

The Implementation of Communication on Progress (COP)

by Jiangsu LOPAL Petrochemical Co.,Ltd

Oct 2010——Oct 2011

Declaration of LOPAL

for continuously supporting UN Global Compact

Since October 30th, 2008, when LOPAL were officially approved by UN Global Compact and become one of the participants of that, we have always strictly abide by and actively implement the ten principles of the UN Global Compact about the four aspects of human rights, labor, environment and anti-corruption, and we have also established the comprehensive system on labor, environment, anti-corruption, etc. taking the spirit of “Protect Environment, Serve Society, Create Technology and Repay Customers” as the responsibility that we should keep firmly in mind during the company’s integrated development process to effectively promote the implementation of the Global Compact and the sustainable development of business, economic, environment and society in the global vision.

As one of active member of UN global compact organization, we LOPAL abided the ten principles, carried out our responsibilities and obligations to fulfill the commitments to society in 2011. LOPAL have got some significant achievements: in December 2010, LOPAL Technology Center was awarded the title “Designated Enterprise Technology Center in Nanjing”; in February 2011, the leaders of LOPAL visited Taiwan with Nanjing trade delegation, creating a cross-strait business model for successful cooperation; in May 2011, we are invited to participate in 2014 Nanjing

Youth Olympic Market Development Launching Ceremony; in June 2011, LOPAL were awarded “China Most Innovative Enterprise”.

As one of the leading companies in China’s lubricant industry, we have the responsibility to set a good example for the management and implementation of CSR (Corporate Social Responsibility) in the industry. We will continuously firmly support UN Global Compact, and at the same time, we also hope our support can stimulate more domestic enterprises, to contribute more for emphasizing Corporate Social Responsibility and promoting the sustainable development of the society.

2011, LOPAL carried out as follows for the implementation of ten principles of the Global Compact

1. Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Make sure that they are not complicit in human rights abuses.

▲The declaration and other relative international standards on protecting human rights

Since it was found, we LOPAL have always strictly observed the “Universal Declaration of Human Rights” and other relative international standards on protecting human rights, and we also identify as well as strictly abide by the human rights principle of the Global Compact.

▲The efforts and achievements made by LOPAL on human rights

1. Improve and perfect the labor contract system. According to the "Company

Law", "Labor Law" and other regulations, LOPAL regard improving and perfecting the labor contract system as key jobs of adjustment of labor relations and safeguard the legitimate rights, well-organized, solid progress, and effectively stabilize labor relations in enterprises, to better safeguard the labor economic interests of workers.

2. Establish helping workers cooperative security system. In 2011, LOPAL strengthened the construction of Labor Union, effectively established helping workers cooperative security system by giving birthday gift and marriage and child rearing condolences fees to every employee, visiting difficult staff family, etc.

3. Practice "corporate citizen" social responsibility. At the same time of strengthening enterprise reform and development, LOPAL undertake social responsibility actively: in strict accordance with the provisions of national emission standard in the process of the whole construction, noise、sewage、gas and other pollutant discharge target achieves the national emission standard; R & D and produce more energy saving, environmental protection products; carry out conference activities on social responsibility: on August 16th, 2010, LOPAL hosted “The Summit of State IV Emission for Diesel Commercial Vehicles and SCR Technology”, which invited more than 300 representatives from Ministry of Environmental Protection, China Association of Internal Combustion Engine, commercial vehicle manufacturers, engine manufacturers and bus companies, in order to help the bus company, passenger corporation, large fleet and end users to implement state IV emission standards and strengthen enforcement of state IV emission standards.

▲ The future prospect of LOPAL on abiding by human rights principle

We LOPAL will continuously abide by the human rights principle of the Global Compact, enhance the consciousness of protecting human rights among the overall employees and as always support as well as respect the human rights recognized by the world.

2. Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: The elimination of all forms of forced and compulsory labor

Principle 5: The effective abolition of child labor

Principle 6: The elimination of discrimination in respect of employment and occupation

▲ The worldwide standard of International Labor Organization

We LOPAL take the worldwide standard formulated by International Labor Organization as an important part in the internal quality management system of our company, establish and improve a series of rules and regulations to protect the interests of enterprise employees, and build a complete enterprise management system to protect workers rights: protection of enterprise staff's equal employment and the choice of occupation rights, obtaining payment for labor rights, rest and vacation rights, obtaining labor security and health protection rights, accepting the occupation skill training rights, enjoying social insurance and welfare rights and other rights prescribed by law, etc. We also stipulate explicitly that the child labor under 15 years old is prohibited to be employed.

▲ The efforts made by LOPAL on improving labor situation

1. Sign labor contract system. To protect the legitimate rights and interests of workers, according to the "Labor Law" and relevant policies and regulations, we LOAPL have realized staff labor contract system. According to staff skills and appraisal results, we LOPAL sign labor contracts and employment agreement with the staff specifying the rights and obligations of each other on the basis of equality and concordance.

2. Offer competitive salary standard. We LOPAL always put gradually increasing employees' wages on the key position, have adopted a series measures of it: first of all, for different positions, company implemented skilled workers system, job performance wage system and other forms of distribution, which can reasonably determine each employee's remuneration, and improve the implementation of the "piece rate" system for the front-line workers, effectively improve the front-line staff work treatment and the work initiative. Secondly, LOPAL began to carry out the "promotion system" activity, which is carried out twice annually. The employees who make outstanding performance in their work would get the promotion opportunity. In addition, LOPAL added the full attendance award and benefit bonus in monthly wage.

3. Enjoy social insurance and welfare. We LOPAL, in accordance with national law, handle the basic pension insurance, basic medical insurance, unemployment insurance for each worker. At the same time, pay the Public Housing Fund for all employees.

For social welfare, we LOPAL highly concern about the livelihood of employees,

improve their welfare. Company developed a variety of standards for bonuses and allowances; provide individual performance awards and annual bonus for staff; provide lunch subsidizes for all employees; provide free and good accommodation for the employees. We LOPAL always care staff health, post safety, health notices in the production area and residential area, which can help early discovery, early prevention for the various disease.

4. Do the vocational training for employees and customers. To protect enjoying vocational training and career development rights for all the staffs, we LOPAL increase staffs' professional skills training efforts, take flexible approach to do training for production workers and sales staff. In 2011, we LOPAL launched sales elite camp, senior manager training classes, internal instructor training camp, spoken English training courses and other training to enhance the company's internal staff overall quality and ability. In staffs' career development planning, we LOPAL have established an integrated staff training management system; improve the vocational qualification certificate system and employment permit, which mobilize the broad masses of workers to participate in vocational training and vocational skills evaluation.

▲The future prospect of LOPAL on abiding by labor principle

We LOPAL always take the staff's treatment and the company's development as equally important. We will as always execute firmly the core conventions and other international conventions on labor principle of International Labor Organization in the future, strictly observe the labor principle of Global Compact and formulate the more

reasonable labor principle in according to internal and our company's own situation.

3. Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

▲ The aim and promises of LOPAL about environment protection

We clearly recognize that the lubricant industry has close relationship with environment protection. And we have formulated strict environment protection regulations, actively implementing the sustainable development strategy. We also require all the employees to enhance their awareness of environmental protection, implement the environmental protection obligation, be clear about the environmental protection responsibility and actively participate in the relative practical activities.

▲ The achievements made by LOPAL on environmental protection

1. Actively accept supervision and inspection by Nanjing City Environmental Protection Bureau and Health and Epidemic Prevention Department. We LOPAL persist in health survey of construction area, take the necessary measures to ensure that employees drinking water sanitation, food sanitation; ensure environmental hygiene, actively carry out clean production audit, and vigorously promote the significance and importance of clean production by our website, security briefings,

bulletin boards, banners and other ways to improve all the staffs' awareness on cleaner production and environmental protection. In May, 2011, we LOPAL have passed assessment by Nanjing Environmental Protection Bureau, Nanjing Economic and Trade Commission, were classified as domestic advanced level.

2. Accept supervision and checking by the provincial and municipal supervision department, product is without any problems. We LOPAL continue to learn and adopt the international authoritative quality control assurance system, use car manufacturers loading oil and after service oil standards, control the quality of oil by the harshest testing methods to win the users' high trust. In November, 2010, we LOPAL SN engine oil formally adopted API SN and ILSAC GF-5 certification. In January, 2011, 3E tire sealant passed EU CE certification. In March, 2011, the State Quality Supervision and Inspection Center picked test LOPAL brake fluid showed that the performance of LOPAL brake fluid is full compliance with national requirements. In April, 2011, LOPAL gear oil obtained German ZF certification.

3. R & D and produce a series of environmental products. We LOPAL are committed to energy-saving, environment-friendly lubricating technology research and application development, and actively develop higher quality, more energy-saving lubricating oil. Over the past year, we LOPAL have launched a series of new environmental protection products: including 3E tire sealant、 high-concentration environment-friendly coolant、 LOPAL SN engine oil、 “Gangdun” coolant、 SPEED fully synthetic motor oil, etc.

4. Vigorously carry out conservation, environmental protection propaganda in the

company. To further enhance workers' saving and environmental awareness, we LOPAL continue to advocate the "saving survival mode" into our daily work, call all the staffs to save water, electricity and even a cent money. Also organize various conservation and environmental protection public benefit activities: in November, 2011, production staff carried out "LOPAL Lubricating Oil ——Purple Mountain Environmental Action" public benefit activities; in May, 2011, we LOPAL promoted reducing costs and improving efficiency activities for all departments.

5. Obtain various honor. In the past year, we LOPAL have made some remarkable achievements: in November, 2010, LOPAL were awarded "2009 Civilization Integrity Unit" by Nanjing Association of Private Economy; in December, 2010, LOPAL Technology Center was awarded the title "Designated Enterprise Technology Center in Nanjing"; in June 2011, LOPAL were awarded "China Most Innovative Enterprise".

▲ The future prospect of LOPAL on environmental protection

We LOPAL will strictly abide by the environmental protection principle of Global Compact and actively respond to the relative policies and appeals of both United Nations and Chinese government, so as to try our best to contribute to the promotion of the sustainable development of global economy and society.

4. Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

▲ The international standard of commercial integrity and anti-corruption

Integrity has always been an important part in our internal quality management system. Since it's found up, we LOPAL have always strictly observed the international standard on commercial integrity and constantly conveyed our values and integrity principles to the employees, suppliers and customers.

▲ The efforts made by LOPAL on anti-corruption principle

We LOPAL have formulated the comprehensive rules and regulations about anti-corruption and commercial integrity, and make commitment on the anti-corruption: insist on the guideline of address both the symptoms and root cause, comprehensive control, punishment within prevention, paying attention to prevention; establish the punishment within prevention system; and increase strength of cure prevention to prevent various types of crimes and offenses against the interests of the company and build clean and healthy internal environment for the company sustained, rapid and healthy development. And we also hold the training meeting regularly, enhancing the anti-corruption and integrity consciousness of all employees.

▲ The future prospect of LOPAL on anti-corruption

We LOPAL will firmly observe and perform the anti-corruption principle of Global Compact and try our best to prevent the commercial bribe.

Epilogue

After joining in the UN Global Compact for two years, we LOPAL are more clearly about our social responsibility and obligations. In the future, we LOPAL will continue to carefully implement the ten basic principles of "Global Compact" in human rights, labor standards, environment and anti-corruption aspects, cash seriously

corporate social commitments, strengthen the construction of CSR. Look into the future, we will join in the activities of UN Global Compact more actively, and try our best to be an outstanding “Corporate Citizen” in the family of international oil industry at the same time of implementing the enterprises’ global development strategy, make our own contribution to human civilization, the progress of the society and the sustainable development of environment.