

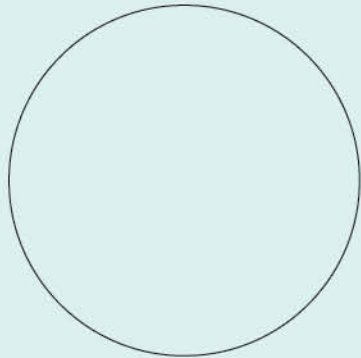


LEO PAPER GROUP
United Nations Sustainable
Development Goals
(SDGs)

Preface



Leo Paper Group was awarded the “Sustainable Organization Gold Award”



This year celebrates the 40th anniversary of Leo Paper Group (Leo), which takes root in Hong Kong and Mainland China and has since expanded globally, providing comprehensive paper printing solutions. Leo commits to 6 core values: *Quality, People, Ethics, Community, Environment, and Relationship*. Green and sustainable development is the main pillar of our policy, the basis on which our medium and long-term goals and blueprints are developed. We ensure that all of our employees understand this policy and implement relevant actions by utilizing the right system and resources.



UNSDG Achievement Awards 2022 Hong Kong

The Green Council’s “UNSDG Achievement Awards 2022 Hong Kong” Presentation Ceremony took place on September 19th, 2022. The Award aimed to recognize organizations projects with outstanding performance in sustainable development that were in line with sustainable development targets. In recognition of our corporate values and contributions, Leo was presented with the “Sustainable Organization Gold Award” which all Leonians were proud to receive.



The “United Nations Sustainable Development Goals (UNSDGs)” have been adopted by all UN member states since September 2015. They provide a framework and blueprint for solving the most pressing problems in the world. All enterprises and organizations are expected to adopt the SDGs framework by 2030, working together to create a more prosperous, harmonious, and peaceful future for newer generations. Leo is one of the first companies in the printing industry that implement sustainable development goals. In fact, this concept has long been at the core of Leo’s culture and DNA. As early as 2006, we created the six corporate values which align well with the concept of sustainable development, namely “Strive for Continuous Improvement”, “Value Our People and Support Their Ongoing Development”, “Behave with Honesty and Fairness”, “Demonstrate Responsibility and Commitment to Our Country and Community”, “Cherish Our Natural Resources and Treasure the Environment”, and “Encourage Harmony and Mutual respect”. Among the 17 SDGs, Leo covered 14 of them which include environmental protection, health, responsible production and innovation, social responsibility, and other key topics.

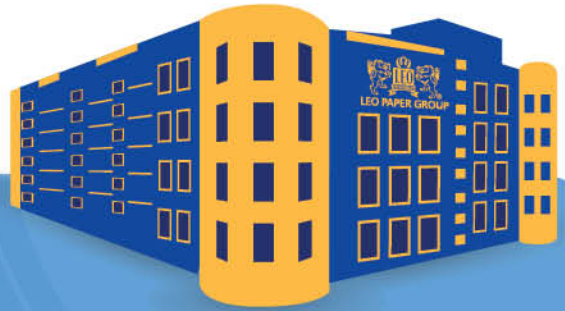


Leo understands the importance of sustainable development to the company and the world. While enhancing the value and diversification of products and services, we are also committed to ensuring that operations are in line with the concept of sustainable development, in addition to working with all sectors of society to create a better future.

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1. About Leo Paper Group



Founded in 1982, Leo Paper Group (Leo) is a leading global printing communications company that provides a total solution from pre-press, printing, to post-press production. With large-scale printing production bases in both China and Vietnam, Leo provides comprehensive printing solutions to our global clientele. Leo is a sole proprietorship enterprise that offers a wide range of printed paper products for both global and domestic markets. We specialize in board books, paper bags, greeting cards, packaging boxes, game sets, gift items and many more. Leo has 5 sales offices outside of Asia, which are located in the United States (New York and Seattle), the UK, Belgium and Italy.

Our Vision

To be the global leader in the printing communications industry.

Our Mission

1. Set the industry standard for excellence by delivering unbeatable quality.
2. Embrace the future by using state-of-the-art technologies.
3. Exceed customers' expectations by creating unprecedented value.
4. Stand by our beliefs and contribute to the wellbeing of the community.
5. Encourage continual growth and sustainable development.
Live and work in peace, harmony, and contentment.

Our Sustainable Values

Quality - Strive for continuous improvement.

People - Value our people and support their ongoing development.

Ethics - Behave with honesty and fairness.

Community - Demonstrate responsibility and commitment to our country and community.

Environment - Cherish our natural resources and treasure the environment.

Relationship - Encourage harmony and mutual respect.

2. Sustainable Development System

2.1 Sustainable Development Policy

To ensure the implementation of our sustainable development philosophy, we have established committees to supervise the enforcement of various policies. These committees include the Green Harmony® Committee, the Environment, Health and Safety (EHS) Committee, Innovative Technology Research and Development Committee, the Anti-Corruption Governance Committee, the Happiness and Harmony Committee, and the Product Safety Committee. Leo has incorporated the United Nations Sustainable Development Goals (SDGs) into its business strategy including environmental protection, EHS, product safety, anti-corruption, and innovation.

2.2 Management Committee

To ensure the effective implementation of sustainable development projects, and related policies, about environmental protection, social responsibility, EHS, product safety and the like, a series of system manuals have been compiled. These manuals cover quality, environment, EHS, information security, hazardous substance control, and social responsibility. Each manual highlights its related policy and guidelines. Through different channels such as bulletin boards, internal training, posters, and broadcasts, we educate our employees about the principles and their implementation.

Sustainability Committee Structure



Committee	Person in Charge	Duties
Green Harmony® Committee	CFO	<ul style="list-style-type: none"> - Formulate the company's overall environmental protection framework. - Review and determine environmental responsibility, strategies, and goals. - Monitor the implementation of environmental protection actions.
EHS Committee	Group Director/ General Manager of Astros	<ul style="list-style-type: none"> - Review and confirm the EHS policy, goals, and strategy. - Provide guidance for the operation of the Committee. - Provide guidance on the progress of key EHS projects.
Innovative Technology Research and Development Committee	Group Director/ General Manager of Astros	<ul style="list-style-type: none"> - Overall planning and implementation of R&D. - Establish R&D projects and provide professional advice. - Monitor project progress, results, and budget status.
Anti-Corruption Governance Committee	Managing Director of Astros	<ul style="list-style-type: none"> - Protect the legitimate rights and interests of the company as well as maintain the company's image as a good corporate citizen. - Create a fair, open, and transparent working and living environment. - Foster a culture of honesty and integrity. - Establish a whistleblowing policy, control procedures and reporting channels. - Resist negative social ethos. - Cultivate and inspire people in Leo
Happiness and Harmony Committee	Operations Management Manager	<ul style="list-style-type: none"> - Plan and establish Happy Leo projects. - Coordinate resources and supervise the progress. - Review effectiveness of the projects.
Product Safety Committee	Director of Innovation Center	<ul style="list-style-type: none"> - Solve the product safety needs and enquiries of all customers. - Maintain and update product safety management system. - Review and monitor all production materials and their compliance with the latest product safety regulations. - Solve all product safety issues and complaints.

2.3 System Policy

System	Principle
Environmental management	Recognize environmental responsibility and create a better future.
Occupational Health and Safety Management	Safety and prevention first, and comprehensive management.
Energy Management	Use energy wisely, reduce energy loss.
Clean Manufacturing	Reduce resource consumption, cut down emissions, increase efficiency, and create a green and harmonious future.
Green Harmony	Exceed the requirements, set a good example, create a green and harmonious world, and contribute to sustainable development.
Product Safety	Control of origins and production process, create green printing.

2.4 International Certification

While we continue to strive for excellent quality and service, Leo has accredited with over 20 management system certifications in 2022 that fulfill the commitment for quality, environmental protection, social responsibility, and risk management.

Quality Management	Environmental Management	Social Responsibility	Risk Management
ISO 9001 ISO 10002 ISO 10012 ISO 17025 BRC PSO CMA Mellow Colour SQP CCC GMI	ISO 14001 ISO 14064 FSC™ COC PAS 2050 Green Mark Cleaner Production China Environmental Labelling	ISO 26000 ISO 45001 ICTI BSCI ETI(SMETA)	ISO 27001 AEO (China Custom) SCAN

2.5 Regular Monitoring

Our specialized team of 10 ISO certified internal auditors under the Finance and Audit Department is responsible for all kinds of audits regarding standard and regulation compliance, and operating procedures. The scope of this team covers Astros, Hong Kong Office, subsidiary factories, and suppliers. The aim is to mitigate operational risks and promote continuous improvement in quality, environmental protection, social responsibility, and risk management systems.

2.6 Environmental Targets

As a responsible printing company, we have set up long-term environmental targets for 2025*.

Our 4 main targets are:

1. Reduce greenhouse gas (GHG) by 25%
2. Reduce water consumption by 25%
3. Reduce VOCs by 80%
4. Reduce hazardous waste by 60%

* 2019 as the base year, measured as per mil HKD sales.

Another 5 targets are:

1. Reduce plastic use by 25%
2. Increase the use of eco-friendly materials by 50%
3. Increase the use of paper as substitute for non-environmentally friendly materials by 25%
4. Increase the production of greener products by 25%
5. Increase service groups of community activities by the Leo Volunteer Team by 25%



3. United Nations Sustainable Development Goals (UNSDGs)

The 2030 Agenda for Sustainable Development, adopted by all member states of the United Nations in 2015, provides a shared blueprint for global peace and prosperity. The 17 Sustainable Development Goals (SDGs) consist of 169 target elements that act as a call to action for all countries. They promote the diminishment of poverty and other deprivations, and encourage working together to improve health, education, equality, and maintain economic growth. The crucial goals for sustainable development are tackling climate change and preserving our oceans and forests.



The 17 United Nations SDGs

4. Related SDG actions by Leo

Our corporate value and the UNSDGs are on the same track. We set up the targets and goals around the environment, society, human and ethics to create a better and sustainable life for our today and future generations. Leo has incorporated the SDGs into its business strategy and has been carrying out related projects in various fields. We strongly believe those actions are beneficial to us and our community.

Actions taken by Leo relating to the SDGs :

SDGs	Our Actions
SDG 12: Responsible Consumption and Production ●●●●	<ul style="list-style-type: none"> ✓ Product safety ✓ VOCs and hazardous waste control ✓ Paper procurement requirements ✓ Plastic elimination
SDG 3: Good Health and Well-Being ●●	<ul style="list-style-type: none"> ✓ Organizing cultural and sports activities ✓ Concern about staff meals ✓ Provide medical services ✓ Covid-19 prevention and control
SDG 7: Affordable and Clean Energy ●	<ul style="list-style-type: none"> ✓ Develop the use of renewable energy ✓ Upgrade equipment/ Promote machines efficiency
SDG 6: Clean Water and Sanitation ●	<ul style="list-style-type: none"> ✓ Wastewater control ✓ Conserve water resources (reclaimed water, water-saving facilities)
SDG 4: Quality Education ●●	<ul style="list-style-type: none"> ✓ Set up Vocational and Technical School ✓ Support lifelong learning and training
SDG 8: Decent Work and Economic Growth ●●	<ul style="list-style-type: none"> ✓ Protect employee benefits and rights ✓ Set up Caring Workshop ✓ Drive innovation
SDG 5: Gender Equality ●●	<ul style="list-style-type: none"> ✓ Avoid discrimination and sexual harassment through training and management ✓ Provide baby-caring facilities
SDG 16: Peace, Justice, and Strong Institutions ●●	<ul style="list-style-type: none"> ✓ Whistleblowing policy - Provide channels for employees and supply chain complaints/comments with follow up actions ✓ Anti-corruption guidance and training
SDG 11: Sustainable Cities and Communities ●●	<ul style="list-style-type: none"> ✓ Business Continuity Plan (BCP) ✓ Participate in food recycling scheme

* Aligned with our 6 sustainable values : ● Ethics ● Environment ● People (Leonian) ● Community ● Relationship ● Quality

SDGs	Our Actions
SDG 15: Life on Land ●●	✓ The Shaoguan Reforestation Project
SDG 1: No Poverty ●●	✓ Affordable dormitory facilities ✓ Upgrade employees' skill ✓ Provide baby-sitting services, allowing staff to focus better at work ✓ Raise living standard
SDG 9: Industry Innovation and Infrastructure ●●	✓ Develop innovative production skills ✓ Develop special projects and patents
SDG 10: Reduced Inequalities ●●	✓ Fair and open recruitment ✓ Anti- discrimination policy
SDG 17: Partnerships for the Goals ●	✓ Cooperate with different organizations to participate in sustainable programs.

*Aligned with our 6 sustainable values : ● Ethics ● Environment ● People (Leonian) ● Community ● Relationship ● Quality

4.1 Responsible Consumption and Production (SDG 12)

Corresponding UNSDG targets

Target 12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment



Target 12.2

By 2030, achieve the sustainable management and efficient use of natural resources

Target 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Target 12.7

Promote public procurement practices that are sustainable, in accordance with national policies and priorities.

Leo Product Safety Controls

- Established the Product Safety Committee in 2011 to monitor material and final product safety and resolve all product safety issues. It is to ensure compliance with major product safety standards in Europe and the United States, including but not limited to CPSIA, EN17 and RoHS covered children products, toys and electronic related products.
- Our certified laboratory (Leo-MTS) is responsible for testing raw materials and finished products. Leo-MTS is qualified to issue formal lab test reports.



Leo- MTS Laboratory

Carbon Net-Zero Target

In response to international and national climate change policies, we have set a carbon net-zero target and carbon reduction target of 25% by 2025. We are actively promoting action plans that focus on carbon emissions reduction, water conservation, and pollution reduction.

9 major directions:

Optimize energy management system	Promote the application of energy-saving and high-efficiency technology	Develop energy diversification
Update greenhouse gas accounting system	Promote green building	Promote green product design
Implement green procurement	Develop green supply chain	Promote low-carbon logistics

Air Emission Management

Our Hong Kong Office and Heshan Astros production factory have been undergoing annual greenhouse gas audits and receiving ISO14064 accreditation since 2007. The GHG system covers 3 areas, namely 1) Direct emissions including fuel, natural gas and sewage treatment; 2) Indirect emissions including electricity consumption; 3) Indirect emission such as air travel by our staff. Annual carbon emission data has been published in the CSR report on our official website.

VOCs Reduction

In recent years, we have studied the main sources of VOCs, and taken relevant control measures to cut down on VOCs emissions in three ways: source reduction, process control and end treatment.

- Source reduction: In 2021, our R&D team developed 8 different types of low- VOCs materials to replace 11 materials with high VOCs content.
- Process control: Control of fugitive VOCs emissions that minimized escape from equipment, pipelines, seals and valves through evaporation, flaring, spills and leaks controlled by negative pressure rooms and isolation devices. We also use sealed containers during ink or solvent transfer.
- End treatment: There are 25 sets of VOCs treatment facilities, which all are treated by UV photolysis and activated carbon absorption to remove inlet air VOCs before releasing. The VOCs exhaust outlets has been rearranged and integrated into 9 sets of equipment with online surveillance systems connected to the local government agent. Leo complies with the government standard on discharged gas.



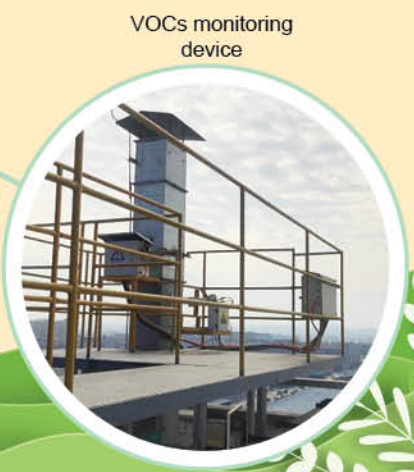
VOCs Monitoring System



VOCs treatment outlet



VOCs treatment system



VOCs monitoring device

Waste Management

Hazardous Waste Reduction

We have a special team to handle and study how to further reduce hazardous waste. One of the hazardous waste reduction technologies adopted is sludge drying. The sludge is dried by evaporation under low temperature and concentrated by 80%. It largely reduces the amount of hazardous waste from production. Furthermore, our hazardous waste storage warehouses manage the collection, storage and identification. All of the hazardous waste is collected and managed by qualified contractors. During the printing process, a large number of waste ink containers are disposed as hazardous waste. It is not only harmful to our environment, but the hazardous waste treatment is costly. In light of this, we introduced an automatic ink-supply system and squeezable bags to replace small tin can packing.



Automatic ink-supply system



Waste Sorting and Recycling

“Waste Management Workflow” and “Waste Treatment Guidelines” are implemented to reduce the impact of solid waste to the environment. A designated team is responsible for managing the entire process of waste disposal. All the waste is handled according to the principle of classified recycling, centralized storage and treatment. During production, solid waste such as wastepaper, waste wood and scrap metals is produced so that it will subsequently be recycled and reused. To ensure reasonable recycling of the aforementioned wastes, only qualified agents are recruited. Wastepaper is reformed to new recycled products by relevant service providers.



Waste paper collection

Environmental Factors Identification

At Leo, the “Environmental Factor Identification and Evaluation Procedure” is in place, which considers the past, present, and the future conditions while classifying them into normal, abnormal, and emergency status. A comprehensive scoring mechanism and analytical method are adopted to evaluate the environmental impact. Our audit team monitors the control actions of polluted gas, waste and sewage meet the standard level. As a result, reduce impact on the environment and human health.

Paper Procurement

Leo has been accredited FSC™ COC since 2007. To date, six entities under Leo have received this certification including Heshan Astros Printing Limited, Leo United Paper Products Limited and Leo Paper Products (Vietnam) Limited.

- We promote the application of environmentally friendly paper, such as certified well-managed paper and recycled paper, in order to achieve green printing for forest protection and sustainable development. The ratio of eco-friendly paper (i.e. certified green paper or recycled paper) purchased increase year by year from 44.09% in 2011 to 94% in 2021.
- A procurement policy of paper purchasing is required to comply with timber regulations. We have a professional team who is responsible for gathering the latest Lacey Act/EU995/FLEGT/ESA and other timber-related laws and regulations. Timber suppliers and paper merchants provide information about the tree species and sources of wood. We check it against the international list of restricted tree species to ensure the raw material source is not restricted by any laws and regulations. At the same time, paper suppliers are strictly prohibited from using endangered species, illegal logging, protected forests including old trees, protected species. They must avoid purchasing timber/paper from controversial timber categories and districts.
- Purchase order will be processed once all the documentations and certificates has verified.
- To help protect the environment, we cooperate with our clients and provide environmentally friendly solutions, e.g. using certified well-managed paper/ recycled paper, as well as recycled materials. During the design phase, we consider using environmentally friendly replacements, e.g. paper tray replaces plastic blister, and use paper hooks instead of plastic hooks.



Avoid Single-Use Plastics (SUP)

- Over the years, different plastic elimination solutions have been devised by our R&D team.
- Plastic wrapping film was normally used to transport semi-finished products. We have a solution to reduce its usage by using multi-layer logistics trolleys and multi-layer racks.



Plastic hook



Paper hook

Supplier Management

- To ensure the suppliers meet the international regulations, customer needs and our own requirements, suppliers are requested to provide Material Safety Data Sheets (MSDSs) of their raw materials. In our material safety database, we use our own restricted chemical list to check against all the chemicals in the MSDSs. If any restricted chemicals are found, the supplier must reformulate the material and submit for recheck until no restricted chemical is identified.
- In accordance with our “Supplier Approval Procedure”, all suppliers are assessed and evaluated to become an approved vendor. The assessment covers perspective of quality control, logistics arrangement, code of conduct, environmental protection, and social responsibility. Moreover, the statements of “Supplier Code of Conduct”, “Environmental Protection Requirements”, and “Anti-corruption” are to be signed by the suppliers.
- We conducted 39 on-site and remote supplier audits in 2021. The audit items covered environmental element, product safety, quality requirement, and code of conduct. The purpose of audit is to review supplier performance and take corrective actions for non-compliance items. We reserve the right to suspend the relationship if supplier seriously fails to comply with requirements.

The above actions also conform with the following UNSDG targets:


Target 11.6
By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management




Target 3.9
By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

Corresponding UNSDG targets

Target 3.4

By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being



Target 3.8

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Cultural and Sports Activities

Every year, Leo holds various cultural and sports activities to promote our staff's physical and mental health while enriching their social life after work. These activities help to develop personal strengths and enhance sense of belonging.

- “Leo Cup” runs for a period of 2 weeks as an annual sports competition held every December. Basketball, soccer, tug-of-war and running are among the most popular events. Over the past 15 years, there have been more than 3,000 participants.
- “5.4 Youth Day Happy Mountaineering Activity”: Youth Day is celebrated on May 4th in China. A mountaineering activity took place in Dayan Mountain Park under the theme “5.4 Youth Day Happy Break-through” to promote an active and healthy lifestyle.
- “Mid-Autumn Festival Activities”: A joint birthday party was held on the evening of the Mid-Autumn Festival, along with the cultural event “Mid-Autumn Lantern Riddles”. Many Leonians participated and enjoyed a wonderful night together in Greenfield Garden’s dormitory square.



Tug-of-war game



Soccer game



Basketball game



Joint birthday party



Mid-Autumn Lantern Riddles



Mid-Autumn Lantern Riddles

- The “Green Run 2021” event was organized by the Green Council in the form of a virtual run. A total of 15 Hong Kong colleagues participated. There were no route and time restrictions. Participants could freely choose the location and time of running. The main goal was to encourage our colleagues to exercise more and develop healthy habits.
- “Standard Chartered Trophy – Road to Anfield 2019” was a five-a-side outdoor soccer match. Leo was the champion in Hong Kong and runner-up for the UK final.



Green Run 2021



Standard Chartered Trophy – champion in HK



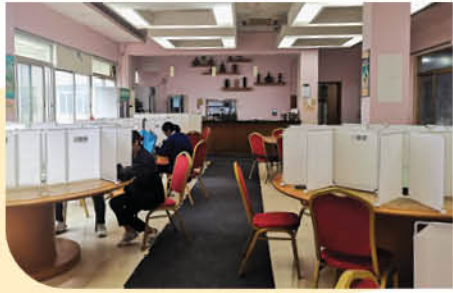
Standard Chartered Trophy – Road to Anfield 2019
Runner-up for UK final

Staff Meals

- Healthy eating is a core pillar of healthy lifestyle. Our meal plans are designed according to the principles of nutrition and balanced diet. On our daily menu, we serve a wide range of food including cereals, meat, poultry, fish, eggs, and vegetables. Our canteen is built to accommodate colleagues with and without disability. We also serve special meals for our staff on need basis, such as those for expectant mothers.
- Leo developed a special guideline for menu preparation. The guideline specifies that all ingredients should be fresh and from sustainable sources.



Staff canteen



Cafeteria for expectant mothers

Emergency Financial Aid

- Fundraising campaigns are launched on a need basis. All Leonians are encouraged to participate by donating towards the cause. In most cases, these donations are for colleagues who are faced unfortunate circumstances.

Pandemic Prevention and Control Measures

- In response to pandemic control, our Prevention Command Center has set up in response to the national and local pandemic prevention requirements. We offered PCR tests to factory personnel during high-risk periods, and arranged 6 vaccination services in 2021. A total of 10,265 people voluntarily received the second dose of the COVID-19 vaccine.

Medical Services

- We provide employees free and comprehensive annual health checkup.
- Medical insurance provided for all Hong Kong staff. An additional life and accident insurance for staff who travel for business is served as an extra protection.
- In partnership with the Heshan Maternity and Child Health Hospital, our employees are provided with free door-to-door body checks throughout the year. A total of 429 staff have signed up for the service.
- Heshan Maternity and Child Health Hospital and Heshan Hospital of Traditional Chinese Medicine (Gulao Town Branch) provides our staff with gynecology services by visiting our factory every Wednesday.
- We provide physical exams on special occasions such as “Women’s Day” and “520 Care Day”, which cover:
 - Free breast cancer and cervical cancer screening tests for female employees
 - Gynecological expert consultations at our factory for door-to-door services
 - Physical exam packages at special rates with local top three hospitals
- In 2011, Heshan Hospital of Traditional Chinese Medicine (Gulao Town Branch) sent two doctors-in-residence and two nurses-in-residence at Astros. They provide medical consultation services for all staff from Monday to Saturday morning to 9 pm.



Nucleic acid testing



Nucleic acid testing

Corresponding UNSDG targets



Target 7.3

By 2030, double the global rate of improvement in energy efficiency



The Vietnam plant

Renewable Energy Development

- Solar roofing was installed at Vietnam plant in December 2020. The solar panels cover an area of 32,000 square meters, which can generate 2.9 million kWh of electricity per year.
- Our plan is to install solar roofing at the Heshan Astros plant to generate solar power for production use, so as to reduce the use of fossil fuel-generated electricity from the grid. The available roof area is about 100,000 square meters, and the annual photovoltaic power output will reach 9 million kWh approximately. It is expected to reduce carbon emissions by 8%.



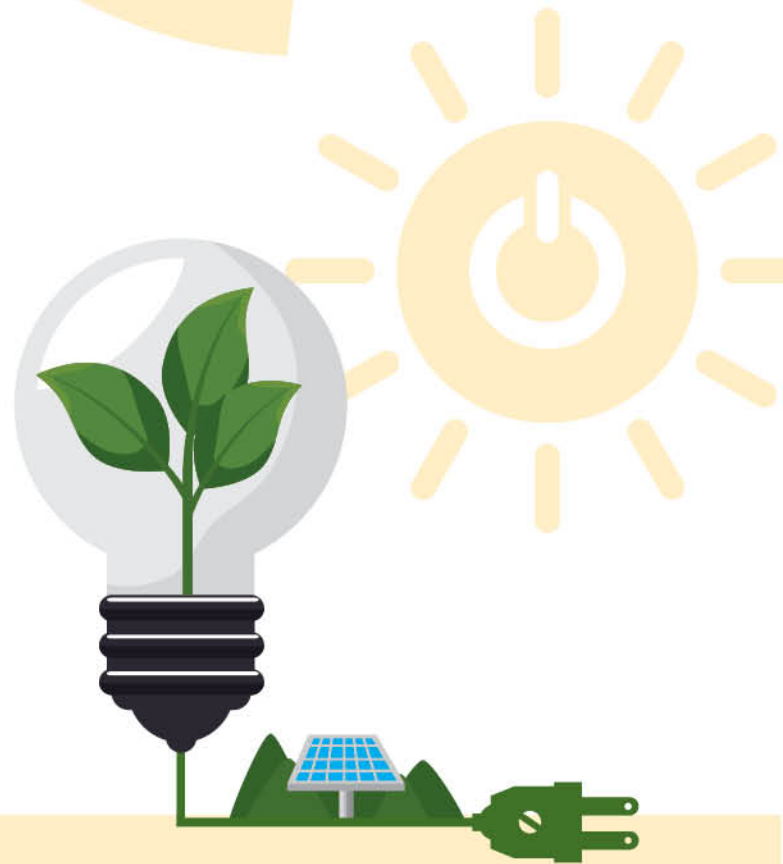
Low-temperature distillation and drying equipment

Equipment Upgrade

- A total of 8 printing machines, 30 LED-UV curing systems, air compressors, drying systems, assembly machines and IT equipment (HCI and VDI) were upgraded or replaced in 2020 and 2021.
- A new set of intelligent control system has been installed in the air compressor room of the plant, which monitors the operation of equipment in real time. The system intelligently controls the start-stop of the air compressor. Moreover, the refrigerating process has been replaced by the inverter (variable frequency drive), which helps to reduce power consumption of the air compressor.
- In May 2022, a full automatic low-temperature distillation and drying equipment was installed to treat and reduce hazardous waste. The annual capacity of this equipment is approximately 110 tons of original waste developer. The system would help to cut 80% of hazardous waste.
- The canteens and dormitories of the new factory at Hunan Astros is a project under construction that follows “One Star” grade of China Green Construction standard. While the industrial area follows “Three Star” grade.

Life Cycle Costing (LCC)

When planning to upgrade our equipment e.g. low-energy printing presses or LED-UV systems), we consider not only the machinery cost but also the operating cost. We break down and analyze life cycle costs that includes machine cost, energy consumption cost, efficiency, maintenance fee and all other associated expenses. Another example is the application of hyperconverged infrastructure (HCI) and virtual desktop infrastructure (VDI). The LCC method is adopted for upgrading our IT devices and replacing physical servers and traditional host computers, which greatly saves energy.



The above actions also conform with the following UNSDG targets:

Target 8.4

Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead

Target 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Corresponding UNSDG targets

Target 6.3

By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally



Target 6.4

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water shortage and substantially reduce the number of people suffering from water scarcity

Wastewater control

- Wastewater treatment plays a vital role in protecting the local environment and ecosystem. Astros is equipped with 3 wastewater treatment plants to treat industrial and domestic wastewater.
- Our subsidiaries – Heshan Leo United Paper Products Ltd. and Heshan Leo Packaging & Printing Ltd. – are equipped with sewage treatment systems for processing industrial and domestic sewage.
- An online monitoring system for wastewater was also equipped. It is connected to the local Environment Protection Bureau to ensure that the treated water quality meets the standards.



Waste water treatment plant

Water Resources Conservation

- Our Employee Handbook has a dedicated section on the importance of saving water such as, water conservation measures, and water-saving practises.
- The dormitory shower facilities are retrofitted with fixed shower heads to save water. At present, the coverage rate of fixed shower heads is 76%.
- We monitor water consumption for the whole plant on a monthly basis. Professional and qualified companies are contracted by Leo to survey leakage or abnormalities in water usage. Plumbing issues are resolved as soon as possible to avoid further water loss.
- The “Dormitory Water and Electricity Billing Method” was introduced to remind the staff living in the dormitory to use water and electricity efficiently. A reasonable and standard tiers are set that allow free water and electricity supply for normal monthly consumption. The dormitory occupant has to, however, cover additional costs resulted from usage exceeding the cap on free water and electricity supply.
- “Water Conservation” is a recurring theme in the daily meetings of our canteen. Any acts of water wastage should be stopped immediately and reported to the canteen supervisor.
- Install water-saving faucets in the public areas of our factories, including the canteens and toilets

The above actions also conform with the following UNSDG target



By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

Corresponding UNSDG targets



Target 4.3

By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

Vocational and Technical School

Jiangmen Astros Vocational and Technical School was founded in 2010 with a student population of more than 3,000. As a joint collaboration with Jinan University, we also run Jinan University (Jiangmen Campus). Leo's goal is to train and develop talents in different fields for our society, such as printing, car repair, e-commerce, logistics, and other professions.



Students in classroom



Jiangmen Astros Vocational and Technical School



Classroom activity - accounting practising

Jinan University (Jiangmen Campus)



Lifelong Learning and Training

- A comprehensive training and learning plan has been devised to solidify the procedures for sustainable talent development. Different types of training is provided to fulfill a career path including induction trainings, on job trainings and job rotation trainings.
- All new employees are required to attend induction courses, which include a 40-hours safety training; corporate culture; management policies; labor rights: anti-discrimination, anti-forced labor, anti-harassment, anti-abuse; basic training on the management system; and business ethics.
- Safety training courses held every year include first aid, elevator safety, hazardous chemical safety, basics of occupational health and safety.
- Our awareness training courses cover environment protection, code of conduct, energy saving, and information security.
- Apart from the internal training offered by our qualified trainers, we also encourage our staff to participate external professional training programs for the state-of-the-art knowledge and skills. From 2021 till now, Leo has sponsored 268 staff members for external training with a sum totaling RMB 200,000. They obtained professional qualifications in the fields of environmental protection and printing technology, such as Senior Carbon Asset Management Engineer, Guangdong Cleaner Production Auditor, and Fogra PSO Expert.

Training Records

- Other staff are regularly trained through online and face-to-face programs. A total of 3,000 people have been trained since 2021.
- Our “Mobile Cloud Academy” education platform is a online tool for self-learning. There are over 1000 training courses covered production management, logistics and supply chain knowledge, and management skills. The human resources department coordinates course selection with reference to one’s job nature. In 2021, 340 accounts were created for the selected staff, and the total number of study hours amounted to 8,229.

The above actions also conform with the following UNSDG target:



By 2020, substantially reduce the proportion of youth not in employment, education or training

Corresponding UNSDG targets

Target 8.2
Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors



Target 8.5
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Target 8.8
Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Employee Rights

All the employees enjoy paid sick leave, statutory holidays, paid annual leave, social security contributions, salary and benefits, as well as training rights. The rights and obligations have mentioned in our Employee Handbook.

Family Friendly Arrangement

In addition to statutory holidays, staff in Hong Kong are entitled to three additional days of compassionate leave. Staff having served in the group for over one year can enjoy three consecutive days of marriage leave.

Caring Workshop

· In 2015, the first disabled employment base in Heshan – “Caring Workshop” was established in China. There are currently 139 disabled employees with intellectual disabilities or physical impairments associated with speech, hearing or vision functions. The average seniority is approximately 5.5 years. They are signed up for the social insurance scheme, working 8 hours a day while receiving normal wages. Barrier-free facilities are also available in the workplace, dormitory, and other facilities within the factory area.





Caring canteen

- Astros caring canteen and special dormitory are both located at Phase II of Greenfield Garden. It only takes 3-5 minutes for the disabled staff to walk from the Caring Workshop to the canteen/ dormitory, and just 1 minute away on foot from the canteen to the dormitory. The caring canteen, providing freshly prepared and high-quality food at a reasonable prices, can accommodate up to 120 people.
- The dormitory is equipped with special shower facilities, toilets, protection barriers, shared washing machines, and wheelchair-accessible dormitories. Free Wi-fi is also provided.
- To enhance our disabled employees' sense of belonging and boost their happiness, joint birthday parties are organized twice a year in June and December respectively.



Joint birthday party



Joint birthday party

Corresponding UNSDG targets

Target 5.5

Ensure women's full participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



Target 5.c

Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

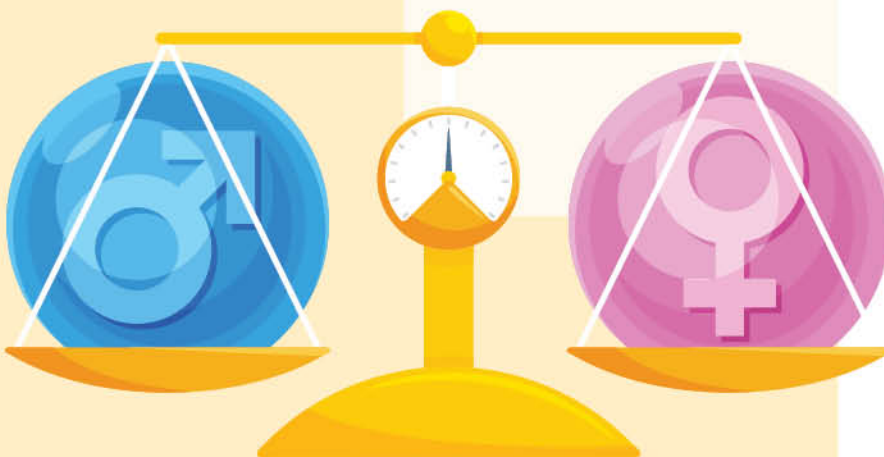
Male to Female Ratio in Senior Positions

The percentage of women on the Board of Directors and in senior positions at Leo has been increasing year on year, rising from 34% in 2019, 36% in 2020, to 38% in 2021.

Support Anti-gender Discrimination

The handling of gender discrimination, sexual harassment and sexual violence is clearly stipulated in the Employee Handbook and the Employee Violation Penalty Regulations, both of which provide explanation. Trainings provided to managers, security and staff to protect physical and mental health from harassment and abuse. Acts of secret photography, peeping, indecent assault, harassment and obscenity are strictly prohibited.

Our Soul Health Center will provide psychological counseling and follow-up consultations for those who have suffered psychological trauma due to gender discrimination, sexual harassment or violence.



Baby-Caring Facilities

We have 2 lactation facilities in the Greenfield Garden dormitory and production workshop. The “Loving Mother’s Little House” is furnished with refrigerators, disinfection cabinets, wash basins, beds, baby scales and reading zone. Mothers and their babies are in a safe, cozy private space for resting and breastfeeding. It helps to balance work and baby care responsibilities in a sense of joy, belonging and security.



Baby-sitting facility



Lactation Room

The above actions also conform with the following UNSDG target:



Promote and enforce non-discriminatory laws and policies for sustainable development

Corresponding UNSDG targets



Substantially reduce corruption and bribery in all their forms

Social Responsibility and Corporate Governance

Based on the regulations and standards, 30 social factors have been identified and divided into 7 main groups, including human rights violations, discrimination, child labor, forced labor, violations of labor laws in supply chain, corruption, and misleading actions on marketing. We determine the risk level and take improvement actions according to the possibility and severity of the incident, so as to mitigate the risk to a low level. A standard procedure, “Social Responsibility Risk Assessment Procedure”, is in place to manage the above practices. Our audit team regularly reviews the control measures and offers advice on the corrective actions.

Employee and Supply Chain Opinions

Our “Employee Opinion Processing Procedure” standardized the handling of employee opinions and the subsequent actions. Opinions are collected anonymously through suggestion boxes, complaint hotline or WeChat. Other communication methods are namely email, individual interviews, symposiums and regular employee representative meetings. After we collect the opinions or complaints, the messages are forwarded to our special integrity monitoring team for further investigation. A comprehensive report is then sent directly to the Managing Director of Astros. The results and follow up actions are to be printed on A3 paper by the secretary of each department and posted on the bulletin boards.



Suggestion Box

Suppliers may report misconduct to our Anti-Corruption Governance Committee by whistle-blowing channels such as email, post and telephone hotline. Each case is handled confidentially by a designated anti-corruption investigation team for further investigation and follow-up actions. The results are to be reported directly to the Managing Director of Astros.



Code of Ethics

- Our Anti-Corruption Governance Committee was established in 2009. The major responsibility is to implement an anti-corruption system and maintain a comprehensive governance. The committee has implemented a series of measures to ensure compliance with regulations, maintain high ethical standards, strengthen internal controls, promote self-discipline mechanisms, and enhance integrity of employees and suppliers. The committee has three control measures:
 1. The Conflict of Interest Declaration;
 2. The Conflict of Personnel Interest Declaration; and
 3. The Gift and Hospitality Declaration.
- We also sign the “Integrity Agreement” with suppliers to clarify that misconduct is strictly prohibited.
- “Integrity and Self-discipline Declaration Letter for Senior Management” and “Integrity and Self-discipline Declaration Letter for Important Positions” are signed annually by related personnel for declaration purposes.

Anti-Corruption Training

- We invited local anti-corruption expert in Jiangmen to visit Astros and offer on-site integrity training. A total of 450 staff members from the Hong Kong Office, Hunan Astros, Heshan Astros, Leo Paper Packaging & Printing, as well as Leo United Paper Products participated in the session.
- The code of ethics message was sent to all staff by email promoting “Employee Integrity Code of Ethics” and “Tender Implementation Measures” to help them understand the requirements of integrity management.



Anti-corruption training

Corresponding UNSDG targets



Target 11.b

By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015–2030, holistic disaster risk management at all levels

Disaster Prevention and Control

- The Fire Station was built in 2001. It has 3 fire engines and qualified firefighters that are ready to fight fires and provide emergency services. It can help reduce loss from fire and employee injuries. We also support fire fighting and rescue in the surrounding area.



Fire station



Fire engine



Fire drill



Fire drill

- We developed a Business Continuity Plan (BCP) for recovery from disasters such as fires, floods, typhoons, and power outages. In compliance with the ISO 27001 standard, we have regular drills every year to manage risks under 12

different threats, namely: fire safety, hazardous chemical leakage, sewage control, infectious disease prevention and control, storm attacks, power failure, machinery accident and injury, elevator accidents, large-scale events incident, construction work incident, traffic accidents and collective food poisoning. During the drills, each team learns more about her responsibilities and enhances rescue capabilities.



Food Recycling Scheme

· On September 15, 2021, Leo and our business partner formed a volunteer team and participated in a food recycling program. In the scorching summer heat, volunteers constantly shuttled through the wet market to help “Food Grace”, a Hong Kong charity organization, collect the excess or vegetables with slight bruising from various vendors. The collected vegetables were brought back to the organization’s recycling center for sorting and re-distributing to needy families and community groups in the district at no charge. In this event, we collected 267 kgs of excess vegetables.



Food recycling activities

Lower Traffic Pressure

- We have a team of 11 buses for staff for travelling between Astros and three designated locations. The bus services operate in the morning and after work. There are altogether three routes around the city, and they are in service for 4 hours every day. Each bus can carry 67 passengers. Staff are encouraged to take company buses instead of using their own cars to reduce carbon emissions and local traffic congestion.
- For efficient transportation arrangement for local business travel. Carpooling is adopted for pick-up and drop-off services. Besides, pick-up services are only provided to groups of 3 or more.
- We use software and apps for remote working on special occasions. Our IT department has supported “Work from Home Guidelines”, which covers remote access applications, event logging, security monitoring, and technical support.



Astros buses

Corresponding UNSDG targets

Target 15.3

By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world



Target 15a

Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

Shaoguan Reforestation Project

The Shaoguan Reforestation is a demonstration area for tree planting and afforestation in the rocky desertification area of Ruyuan Yao Autonomous County. In 2021, more than 100,000 trees were planted, with 2,427,880m² of completed afforestation and a coverage rate of 52%. In addition, 15,000 trees are expected to be planted annually. This project collaborates with the local government and the local villagers to afforest the rocky desertification area. It successfully encouraged the farmers to plant *Camellia oleifera*, a highly valued source of edible oil, with expanding the planting area. The purposes of project are to increase value, protect the ecosystem and create a carbon sink forest.



Shaoguan Reforestation

Tree Planting Activities in Hong Kong

In June 2020, we joined our business partner for tree planting in Hong Kong's Tai Mo Shan Forest Restoration Area. Subsequent tree planting activities took place in June 2021 and September 2022 respectively.



Tree planting activities

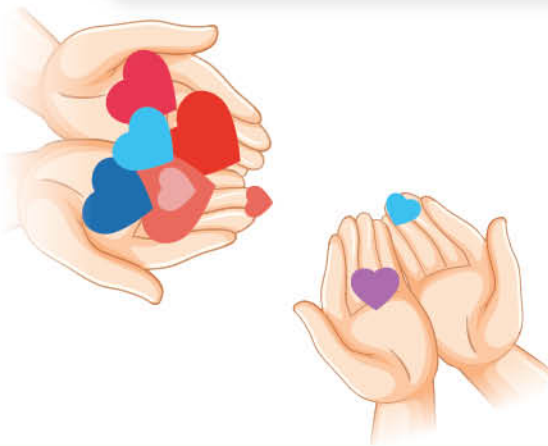


Corresponding UNSDG target



Target 1.3

Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable



We strive to improve the quality of life of all employees by uplifting employees' skills by providing childcare services and livable affordable housing. Leo's minimum wage is higher than the statutory standard, so as to improve our employees' standards of living.

Improvement of Skills

· With the establishment of Jiangmen Astros Vocational and Technical School and Jinan University (Jiangmen Campus), Leo provides a comprehensive training platform for sharpening employees' technical skills and professional knowledge, so as to prepare them for career advancement and life development.

Childcare

· Greenfield Garden Kindergarten, founded in August 2008, rated as a "first-class" kindergarten in Jiangmen City in 2013. Having received numerous Municipal and Township-level awards and earned trust with parents for its high-quality programs, the school provides childcare services for our staff so that every parent can leave for work with peace of mind and strive for a better living.



Greenfield Garden Kindergarten

Livable and Affordable Accommodation

· Phases 1 to 3 of our staff quarters, Greenfield Garden, consists of 24 dormitory buildings. The dormitories are designed for people with different needs. They include suites for management staff, for couples, for technicians, and for the disabled. The Greenfield Garden can accommodate up to 7,000 people. The rent is kept low and affordable to all employees.



Greenfield Garden

Corresponding UNSDG target



Target 9.b

Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities

Innovation

- The Innovative Technology Research and Development Committee, which is responsible for the overall planning and implementation of research and development (R&D) work, established in 2019. Through the R&D of new materials, as well as production technology and applications, our efficiency and quality have been significantly improved. More than 20 projects and patents have been developed by Leo in a mere two years.
- Leo encourages employees to voluntarily participate in government-sponsored innovation activities, such as:
 - “2021 Seminar on the Enterprise Technology Center and Innovation Management - Jiangmen”, organized by South China Normal University
 - South China International Printing Exhibition and Printing Technology Exchange Seminar
- Since 2021, a total of 275 proposals have been internally accepted and approved, including those relating to quality improvement, production safety, material applications, and productivity enhancement. In addition, our “Innovative Improvement Achievement Awards” are presented in the “Leo Star Award Ceremony” at the end of each year to reward employees for their innovative and creative improvement plans.
- We and our suppliers have developed a total of 14 environmentally friendly de-plasticization projects, which include replacement of lamination with varnishing, replacement of plastic hooks with paper hooks, and adoption of flexible ink packaging to reduce hazardous waste. We have developed 11 types of safe and environmentally friendly materials with suppliers, such as low-VOCs (less than 10%) and zero-VOC materials.
- With the support of Hong Kong’s Cleaner Production Partnership, we introduced variable frequency air compressor. The technology increases the energy efficiency by 35% compared with the fixed frequency models.



Participating seminar



Leo Star Award



Variable frequency compressor

Corresponding UNSDG target



Target 10.3

Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

Create Equal Working Environment

“Value our people” is one of our core value in Leo. A true workplace equality includes all staff have access to equal opportunities and fair treatment. We have fairness policy covers topics of anti-discrimination of race, class, region, age, disability , gender, marital status, pregnancy, sexual orientation and association that is given in our employee hanbook. Moreover, new employees have induction training to know about their right and obligation. Reporting channels such as suggestion box amd hotline are set up for receiving the voice of grievance. All the cases will be investigated and take necessary actions to improve.

Fair Recruitment

During the recruitment process, we ensure equal opportunity to offer people based on their abilities, aptitude and knowledge. Job interview is on a fair and open basis. Candidates will not be turned down just considered the gender, age, race and marital status. Recruiters are professionally trained who maintain impartiality in the recruiting process and minimize unfair treatment.



Internal Assessment and Promotion

Our comprehensive performance analytic scheme provides our staff with a clear career path. The existing grading system, supporting incentive mechanisms and evaluation systems ensure fair, open, and reasonable promotion opportunities based on individual talents, performance, and abilities.

Anti-Discrimination Policy

Leo's policy and procedures about anti-harassment, anti-abuse, anti-coercion, and anti-discrimination serve the purpose of protecting our staff's fundamental rights, while providing fair and reasonable job opportunities.

Re-employment Opportunities / Flexible Working Hours

As a participating company of the "Post-50s Internship Program" launched by the Employees Retraining Board (a statutory body in Hong Kong), Leo is keen to assist retirees who still have the will and ability to work, or those with a need to change careers and re-enter the workplace. We give them full opportunity to reinforce their strengths in the form of short-term internships.

We also offer flexible working hours for staff on a need basis, so that they can balance their responsibilities at work and caring duties.

Caring Activities

Based on one of our core values, i.e. "Value Our People", we maintain continuous and active participation in social services. Since 2005, Leo has been awarded the Caring Company Logo for the 17th consecutive year. Our contribution has been recognized for fulfilling corporate social responsibility and actively participating in community services.



The "Caring Company"

Corresponding UNSDG target



Target 17.16

Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

Leo proactively collates and shares sustainable development information including policies, technologies, markets, trends, industry standards and good practices with various types of institutions, such as banks and certification bodies.

Our Hong Kong Headquarters and Heshan Astros have their own volunteer team. About 160 people have participated in the volunteering efforts. The Hong Kong Volunteer Team has been working with major charity organizations (e.g. The Community Chest and Po Leung Kuk), while Astros' collaborators include the Municipal Women's Federation and the Municipal Civilization Office which offer strong support to our community work.

On March 27, 2021, Leo and the Green Council jointly organized a coastal clean-up campaign along the coast of Wu Kai Sha. About 50 colleagues, family members and friends participated in the activity and removed over 20 bags of garbage.

For more than a decade, Leo has actively supported The Community Chest's fundraising activities including Charity Day, Green Low Carbon Day, Dress Casual Day, and Love Teeth Day. We have also donated to various social welfare organizations through the Community Chest to provide more people in need with timely and appropriate assistance. The beneficiary groups include child and youth services, elderly services, family and child welfare services, as well as healthcare services.



Coastal clean-up campaign

Hong Kong Quality Assurance Agency (HKQAA) is the certification body that issued our CSR report, Sustainability Linked Loan (SLL), and ISO 14064 certification. Leo also participated in the HKQAA Net-Zero Certificate Scheme Carbon Neutrality Certificate Program and signed a commitment to carbon neutrality.

We have launched green loans associated with banks which is qualified for three consecutive years (2018, 2019, and 2021). Being the first private company to receive the Sustainability Linked Loan in 2022, we use it for the development of our major green projects.



Sustainability Linked Loan



HKQAA – Organization Award 2022

5. Conclusion

The concept of the 17 United Nations Sustainable Development Goals is in line with the latest global development trends. While promoting the development of social economy and construction, one should reduce damage to the environment, safeguard people's health and well-being, and refrain compromising the needs of future generations.

Leo complies with the relevant laws of various countries, but also follows the spirit of sustainable development, so that our six sustainable values - Quality, People, Ethics, Community, Environment and Relationship - continue to develop and strive for perfection.

The above content is extracted from our sustainability reports, procedures, management system manuals and other information.



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