

## Lopal Tech

### Global Compact 2021 Annual Progress Report

Since Lopal Technology Co., Ltd. (formerly known as Lopal Petrochemical) formally joined the United Nations "Global Compact" in October 2008, it has strictly followed and actively implemented the four aspects, ten principles of the Global Compact on human rights, labor standards, environment and anti-corruption. The company have formulated a complete system in terms of labor standards, environmental protection and anti-corruption.

Entering a new stage of historical development, the company actively implements the national "double carbon target", released a brand new corporate culture which is "Use green energy and green chemistry to help neutralize carbon" as corporate mission and the company continues to promote the implementation of the Global Compact with the vision of "Through R&D and brand drive, Lopal is willing to be the seventh international group of green energy and green chemistry in the world". Lopal will continuously promote the sustainable development of the enterprise, economy,

environment and society.

Since joining the Global Compact, the company has always regarded fulfilling corporate social responsibility as an important task. In the last year, the company actively fulfilled our responsibilities and obligations, we have worked with all sectors of society to participate in public welfare activities such as poverty alleviation, anti-epidemic efforts and support for rural revitalization. With those activities, Lopal has carried forward our spirit of humanity, fraternity and dedication.

In the meantime, as a green enterprise, Lopal continuously focus on issues about climate change and environmental, and integrate sustainable development goals into our business blueprint.

Under the background of the dual carbon target has been set and National VI emission standard has been comprehensively implemented, Lopal goes deep into the idea of green-development, continues to lay out green industries such as lithium and hydrogen. With advanced technology and high-quality products, the company has made remarkable

achievements in protecting the beautiful home of the earth.

In January 2021, Lopal donated lubricating oil products and LV GAL sterilizing materials to the convoy of Volunteers Association of Heihe city, Lei Feng convoy of Heihe City and Private convoy of epidemic prevention in Heihe City. Lopal paid a great contribution to the volunteer activities of epidemic prevention and control in Heihe.

In March 2021, Lopal issued 5 million yuan for public welfare subsidy to all agricultural machinery oil dealers, to promote the introduction of high-quality agricultural machinery oil products into rural areas and help the steady development of rural agricultural industry.

In March 2021, Lopal donated epidemic prevention and control supplies which valued 220,000 yuan to build green security for students and teachers in Taizhou City of Jiangsu Province, .

In April 2021, Lopal released the first Carbon-neutral Statement in China's automotive chemicals and lubricants industry.

In July 2021, there was a new round of COVID-19 has broken out in Nanjing. Lopal organized all cadres to coordinate epidemic prevention and control assistance work in the first time. The company successviely donated LV GAL sterilizing materials to sanitation and municipal departments in Nanjing, as well as more than 5,000 online rental cars in the city. By the end of July, Lopal donated two special negative-pressure ambulances to Nanjing Red Cross Society. Those two ambulances were supplied to Nanjing Emergency Center by Nanjing Red Cross Society, for the use of first-line epidemic prevention and control. This donation made Lopal to become the first enterprise who made donation to Nanjing Medical Department after Nanjing epidemic.

In Januray 2021, Shiyongfei, dean of Lopal Research Institute, was honored “Advanced Individual in the city's fight against COVID-19”, which decided by Nanjing Municipal Party Committee and Government.

In Apirl 2021, Lopal was honored “Top 10 Lubricating Oil Brands of China in 2020”

In December 2021, Lopal was honored “Jiangsu Red Cross Charity Medal”

In December 2021, Lopal successfully passed “Jiangsu Premium Brand Certification” audit, to be ranked among the high quality manufacturing brands in Jiangsu Province.

In December 2021, Lopal NO.1 all series products were honored “Best Marketing Award” in GGA 2021, which made Lopal the only brand in lubricating oil industry in GGA 2021.

In December 2021, Lopal Lubricant New Materials (Tianjin) Co., Ltd. was honored Social Responsibility Award for Assisting rural revitalization in 2021.

As one of the leading companies in China's lubricant industry, we have the responsibility to set an excellent example for the management and implementation of CSR (Corporate Social Responsibility) in this industry. Moreover, we will continue to firmly support the development of the United Nations Global Compact. We also hope that our support can inspire more

domestic enterprises and contribute more to emphasizing corporate social responsibility and promoting sustainable social development.

In the past year, Lopal has mainly carried out the following tasks in fulfilling the "Global Compact":

### 1. Human rights

Principle 1: The business community should support and respect internationally recognized human rights

Principle 2: Make sure not to go with the human rights abusers

Since joining the United Nations Global Compact, Lopal has always supported the United Nations' Universal Declaration of Human Rights as part of its commitment to social responsibility. Our commitment means that we will formulate lofty goals and action guidelines through continuous efforts,, and implement the concern for human rights into the actual actions of the company.

Lopal's future prospects in respect of human rights principles

Lopal will continue to abide by the principles of human rights in

the Global Compact, promote the awareness of safeguarding human rights among all employees, and take practical actions to protect the human rights of all employees.

## 2. Principles of Labor Standards

Principle 3: The business community should support and respect internationally recognized human rights

Principle 4: Eliminate all forms of forced and compulsory labor

Principle 5: Effectively abolish child labor

Principle 6: Eliminate discrimination in employment and occupation

1. In 2021, Lopal has provided diversity incentive programs for employees, with a variety methods of stimulation as short-term excess profit prize, piece rate prize, project prize and medium and long-term equity option incentive, to motivate employees' creation of value.

2. In 2021, Lopal University cooperated with all kinds of professional training institutions, implemented various training activities which to help our employee comprehensively improve knowledge vision and job skills.

3. In 2021, with methods of competition for employment rotation, internal staff rotation and other ways, Lopal carried out comprehensive talent training to provide effective help for employees' career development and promotion.

4. In 2021, the company continues to increase the care for employees, and to provide care-subsidies for employees

Lopal's future outlook on compliance with labor Principles

Lopal Technology has always placed the promotion of employee benefits at the same important position as the development of the company. In the future, it will continue to abide by the core conventions of the International Labor Organization on labor standards and other international treaties, strictly implement the principles of the Global Compact on labor standards, integrate domestic and the company's own situation, continue to improve the working environment and welfare of employees. At the same time, we will continue to innovate the employment system to improve employee satisfaction and happiness.



### 3. Environmental principle

Principle 7: The business community should support the use of preventive methods to meet environmental challenges

Principle 8: Take initiatives to promote more environmentally responsible practices

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

In 2021, the strategic goal of "carbon peak and carbon neutral" was formally put forward, and National VI Emission Standards have been fully implemented. Automotive aftermarket enterprises have bounden social responsibilities to promote environmental protection, energy saving, carbon reduction and national development strategic goals. At the end of 2021, Lopal redefined enterprise mission which is "Use green energy and green chemistry to help neutralize carbon". We will actively implement the strategic steps of sustainable development, constantly deepen the layout of green industries, vigorously explore the field of green new energy such as lithium electricity and hydrogen energy, and take environmental protection, energy conservation and emission reduction as an important

direction of innovative product research and development.

The achievements and effects of Lopal in environmental protection in the past year:

1. In 2021, Lopal further deepen the strategic layout of lithium battery cathode materials In Sichuan, Shandong and other places to invest and build lithium iron phosphate cathode material plant projects, further expand the capacity of lithium iron phosphate. Furthermore, Lopal has already planed to go overseas and set up a factory in Indonesia. And this project will make us as the first domestic lithium iron phosphate material enterprise going global. In the mean time, Lopal has established in-depth cooperation with CATL, Yonfer and other upstream and downstream enterprises in the industry chain to accelerate the exploration of new energy vehicle battery materials and promote development of new energy vehicle industry.

2. In April 2021, Lopal issued the first Carbon Neutral Statement in the automotive chemical industry, announcing that we will achieve carbon neutral in its business activities by 2030.

3. In November 2021, Lopal has successfully passed ISO14064 certification issued by SGS, the world-famous certification agency. The greenhouse gas (GHG) emissions in production and operation process have been fully investigated, providing detailed data reference for the following emission reduction work.

4. On 10th of November, 2021, Lopal was invited to participate in the online sub-forum-Business Ambition For Climate Action, which was organized by Global Compact at the United Nations Climate Change Conference.

5. In November 2021, Lopal launched its new energy vehicle chemicals product line, Lopal E-series. This new product series will provide systematic solutions for new energy vehicle maintenance with high-end green chemical technology.

6. In December 2022, Lopal officially applied to participate in the selection of "SDG China Pioneer".

Lopal's future prospects in environmental protection

Lopal will strictly abide by the principles of the Global Compact

on environmental protection, actively respond to the various decisions of the United Nations and the Chinese government on environmental protection, and contribute to the sustainable development of the global economy and society. In the future, Lopal will continue to increase investment, actively develop new environmental protection technologies and products, and make due contributions to China's environmental protection cause.

#### 4. Anti-corruption

Principle 10: The business community should strive to oppose all forms of corruption, including extortion and bribery

Integrity management has always been the business philosophy that Lopal has always followed from top to bottom. Since its establishment, Lopal Technology has strictly followed the relevant global standards on business integrity management, and has continued to inform our employees, suppliers and customers to convey Lopal's values and principles of integrity.

Lopal's efforts in anti-corruption principles

In order to ensure the healthy and stable development of the company and promote smooth implementation of various tasks, Lopal continues to improve the financial internal audit system and organizes the risk-control department to carry out regular internal audit activities in 2021. And the company issued a detailed "Supervision management measures", further from the system and process to establish a sound anti-corruption management system. In the meantime, the company severely investigated and punished all kinds of violations of laws and regulations, strengthened the integrity education and publicity of employees, thus creating a good working environment and atmosphere of honesty, self-discipline and dedication to their duties.

1. Directly led by the chairman of the board of directors, organize the risk-control department to implement internal audit activities, and be responsible for investigating various violations of discipline and law within the company, and eliminating various business risks;

2. Carry out special audits of various expenses from time to time, running through marketing, procurement, logistics,

warehousing, infrastructure and other links;

3. Resolutely punish various commercial bribery and other bribery acts. Once discovered, depending on the severity of the circumstances, different types of corresponding measures such as warning, fine, dismissal, expulsion, and transfer to law enforcement agencies will be given.

The future outlook of Lopal's anti-corruption actions

Lopal will resolutely implement and follow the anti-corruption principles of the Global Compact, and effectively prevent all kinds of employee corruption such as embezzlement of company property and acceptance of commercial bribes.

Conclusion:

Looking back on 2021, Lopal Technology has made many efforts in fulfilling the ten principles of the Global Compact and has achieved remarkable achievements. As a senior member who has joined the United Nations Global Compact for 14 years,

Lopal will continue to thoroughly implement the ten basic principles of the "Global Compact" in terms of human rights, labor standards, environment and anti-corruption, and regard social responsibility as an important enterprise development Goals. In the future, Lopal will continue to focus on the green chemical and green energy territory, based on the business philosophy of listed companies, actively participate in various activities carried out by the United Nations Global Compact around the world, at the same time drive more employees to participate in the performance of corporate social responsibility. Implementing Lopal's global development strategy, it actively carries out various public welfare activities to make its due contributions to the progress of society, development of human health undertakings, the achievement of dual carbon targets and rural revitalization and common prosperity.