山東墨龍石油機械股份有限公司

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 568)

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ABOUT THIS REPORT

[illegible] C [illegible] (C [illegible], [illegible]) [illegible] ([illegible]) [illegible] , [illegible] ([illegible] E [illegible]), [illegible] [illegible] 31 D 2021, [illegible] , [illegible] .

Basis of preparation

[illegible] E [illegible] , [illegible] ([illegible]) A [illegible] 27 [illegible] E [illegible] (E [illegible]) ([illegible]) [illegible] . [illegible] C [illegible] E [illegible] [illegible] . F [illegible] , [illegible] C [illegible] ([illegible]) 2021 A [illegible] C [illegible] .

Reporting period and scope

[illegible] 1 [illegible] 2021 31 D 2021 ([illegible]). [illegible] C [illegible] . [illegible] :

– [illegible] C [illegible]

– [illegible] B [illegible] E [illegible] C ., [illegible] . ([illegible] B [illegible])

– [illegible] D [illegible] C ., [illegible] . ([illegible])

– [illegible] B [illegible] C ., [illegible] . ([illegible] B [illegible])

Reporting language

[illegible] C [illegible] E [illegible]
[illegible] C [illegible] ([illegible])
E [illegible] ([illegible]).

Valuable feedback

[illegible] ,
[illegible] ,
[illegible] .
[illegible] :

[illegible] C [illegible]
A [illegible] : [illegible] . 999 [illegible] , [illegible] C [illegible] ,
[illegible] : 262700
[illegible] : 0536-5100890
E [illegible] : @ [illegible] .

CHAIRMAN'S STATEMENT

[illegible] 2021 [illegible] 100 [illegible] C [illegible] C [illegible] 14 F [illegible] . A [illegible] , [illegible] . [illegible] , C [illegible] , [illegible] . [illegible] , C [illegible] - [illegible] , [illegible] - , [illegible] , [illegible] , [illegible] , [illegible] , [illegible] , [illegible] . [illegible] C [illegible] , [illegible] - [illegible] .

A [illegible] , C [illegible] . [illegible] C [illegible] . [illegible] C [illegible] . A [illegible] E [illegible] C [illegible] . [illegible] C [illegible] A , E , [illegible] , C A , ED [illegible] , [illegible] C A [illegible] , [illegible] - [illegible] D [illegible] C [illegible] . [illegible] , [illegible] . [illegible] C [illegible] . A [illegible] C [illegible] , [illegible] . [illegible] C [illegible] C [illegible] . A [illegible] , C [illegible] - , [illegible] , [illegible] - [illegible] . [illegible] C [illegible] , [illegible] C [illegible] . [illegible] C [illegible] , [illegible] , [illegible] . [illegible] , C [illegible] .

[illegible]

[illegible] 2021, [illegible] B64,000 [illegible] (村村通) [illegible] 100 [illegible]

[illegible] 2021, [illegible]

Chairman: Yang Yun Long

Shandong Molong
Petroleum Machinery Company Limited

I. ABOUT SHANDONG MOLONG

1.1 DEVELOPMENT HISTORY

– 1986, C [illegible] .

– 1987, C [illegible] .

– 1994, C [illegible] .

– 2001, [illegible] C [illegible] .

– [illegible] 15 A 2004, [illegible] - [illegible] E [illegible] (E) E , [illegible] .

– [illegible] 7 F [illegible] 2007, [illegible] - E [illegible] B , 134 - [illegible] E [illegible] .

– [illegible] 21 [illegible] 2010, [illegible] A- [illegible] E , [illegible] - [illegible] E A+ - [illegible] (A- : 002490; - : 00568).

– 2012, [illegible] .

– 2013, [illegible] . [illegible] D [illegible] C ., [illegible] .

– 2014, - [illegible] C A [illegible] C [illegible] A (C A), C [illegible] [illegible] C A .

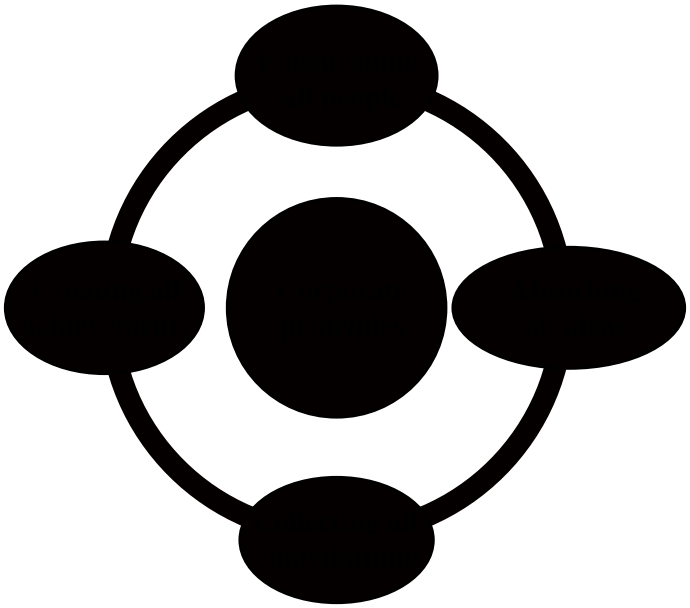
– [illegible] 2018, [illegible] C A .

– [illegible] 2020, [illegible] E [illegible], [illegible] C [illegible], [illegible] D [illegible] A [illegible], [illegible] C [illegible] - A [illegible] A [illegible] B [illegible] C [illegible].

– [illegible] 2021, [illegible] C [illegible] C [illegible]., [illegible] (壽光墨龍控股有限公司), [illegible] - [illegible] D [illegible] (山東壽光金鑫投資發展控股集團有限公司), [illegible] C [illegible] - A [illegible] A [illegible] B [illegible] C [illegible] (壽光市國有資產監督管理局).

– [illegible] 19 [illegible] 2021, [illegible] C [illegible] E [illegible] ([illegible]) [illegible].

1.2 BUSINESS PHILOSOPHY



Business Philosophy

[illegible] C [illegible] 9001 [illegible], [illegible] 14001 [illegible] A 18001 [illegible], [illegible] D [illegible], [illegible] -[illegible], [illegible].

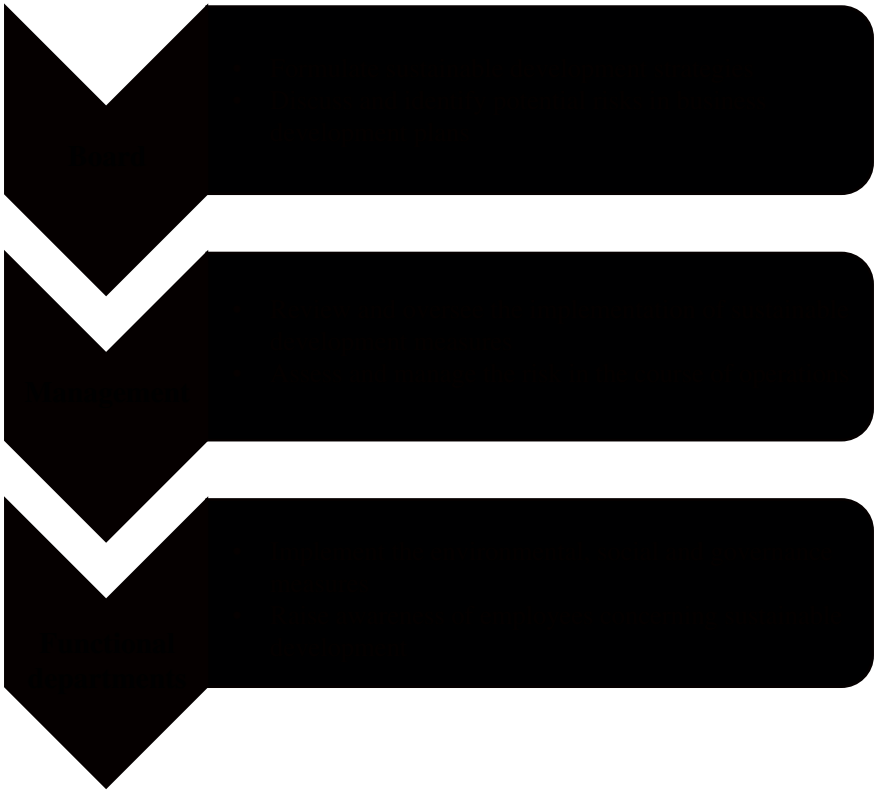
[illegible]

[illegible] D [illegible] C [illegible] 100 E [illegible] 100 E [illegible] C [illegible] - E [illegible] C [illegible] - E [illegible] C [illegible] C [illegible] B [illegible] A C [illegible] E [illegible] AAA C E [illegible] A [illegible] B C [illegible] E [illegible] C [illegible].

[illegible]

ESG governance structure

E (E ,) 2019. , B D , , C ' E , E B . E E C .



Shandong Molong's ESG governance structure

Communication with stakeholders

, , , , , , , , C ' , C .

Table: Communication channels between Shangdong Molong and stakeholders

/	E	E
/	E C C	/
F	C	
		T C
G	C	

Materiality analysis

D[illegible] , [illegible] , [illegible] E [illegible] : [illegible] C [illegible] , [illegible] .

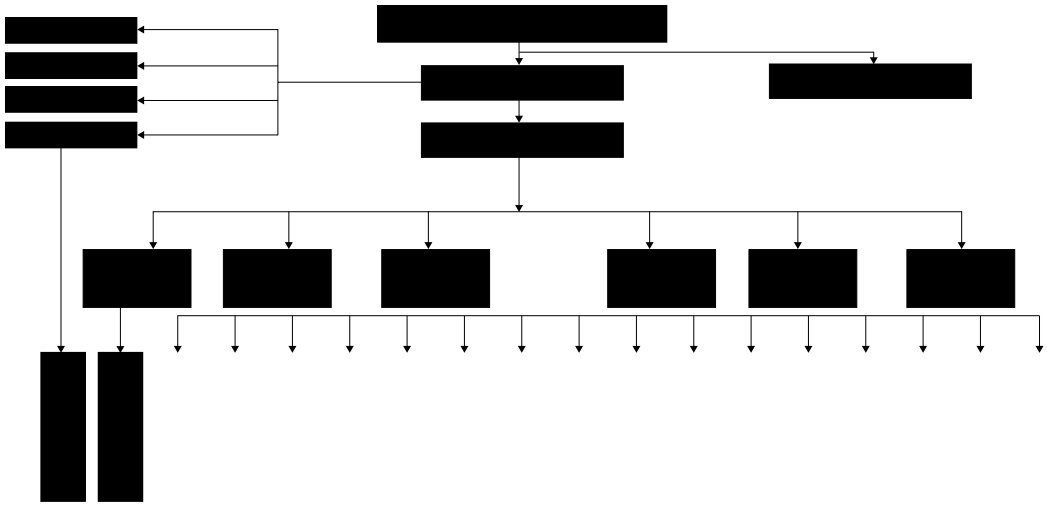
Materiality analysis matrix of Shandong Molong

II. RESPONSIBLE GOVERNANCE

2.1 CORPORATE GOVERNANCE

[illegible]

[illegible]



2.2 COMPLIANCE AND RISK MANAGEMENT

C [illegible] - [illegible]. T C [illegible] B [illegible], [illegible] C [illegible]' [illegible]. T C [illegible], [illegible], [illegible], [illegible].

[illegible]. T B [illegible] A D [illegible] C [illegible], [illegible]. T C [illegible], [illegible] C [illegible], [illegible]. A [illegible], C [illegible], [illegible]. D [illegible], C [illegible], 2,549 [illegible] 114 [illegible].

Key Performances:

A 7 [illegible] 7 [illegible], [illegible], [illegible] 6 [illegible] 1 [illegible]; 6 [illegible] 1 [illegible]. T C [illegible], [illegible], [illegible] C [illegible] 2021.

2.3 ANTI-CORRUPTION MANAGEMENT

[illegible]

[illegible]

2.4 INVESTOR RELATIONS

[illegible]

III. STRIVE FOR EXCELLENCE AND INNOVATION

3.1 QUALITY ASSURANCE

C y y y ,
9001 y y , 14001
A 18001 y 2009, D
2020, y E y
. A
(A),
. C y, y , ,
, , y
y E , A
E , - - y .

y F

A

C

Key products of Shandong Molong

C y y y
C , ,
y , , y
, , , . ,
y y ,
, , ,
y y
.

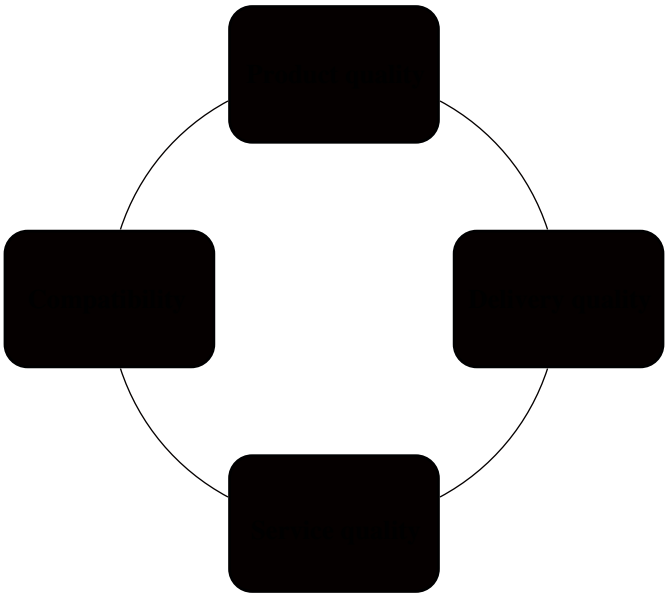
[illegible]

3.2 CUSTOMER SERVICES

[illegible]

Customer satisfaction survey

[illegible]



Areas of concern of Customer Satisfaction Survey

[illegible]

Enterprise personnel cooperate with well operations

Information security and protection

[illegible]

[illegible]

Three-tier protection system for network management

3.3 TECHNOLOGY INNOVATION

[illegible]

[illegible]

Incentive mechanism for innovation

[illegible]

Implementation of research outcomes

[illegible]

Protection of intelligent property rights

[illegible]

[illegible] B/T 29490-2013 [illegible] A 31 D 2021, [illegible] 14 [illegible] 141 [illegible] 15 [illegible] 17 [illegible] 196 [illegible] &D [illegible] &D [illegible] B100,910,000.

IV. WIN-WIN COOPERATION

4.1 SUPPLIER MANAGEMENT

[illegible]

4.1.1 Admittance of suppliers

[illegible]

(1) [illegible] F [illegible];

(2) B [illegible];

(3) [illegible].

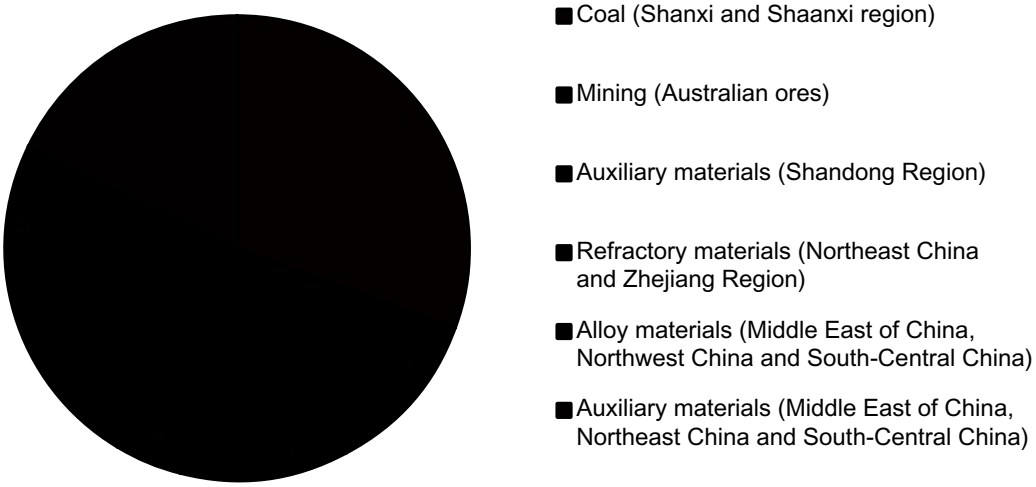
4.1.2 Supply chain risk management

[illegible]

D , C . A , C 361 , C .

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

[redacted]		[redacted]	[redacted]	[redacted]	[redacted]
T		/	278	326	361
B	C	/	278	326	361
	, T	/	0	0	0
		%	100	100	100
		/	0	0	0
		/	0	0	0
T		/	22	48	35
C		%	100	100	100



Distribution of the Company's material suppliers in 2021 by category (unit: number of suppliers)

4.2 SUNSHINE PROCUREMENT

[illegible]

4.2.1 Sunshine procurement

[illegible] B500,000 [illegible]

4.2.2 Risk assessments

[illegible]

V. ENVIRONMENTAL PROTECTION

[illegible]

5.1 ENVIRONMENT MANAGEMENT SYSTEM

[illegible] 14000 [illegible]

Environmental Management Certification

Table: Key responsibilities of the Safety and Environmental Protection Department of the Company

[illegible]	[illegible]
1	[illegible]
2	[illegible]
3	[illegible]
4	[illegible]
5	[illegible]
6	[illegible]
7	[illegible]
8	[illegible]

Environmental impact assessment and administrative permissions for environmental protection

[illegible]

Emergency management system for sudden environmental incidents

E C [illegible]

Environmental protection supervision and management system

[illegible]

5.2 EMISSION MANAGEMENT

[illegible]

5.2.1 Carbon emission

[illegible]

Table: Exhaust emissions from the production, operation and office process of the Company in the past three years [1]

[redacted]				
[redacted]	[redacted] 3	524,288.2	1,031,745.8	1,291,505.3
	A [redacted] (/)	3.67	5.22	5.12
	[redacted] ( )	16.3	5.83	17.4
[redacted]	A [redacted] (/)	4.43	/	/
	[redacted] ( )	104.46	/	/
[redacted]	A [redacted] (/)	49.7	44.44	64.43
	[redacted] ( )	44.84	21.59	24.74
[redacted]	A [redacted] (/)	12.96	3.86	4.74
	[redacted] ( )	28.62	25.92	18.17
[redacted]	A [redacted] (/)	/	17.47	15.03
	[redacted] ( )	/	1.69	2.78
: [1]A E C : B 16297-1996, B 37822—2019.				

5.2.3 Wastewater

[illegible] C [illegible] . [illegible] C [illegible] .

Table: Wastewater from the production, operation and office process of the Company in the past three years and indicators of water pollutants [3]

[illegible]				
[illegible] D	[3]	25,707.149	9,226	14,426.5
C [illegible] D (C [illegible] D)	E (/)	50	40	31.8
	E ( )	1.2854	0.369	0.459
A	E (/)	5	1.95	0.7
	E ( )	0.1286	0.018	0.01
[illegible]	E (/)	0.5	0	0.135
	E ( )	0.0128	0	0.002
[illegible]		7.7	7.69	7.03
[illegible]	E (/)	15	8.24	8.25
	E ( )	0.3856	0.076	0.119
: [1] [illegible] D C : B 8978-1996, B18466-2005. [2] [illegible] .				

5.2.4 Solid waste and hazardous waste

[illegible] C [illegible] . [illegible] C [illegible] ' [illegible] : (1) [illegible] , C [illegible] , [illegible] ; (2) [illegible] .

Table: Emissions and disposals of recyclable, general and hazardous wastes from the production, operation and office process of the Company in the past three years [1]

[redacted]				
[redacted]	[redacted]	262,710.1	3,772,281.83	280,966.1
[redacted] [2]	[redacted]	262,710.408	372,282.132	280,966.3717
[redacted]	[redacted]	0	0	0
[redacted]	[redacted]	0.308	0.302	0.2717
[redacted]	[redacted]	262,710.1	3,772,281.83	280,966.1
[redacted]	[redacted]	0	0	0
[redacted] [3]	[redacted]	17.36	8.7862	12.10335
[redacted]	[redacted]	3.62	0.6022	2.5273
[redacted]	[redacted]	13.24	7.767	9.42005
[redacted]	[redacted]	0	0	0
[redacted]	[redacted]	0.5	0.417	0.156

: [1] [redacted] : B/[redacted] 27686-2011, B/[redacted] 16716-2012, B/[redacted] 28739-2012, B/[redacted] 29010-2012, B/[redacted] 30102-2013, B/[redacted] 31755-2015, B/[redacted] 33062-2016, B/[redacted] 33059-2016 B/[redacted] 34805-2017. 2 [redacted] D [redacted] (2021 E [redacted]).3 [redacted] D [redacted] (2021 E [redacted]).

5.3 USE OF RESOURCES

[redacted] C [redacted] .

5.3.1 Energy consumption

[redacted] C [redacted] .

Table: Energy consumption of the Company in production, operation and office for the past three years [1]

[redacted]				
[redacted]	[redacted]	64,694,800	54,973,300	36,005,800
[redacted]	[redacted]	431,706	389,975.49	372,461.35
D [redacted]	[redacted]	27	43.73	/
[redacted]	[redacted]	29	/	/
[redacted]	[redacted]	130,368,000	167,910,000	138,420,000
[redacted]	[redacted]	34,979,000	34,918,800	30,681,900
[redacted]				

Table: Transportation of the Company in the past three years [1]

[redacted]				
[redacted]	[redacted]	48	55	64
E [redacted]	[redacted]	190,500	239,000	29,080
[redacted]	[redacted]	980	1,085	1,220
[redacted]	[redacted]	4,509,500	6,205,000	7,520,050
[redacted]	[redacted]	10	10	10
F [redacted]	[redacted]	305,200	259,000	288,000
[redacted]				

5.3.2 Use of water resources

[illegible]

Table: Water conservation measures and results achieved by Shouguang Maolong New Materials Technology Development Co., Ltd. ("Shouguang Maolong", a subsidiary of the Company) in 2021

[illegible]	[illegible]
1	[illegible] 91,500 [illegible].
2	[illegible] 18 [illegible] 66,300 [illegible].
3	[illegible] 700 [illegible].
4	[illegible] 2,000 [illegible].
5	[illegible] 4,000 [illegible]/ [illegible].
6	[illegible] 120 [illegible]/ [illegible].

Table: Water consumption in the Company's production, operation and office for the past three years

[redacted]				
[illegible]	3	182,102	137,398	1,441,938,000
[illegible]	3	68,445	71,130.6	156,105
[illegible]	3	298,958	1,607,306	1,347,121.06

Table: Performance in respect of the Company's water-saving indicators in 2021

[redacted]			
[illegible]	[illegible]	60	50.4
[illegible]	[illegible]	100%	100%
	C [illegible]	100%	100%
	C [illegible]	100%	95%
	[illegible]	100%	100%
	[illegible]	30%	28%
[illegible]	C [illegible]	0.1%	0.08%
[illegible]	[illegible]	100%	100%

5.3.3 Use of packaging materials

B [illegible] , C [illegible] , [illegible] . [illegible] C [illegible] .

5.4 GREEN ENVIRONMENTAL PROTECTION

[illegible] C [illegible] 2021, C [illegible] B41,392,100 [illegible] B87,124.8 [illegible].

Table: The Company's environmental protection investment in the past three years

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VI. CARING FOR EMPLOYEES

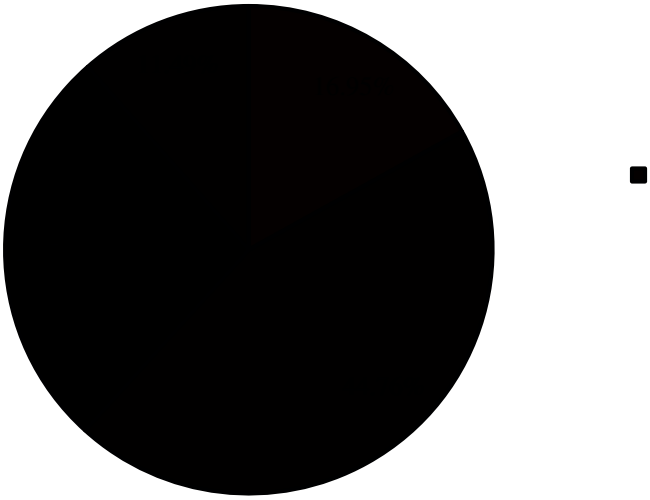
[illegible]

6.1 DIVERSE WORKPLACE

[illegible] 23.81%.

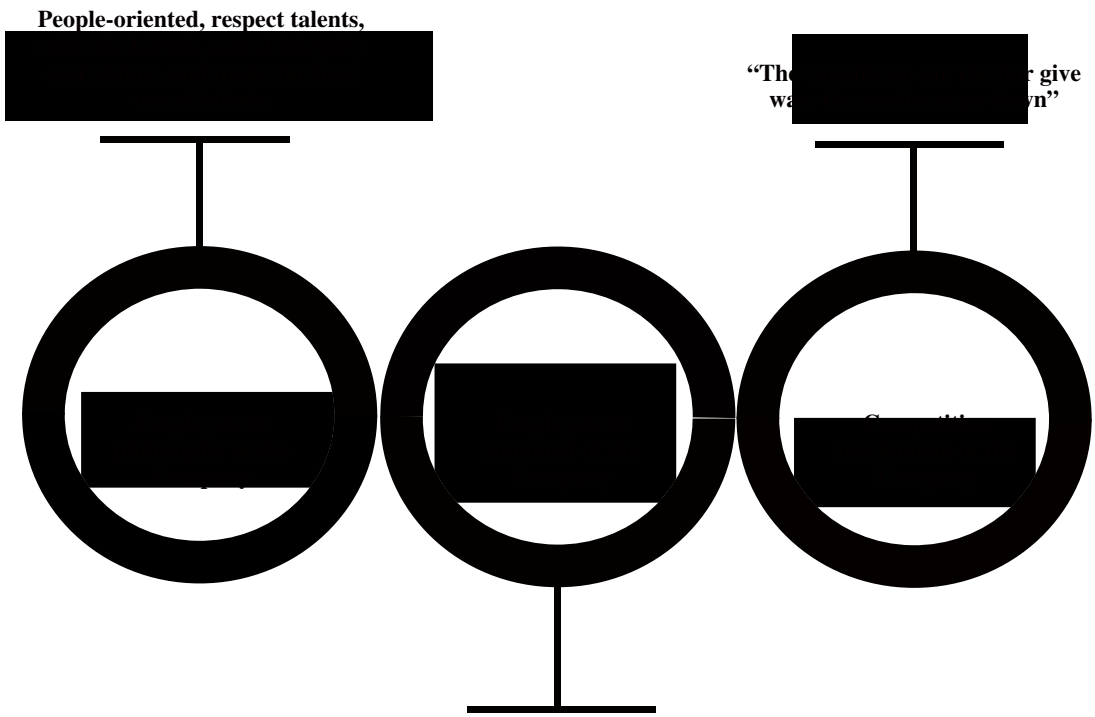
Gender composition of Shandong Molong employees

D[illegible] C[illegible] y[illegible] y[illegible] . A[illegible] C[illegible] y’[illegible] y[illegible] , [illegible] y[illegible] y’[illegible] .



6.2 EMPLOYEE RIGHTS

[illegible]



Shandong Molong’s concept on talents

[illegible]

Table: List of the human resources policies of Shandong Molong

1	A y	- 09-2020A		1	D	D	y
2	T	- 14-2020A		1	D	D	y
3		- 15-2020A		1	D	D	y
4	E A y	- 16-2020A		1	D	D	y
5	y	- 17-2020A		1	D	D	y
6	y	- 19-2020A		1	D	D	y
7	y	- 20-2020A		1	D	D	y
8	A y	- 21-2020A		1	D	D	y
9		- 22-2020A		1	D	D	y
10	y	- 25-2020A		1	D	D	y
11	T y	- 34-2020A		1	D	D	y

Democratic management – Opening of employee representative meeting

[illegible]

[illegible]

[illegible]

2021, [illegible]

[illegible]
D[illegible] 98%;
D[illegible] 200 [illegible] 22 [illegible] 180 [illegible] ;

Employee representative management suggestions and problems identified in the Company's OA system

Photos taken from Employee Representative Meeting

6.3 STAFF DEVELOPMENT

Staff training

[illegible]

[illegible]

Table: Shandong Molong staff training key indicators

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	570
A [illegible]	[illegible]	114
[illegible]	[illegible]	150
[illegible] -	[illegible]	72
[illegible]	[illegible]	48
[illegible] C [illegible]	%	100

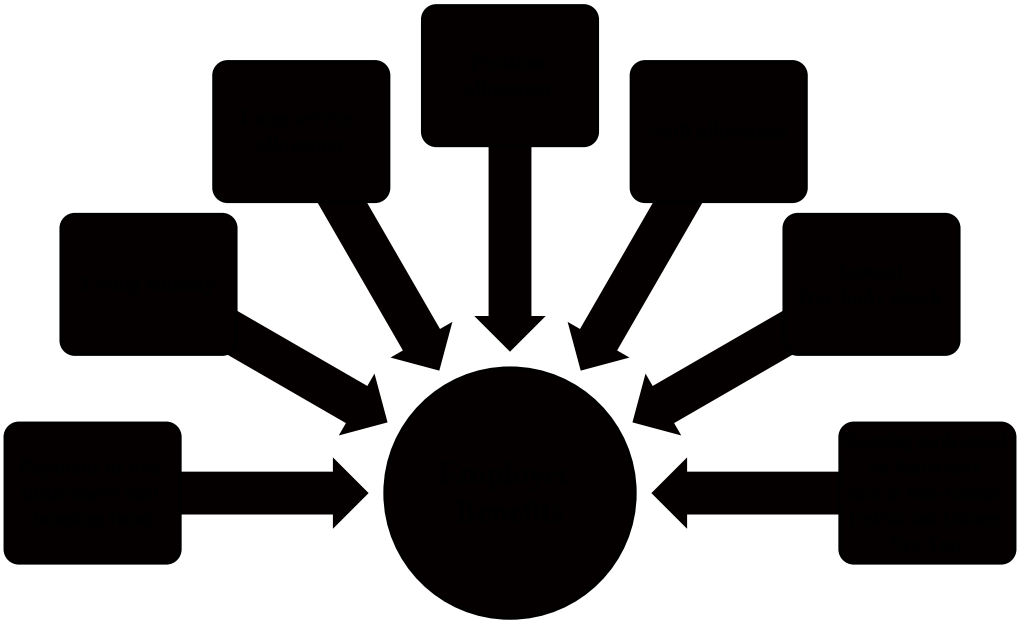
Development path

[illegible]

6.4 CARING FOR EMPLOYEES

Employee benefits

[illegible]



Employee Benefits

Staff activities

[illegible]

[illegible]
[illegible]
[illegible]

Photos taken from the cultural and sport activities month of the Company

Help and support staff with difficulties

[illegible]

D 2020, C - B15,000 A 6(3), C 2 A F D , , .

6.5 EMPLOYEE HEALTH

A , , , . , , , C , - , , C , , C D , , 45001 , . , , , C , . A , , C , , . , , . , C , , . |

Table: Shandong Molong staff health key indicators

-		0
-	%	0
-		1,081

VII. COMMUNITY BUILDING

7.1 COMMUNITY SERVICE

[illegible] D[illegible] B100,000, [illegible]

Key performance:

D[illegible] 30[illegible]

A[illegible] 10[illegible]

[illegible] 2021, [illegible] 180 A[illegible] C[illegible] 100[illegible] 26,400 [illegible]

D[illegible] 2021, C[illegible] B D[illegible] C[illegible]

Photo of blood donation activity

Liu Fenghua, a Party member, took the lead in blood donation

Letter of Thanks for Donating Blood in Weifang

7.2 VILLAGE REVITALIZATION

[illegible] . D[illegible] , C[illegible] B100,000 [illegible] .

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