

The Implementation of Communication on Progress (COP)

By Jiangsu LOPAL Tech. Co., Ltd 2015

Since Oct. 2008, when LOPAL were 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.

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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.

In June 6, 2015, LOPAL lubricating oil was again named as one of the top 500 most valuable brands in China, with brand value of 4.6 billion Yuan and Strong increased by more than 20% compare with 3.7 billion yuan in 2013. And in the same month, Lopal lubricants brand has been officially evaluated as well-known trademark by SAIC (the State Administration of Industry and Commerce).

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.

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 2015, we LOPAL fully implemented the workers paid leave system, serving time employees can enjoy a full year of five days of paid leave per year

2. In 2015, we LOPAL raise the minimum wage standards, implement a new promotion system, each employee will have two choices to raise opportunities every year.

3. On May 2015, through equal consultations, on behalf of all employees the trade union and LOPAL company reach a written agreement and signed a collective contract, including labor remuneration, working hours, rest and vacation, labor safety and hygiene, insurance, benefits and other matters

4. Improve the overtime system, control overtime. In 2015, we reformed institutional overtime system, fully protecting the interests of the rest of employees

5. Actively carry out various staff activities, enrich their lives. In the past year, In order to improve staff motivation and life happiness index, enhance the friendship between employees and improve the trade union organizational structure. A variety of staff activities are carried out actively, like spring outing, parent-child games, dating and etc. And the number of staff activities and effects are as a standard of performance evaluation criteria of the trade union department.

6. Various training for staff

In 2015, in order to improve the overall quality and broaden horizons of employees, we organized actively various training activities. From the company's corporate culture training to the various departments related skills, industry knowledge, safety knowledge and so on. Besides, we LOPAL also employ internal trainers during internal 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 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:

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). This year is the first year to fully implement of China IV emission standards. And we LOPAL filial Kelas have been ranked the first market share for second consecutive year by the British consultancy INTEGER report.

In the year of 2015, under the direction of energy saving, environmental protection and emission reduction, using ECO synthesis technology, LOPAL have successively developed various series products, like enhance fuel economy of energy-efficient lubricants, improve treatment system compatibility low ash motor oil, extend oil change mileage diesel motor oil, solve POC system blocking's DOC / POC cleaning fluid, solve SCR nozzle clogging anti-crystallization AdBlue and SCR Nozzle cleaner, control car VOC's 3ECARE VOC formaldehyde cleaner and other environmental protection products. Thus, LOPAL has been selected to join the China Society of Automotive Engineering Parts Technology Innovation Organization and became one of their members

3. July 2015, LOPAL was officially established a cost efficiency group, issued regulations on the prohibition of the cost of waste, and strictly control the costs

4. Organized and carry out the conservation, environmental protection campaign within the company.

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 LOPAL found up, we 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.

1. In 2015, our company set up the audit dept reporting to the board directly. Apart from its own audit work, the audit dept is also responsible for the complaints from all project depts. (except audit dept), branches and other depts. Strengthens the internal audit of related financial expenses, Strengthens the audit of the supplier, improves the level of financial management, and carryout special fraud audit

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

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, and LOPAL filial Kelas have been a member of Global Compact too.

As a senior 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,
September 28 2015