**2019 Annual Progress Report of Lopal Global Compact**

Since Lopal Tech Co. Ltd (formerly Lopal Petrochemical) officially joined the United Nations Global Compact in October 2008, We have strictly followed and actively implemented the ten principles of the Global Compact on the four aspects of human rights, labor standards, environment and anti-corruption. and we have established a complete system in terms of labor standards, environmental protection, and anti-corruption. With R & D and brand driving, Become a top 500 Chinese manufacturing company in the field of green chemistry as a development vision, continue to promote the implementation of the Global Compact, and continuously promote the sustainable development of enterprises, the economy, the environment and society

Since joining Global Compact Organization，the company has always taken the implementation of corporate social responsibility as an important task. In the past year, the company has actively implemented its responsibility and obligation, fulfilled its corporate commitments to society, and made remarkable results.

In January 2019, Lopal lubricating oil won the title of "China's Excellent Service Brand of the Year";

On February 11, 2019, Lopal’s subsidiary Kelas was awarded the title of "Advanced Industrial Enterprise with High Quality Development in Lishui District in 2018"

On February 22, 2019, Kelas won the title of "Country V and China VI Solution Providers that Users Can Trust in 2019";

On March 17, 2019, Lopal Tech won the title of "Most Influential Brand" in the 2018 China Commercial Vehicle Aftermarket;

On December 2nd, 2019, Lopal lubricating oil won the title of "2019 Famous Lubricant Brand"

As one of the Chinese lubricating oil industry leading enterprise, we have the responsibility to set an excellent example for the industry CSR (company social responsibility) management and implementation. So, we will continue to firm support the Global Compact Organization development, At the same time, we also hope our support can encourage more domestic companies and make greater contributions in emphasizing corporate social responsibility and promoting sustainable social development.

In the past year, Lopal Tech had carried out the following work in the implementation of the Global Compact:

**一、Human rights principles**

**Principle 1:** Industry should support and respect the international widely accepted human rights.

**Principle 2:** Guaranteed not to be incompatible with human rights abusers

Since joining the United Nations Global Compact, Lopal has been supporting the United Nations Universal Declaration of Human Rights as part of its commitment to social responsibility. Our commitment means that through continuous efforts, we will formulate lofty goals and guidelines for action, and put human rights concerns into the actual actions of companies.

**Future prospects of Lopal in respect of human rights principles**
 Lopal will continue to abide by human rights principles in Global compact，promote awareness of human rights among all employees, and protect the human rights of all employees with practical actions.

**二、Labor standard principle**

**Principle 3:** Industry should support and respect the international widely accepted human rights.

**Principle 4:** Eliminate all forms of forced and compulsory labor.

**Principle 5:** Effectively abolish child labor.

**Principle 6:** Eliminate of discrimination in employment and occupation.

In 2019, Lopal organized union representatives and employee representatives to review the company's rules and regulations, so that employees can truly participate in the management of the company;

In 2019, the company vigorously carried out various training activities for all employees, cooperated with professional training institutions from various parties, and hired a number of academics and industry experts from universities to serve as training lecturers for Lopal, comprehensively improving employees' knowledge horizons and job skills.

In 2019, Lopal Business School implemented the Leadership Excellence Program. Organize dozens of growing employees are organized to form outstanding talent training courses for targeted training each year. The chairman personally teaches classes to provide effective help for their career development and career promotion.

In 2019, the company continues to increase the rewards for outstanding employees.

**Future Prospects of Lopal in Compliance with Labor Principles**
 Lopal Tech has always promoted the treatment of employees as important as corporate development. In the future, it will continue to abide by the ILO core conventions on labor standards and other international treaties, strictly implement the principles of the Global Compact on labor standards, and combine domestic with the company's own situation, continue to improve the working environment and benefits of employees. At the same time, it will continue to innovate the employment system and improve employee satisfaction and happiness.

**三、Environment principles**

**Principle 7:** Industry should support to use preventative approach to deal with the environment challenge.

**Principle 8:** Take initiatives to promote more environmentally responsible practices.

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

In 2019, the national six emission standards were formally implemented nationwide. Automotive aftermarket companies have an inescapable social responsibility for the national development strategic goals of environmental protection, energy conservation and emission reduction. In the past year, Lopal actively fulfilled the strategic steps of sustainable development, taking environmental protection and energy saving and emission reduction as important directions for product development.

In the past year, Lopal Tech achieved results and effects of in environmental protection.

In 2019, Lopal invited the Chairman of the World Federation of Automotive Engineers (FISITA), an internationally renowned automotive R & D expert, Dean of the Automotive Industry and Technology Strategy Research Institute of Qinghua University, Zhao Fuquan, Dean, Professor, and Supervisor of the Hebei University of Technology New Energy Vehicle Research Institute Chen Yong and other top experts in the industry formed the Lopal expert group to provide the source of wisdom and technical strength for Lopal's upgrade and development in the field of green chemistry, and at the same time lay the technical foundation for the launch of a series of environmentally friendly products in the future.

In 2019, Lopal Tech has successively joined the Hydrogen Industry Technology Innovation and Application Alliance and the International Hydrogen Fuel Cell Association. Through these innovation platforms, Lopal Tech is together with upstream and downstream members of the industry chain, is actively engaged in the field of clean energy technology.

In 2019, Lopal's Long Range Diesel Engine Oil Specially Developed for National VI by Lopal Tech, Kelas Pro Car Urea, and DPF cleaning project, which were specially developed for China VI, entered the market in a comprehensive way, helping to implement the implementation of China VI.

In October 2019, Lopal Tech invested 80 million RMB in Tomorrow's Hydrogen Energy, a leading company in China's fuel cell industry, and officially launched a strategic cooperation with Tomorrow Hydrogen to further deepen the development and application of new energy products in Lopal.

In November 2019, Lopal Tech was invited to participate in industry conferences such as the 9th China International Diesel Engine Summit and the 2019 International Motor Vehicle Pollution Prevention Technology Symposium to provide professional green chemical solutions for the energy conservation and environmental protection development of the automotive aftermarket.

**Future Prospects of Lopal Tech in Environmental Protection**

Lopal Tech will strictly abide by the principles of the Global Compact on environmental protection, actively respond to various decisions of the United Nations and the Chinese government on environmental protection, and contribute its own strength to promote the sustainable development of the global economy and society. In the future, Lopal will continue to increase investment and actively develop new environmental protection technologies and products to make due contributions to China's environmental protection cause.

**四、Anti-corruption**

Principle 10: The business community should work against corruption in all its forms, including extortion and bribery, Integrity management has always been a business philosophy that Lopal Tech has always followed from top to bottom. Since its establishment, Lopal Tech has strictly adhered to relevant global standards for business integrity management, and has continuously provided our employees, suppliers and customers Communicating Long Ling's Values and Integrity.

**Lopal's efforts in anti-corruption principles**

In order to ensure the healthy and stable development of the company and promote the smooth implementation of various tasks, in 2019, the company continued to improve the financial internal audit system, organized risk control departments to implement internal audit activities, and further established a sound anti-corruption management system. At the same time, the company severely investigated and punished various violations of laws and disciplines, and strengthened the integrity education and publicity of employees, thereby creating a good working environment and atmosphere of integrity and self-discipline.

The chairman directly leads the organization of the risk control department to implement internal audit activities, and is responsible for investigating and punishing various disciplinary and illegal acts within the company to eliminate various business risks.

Carry out special audits of various expenses from time to time, running through all links of marketing, procurement, logistics, warehousing, infrastructure, etc.

Resolutely punish all kinds of commercial bribery and other bribery behaviors. Once found, depending on the severity of the circumstances, give different types of corresponding measures such as warnings, fines, dismissals, dismissals, and transfer to law enforcement agencies.

**Future Prospects of Lopal Tech in anti-corruption**

Lopal Tech will resolutely implement and follow the principles of the Global Compact on anti-corruption, and effectively prevent all types of employee corruption such as embezzlement of company property and commercial bribery.

**Conclusion:**

Looking back on 2019, Lopal Tech has made many efforts in fulfilling the ten principles of the Global Compact and achieved remarkable achievements. As a senior member who has been a member of the UN Global Compact for more than ten years, Lopal will continue to implement the ten basic principles of the Global Compact in the areas of human rights, labor standards, environment and anti-corruption, and take social responsibility as an important business development Goals. In the future, Lopal will continue to focus on the green chemical industry based on the business philosophy of listed companies, and actively participate in various activities carried out by the United Nations Global Compact around the world. At the same time, it will drive more companies to participate in the implementation of corporate social responsibility While implementing Lopal's global development strategy, it is actively carrying out various public welfare activities to make its due contribution to the progress of society, the reduction of pollution emissions, and the improvement of the environment.