each department of the company which is divided into two forms: company training and department training.

The company's training is universal to all staff, with the content being biased towards system construction and mainly divided into quality management, environmental safety, product process and other categories.

The department training is biased towards professional skills, focuses on improving the professional knowledge of employees and involves knowledge of non-destructive testing, appearance quality inspection, management of measuring instruments, mechanical field testing, safety management knowledge, various operation documents of three-drawer products, tube rolling process, oil casing thread processing, company product knowledge, etc. in light of strategic objectives and development needs.

The completion rate of the training plan in 2024 was 100%.



安全生产标准化验收报告

## Staff Welfare

The company provides diversified employee benefits, provides diversified benefits and care for employees and continues to establish and improve the employee welfare system. The company hammers at building a comprehensive and thoughtful employee welfare system, covering five insurances and housing provident fund, living and seniority allowances, professional title and skill rewards, recognition of advanced workers and other multi-dimensional incentive measures. The company implements a flexible leave system, pays attention to occupational health and provides regular physical examinations and work necessities. Holiday benefits are various and abundant, and the special care for seeking cool in summer is set to benefit employees' families. In addition, the company equips perfect living and entertainment facilities, organizes a variety of recreational and sports activities, creates a harmonious working atmosphere, shows loving care for female employees, retired employees and employees with difficulties and enhances the cohesion and centripetal force of the company.

- ① Paying five social insurances and housing provident fund upon entry;
- ② Living allowance: RMB **200**/month after working for half a year;
- ③ Seniority allowance: Adding RMB **40** for each full year of employment;
- ④ Professional title subsidy: assistant engineer: RMB **300**/month, engineer: RMB **1000**/month and senior engineer: RMB **2000**/month;
- ⑤ Skill allowance: Senior worker: RMB **100**/month, technician: RMB **200**/month and senior technician: RMB **500**/month;
- ⑥ Advanced employee awards: RMB **200**/month;
- ⑦ The two-day weekend is adopted for office staff of the company's departments; Production line employees have **4** days off per month, with taking working days off allowed;
- ⑧ Free occupational health exam once a year; The free physical examination is organized for company middle and senior staff and staff working in the company for more than 10 years;
- ⑨ **2**sets of work clothes per year and labor insurance supplies issued regularly every month;
- ⑩ Shopping cards or equivalent material objects are issued on festivals, such as the Mid-Autumn Festival and the Spring Festival.
- ⑪ In summer, the beverage, ice cream, tea, pickles and other summer-cooling benefits are distributed to front-line workers, and birthday cakes are distributed to parents of middle-level staff.
- ⑫ The company has a collective restaurant, dormitory, library, gym, billiard parlor, table tennis room and other recreational facilities, equips central air conditioning and organizes basketball games, table tennis games and other recreational and sports activities from time to time;

## Case

### >> Women's Care

The "International Working Women's Day" benefits are distributed to female staff in March 2024



"International Working Women's Day" benefits-toilet paper distribution

## Case

### >> Happy farewell upon retirement

Organizing an Honorary Retirement Ceremony for Retired Employees and Distributing Retirement Souvenirs



Farewell Banquet for Retired Employees



Honorary Retirement Ceremony for Retired Employees

# Promoting Public Welfare and Devoting Ourselves to Charity

Shandong Molong actively fulfills its social responsibilities and shows its profound sense of social responsibility and public spirit through anti-fraud propaganda, volunteer service, voluntary blood donation and other activities, making positive contributions to social development and well-being of the people.

## 案例

### >> Carrying out anti-fraud propaganda and volunteer services to help build a national anti-fraud defense line

Shandong Molong actively responds to the national call for anti-telecom network fraud and carried out anti-network and telecommunication fraud training and publicity in various factory areas on 21 February 2025, and about 300 employees participated in the on-site training. According to the notice of Shouguang City Public Security Bureau, a lot of fraud incidents have occurred recently, so the enterprise is required to actively carry out staff anti-network and telecom fraud training and publicity, remind employees to do a good job in prevention and guard the staff's fund sources. The company invites professionals to analyze common fraud methods, teach prevention skills and share typical cases to help employees accurately identify fraud and anti-fraud defense lines, strengthen employees' anti-fraud awareness, create a good social anti-fraud atmosphere and demonstrate corporate social responsibility.

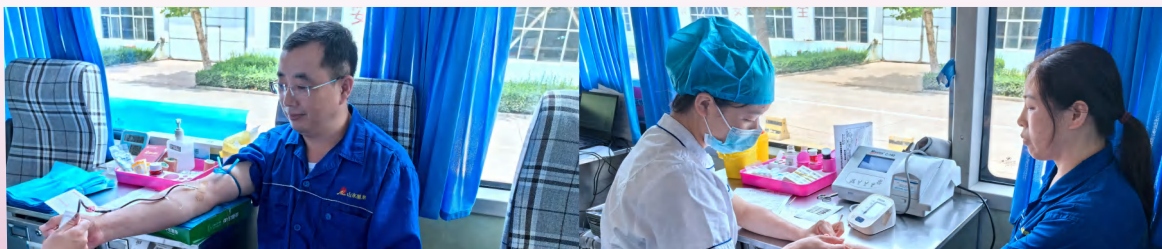


Carrying Out Staff Anti-network and Telecom Fraud Training Publicity and Volunteer Services

## 案例

### >> Organizing To Carry Out Collective Voluntary Blood Donation Activities of Shandong Molong Employees

Consolidate love by warm blood and interpret the responsibility by dedication. Shandong Molong actively contacted Weifang Blood Center to carry out unpaid blood donation activities, guided the majority of cadres and workers to carry forward the volunteer spirit of "dedication, friendly affection, mutual assistance and progress" and contributed the "Molong" power to relieve blood tension for medical use in Weifang. At the blood donation scene, the workers rolled up their sleeves to donate blood and interpreted the great love spirit of "all for one and one for all" with practical actions, fully demonstrating the spirit of selfless dedication and making earnest efforts to promote public good of Molong staff.



Voluntary Blood Donation Activity



## Case

## Helping employees in difficulties

Shandong Molong always regards employees as the most precious wealth in the process of enterprise development. In the face of staff having difficulties in life, the enterprise actively practices humanistic care and quickly starts the assistance action to give them help.



Visiting Workers in Need

**2024年山东墨龙困难职工互助基金发放公示**

发布日期: 2024年1月30日 审核: 人力资源部

各部门:

经汇总各部门困难职工互助基金申请情况, 公司工会对困难职工申报材料进行核实后, 依据公司《困难职工互助基金实施办法》, 决定对符合条件的困难职工进行帮扶救助, 具体帮扶情况公示如下:

- 林秋祥, 男, 45岁, 上口镇林下口村人。2001年入厂, 铸钢厂职工。该职工团结同事, 工作积极主动, 不怕脏累, 工作深得领导肯定, 母亲心脏病、高血压, 常年用药。妻子张建花2019年查出尿毒症, 失去劳动能力, 每周透析3次, 2023年医疗费报销后支出20529元, 孩子外地读大学, 家庭负担很重, 开支全靠林秋祥1人承担, 另外本人今年未工资收入减少, 导致家庭非常困难, 根据《困难职工互助基金实施办法》第二章七条规定一次性补助其家庭困难件元整(5000元)。
- 尤建国, 男, 59岁, 上口镇西景村人。2002年入厂, 采油厂职工。该职工工作认真负责, 工作能力强, 表现良好。母亲糖尿病20年, 常年打胰岛素, 2022年4月查出尿毒症常年透析, 费生活不能自理, 一条花费约20万左右。父亲1992年在韩航航, 丧失劳动能力, 2016年确诊肺癌, 2023年11月确诊胃癌, 不能动手, 目前只能化疗保守治疗, 23天化疗一次, 一年预计费用6万元。妻子打零工, 收入低。父母多病, 2023年有医保医疗费报销后已支出29695.42元, 妻子收入少, 本人因企业效益不好收入严重缩水, 家庭负担很重, 经济非常困难, 根据《困难职工互助基金实施办法》第二章六条、七条规定一次性补助其家庭困难件元整(8000元)。
- 田云涛, 男, 40岁, 上口镇南半截河村人。2012年入厂, 2319热处理职工。该职工遵章守纪, 热爱本职工作, 工作中服从领导安排, 团结同事。2023年9月, 该职工通金贵车辆导致骨折, 医疗费报销后支出31872元, 后一直未上班, 期间无收入。妻子无正式工作, 打零工收入低, 两个小孩未成年需抚养, 父母年迈需赡养, 每月需偿还房贷, 职工本人车辆导致收入减少, 家庭经济困难, 根据《困难职工互助基金实施办法》第二章五章三款规定一次性补助其家庭困难件元整(7000元)。

现对困难职工互助基金发放情况予以公示(各部门所必参照), 公示期3天, 公司职工如有异议, 请与行政部联系反映情况, 联系电话5789011。公司将根据反映情况调查后进行处理。

山东墨龙工会  
2024年1月30日

【已阅】 【关闭】

**逆境困八衢, 坚韧路自宽。**

Publicity of Employees in Difficulty



## Key performance

In February 2024, 3 needy workers were visited and provided with RMB 20,000.00 of relief allowance for workers in need.

# Breaking New Ground

---

## Leading the Future and





# Shandong Molong 2025 ESG Agreement

The first rays of the morning fell on the vast factory area of Shandong Molong. We heard the footstep of time and felt the call of the age. The year 2025 is a new starting point and a critical year for Shandong Molong to achieve excellence in the ESG journey.

## Paint a green environmental poem

In the grand poem of the environment, Molong is like a green emissary with ambitions and lights up the bright hope of sustainable development based on the clean energy as a nimble musical note; guards the sapphire blue sky based on the energy conservation and emission reduction as the powerful strokes; carries out affectionate interpretation of the mission of the enterprise based on the green production as the deep theme. We actively participate in the trend of the times of energy transition, chase the green dream shining like stars, firmly practice the concept of conservation and make every resource full of maximum value. At the forefront of ecological protection, we stick to our original intention and guard the vitality of every inch of land, the purity of every breath of fresh air and the clarity of every drop of clear water like loyal guards. Shandong Molong pours out the deepest love and care to the earth home with practical actions.

## Spread the picture of warm society

On the colorful picture scroll of the society, Shandong Molong takes the care as delicate strokes, warms the heart of every employee and helps them sow the seeds of hope on the road of growth; closely connects every customer based on the good faith as a strong bond and reaps the satisfaction from their trust; actively gives back to every community based on the responsibility as the heavy background so that the warmth of public benefit is transmitted to every corner like the spring breeze. The temperature of the enterprise is not only reflected in the excellent product quality, but also deeply integrated into the affectionate feedback to the society. We know that the development of enterprises cannot be separated from the support of the society and the symbiosis and common prosperity of enterprises and society can be achieved by feeding back to society with sincerity and dedication.

## Draw a blueprint for scientific governance

In the grand blueprint of governance, Molong takes specifications as the solid footstone to build a solid foundation for enterprise development; wins the broad trust of investors, partners and all sectors of society based on transparency as a shining business card; leads enterprises to the broad world of the future based on the innovation as a strong engine. We continue to improve the institutional system and improve the enterprise operation efficiency; actively promote information disclosure, demonstrate corporate responsibility and make every decision tested in the sun; insist on the scientific decision-making, accurately grasp the development direction and ensure that every step of the enterprise firmly moves towards a sustainable future.

The year 2025 is a year for Shandong Molong working hard and overcoming difficulties and a year of pursuing dreams full of hope. On the road of ESG development, we take responsibility as a huge pen as thick as a roof beam and innovation as a gorgeous grisaille painting and diligently write the chapter of our times. Let us join hands, gather the great strength with firm belief, make brilliant achievements with unremitting struggle and march towards a better future!

# Appendixes

## Key performance statement

Economic performance		
Disclosure indicators	Unit	2024
Total assets	RMB	2,420,182,877.14
Net assets	RMB	492,269,498.07
Operating income	RMB	1,356,346,670.03
Net profit attributable to shareholders of the listed company	RMB	-43,699,833.39
Basic earnings per share	RMB	-0.05
Net cash flow from operating activities	RMB	43,872,797.18

Corporate governance performance			
Disclosure indicators		Unit	2024
Corporate governance	Organize the general meeting of shareholders	next	6
	Organize and hold board meetings	next	14
	Organize and hold board meetings	next	9
	Organize and hold meetings of the nomination committee	next	5
	Organize the meeting of the strategy committee	next	4
	Organize the meeting of salary and evaluation committee	next	1
	Organize meetings of the board of supervisors	next	5
Struggle against corruption	Number of corruption cases initiated and concluded by regulators against issuers or their employees	piece	0
	Number of anti-corruption reports	next	0
	The total number of hours staff received anti-corruption training	Hour	4
	Percentage of staff receiving anti-corruption training	%	10
	Number of employees violating the anti-bribery and anti-corruption system	Person	0
	Percentage of management receiving anti-corruption training	%	100
	Number of managers violating the anti-bribery and anti-corruption system	Person	0
	Percentage of directors receiving anti-corruption training	%	100

Environmental performance					
Disclosure indicators		Unit	2022	2023	2024
Waste discharge	Total amount of solid waste	Tons	164,566.21	18,261.52	21,431.76
	Non-hazardous solid waste	Tons	164,554.11	18,201.77	21,420.47
	Hazardous solid waste				
	Total hazardous solid waste	Tons	12.10	14.75	11.29
Water pollutant discharge	Total amount of industrial wastewater	cubic meter	0.00	0.00	0.00
	Total domestic wastewater	cubic meter	4,804.40	18,826.40	7,217.20
	Chemical Oxygen Demand (COD)	Mg/l	31.00	30.00	26.00
	Biological Oxygen Demand (BOD)	Mg/l	9.70	9.70	9.70
	Ammonia nitrogen (NH <sub>3</sub> -N)	Mg/l	3.24	3.01	1.88
	Total Nitrogen (TN)	Mg/l	15.20	16.80	15.30
	Total phosphorus (TP)	Mg/l	1.86	1.27	1.23
Gaseous pollutant discharge	Total waste gas	cubic meter	5,410,982,900.00	1,203,521,500.00	1,248,901,104.00
	Particulate matter	kg	16,920.00	2,320.00	2,040.00
	Sulfur oxides	kg	16,540.00	680.00	2,591.00
	Nitrogen oxides	kg	23,500.00	12,490.00	23,819.00
	Volatile organic compounds	kg	760.00	620.00	377.00
	Hydrogen chloride	kg	520.00	409.88	453.98
Water resource utilization	Amount of water resources recycling	Tons	79,460.10	25,075.00	18,931.00
	Municipal water purchase	Tons	21,914.00	24,474.00	12,353.00
	Groundwater usage	Tons	66,375.00	8,179.00	14,019.20
Energy consumption	Overall energy consumption	Tons of standard coal	32,347.54	22,109.77	30,969.81
	Diesel	Tons	/	35.20	25.79
	Natural gas	Million cubic meters	2,153.31	1,417.48	2,002.22
	Liquefied Petroleum Gas	Tons	/	141.95	97.48
	Power	Ten thousand kilowatt hours	7,151.62	5,153.62	7,135.84
Environmental protection input	Company environmental investment	Wan Yuan	/	/	429.25
Environmental compliance	Environmental compliance management input	Wan Yuan	/	/	174.79
	Due to environmental incidents, the ecological environment and other relevant departments made major administrative penalties	Wan Yuan	/	/	0.00
Environmental training	Total number of employees receiving environmental training	Person	/	/	624.00
	Total duration of environmental training for employees	Hour	/	/	800.00
	The average length of employee environmental training	Hour	/	/	53.18

Note: The main sources of Scope 1 greenhouse gas emissions generated by the Group include the consumption of natural resources and energy sources such as diesel, gasoline, natural gas, liquefied petroleum gas, acetylene and propane during operations; The main sources of Scope 2 greenhouse gas emissions generated by the Group include outsourced electricity and outsourced heat; Due to the large number of projects involved in the Group's industrial chain, the Group has not yet carried out greenhouse gas emission performance statistics in Scope 3, and will gradually improve the relevant work in the future.

social performance					
Disclosure indicators		Unit	2022	2023	2024
Data security and customer privacy	Number of information security audits	Next	1	1	1
	Specific amount involved in the data security incident	Wan Yuan	0	0	0
	The specific amount of money involved in the breach of customer privacy	Wan Yuan	0	0	0
	Training on data security and privacy	Next	1	1	1
	Number of people covered by data security and privacy training	Person	45	50	51
Innovative R & D	R&D investment	Yuan	64,035,709	50,716,242	466,875,21
	Proportion of R&D investment to main business income	%	3.86	4.32	3.69
	Number of R&D staff	Person	195	192	162
	Proportion of R&D personnel	%	11.7	11.8	11.8
	Total number of patents	Piece	196	196	43
	Number of new patent applications	Piece	5	7	8
	Number of new patents granted	Piece	21	5	5
	The number of invention patents applied to the main business	Entries	35	36	10
	Number of applications for invention patents during the reporting period	Entries	0	2	1
	Number of invention patents granted during the reporting period	Entries	6	1	1
	Number of valid marks	Piece	17	17	17
Occupational Health	Number of employees in occupational disease risk posts	Person	/	/	1,068
	Number of employees participating in physical examination for occupational disease	Person	/	/	1,068
	Occupational Disease morbidity Number of Employees	Person	/	/	1
	Number of people participating in the physical examination in the company	Person	/	/	1,223
	Proportion of participants in physical examination	Person	/	/	91.30%
Safety production	Safety production input	Yuan	11,066,855	8,217,698.23	7,063,751.59
	Investment amount of employee's work-related injury insurance	Wan Yuan	130	159	44
	Number of accidents in production safety	Rise	32	14	8
	Coverage rate of employees' work-related injury insurance	%	100	100	100
	Number of industrial accidents	Rise	32	14	8
	Injured personnel	Person	33	14	8
	The number of working days lost due to injury	Day	655.5	562	479.5
	Number of work-related fatalities	Rise	0	0	0
	Number of work-related fatalities	Person	0	0	0
	Number of employees trained in safety	Person	2,501	1,941	1,339
	Total hours of safety training attended by employees	Hour	87,773	38,804	49,685
	Contractor: Number of injuries	Person	0	0	0
	Contractors: Number of work-related fatalities	Person	0	0	0

social performance						
Disclosure items			Unit	2022	2023	2024
Employee career development	Total number of employees trained		Person	/	/	1,339
	By gender	Number of male employees trained	Person	/	/	953
		Number of female employees trained	Person	/	/	386
	By type of employ	Number of grass-roots employees trained	Person	/	/	1,285
		Number of middle management staff trained	Person	/	/	47
		Number of senior management staff trained	Person	/	/	7
	Total time of employees trained		Hour	/	/	480
	By type of employ	Total number of hours of training for grass-roots employees	Hour	/	/	120
		Total hours of training for middle management staff	Hour	/	/	72
		Total hours of training for senior management staff	Hour	/	/	48
Total number of employees subject to performance assessment or career development evaluation		Person	/	/	1,339	
Employee employment data	Total number of employees		Person	2,501	1,941	1,339
	By gender	Male	Person	1,894	1,439	953
		Female	Person	607	502	386
	By age	50Years old or older	Person	353	350	250
		30To the age of 50	Person	1,815	1,382	963
		30Under the age of	Person	333	209	126
	By educational background	Dr.	Person	1	1	0
		Master	Person	33	27	24
		Undergraduate course	Person	164	153	120
		Junior college	Person	510	407	270
		Junior college or below	Person	1,793	1,353	925
	By employee category	Dr.	Person	1	1	0
		Master	Person	33	27	24
		Undergraduate course	Person	164	153	120
		Junior college	Person	510	407	270
		Junior college or below	Person	1,793	1,353	925
		Total number of grass-roots employees	Person	2,378	1,827	1,285
		Total number of employees at middle management level	Person	112	107	47
		Number of female employees at middle management level	Person	10	9	4
		Total number of senior management employees	Person	11	7	7
		Number of female employees at senior management level	Person	0	0	1



social performance						
Disclosure indicators			Unit	2022	2023	2024
Employee employment data	By Employee Professional Composition Category	Production Personnel	Person	2,170	1,664	1,068
		Technicians	Person	34	27	19
		Salesman	Person	63	62	48
		Financial Personnel	Person	31	27	22
		Management Personnel	Person	203	161	182
	Number of persons with disabilities		Person	38	35	25
	Number of demobilized soldiers		Person	65	52	25
	Number of new employees		Person	295	91	33
	Local employment		Person	2,263	1,824	1,332
	Number of employees in need of help		Person	6	6	3
Supply chain management	Total number of suppliers		Home	402	319	253
	By region	Supplier in Mainland China	Home	402	319	253
		Hong Kong, Macao, Taiwan and overseas suppliers	Home	0	0	0
	Percentage of supplier code of conduct signed		%	100%	100%	100%
	Number of suppliers identified as having actual and potential significant negative social impacts		Home	0	0	0
	Number of suppliers identified as having actual and potential significant adverse environmental impacts		Home	0	0	0
	Percentage of new suppliers screened using environmental criteria		Home	41	26	31
Customer management	Number of complaints received about the product		next	49	49	48
	Number of product recalls		piece	0	0	0
	Safety related to products and services occurred during the reporting period Amount involved in the damage caused by major quality accident		yuan	0	0	0
	Business scope covered by quality management system certification		%	100	100	100
	Percentage of products sold or shipped that have to be recalled due to safety and health issues		%	0	0	0
	Number of complaints received about the service		next	0	0	0
	Number of customer complaints resolved		next	49	49	48
	Customer satisfaction survey results		%	97.26	96.39	98.48
	Satisfaction survey results of return visit on receiving complaints		%	100	100	100

# Indicator Index

## Self-regulatory Guideline No. 17 for Listed Companies--Sustainability Report (Trial) of Shenzhen Stock Exchange

Dimension	S/N	Topic	Corresponding clauses	Corresponding chapters
Environment	1	Addressing the climate change	Articles 21 to 28	3.2 Addressing the climate change
	2	Pollutant emission	Article 30	3.5 Emission and waste
	3	Waste disposal	Article 31	3.5 Emission and waste
	4	Ecosystem and biodiversity conservation	Article 32	/
	5	Environmental compliance management	Article 33	3.1 Strengthening the environmental compliance
	6	Energy utilization	Article 35	3.3 Energy management
	7	Use of water resources	Article 36	3.4 Resource utilization
	8	Circular economy	Article 37	/
Society	9	Rural revitalization	Article 39	/
	10	Social contribution	Article 40	4.5 Promoting public welfare and devoting ourselves to charity
	11	Innovation drive	Article 42	4.2 Scientific and technological innovation and pursuit of excellent quality
	12	Scientific and technological ethic	Article 43	4.2 Scientific and technological innovation and pursuit of excellent quality
	13	Supply chain security	Article 45	4.3 Responsibility chain and strengthening market cooperation
	14	Equal treatment of small and medium-sized enterprises	Article 46	2.1 Corporate governance
	15	Product and service safety and quality	Article 47	4.2 Scientific and technological innovation and pursuit of excellent quality
	16	Data security and customer privacy protection	Article 48	4.2 Scientific and technological innovation and pursuit of excellent quality
	17	Employees	Article 50	4.4 Putting people first and creating a better future together
Governance related to sustainable development	18	Due diligence	Article 52	2.2 ESG governance
	19	Stakeholder communication	Article 54	2.2 ESG governance
	20	Anti-commercial bribery and anti-corruption	Article 55	2.4 Business ethics
	21	Anti-illegitimate competition	Article 56	2.4 Business ethics

# Feedback

Dear readers,

Hello!

Thank you very much for taking time out of your busy schedule to read the 2024 Environmental, Social and Governance Report of Shandong Molong. To provide you and other stakeholders with more valuable information and effectively promote the company to improve the ability and level of environmental, social and corporate governance, we sincerely look forward to your opinions and suggestions.

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

1 · Your overall assessment of the report is:

☐ Very good      ☐ Good      ☐ General      ☐ Relatively poor      ☐ Poor

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

☐ Very good      ☐ Good      ☐ General      ☐ Relatively poor      ☐ Poor

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

☐ Very good      ☐ Good      ☐ General      ☐ Relatively poor      ☐ Poor

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

☐ Very good      ☐ Good      ☐ General      ☐ Relatively poor      ☐ Poor

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

☐ Very good      ☐ Good      ☐ General      ☐ Relatively poor      ☐ Poor

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

☐ Very good      ☐ Good      ☐ General      ☐ Relatively poor      ☐ Poor

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

☐ Very good      ☐ Good      ☐ General      ☐ Relatively poor      ☐ Poor

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

☐ Very good      ☐ Good      ☐ General      ☐ Relatively poor      ☐ Poor

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

☐ Yes      ☐ No

10 · Open-ended questions

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