

## **The Implementation of Communication on Progress (COP)**

**By LOPAL Tech Co., Ltd,China 2013.10-2014.10**

Declaration of LOPAL for continuously supporting UN Global Compact

Since Oct 2008, when LOPAL Tech Co., Ltd (initial name was LOPAL Petrochemical Co., Ltd) was officially approved by UN Global Compact and become one of the participants of Global Compact, 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 “Global vision, to lead the new performance lubrication” as the development Vision ,to effectively promote the implementation of the Global Compact and the sustainable development of business, economic, environment and society.

Since Joining Global Compact, we have always put the practice of corporate social responsibility as an important work throughout various fields of the company work. In the past year, we actively implemented our responsibilities and obligations, honored our commitments to social enterprises, and achieved remarkable

results. In the past year, we expanded our scale, enriched product line, and achieved impressive performance in the industry.

On 25th Jun 2014, LOPAL lubricating oil was named as one of the top 500 most valuable brands in China, ranking 408th with brand value of 3.762 billion Yuan as the only private enterprise on the list of Chinese lubricating oil industry. At the beginning of Aug, 2014, headquartered in London the international famous industrial consulting research agency Integer released "analysis report of Chinese AdBlue market". The report pointed out: In 2013 the branch company of LOPAL, Kelas environmental Protection Technology Co., Ltd holds 39.5% market shares of Adblue sales in China, ranking the first in the country. With the development and improvement of the company, LOPAL will take a more active attitude to repay the society. Through the development of enterprises, LOPAL continues to make a contribution to society.

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.

In the past year, LOPAL carried out as follows for the implementation of ten principles of the Global Compact:

#### One、 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.

Since joining the United Nations Global Compact, we LOPAL has been put the support of the United Nations' Universal Declaration of Human Rights "as one part of the commitment as our social responsibility. Our commitment means that we will, through continuous efforts to develop noble goals and guidelines for action to implement the human rights concerns to the actual action.

1、In the past year, we LOPAL actively practiced corporate social welfare. During 2014 Spring Festival period, we had a deep cooperation with the police of Guangxi Wuzhou, continuing to carry out a large-scale public welfare activity "guardian of peace reunion road". We established a service station in the territory in Guangxi at the form of handseling freely calendar, bread, free motorcycle

maintenance and engine oil change, offering intimate services for 500000 people who go home by motor for new year.

From Mar 2014, LOPAL donates to build 6 “Dream Library” in Yunnan, Ningxia, Guangxi, Heilongjiang, Neimenggu, bringing spirit food for minority pupils by donating nearly 10000 books.

The following picture shows the LOPAL leadership is at the scene of the donation for Dream Library in Ningxia.



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

LOPAL will continue to comply with the Global Compact principles on human rights, enhance the consciousness of protecting human rights among the overall employees and always

support the human rights recognized by the world with practical action.

Two: Labor

Principle3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle4: The elimination of all forms of forced and compulsory labor

Principle5: The effective abolition of child labor

Principle6: The elimination of discrimination in respect of employment and occupation.

1、 In 2014, we LOPAL raise the minimum wage standards, implement a new wage system, each employee will have two choices to raise opportunities every year. While continuing to follow promotion system for staff who has outstanding performance in the work.

2、 Improve the overtime system, control overtime. In 2014, we reformed institutional overtime system, fully protecting the interests of the rest of employees.

3、 Actively carry out various staff activities, enrich their lives. In the past year, In order to improve staff motivation and life happiness index and enhance the friendship between employees.

A variety of staff activities are carried out actively, on the basis of the original annual travel, we added different types of theme activities in different seasons, such as spring outing, parent-child games, friends-making activities and so on. And the number of staff activities and effects will be regarded as a standard of performance evaluation criteria of the labor union department

Picture: Some leaders and employees of LOPAL in Hangzhou, 2014



#### 4、 Various training for staff

In 2014, in order to improve the overall quality and broaden horizons of employees, we organized actively various training activities. From the company's corporate culture to the various departments related skills training, industry knowledge, training and safety knowledge training and so on. “The consulting style sales

training” mainly for the middle and senior sales staff effectively improves the sales ability of the sales staff.

▲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. Meanwhile, we will continue to innovate employment system, improving satisfaction and happiness of our employees.

### Three、Environment

Principle7: Businesses should support a precautionary approach to environmental challenges

Principle8: Undertake initiatives to promote greater environmental responsibility

Principle9: Encourage the development and diffusion of environmentally friendly technologies.

Protecting the environment, creating a better home is not only human bounden duty of every citizen, but also every company’s social responsibilities. Lubricate industry as an important part of the

energy sector has obligatory social responsibility for the promotion of environmental protection, energy saving, emission reduction goals of national development strategies. In the past year, we LOPAL will have positive steps to fulfill the sustainable development strategy, take environmental protection and energy conservation as the guiding product development focus.

The achievements and effect of environmental protection LOPAL acquired in the past year:

1、Continue to expand AdBlue production line to meet further market demand for AdBlue. Ensure the implementation of China's national vehicle emission standards (National IV standard).

On 1<sup>st</sup> Jan, 2015, China announced the full implementation of IV emission standards for commercial vehicles, AdBlue as a reducing agent of car exhaust, is the essential consumables after the implementation of China IV standards. KelasEnvironmental Protection Co., Ltd which invested by LOPAL is the largest supplier of AdBlue. In 2014, we LOPAL added investing to Kelas to expand existing capacity, to effectively meet the market demand after the implementation of National IV standard. From Sep 2014, Kelashs been working with Nanjing University, providing environmentally friendly products and technology to deal with PM2.5 haze pollution and in-car air pollution.



2、 Carry out conservation, environmental awareness actions vigorously in the company.

In Jun 2014, LOPAL issued the regulation about the ban on waste, strictly controlling the cost from every aspect.

▲ 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.

#### Four、 Anti-corruption

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

Integrity has always been an important part in our internal quality management system. Since it's found up, we LOPAL has 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

In the past year, we have further improved the anti-corruption and business integrity aspects of operating rules and regulations, and strengthen the financial expenses related to internal audit work,

increasing prevention and control efforts, prevention of all kinds of crimes and offenses against the interests of the company to create a clean and healthy internal environment for the company's sustained, rapid and healthy development, and training sessions held regularly to enhance staff awareness of anti-corruption and integrity.

We strictly prohibit any form of illegal activity, resist all unscrupulous business practices, such as bribery, fraud, speculation and so on.

Meanwhile, in the past year, our company strengthened the financial expenses related to internal audit work, strengthened supplier audits, and improved financial management.

#### ▲ 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

In this past year, we LOPAL has made remarkable achievements in ten principles of the Global Compact. At present, Kelas (belonged to LOPA)L has also become one member of the Global Compact.

As a member of the UN Global Compact, we LOPAL will continue to make corporate social responsibility as an important development goal to fulfill "Global Compact" in human rights, labor standards, the environment and anti-corruption aspects of the ten basic principles of social responsibility thoroughly. In the future, LOPAL will be the basis of modern philosophy, and actively participate in the activities around the world held by the UN Global Compact ,and role model to drive more enterprises to participate in corporate social responsibility in the ranks. At the same time, in implementing global development strategy of LOPAL, becoming the more excellent corporate citizenship in the international scope. Making our due contribution to social progress, pollution emission reduction, environmental purification and efficient use of energy.

Jiangsu LOPAL Tech Co., Ltd

October 2014