

The Implementation of Communication on Progress (COP)

By Jiangsu LOPAL Tech. Co., Ltd 2016

Since Oct. 2008, when Lopal Tech Co., Ltd(former name Lopal Petroleum Co., Ltd) 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.

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.

June 16, 2016, Lopal lubricants was named as "China's most valuable

brand 500" for three consecutive years, the brand value up to 5.8 billion RMB, compared with 46 billion RMB in 2015 there is strong growth of more than 26%; 2016 September, Lopal lubricants with marketing innovation and consumer recognition of the leading strength, was selected as "LubTop2016 TOP 10 Chinese lubricants industry", become the only honor of the private lubricants brand.

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 standard principle

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 2016, LOPAL raised the minimum wage standards, implement a new wage system, each employee will have two choices to raise opportunities every year. TOP50 excellent employee had extra 5%-8% increasing based on average salary level.

2. In 2016, the company officially implemented the reserve talent pool

selection and training programs, for the staff's career development
Lopal provides smooth promotion channel.

3. Deepen the implementation of trade union welfare system, improve the staff welfare system, and strictly enforce the trade union committee and the company signed a collective contract, and actively implement the annual staff examination, insurance and welfare matters.
4. Improve the overtime system, control overtime. In 2016, 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 and enhance the friendship between employees. A variety of staff activities are carried out actively, on the basics of the original annual travel, we added different types of theme activities in different seasons, such as spring outing, prize competitions and so on. And the number of staff activities and effects are as a standard of performance evaluation criteria of the human resources department.
6. In 2016, 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. Sales elite training and internal instructor training has become our company's classical training activities, effectively improve the operational capacity of the staff and overall quality.

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 V standard).
- 2、 In 2016, Lopal Tech focused on energy saving, environmental protection, emission reduction and other research directions, launched for the car maintenance, oil mileage of 10000 km of the K1 petrol engine oil; for commercial vehicle maintenance, oil mileage of 10 The engine oil consumption of 3ECARE octane additives; using OAT pure organic formula, boron-free, amine, sub-sub-engine oil, diesel engine oil, diesel engine oil, Nitrate and other ingredients of the organic king antifreeze;
- 3、 In September 2016, the company formally established the group to reduce cost and increase efficiency, issued regulations on the prohibition of cost waste, and strictly controlled various costs and

expenses, and made statistics on the cost reduction and efficiency improvement work at regular intervals so as to ensure to actually implement cost reduction and efficiency enhancement.

- 4、 By strengthening the management of raw materials, the implementation of different materials storage, the use of registration, control the minimum reasonable storage of various materials, so rational use of materials, raw and auxiliary materials according to the "first in first out" use, site 5S management, Reduce the loss of raw materials, saving resources;
- 5、 Through the replacement of epoxy floor, reinforced waste, updated waste disposal equipment, to reduce environmental pollution;
- 6、 In the company we carried out environmental protection and energy conservation campaign.

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 order to ensure the healthy development of the Company and promote the smooth implementation of the work. In 2016, the company continued to perfect the system of internal auditing of financial affairs and set up a clean working requirement for all staffs of the company. At the same time, the company strictly investigate and deal with all kinds of violations of law and discipline, to strengthen the integrity of staff education and publicity, thus creating a clean self-discipline, to fulfill their duties good working environment and work atmosphere.

1. The establishment of the audit and inspection department, responsible for the investigation and punishment within the company against all kinds of violations of discipline, opening up the general manager of mailbox and other reporting channels, collecting all kinds of reporting clues;

2. From time to time to carry out special investigations of various costs, through the procurement, logistics, sales, warehousing, infrastructure, electricity and other sectors, and achieved a good start;
3. Resolutely crack down on commercial bribery, and other behavior for eating, taking and requesting, once found severe blow, we received significant results.

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 in September this year, and we are invited to participate in the Global Compact Leaders' Summit at New York.

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.

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