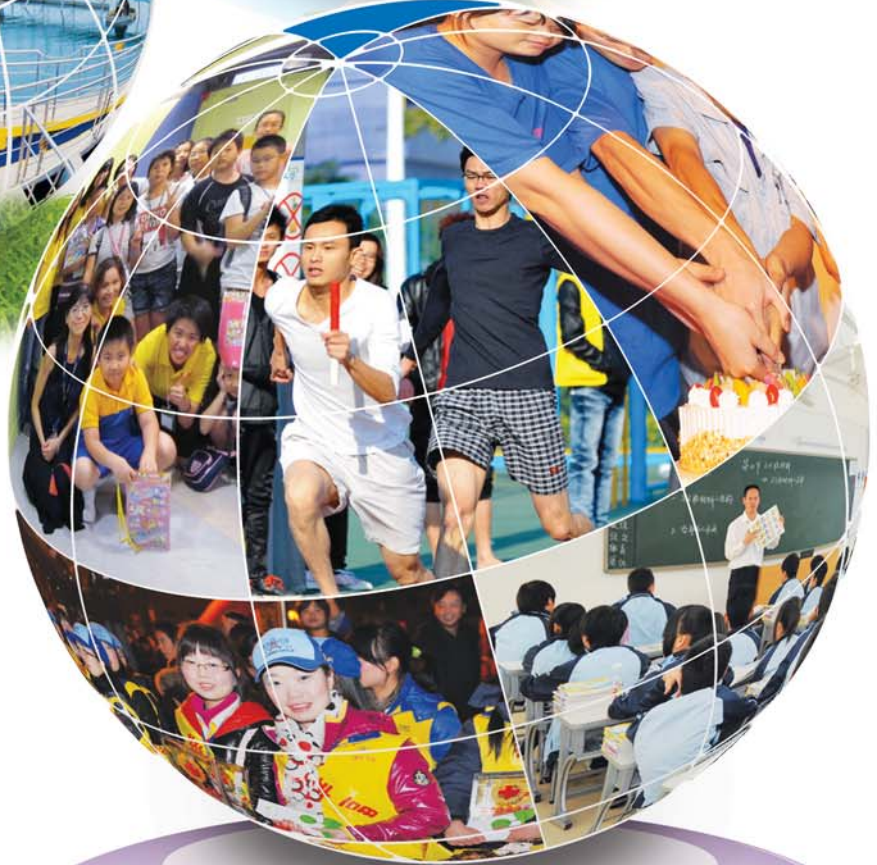


Green Harmony



Dedicated to  
Excellence



Social Responsibility

# 2011 Sustainability Report

## About this Report

### Editor's Remarks

The Sustainability Report 2011 for Leo Paper Group includes 3 parts: Dedicated to Being a Global GREEN Printer, Dedicated to Social Responsibility, and Dedicated to Excellence for Products and Services. Environmental and social performances are the major components of this report. Economic performance is mainly reported in our annual report.

Our reporting started in 2010, which was the first year we launched our Environmental Report (Leo's Green Harmony® Environmental Report 2009). This year, the reporting scope has been widened to cover sustainability issues.

### Reporting Period

This report covers the 2011 calendar year.

### Reporting Organizations

Leo Paper Group Headquarters – Hong Kong Office, Heshan Astros printing plant. Unless specified, the figures in this report show the information for the Heshan Astros printing plant.

### Publication

Current Issue: March 2012  
(next issue scheduled in March 2013)

### References

- Global Reporting Initiative (GRI) G3.1 reporting guidelines
- ISO 26000:2010 Guidance on Social Responsibility

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## Chairman's Message



### **Samuel Leung**

Chairman

Sustainable development is one of our core values. The three pillars of sustainable development are environmental management, social responsibility, and continued economic development; together these pillars form a framework for all Leonians to pursue sustainability in a comprehensive and systematic way.

Leo's commitment to environmental management and social responsibility are implemented through full execution and total participation. The Green Harmony committee, the Happiness and Harmony committee, and the Corporate Social Responsibility committee, lead by members of our top management team, carried out a comprehensive set of environmental and social initiatives in 2011.

Our commitment to provide innovative and creative solutions has facilitated continued economic development. Our new ideas have turned into innovative solutions for our clients, such as new value-added elements for our products. In 2011, we released our newly developed Augmented Reality technology, which combines print and digital media to create a multi-dimensional and interactive user experience that is both physical and virtual. This can add tremendous value to a variety of traditionally printed products.

2011 has been an encouraging year for all Leonians, as Leo received a number of remarkable external recognitions for sustainable development. These recognitions serve to increase Leonians' overall level of enthusiasm for and dedication to sustainability. As a result, Leonians continually strive to lead sustainable development within the industry.

The vision of "being the best at what we do" has fostered an environment for all Leonians to pursue excellence in every area. In the future, our business philosophy of "People as our Foundation" will drive all Leonians to further pursue achievements in every aspect of sustainable development and help contribute to building a Green Harmony® world.



**Dedicated to  
Being a  
Global GREEN Printer**

## Dedicated to Being a Global GREEN Printer



Leo is dedicated to promoting green culture and contributing to a harmonious society, while at the same time, providing quality products and aiming to achieve sustainable development within society.

### Green Development in 2011

Emphasis on environmental protection, the development of a low-carbon economy, and the promotion of green living have become worldwide trends in recent years.

In 2011, with the vision of being a “Zero Waste” factory, our “Green Harmony” program implemented a number of new environmental initiatives. At the factory, these initiatives include: information management, production process management, material traceability, green purchasing, office administration, and enhancement of the Environmental Management Systems.

The green initiatives fulfilled expectations from various stakeholders, while simultaneously leading green development within the industry. For customers and consumers, we promoted carbon accounting, carbon reporting, and the printing of carbon-label on products. The local government has also developed a strategic energy-saving plan, with enterprises playing an important role to help achieve those targets. At Leo, our objective is to reduce over 20% of our energy consumption over the next 5 years. Internally, we continuously promote green initiatives; thus, everyone plays a role and makes a contribution.

Promoting green initiatives to the community and the industry is one of our green missions. Our production plant, Heshan Astros Printing Ltd., is the “National Printing & Packaging Standardization Research and Technology Promotion Base”, as well as the “Guangdong New Printing Materials and New Printing Technology Research and Development Centre”. Through our environmental management systems, cleaner manufacturing model and green technology, Leo’s mission is to continuously improve our environmental performance, work as a model of a global green printer and by so doing, facilitate the development of the entire industry.



# Management Systems and Green Harmony Committee

## Environmental Management System

To manage environmental issues in a systematic way, Leo has been ISO 14001 certified since 2001. Subsequently, the environmental management system has been enriched with FSC-COC and PEFC-COC for forest products management, Green-Mark and Cleaner Manufacturing for management of environmental aspects, and ISO 14064 for accounting and reporting of carbon (Greenhouse Gas) emissions at the corporate level. In 2011, we developed and implemented the management system of PAS 2050 in order to facilitate the measurement and reduction of our carbon footprint at the product level.



ISO 14001 Certificate, FSC Certificate, PEFC Certificate, ISO 14064 Certificate, Greenmark Certificate

## Green Harmony Committee

The Green Harmony Committee, lead by the Environmental Director, is responsible for developing, implementing, and monitoring environmental plans. The committee is composed of members from different departments.

## Environmental Management Result Year 2011

Under the 7 categories of Green Harmony Management, 71 projects were implemented in 2011 alone, resulting in 383,086 kWh reduction of electricity consumption and 1,930 tons reduction of waste compared to 2010.

## Management of Environmental Aspects

We conducted an assessment of environmental factors including the input of raw materials, the manufacturing process, and the disposal of waste/emissions. From systematic analyses, significant environmental aspects are identified, managed, and controlled in order to achieve continuous improvement within the PDCA cycle.

### Zero Waste Factory

Since 2009, we have promoted the philosophy of a “Zero Waste Factory”, which aims to achieve zero waste, zero emissions, and zero energy through the combined participation from all Leonians, customers, suppliers, and the community. Waste reduction efforts originate from the source. Our current significant environmental aspects are listed below, which include: wastewater, waste, air emissions/noise, energy consumption, carbon emissions, and the use and disposal of chemicals.

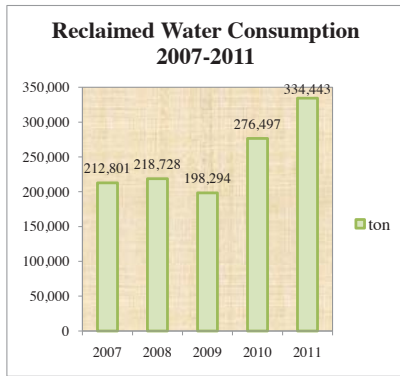
## Summary of Significant Environmental Aspects

Significant Environmental Aspects	Sources	Control Measures
Wastewater	Wastewater from workers dormitories.	<ol style="list-style-type: none"> <li>1. Implement water saving measures.</li> <li>2. Construct wastewater treatment plants. Wastewater is treated before discharge.</li> </ol>
Waste Disposal	Waste from production processes and dormitories.	<ol style="list-style-type: none"> <li>1. Implement cleaner manufacturing. Reduce waste from its sources.</li> <li>2. Handle waste in a systematic way and classify waste strictly. Reduce waste according to the 5R principles to increase resource efficiency.</li> </ol>
Energy Consumption	Electricity and fuel consumption used during production processes.	<ol style="list-style-type: none"> <li>1. Use the energy saving committee to facilitate the set-up of energy saving objectives within each department.</li> <li>2. Conduct energy audits. Monitor and review energy consumption.</li> <li>3. Promote energy saving. Implement energy recycling projects.</li> </ol>
Carbon Emissions	Direct and indirect carbon emissions during operations.	<ol style="list-style-type: none"> <li>1. Conduct carbon measurement and reporting to identify carbon reduction opportunities.</li> <li>2. Set up and monitor carbon reduction objectives. Implement carbon reduction projects each year.</li> </ol>
Air Emissions/ Noise	VOC emission (Volatile Organic Compound) and noise from machines during production.	<ol style="list-style-type: none"> <li>1. Research and adopt more environmentally-friendly materials to reduce VOC emissions.</li> <li>2. Develop and adopt machines that minimize noise levels.</li> </ol>



### Wastewater Management

At the factory, there are 3 wastewater treatment plants, treating 3,000 m<sup>3</sup> of wastewater every day. In 2011, the treatment plants treated 821,704 m<sup>3</sup> of wastewater. Of that, 334,443 m<sup>3</sup> was used as reclaimed water (grey water), which is equivalent to 40.7% of the total wastewater. This reclaimed water was used for gardening, toilet flushing, and the cooling of roads and roof-tops during the summer. The increased use of reclaimed water helped reduce 57,946 tons of fresh water usage in 2011 alone.



The water discharged from the plants meets the Guangdong Province “Water Pollutant Discharge Limits” (GB44/26-2001), Level 1 standards, as well as the “Pollutant Emission Standards of Municipal Wastewater Treatment Plant” (GB18918-2002) Category 1, Class B standards.



Wastewater Treatment Plant

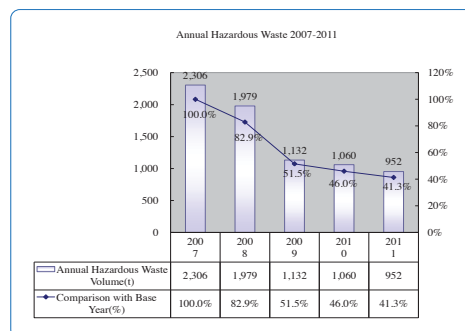
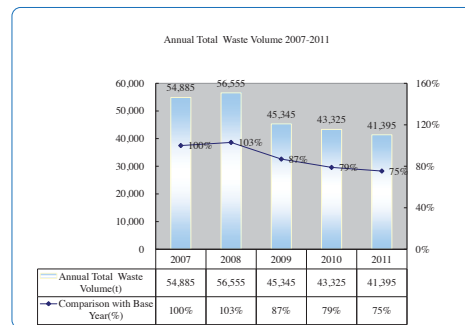
### Waste Management

With the “Zero Waste” philosophy, a number of 5R initiatives have been implemented in order to enhance the waste management process. By minimizing the quantity of waste, we thereby also minimize any impact to the environment.

In 2011, in addition to striving for waste reduction at the source, a number of measures have also been implemented within the production workshops, in particular, inks and glues, as the quantity of waste is significant from these materials. The new measures include reducing the number of ink containers through an improved inks supply process and reducing the quantity of waste glues through improved glues control process.

In 2011, our total waste was reduced by 13,490 tons. This is a 24.6% reduction compared to our base year of 2007. Compared to 2010, our total waste decreased by 1,930 tons, which is a 4.5% reduction.

Regarding hazardous waste, in 2011 it decreased by 1,354 tons, which is a 58.7% reduction from 2007. Compared to 2010, hazardous waste decreased by 108 tons, which is a 10.2% reduction.



### Guangdong Hazardous Demonstration Base

In order to promote the systematic management of waste, the Guangdong Waste Management Centre and Guangdong Environmental Department selected several outstanding enterprises for inspection during 2011. Our factory passed this inspection on March 28, 2011.

## Energy Management

Energy has been an important issue for decades. Energy saving and enhanced energy efficiency are significant topics for enterprise development. For the past several years, Leo has invested a great deal of effort into reducing energy consumption. This was one of the key elements of our Green Harmony Initiatives in 2011.

Since 2007, a number of energy efficiency projects have been implemented, such as the Integrated Energy Saving System, the Recycling System for Residual Heat from Air-conditioning, Slurry Ice Air-conditioning System, Grid Electricity Network System, and the Real-time Energy Monitoring System, all of which contributed to remarkable improvements in energy efficiency.

New energy projects implemented in 2011 are listed below:

### Compressed Air System Improvement Project

Compressed air systems consume significant electricity. From 2009-2011, a number of improvement initiatives were implemented. As a result, the energy consumption for the system decreased continuously over the years.

### Environmentally-Friendly Air-Conditioning System

An environmentally-friendly air-conditioning system was installed to replace the old system. The new system helps reduce energy consumption while at the same time, improves the indoor air quality at the silk screen workshops.

### Intelligent Ventilation System

The ventilation system at the production workshops was enriched with intelligent devices. The system now operates according to the demands of the workshop. The capacity of the ventilation system adjusts according to current conditions, thereby reducing electricity consumption.

### Green IT

UPS devices (Uninterruptible Power Supplies) for personal computers continuously consume electricity. In 2011, all the UPS devices were

enhanced to minimize electricity consumption when computers enter stand-by mode.

### Recognition for Energy Management

In March 2011, the Economic & Information Commission of Guangdong Province and Jiangmen Economic and Technology Information Bureau conducted an energy audit and energy-saving inspection of the factory. The factory scored 97 marks out of a possible 100.

The innovation and adoption of new technologies in energy management have contributed to further recognition. In March 2011, the Integrated Energy Saving System was recognized as the "Demonstration Project for Energy Saving and Application of Information Technology."

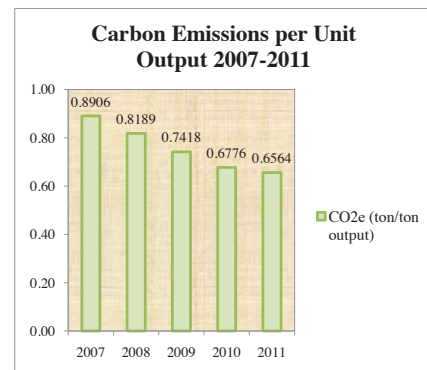
Consumption of energy by the factory is strictly monitored. Through regular inspections and on-site checking, energy projects are well implemented. Nevertheless opportunities can also be identified for further improvement. Electricity is the key energy consumption issue at the factory. In 2011, the departments responsible for the majority of our electricity consumption reduced their usage by more than 5%.

## Carbon Management

Carbon management is closely related to climate change. To fulfill our business social responsibilities, as well as respond to the principles of the United Nations Convention on Climate Change and the Kyoto Protocol, a number of carbon accounting, reporting, and reduction initiatives have been developed and implemented.

### Corporate Level

Based on international standard ISO 14064, we developed and implemented a management system to systematically and consistently measure the carbon footprint at the corporate level. Using 2007 as the base year, we established carbon reduction objectives and implemented corresponding reduction initiatives each year. For 2011, the total carbon emission decreased by 17% from the base year. This constitutes a 26% reduction per unit output compared with the base year.



### Product (Lifecycle) Level

In 2010, we developed a system to measure and report the carbon footprint of a product throughout its entire lifecycle. This system is based on international standard PAS 2050. In 2011, the system was further enhanced by the carbon database.

### Key Carbon Reduction Measures in 2011

Item	Areas	Carbon Reduction Measures
1	Indirect Energy Consumption	<ul style="list-style-type: none"> <li>Replace old devices with energy-friendly devices.</li> <li>Further adopt energy recycling devices.</li> <li>Maintain lighting systems to ensure best lighting results.</li> <li>Adjust machine operation modes to ensure best energy consumption results.</li> <li>Promote switching off idle electricity-consuming devices.</li> </ul>
2	Vehicle Maintenance	<ul style="list-style-type: none"> <li>Enhance vehicle maintenance.</li> <li>Switch-off idling engines.</li> <li>Promote eco-driving.</li> </ul>
3	Paper /Materials Consumption	<ul style="list-style-type: none"> <li>Promote double-side printing.</li> <li>Promote e-fax.</li> <li>Promote replacing hard copies with electronic copies.</li> </ul>
4	Water Consumption	<ul style="list-style-type: none"> <li>Promote water saving.</li> <li>Control water supply at water taps.</li> <li>Enhance control of water supply systems at night.</li> </ul>

## Air Emissions and Noise

Air emissions and noise levels at the workshops are not only environmental issues, but also occupational health and safety issues. Exhaust gases at the plant meet “The Standard for the Limits of Air Pollutant Emission” (DB44/27-2001) Level 2, 2001, and “The Provisional Standard of Cooking Fumes Emission”. A number of effective control measures were implemented to target the major contributors to air emissions, such as printing, flocking, silk screening, fuel trucks, and fork lifts.

### Dust Control Measures

1. Printing Workshops  
Water curtain style powder collection rooms are in place to collect the excess powder/dust at the printing workshops and ensure high standards of air quality inside and outside the workshops.
2. Flocking Workshops  
Dust collection systems are in place for the flocking workshops, collecting the dust generated during the flocking process. Such measures help to reuse collected flocking material, thus reducing the consumption of raw materials and significantly improving air quality.

### VOCs Control Measures

1. Water-based Production Materials  
More and more water-based production materials have been adopted in order to reduce VOCs. These materials include water-based inks, water-based lamination, water-based varnish, and so on.
2. Adoption of Automatic Blanket Cleaning Module  
Automatic Blanket Cleaning Modules have now been widely adopted at the factory. The modules installed to offset printing presses can help to save more than 40% consumption of solvent-based cleaning agents, thus reducing emissions of VOCs.
3. Activated Carbon Filter Devices  
At our silk screen workshops, activated carbon filter devices are in place, reducing VOC emissions by 50% ~ 80%.

### Noise Monitoring and Control

A designated team of staff is responsible for monitoring the work environment at the factory, evaluating such factors as noise, temperature and air quality. The noise level at the factory meets the National Standard of “Industrial Enterprises Noise Level at Factory Boundary” (GB12348-2008), Category II. Furthermore, the noise level at workshops meets the National Standard of “Industrial Enterprises Hygiene Design” (GBZ1-2002).

## Green Purchasing

Environmental initiatives are implemented from the source. In 2011, we continued to control the sourcing process for environmental performance procedures. Specifications within the purchasing process have been further enhanced, including qualifications of approved suppliers, requirements for environmental materials, and classifications of technical specification. For production materials and equipment, priority is given to those with green qualities that promote green development within the industry.

### Production Materials

#### 1. Paper

Since 2007, the purchasing quantity of environmentally approved/ certified paper, such as FSC™ certified paper, PEFC certified paper, and approved recycled paper, has significantly increased. This encouraging trend is largely due to our clients promoting and adopting green materials. The percentage of environmentally approved/ certified paper has increased from 0.63% to 44.09% in 2011.

#### 2. Inks

Adoption of environmentally-friendly inks has also increased over the past year. In addition to having purchased and adopted environmentally-friendly inks, we have also improved our ink packaging and supply processes, thereby reducing wasted inks and ink packaging at the plant.

and logistics, we commit to reducing the environmental impact of hazardous substances. Certification QC 080000 has helped us implement a more structured technical approach.

In 2011, the management system outlined within QC 080000 was further enhanced:

- Review the impact of hazardous substances, including machine control.
- Provide training and coaching to suppliers to ensure compliance across the supply chain.
- Review updated information from customers and other stakeholders to ensure compliance with the latest requirements.

Leo's products comply with the latest national and international regulations regarding product safety, including the "Consumer Product Safety Improvement Act" (CPSIA) established by the U.S. Our in-house laboratory is also recognized by the CPSC (Consumer Product Safety Commission).

### Our "Green House" of Materials

All over the world, there are more and more safety requirements for production substances, such as CPSIA and REACH. In response, we set up a "Green House" for materials in order to assess the different properties of each material. These include chemical aspects, physical aspects, carbon aspects, and other environmental aspects. The "Green House" database helps our clients meet their global market needs.

### Hazardous Substance Process Management

At different stages of product realization, such as purchasing, manufacturing, transportation

### Equipment

Production equipment constitutes a significant percentage of total energy consumption. One effective way to reduce total energy consumption is to reduce the energy consumption rate of our production equipment. In addition to TPEM (Total Productive Equipment Management) for equipment maintenance, we also emphasize upgrading current equipment and purchasing new equipment. The latest printing press at the plant is equipped with energy recycling functions, which is the first one of its kind in China.





Printing Press equipped with Energy Recycling Functions

### Supplier Development

Supplier collaboration is significant for environmental promotion within the supply chain and industry. Our collaboration with suppliers has been implemented in 3 ways:

- Requiring a signed environmental commitment from suppliers
- Coaching and training suppliers by Leo's team of environmental professionals
- Conducting an audit of suppliers by Leo's internal audit team



Internal Audit Team during Supplier Audit

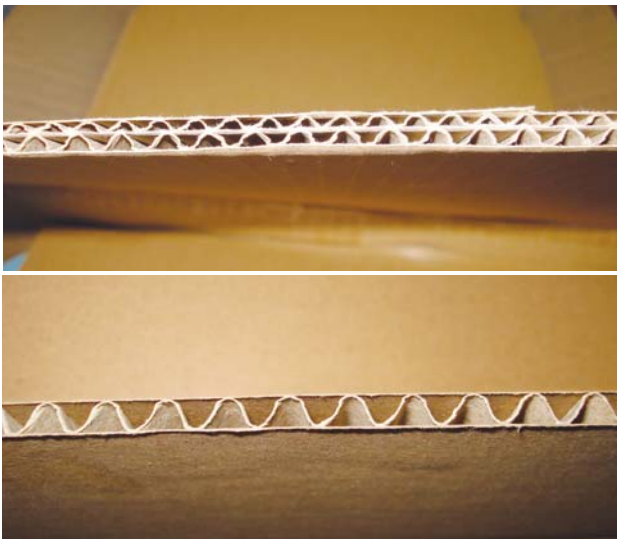


## Environmentally-Friendly Packaging and Logistics

To promote green initiatives in every stage of a product's lifecycle, we've studied the latest product packaging and logistics/transportation activities. Innovation is the key for development in this area. In 2011, a number of new initiatives were implemented.

### Development and Promotion of the Single-Layer Corrugated Box

In order to reduce the ecological footprint during the packaging process, reducing carton box materials can yield significant results. The subsidiary of Leo Paper Group, Leo United Paper Products Ltd, has developed a single-layered corrugated box, which meets all the requirements of a traditional double-layered corrugated box. This innovation not only helps reduce the raw materials used, but also helps reduce the weight of our shipments. In 2011, this initiative helped to reduce our amount of raw material usage by 198 tons.



Single-layer and Double-layer Corrugated Box

### RFID Technology for Transportation and Logistics

#### Application at Production Workshops

RFID devices are installed at the entrances/exits of every key production stage. When pallets with RFID labels are transported across these passages, the product information on the pallet is transferred to our ERP system immediately, which ultimately improves our resource allocation.

### Intelligent Finished Products Warehouse

The intelligent finished products warehouse was designed with warehouse tracks. No passages are required. Automatic transportation vehicles select and transfer the right products to their correct places. The intelligent finished products warehouse helps significantly improve our resource utilization.



Intelligent Finished Products Warehouse

### Application for Container Loading

During container loading, the quantity and product information of each pallet are transferred to our ERP system, ensuring that the actual loading matches the loading plan. The system facilitates both the processing of information and the handling of goods, thereby enhancing productivity and reducing waste.



## Environmental Training and Promotion

The participation of all Leonians and support from the community are critical for successful environmental programs. In order to promote total participation of all Leonians, as well as to encourage support from the community, a series of training and promotion programs were carried out in 2011.

### “Low-Carbon Living” Environmental Guide

In February 2011, we worked with the local community to organize the carnival “Celebrate the Lantern Festival and Share Happiness”. During the carnival, we distributed the “Low-Carbon Living” environmental guide to all the participants in order to promote green living within the community. The Carnival mixed traditional Chinese characteristics with modern environmental elements.

In March 2011, 10,000 more copies of the “Low-Carbon Living” environmental guide were distributed to Leonians, suppliers, contractors, and other stakeholders to promote the Leo green experience.



Environmental Promotion during Lantern Festival

### Tree Planting

On March 12, 2011 (Arbor Day/ Tree Planting Day), a team comprised of Leonians, family members, and volunteers planted trees to promote environmental issues and leadership by example.



Tree Planting



Be a Happy Farmer

### Sponsorship of Environmental Education Projects

In order to promote environmental initiatives within the community, participation by numerous parties is paramount. Sponsorship of organizations within the community can also help increase environmental awareness on a wider scale. In March 2011, we sponsored the Graphics Arts Association of Hong Kong’s implementation of Environmental Education Projects, which aimed at enhancing environmental awareness among teenagers. We also sponsored the WWF’s global conservation efforts.



Environmental Education Project to the Community

### Friends of the Earth Seminar

In May 2011, leaders from “Friends of the Earth” visited the production plant and spoke to more than 250 Leonians. Topics included “Natural Disaster, Man-made Disaster” and “Change of the Nature, Change of the Human Beings.” Leonians were encouraged to think about our current environmental situation and the environmental situation for future generations. The Chairman and the Environmental Director of Leo Paper Group attended the seminar and shared the green philosophy at Leo.



Friends of the Earth Seminar

### “Sunshine Plan”

#### Environmental Subject Training

In July 2011, a series of environmental training courses were provided to the “Sunshine Plan” participants. Through interactive classes, films, and on-site visits, these future leaders are now better prepared for the environmental issues they will be faced with.

#### Leonians One-Square-Meter Environmental Program

To enhance the environmental awareness of all Leonians, as well as to further encourage environmentally-friendly lifestyles, the “Leonians One-Square-Meter Environmental Program” kicked off on June 5, 2011 (World Environment Day). The Green Harmony Committee initiated the program, which encouraged each Leonian to take the initiative to identify and implement

environmentally-friendly actions in a one-square meter area and then influence their neighbors.

2011 Program Activities included:

Topic	Time
Personal Environmental Awareness	June 2011
On-site Environmental Checks	August 2011
Broadcasting Green Issues	August 2011
Implementation at Computer Workstations	October 2011
Leonians’ Green Living Card	November 2011
On the Spot Environmental Guide	February 2012

With the success in 2011, the plan for 2012 has been well prepared to date. It includes the “Leo Green Experience Journey”, “My Small Environmental Innovation”, and “Green Source at Divisions”.



On-site Environmental Training to New Leonians

## Industry-Wide Involvement

Over the years, Leo has invested a great deal of time and effort on environmental initiatives, such as testing and adopting the latest technologies, developing new materials and new facilities, and implementing the latest management systems. All such initiatives are useful benchmarks for industry-wide environmental advancement. In 2011, industry-wide involvement was one of the key components of our green mission and building a Green Harmony® world.

### Developing National/International Standards

As a scientific and systematic management model, standardization plays an important role in enhancing product quality, improving enterprise management, lowering production costs, advancing technologies, and managing knowledge.

Since the establishment in 2006 of the “Technology Promotion Base for National Standardization of Printing and Packaging” at our production plant, along with the National Printing Standardization Committee (ISO/TC130), we have influenced the development of various industry standards.

In 2011, we participated in the development of the following 6 national/industrial standards:

- ✓ GB/T 25160-2010 Packaging—Dimensions of Folding Cartons of Cartonboard
- ✓ HJ 2503-2011 Technical requirements for environmental labeling products Printing, Part 1: Planographic printing
- ✓ GB/T 27934.3-2011 Lamination process control and testing methods for paper prints - Part 3: Drying lamination with water-based adhesive
- ✓ GB 27934.1-2011 Lamination process control and testing methods for paper prints - Part 1: General requirements
- ✓ GB/T 27935.3 Graphic technology - Prepress digital data exchange - Use of PDF - Part 1: Complete exchange using CMYK data (PDF/X-1 and PDF/X-1a)
- ✓ GB/T 27935.3-2011 Graphic technology - Prepress digital data exchange - Use of PDF -Part 3: Complete exchange suitable for colour-managed workflows (PDF/X-3)

Our ISO/TC130-registered technical experts attended meetings of the ISO/TC130 working group and worked with printing experts from all over the world to prepare standards for the printing industry. In the working meeting for post-press standardization, our technical expert Mr Tang, together with other experts, facilitated the introduction and presentation of the draft documents of ISO 16763.

### Publishing Academic Articles

Apart from helping to develop international standards, we also share our green printing experiences through other channels, such as academic articles. In 2011, these articles included:

**January 2011:** Study on synthesis and properties of waterborne paper-plastic laminating adhesive with room temperature self-cross-linking, China Adhesives

**June 2011:** Checking Titles in Pre-press, Printing Technology

**July 2011:** “Standardized Production through PSO”, Digital Printing

**October 2011:** “Change of Enterprise Operations Model by RFID”, China Press and Publishing Journal

**November 2011:** “The Critical Role of Management System in Green Printing”, China Press and Publishing Journal

**November 2011:** Usage Experience of PUR Hot-melt Adhesive, Printing Technology. This article is recognized by several awards by the industry.



### Collaboration of Research Projects

In recent years, we have collaborated with academic institutions, research institutions, non-government organizations and other organizations to conduct research on encouraging green development within the printing industry.

#### Academic Institutions

We work with several universities in order to enhance the capability of new materials and technologies. This cooperation facilitates the training of human resources, implementation of research projects, enhanced resource utilization, and the testing and adoption of newly developed materials/technologies. The above efforts help enhance our capacity for technological advancement, as well as provide a platform for the industry to make breakthrough innovations.

#### Guangdong Academy of Social Science – Low Carbon Construction Research

In July 2011, we participated in the Low-Carbon Construction Theory and Practice project, organized by the Guangdong Academy of Social Science and Jiangmen Economic and Technology Information Bureau. For this project, we provided several low-carbon solutions and facilitated meaningful discussions. Leo is recognized as a “Low-Carbon Construction Outstanding Performance” enterprise.



Low-carbon Construction Project

#### China Academy of Printing Technology – Green Printing Technical Guide

In 2011, we worked with the China Academy of Printing Technology to promote green printing technologies. We provided several case studies for the publication of “Green Printing Technical Guide”.

#### Experience Sharing at Seminars

#### Environmental Printing Technology Forum – China Printing Technology Association

In April 2011, we were invited to speak at the Environmental Printing Technology Forum organized by the China Printing Technology Association; at this event, we shared our green experiences with our counterparts.

#### Green Printing Technology Forum – China (Shenzhen) International Cultural Industries Fair

In May 2011, we were invited to speak at the Green Printing Technology Forum organized by the General Administration of Press and Publication of the PRC; this forum aims to encourage consistent industry dedication to green printing.

#### Green Printing in China Forum

As an enterprise with outstanding green performance, in September we were invited to speak at the Green Printing in China Forum. We shared our environmental management experience and green printing solutions.



Green Printing in China Forum

## Environmental Indicators Table (Heshan Astros Printing Plant)

### Wastewater Treatment

Indicator	2004	2005	2006	2007	2008	2009	2010	2011
BOD Value	7	8.9	7.2	7.5	<5	<5	<5	<5
COD Value	47	25.8	20	29	<10	<10	<10	<10
Reclaimed Water Consumption (ton)	*	*	*	212,801	218,728	198,294	276,497	<b>334,443</b>

\*no measurement recorded for 2004-2006

### Waste Generation and Reduction

Indicator	Units	2007	2008	2009	2010	2011
Total Waste Generation	tons	54,885	56,555	45,345	43,325	<b>41,395</b>
	improvement since 2007 (%)	0.0%	-3%	13%	21%	<b>24.6%</b>
Hazardous Waste Generation	tons	2,306	1,979	1,132	1,060	<b>952</b>
	improvement since 2007 (%)	0.0%	17.1%	48.5%	54.0%	<b>58.7%</b>

### Carbon Emissions

Indicator	Units	2007	2008	2009	2010	2011
Carbon Emissions per Unit Output	Tons of CO <sub>2</sub> e/ ton of output	0.891	0.819	0.742	0.677	<b>0.656</b>
	improvement since 2007 (%)	0.0%	8.1%	16.7%	24.0%	<b>26.3%</b>

### Recycled Paper and Paper from Certified-well-managed-forests

Indicator	2007	2008	2009	2010	2011
Percentage of Recycled Paper	0.50%	5.99%	16.41%	19.22%	<b>16.70%</b>
Percentage of Paper from Certified-well-managed-forests	0.13%	2.72%	10.70%	32.23%	<b>27.39%</b>

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# **Dedicated to Social Responsibility**

## Dedicated to Social Responsibility

Corporate social responsibility initiatives have been developed and implemented in accordance with international standard ISO 26000.

### Corporate Social Responsibility Steering Committee



## Staff Educational Programs and Career Development

### Personnel Development Model

#### 1. Four Pillars for Education and Training

Individual talents are important to our enterprise. The educational and training initiatives at Leo cover 4 main pillars:

1. basic training
2. professional training
3. elite training
4. development of study atmosphere.

#### 2. Leo Talent Nurturing System

The “Leo Talent Nurturing System” has been in place since 2009. In 2011, the “Leo Talent Nurturing System” was further enriched to specify 101 techniques at which Leonians should be proficient.

Each year, the talent nurturing plan is formulated based on corporate development direction, departmental needs, and staff career planning. In 2011, the talent nurturing plan included induction training, on-job training, promotions, and job-rotations. Training programs were launched at both the company and departmental levels.

### Education and Training Programs

A number of education and training programs were launched in 2011, which aimed to cater to Leonians’ various levels of training needs. Such education and training programs include induction training, pre-job training, probation counseling, on-job skills training, Leo tertiary education, e-learning, trainer qualification, lean team spirit training, and Leo printing management high-level course. The education and training programs have created an ever-learning atmosphere and have established a career development platform for all Leonians. In 2011, 995,193 hours of training were provided to Leonians at all levels.



Induction Training



### “Dream-Coming-True – Beijing University 100”

February 2011 was the kick off of “Dream-Coming-True – Beijing University 100,” jointly organized by the Guangdong Provincial Party Committee of the Communist Youth League and Beijing University. The project aims to nurture first-tier youngsters, training them to become responsible, influential and eager to achieve their dreams. In order to speed up the economic development in Guangdong, as well as enhance the learning and growing platform of all Leonians, Leo provided its full support and encouraged Leonians to participate in this project. Over 120 Leonians successfully became e-learning candidates of Beijing University working towards their bachelor degree and diploma.



### “Sandbox” Simulation Training

On January 18-19, 2011, 40 middle and senior management members participated in “Sandbox” Simulation Training. Participants formed teams and pretended to operate a company in the “Sandbox.” Components of this training involved different operations of a company, such as product development, production, marketing, sales, financial management, and so on. The training program has inspired participants to consider various perspectives in order to resolve problems.

### “Leo Vanguard Training Camp”

To enhance team spirit and our ability to overcome difficulties and solve problems, a series of Leo Vanguard Training Camp activities were implemented. The program has become very popular over the past year.



#### Sharing from “Leo Vanguard Training Camp” candidate – Xue Huo Ben (Training and Development Division)

March 26, 2011 is a special day for me because of the kick off of “Leo Vanguard Training Camp”. I was so excited and proud to be part of the training camp and acted as a trainer, it was a valuable experience especially I am a new comer to Leo.

We, the trainer team, put lots of efforts in planning the whole program, including operations and logistics, working out mission handbook, defining responsibility, preparing props and training site etc. We checked carefully for every detail to ensure a perfect training for participants. Participants worked hardly to overcome challenges with a common goal. They performed excellently to show their team spirit, they are the true “Leo Vanguard”!

### “Sunshine Program” for the Talents Pool

“Sunshine Program” is a trial school-enterprise cooperation project, aimed at training new graduates in the disciplines of printing and packaging. During a 9-month period, this program trained 40 students through integrative technical training and job rotation, which helped the students obtain management skills in different operational processes.



Sunshine Program Participants



### Job Rotation

To better develop personnel potential for future challenges, a job rotation policy has been implemented. It incorporates our existing appraisal system, qualification grading system, talent nurturing system, and salary system. The job rotation policy has helped to develop more “all-around” talents.

### Collaboration for Education and Training

We have worked with various educational institutions to enhance our education and training programs. For technical talent training, we worked with Wuhan University, Sichuan Nanchong Vocational and Technology Institute, and the Beijing Printing Institute in order to nurture professional talents for Leo and the society. Through such efforts, we aim for the integrated development of “manufacturing, teaching and R&D”.

### Cooperation with Educational Institutions

- Students and teachers from Hong Kong University and Hong Kong Polytechnic University visited our Heshan campus and exchanged experiences.



- Visiting Professor from HKU Community College provided training on the topic of “Corporate Reform.”
- We provided trainings to the Jiangmen First Technical and Vocational School.
- We organized an advanced program in Printing Management in collaboration with the South China University of Technology.
- We visited Guangdong Publishing Vocational School, Shenzhen Polytechnic Vocational College, and other colleges.
- The “Research in Management Model for Psychological Health of Vocational School

Students” kick off ceremony was held at the Culture Center of Heshan Astros on June 13, 2011. This is an important topic for the National Educational Bureau’s project of “Research in Management Model for Enhancement of Students Health.”

### Cooperation with Stakeholders of the Industry and the Community

In April 2011, the Astros Technical and Vocational School worked with Adobe® and became the Guangdong training center for the Adobe® Creative University Program. In July 2011, the school again worked together with Adobe® to organize an “Adobe® graphic design qualification training.” Eight of the trainees became Adobe® nationally-qualified tutors and 3 other trainees obtained “Adobe Graphic Designer Vocational Skills” certificates.



- We worked with ESKO to promote the use of relevant software. ESKO provided courses, which included training on professional packaging design software.
- In July 2011, Leo provided a “Mind Map” training to local officials in Heshan. During this training, participants shared their knowledge and experiences.

### Recognition

Our efforts in talent nurturing have also been recognized throughout society. Since April 2010, we have been recognized as a “Manpower Developer” by the Hong Kong Employees Retraining Board. This scheme was first launched in 2009, and it is the first and the only comprehensive assessment system in Hong Kong of enterprises’ achievement in talent training and development.

## Occupational Health and Safety Management

Safety is especially important within a factory environment. Since the establishment of the Safety Production Committee and Safety Monitoring Department in 2003, safety management practices and comprehensive accountability systems for safety production have been formulated and implemented. With the development of the OHSAS 18001 occupational health and safety management system, safety management is well in place at the plant.

### Risk Management

In order to guarantee the safety of the entire staff and protect customers' property, we conduct hazard identification and risk assessments regularly, as well as develop and implement corresponding control measures. 11 business continuity plans have been formulated, such as fire management, dangerous chemicals management, work-related injuries management, sewage incident control, infectious disease management and natural disaster management. These plans are regularly tested and reviewed.

### Facilities and Infrastructures

#### Fire Services

Facilities and infrastructures play an important role in safety. Fire services are especially significant. A fire station is well in place at the Heshan plant, equipped with advanced fire fighting devices, including fire engines, a ladder truck, an ambulance, and an automatic alarm system. In 2001, we formed our own team of fire fighters, utilizing retired fire fighters from the local community. There are no fire-related incidents on record since the establishment of the plant. We were honored as a "Corporate Fire Fighting Team Demonstration Unit" by the Guangdong Province Fire Brigade.



Heshan Astros Fire Services Building

### Clinic Operations

A clinic and monitoring center were set up to provide necessary immediate assistance during an emergency for our staff and the surrounding community. Since March 2011, the factory clinic has been operated by the local hospital in order to provide multi-level and diversified medical services.

### Human Resources for Safety

Factory safety measures are monitored daily by our 85 registered safety officers.

We also encourage full participation in safety management, and assign different responsibilities to individual divisions in order to solve safety issues promptly. Annually, we hire specialists to train up to 30% of our staff. They also train a volunteer fire-fighting team responsible for self-assessment and monitoring. There are currently 6,975 volunteer fire fighting team members. Additionally, all staff members attend extensive safety training in all operations.

### Safety Inspection

Safety inspections are critical. A number of safety inspection activities were carried out in 2011 in order to reduce safety incidents. In 2011, inspections focused on machines operations, flame-related operations, building safety, dangerous chemicals, and road safety. Over the past year, a series of "landmine-sweeping" actions were carried out based on the results of our risk assessment review. About 600 inadequacies were "swept" in order to effectively reduce those risks.

### “Landmine-Sweeping” Project in 2011

Duration	Objectives
January	Dormitory fences
February	Electricity safety
April	Dangerous chemicals control
May	Roof-top lightning rod maintenance
July	Special equipment review and maintenance
October - November	Factory road safety

### Safety Communication and Sharing

With our extensive experience in safety management, we understand that our staff’s awareness in safety is the key to an effective reduction and prevention of safety incidents/injuries. In order to maintain a safe production environment and safety awareness among all Leonians, every new staff member has to attend 3-levels of safety training (factory level, shop floor level and team level) in order to become familiar with safety requirements at the plant. Moreover, safety monitoring teams inspect production workshops every day to monitor key areas and teach workers about various safety requirements. Safety promotion is conducted through newsletters, posters, emails, announcements, and so on. In 2011, 4 volumes of safety newsletters were issued and 56 safety seminars were carried out with over 4,000 participants.

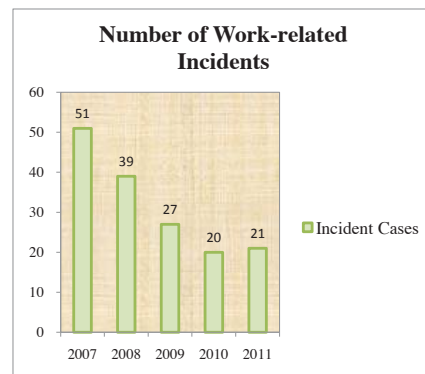
On June 12, 2011, the “Heshan Safety Production and Emergency Management Seminar” was held at our fire station. The Heshan Safety Monitoring Unit, Astros safety management staff, workers representatives and other stakeholders were invited to attend. The person in charge of safety at Astros shared safety management experiences with all the attendees.



As the “Heshan Safety Production Education Center”, we demonstrate to the community how to develop fire and safety management systems in a practical and innovative manner.

### Incident Cases

A great deal of emphasis has been put on safety over the years. We are committed to making continuous improvements. The number of incident cases decreased from 51 in 2007 to 21 in 2011. The number of fatal cases remains zero.



### Employee Assistance Program (EAP) - Psychological Health

The “Employee Assistance Program” was launched in 2009 and aimed to satisfy employees’ psychological needs. In cooperation with counseling agencies, hotlines were set-up to better understand employees’ psychological needs. Moreover, related seminars were held to assist employees with personal psychological problems. We continued to carry out EAP in 2011 and more new projects were implemented under the program, thereby serving about 1,200 people through October 2011.

## Commitment to “Working and Living in Contentment”

Leo is committed to establishing an environment of peace and contentment. The Happiness and Harmony Committee was established in 2009. Since then, various functions have been set up under the committee, including the staff opinions team, labor relations team, welfare resources team, health and safety team, caring team and staff development team. The Committee meets every two months, and there were 6 meetings held in 2011.



### Interactive Communication

To facilitate communication between staff members and other stakeholders in the community, a number of channels are in place, such as suggestion boxes, seminars, conferences, websites, bulletin boards, posters, and newsletter. These channels ensure that policies and the latest company news are delivered to and understood by the entire staff and stakeholders, thereby allowing opinions and feedback to be obtained in a prompt manner.

### Suggestion Box

That “staff opinions team,” under the Happiness and Harmony Committee, set up a number of suggestion boxes at the plant. Through this channel, staff members can express their opinions on company policy and share personal difficulties to management. The team then reviews these opinions and organizes solutions. Responses are sent monthly to all staff members through email. In 2011, 116 questions were answered, indicating that the suggestion box can be a useful communication channel between an employer and employees. This channel also helps establish employees’ trust.

### Leo Social Philosophy Seminar

The “Leo Social Philosophy Seminar” helps ensure that all management staff members clearly understand Leo’s social philosophy of “Be Royal to the Community, Be Responsible to the Society”. Attendees are responsible for further promoting Leo’s philosophy to every Leonian in order to affect all stakeholders. From May - July 2011, the Chairman of Leo Paper Group, Mr. Samuel Leung, presented at 4 seminars, elaborating Leo’s culture, vision, missions and management philosophy. About 1,000 management staff members attended the seminars.

### Policy Address Conference

Seven Policy Address Conferences were held in December 2011 and representatives from different departments attended these conferences. The Chairman of Leo Paper Group, Mr. Samuel Leung, answered about 200 questions raised by staff members, which addressed various aspects such as company policies, working and personal living, and so on.

### Leo’s Internal Newsletter

9 volumes of Leo’s newsletter were issued in 2011, and the total circulation volume reached 200,000 copies. Newsletter content covered different themes, such as green harmony, team



spirit, innovation, happiness and harmony. The newsletter is also a platform for staff members to express their views and publish literary works. The newsletter has been an effective way to promote and share the Leo culture with all Leonians and stakeholders.

### Fair Opportunities

Leo is committed to fair opportunities. Employees and candidates of different genders, nationalities, races, and religions enjoy equal opportunities.

### Work-Life Balance

In order to improve the physical fitness and mental strength of all employees, Leo has invested enormous resources into recreational facilities and planned a wide spectrum of group sports activities. From November to December of 2011, the 10th “Leonian Trophy Game” was launched, during which 22 teams with a total of 2000 athletics competed with each other in 27 events.



Leonian Trophy Game

In order to reward employees’ past hard work and to increase their degree of well-being, in 2011 The Happiness and Harmony Committee launched 4 birthday parties named “Your Growth with Leo”. At these parties, each of the participants also received a birthday gift.



Your Growth with Leo – Birthday Party

### Educational Assistance

We fully understand employees’ need to provide their children with high quality education inside Heshan city. Leo has therefore created an Enterprise-School partnership with top primary and secondary schools in Heshan in order to ensure high education quality for all employees’ children. As of today, we meet the educational needs of our employee’s 318 children through this plan.

### New Facilities in Year 2011

In 2011, the percentage of married female workers was 43% out of all females workers. In order to facilitate our employees feeding their new-born babies, Leo built a “Breast Feeding Room” inside the dormitory area. All mothers with babies less than 1 year old are allowed to take two 30 minute breaks per day to feed their babies inside the specially-equipped room.

### Caring Initiatives

#### • New Year Home Visit

From February 8 - 14, 2011, the Happiness and Harmony Committee, led by the Board of Directors



and members from the labor union, formed visit teams. The teams visited a number of employees' families throughout Guangdong, Guangxi, Sichuan, Hunan, Fujian. These visits spread warm Chinese New Year blessings to the employees and their families.



New Year Home Visit

#### • Mutual Help Among Leonians

Mutual help and assistance are important elements in a community. We similarly encourage all Leonians to care for each other. In the annual internal award ceremony, there is a category to praise outstanding employees who have excellent performance in this area: the Leo Star Awards 2011 – Caring Staff.

#### • Mutual Help Fund

The mutual help fund is a matching fund for those employees who have urgent needs, such as illness or financial difficulties. The company donates the same amount to the fund as the amount raised among employees. The fund has helped 131 employees since its establishment in 2006. The total amount of funding exceeds 1.4 million RMB.

#### Unbounded Caring - Sharing from Ms. Huang Qin

Ms. Huang Qin joined Leo in 2003 and won the "Leo Star Awards 2011 - Caring Staff" award. "I have had job-rotation training over the past four years, and I have met different workers from different regions of the country. They each have a different character. I think it is good to learn from them in order to expand my experience." Huang also expressed her opinion on caring about our staff: "No matter how long they are going with the company, how old they are, or where they come from, we should care about them, because we are working here as a team".



#### Recognition as a Harmonious Enterprise

##### National Employment and Social Security Outstanding Enterprise

On November 27, 2011, our Heshan plant, Heshan Astros Printing Ltd., was honored in Beijing as the "National Employment and Social Security Outstanding Enterprise." The activity was jointly organized by the National Human Resources and Social Security Bureau, the China Federation of Trade Unions and the China Federation of Industry and Commerce.

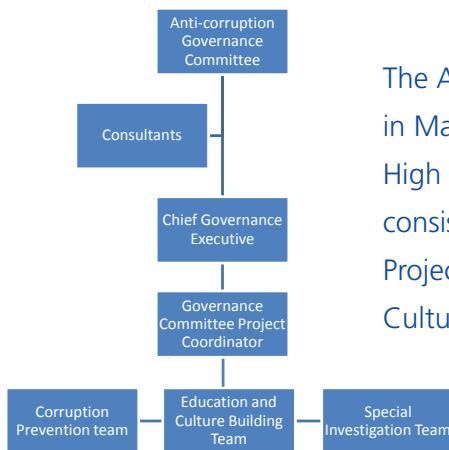
##### National Role Model for Harmonious Labor Relationship Enterprise

"People as our Foundation" is one of our values. We respect, care, trust and encourage our staff and other stakeholders to build a caring environment. On August 15, 2011, Heshan Astros Printing Ltd. was awarded the "National Role Model for Harmonious Labor Relationship Enterprise" during the "National Harmonious Enterprise and Labor Relations Awarding Ceremony and Seminar" held in Beijing's Great Hall of the People. During the ceremony, the PRC Vice-President Mr. Xi Jing-Ping gave an important speech about the Government's encouragement of harmonious labor relations.

## Governance and Anti-Corruption Management

### Anti-Corruption Governance Committee

In order to proactively ensure all employees, suppliers and business partners achieve a high degree of integrity and business ethics, comply with all regulatory requirements, strengthen the company’s capability to prevent improper business activities and bribery, and ensure fair operations and competitions, Leo established a comprehensive and effective governance management system with our own “Anti-Corruption Governance Committee”.



The Anti-Corruption Governance Committee of Leo was established in March 2009, under the consultancy of the Disciplinary Bureau, High Court and Policy Department of Heshan City. The Committee consists of a Chief Governance Executive, a Governance Committee Project Coordinator, a Corruption Prevention Team, an Education and Culture Building Team and a Special Investigation Team.

### The Code of Practice for Leonians

In order to enforce honest practices among all employees, the Committee published the “Employee Integrity and Ethical Code”, which clearly describes proper practices in business operations. This code includes the formal procedures for declining and declaring gifts from business partners, handling a conflict of interest, and managing personal relationships with business partners. The Committee can then take the necessary measures to avoid such conflicts.

Our core policy is “Focus on Human, Focus on Proactive Guidance, and Focus on Prevention.” The Committee establishes a honest, upright and ethical atmosphere and a culture of integrity inside the company.

### Code of Practice for Suppliers

In addition to enforcing a code among employees, the Committee also extended such practices to our suppliers and business partners by implementing a “Supplier Integrity Agreement” with suppliers in

order to avoid commercial bribery and ensure fair competition.

- In February 2011, the Committee added the punishment clause for suppliers who break these requirements in order to better execute the agreement.
- In April 2011, the Committee developed and implemented the “Canteen Supplier Qualification and Management Procedures”.

Relevant procedures are developed according to the following principles:

Control Aspects	Principles
Commissioning	Well defined standard
Control	3 <sup>rd</sup> Party Monitoring
Competition	Openness
Pricing	Fair Price competition
Supplier qualification	Transparency
Supplier award and punishment	Effective governance

### Tendering Management and Fair Competition

Leo firmly believes that integrity, uprightness and fairness are the most fundamental assets of our Group. In order to continually improve the corporate governance, transparency and business ethics of the company, the Committee set up a Tendering Center, which in turn developed the "Astros Tendering Center Operating Procedure". In 2011, a total of 40 tenders were processed under these new procedures.



Communication Meeting for Tendering Arrangements

### Reporting Channel

The Committee encourages employees, suppliers, subcontractors and stakeholders to report any commercial bribery or similarly inappropriate behavior that violates these regulatory requirements and business ethics. A "Corporate Governance" zone was developed on the Heshan Plant website which detailed integrity requirements and provided a platform for online reporting for suppliers, customers and employees. The information collected through this channel is submitted directly to the chairman of the factory's Board of Directors and the Chief Governance Executive.

### Training on Integrity

In order to strengthen all employees' resolve against corruption and bribery, the Committee organized a series of training programs in 2011.

### • April 2011, Video Training on Anti-Corruption

250 employees, including all members of the Committee and employees in influential positions, watched the video "The Harm of Corruption".



### • May 2011, Anti-Corruption Month (Education and Promotion)

Education and promotion programs were provided to all employees in order to enhance the awareness of anti-corruption.

### • June 2011, Training on Fair Tendering

Professor Steven Shi, an international expert in tender management, provided training on the "Practices of Enterprise Tendering and Purchasing Management" to management staff and tendering team members in order to make Leo's tendering activities more standardized, consistent, and systematic. In turn, these efforts contribute to clean, fair and open corporate practices.

### • August 2011, Announcement of the "Code of Festival Gift Handling"

The Festival Gift Handling code was developed to instruct employees and suppliers how to properly report gifts. According to the Code, gifts reported by employees will be donated to volunteer organizations or to the Poverty Support and Youth Education Fund.

• **September 2011, Visit to ICAC**

On September 22, 2011, members of the Corruption Prevention Team and the Education and Culture Building Team visited the Independent Commission Against Corruption (ICAC) in Hong Kong to exchange experiences in bribery prevention.



• **November 2011, Case Study**

On November 16, 2011, the Committee organized a Case Study Seminar for more than 300 employees, managers, and employees in sensitive positions. During the Seminar, the characteristics of bribery, types of bribery, real cases of bribery, and enterprises tactics to fight bribery were discussed.





## Community Involvement

Leo's core value is sustainable development. Our value of "People as our Foundation" does not only apply internally, but also externally within the community. We are committed to community development in order to promote higher levels of well-being and thereby achieve a level of sustainable development for the whole community.

### Staff Volunteering

In order to encourage staff participation in community services, the Leo Volunteer Team (LVT) was established in October 2006 and is the first corporate volunteer team in the region.

In November 2007, Astros Red Cross was set-up; Astros LVT was renamed the Leo Red Cross Volunteer Team. Astros Red Cross Volunteer Team considers the Red Cross's philosophy of "humanity, love, dedication" as their own. In addition to volunteer activities, various community activities were carried out, such as donating clothes, visiting the elderly, and assisting disabled children.

125 new volunteers joined Astros LVT in 2011, bringing the total number of volunteers to 350. Volunteering activities not only contribute to the community, but they integrate CSR culture into the Leonians' leisure life to enhance one's sense of social responsibility.

### Star Volunteer

In order to encourage LVT members to actively participate in community service and fulfill their social responsibility, a "Star Volunteer" motivation scheme was implemented. There are six "Star Volunteer" grades and an award ceremony is held each year to recognize volunteers' efforts.

### Recognition

Activities of the Astros Volunteer Team have been well recognized by society, and the team was recognized as the "Charity Unit of Pearl River Charity Festival" in October 2011. Leo has been also recognized as "Caring Company" for more than 7 years by Hong Kong Council of Social Service.

### Children and Teenagers

#### "Leo's Hope to the Future"

#### —a joint program with the Salvation Army

As a corporate partner of the Hong Kong Salvation Army, we help children from low-income families build "non-capital assets". In April 2011, Leo and the Salvation Army jointly implemented "Leo's Hope to the Future" program, aiming to provide English and art educational activities for children from low-income families, thereby enhancing their language skills and broadening their interests.



Leo's Hope to the Future

#### Volunteer Services for the Salvation Army

In light of our motto "Be royal to the community, be responsible to the society", we volunteered several times at the Salvation Army Tuen Mun Center in 2011. On August 26, 2011, Hong Kong

LVT again went to Tuen Mun and helped organize a summer holiday event for 23 children from low-income families. During this event, LVT played games with these children and inspired them through various scientific experiments.



Leo's Volunteer Team and the Children

### **“Breakthrough” (NGO) Sponsorship—“Say NO” to Drugs’ Leadership Training Scheme**

We supported a two-year (2010-2011) “Say NO to Drugs” Leadership Training program. In addition to helping rebuild the confidence of young people who have suffered from drug abuse, this program also promotes a healthy and harmonious lifestyle through training, volunteer work and community service programs. Our goal is to improve participants’ mental and physical strength, thereby helping them raise happier and healthier families and create a safer and more harmonious community for all.

### **Education**

#### **“Leo Knowledge Express” joint program with the Institute for Integrated Rural Development, Hong Kong**

As part of our outreach program, as well as our focus on education, we organized the “Leo Knowledge Express” program in partnership with the Institute for Integrated Rural Development in Hong Kong. Starting in October 2010, the 2-year program provides “knowledge” services to some rural areas in mainland China. Our goal is to provide care and support for children living in more isolated and mountainous regions of the

country with parents that travel to the cities for work. Through our efforts, we aim to broaden their horizons and foster their growth and development.

The program utilizes a mobile library that brings books to these children, thereby cultivating the habit of reading and the pursuit of knowledge. The mobile library serves 24 villages, with borrowing services offered in 10 villages. We hope that this library can provide a caring environment for these children.



Leo Knowledge Express

#### **Farmer Book House**

To further promote knowledge in rural areas, we have also helped establish the Astros Farmer Book House, which is a library for the community.



#### **Grant Program for Disadvantaged Students**

A grant program for disadvantaged students was implemented in Guangxi and Gulao in 2004 and 2007, respectively. In 2011, this program has again helped 20 disadvantaged students in Zhanjiang, who were at risk for dropping out, continue their studies.

Leo is dedicated to education and the



development of young people. The “Talent Nurturing Scheme,” which provides financial aid to students in need, has been carried out by Leo in cooperation with different chambers since 2007. This program has already helped 200 students and 191 disadvantaged families and received the “Guangdong Caring Award”. Many beneficiaries of this program have already graduated from universities or started their careers.

### Astros Technical and Vocational School

Astros Technical and Vocational School is located at our Heshan Plant. The area of the school building is 14,680m<sup>2</sup>, which accommodates more than 3,000 students. The school is a full-time vocational institution, providing general education, industrial training and practical internships to students. Operation of the school is a new model for education and training, which can well utilize existing company resources to serve the society. In July 2011, Leo was honored to be named a “Guangdong Technical Education Advanced Organization” for our outstanding accomplishment in educational programs.



School Opening Ceremony



Classroom

### Poverty

#### Charity Walkathon

A charity walkathon was held on January 8, 2011. Based on the number of participants and the distance walked, the walkathon donated to different NGO's accordingly. This was the 6th walk since its launch in 2005. It has become a big annual event for all Leonians and creates a strong sense of community.



#### Guangdong “Help the Poor” Day

June 30, 2011 is Guangdong's “Help the Poor” Day. “Help the Poor” Day began in response to the Guangdong Provincial Government's encouragement, and 2011 was the second year Leo participated in this activity.

#### World Red Cross Day 2011

On May 14, 2011, in response to the encouragement of Heshan Red Cross, Astros Red Cross Volunteers held a “Charity Bazaar.” Donations raised were given to the Heshan Red Cross in order to help people in need.



## Social and Economic Indicators Table (Heshan Astros Printing Plant)

### Workforce

Issue	2007	2008	2009	2010	2011
Average Total Workforce	20326	20323	17566	17396	<b>17697</b>
<b>by Gender</b>					
Female	12021	11510	9923	9663	<b>9682</b>
Male	8305	8813	7643	7733	<b>8015</b>

### Managerial Staff 2011

	Proportion of Senior Management Hired from the Local Community	Proportion of Female Management Staff
Percentage	<b>63%</b>	<b>51%</b>

### Training and Education

Indicator	2008	2009	2010	2011
<b>Average Hours of Training per Year per Employee by Employee Category</b>				
Frontline Staff/ Workers	*	*	*	<b>24</b>
Managerial Staff (Cat. 1-4)	23	45	21	<b>17</b>
Managerial Staff (Cat. 5-6)	10	22	11	<b>18</b>
Managerial Staff (Cat. 7-8)	11	36	30	<b>27</b>
Top Management	3	19	39	<b>18</b>

### Occupational Health and Safety

Indicator	2007	2008	2009	2010	2011
Annual Injury Case	51	39	27	20	<b>21</b>
Injury Case per 1000 Employees	2.51	1.92	1.54	1.15	<b>1.19</b>

### Volunteering Works

Indicator	2007	2008	2009	2010	2011
Volunteering Hours (man-hours)	*	*	*	20,738	<b>27,079</b>

\* no measurement conducted





**Dedicated to  
Excellence for  
Products and Services**

## Dedicated to Excellence for Products and Services

We have been focusing on helping our clients turn their vision for success into reality by striving to provide total one-stop convenience. This has been a continuous improvement process we strive to achieve through innovative solutions. In 2011, we created a number of initiatives to enhance our products and services.

### Process Enhancement and Design Innovation

#### Design and Innovation

Our promotion for value-added product innovations is based on imaginative and resourceful design solutions. For example, the use of sophisticated software, such as 3D Modeling and Visualizers, allows clients to preview their products in 3D. This technology significantly reduces the margin for error, thereby saving time, cost and effort.

#### Soft Proofing

Soft proofing is a process we strive to further enhance and promote. The proofing process can

be conducted electronically by utilizing InSite software, which can speed up the proofing delivery process.

#### The Leo Touch

In 2011, the Novel Technology Development & Design Team continued to develop new products materials and technologies, which help to provide tremendous product diversification and differentiation. Mixing and matching these effects creates an even wider range of unique and special finishes that can help to distinguish our clients' products in the marketplace.

### New Products and Services through Innovative Technologies

Over the years, we have been adopting a variety of techniques and processes to help achieve creative ideas and design effects. We experiment with secondary processes and develop new printing techniques to give clients increased depth and variety of design solutions, which helps to turn customers' ideas into reality.

#### ARIUX™ (Augmented Reality Interactive User Experience)

ARIUX™ is a next-generation application which can be applied to all types of books and gift products, giving them new life and providing the user with a physical and virtual reading experience. In 2011, different ARIUX™ products were launched based on clients' unique needs, thereby enhancing the attraction of printing products.

### Better Understanding Customers' Needs

Our customers' engagement is crucial for sustainable development. Every year we conduct a survey for gathering clients' feedback on our performance in order to help better understand their needs.

According to the survey report for the past year, our quality level was consistent for the past two years, which is considered a competitive score. Moreover, clients held a positive awareness in terms of the following issues:

- Leo is perceived as reliable and committed to our customers' needs.

- Leo is perceived as a socially responsible printer.
- Leo is perceived to provide one-stop convenience and total solution to our customers.
- Leo's information and communication channels (e.g. corporate website, e-newsletter, promotional materials, etc.) sufficiently allow our clients to access our news and updates conveniently.

## Optimizing Network Communication Platform

We continuously optimize and update our website platform to release our latest updates, including industrial news, corporate capability and advantages, awards and accreditations, reports and activities. This fast, effective and interactive communication helps us to assist our clients and bring them current information on the state of the market as well as on our innovations, developments and value-added services.

In addition, we have added a new element, the Leo Membership Site, which includes industrial trends, solutions for product design and construction, and an accessories database. The allows our clients to gain discretionary information. With our innovative and high-tech processes and comprehensive business solutions, we help our clients develop creative products. Through this interactive community sharing platform, we not only provide value-added service, but also promote communication with customers to enhance customer relationships.



In order to better communicate with our domestic customers and other stakeholders, we have modified our website with a simplified-Chinese language version in 2011, from where we are able to provide our latest news and information to the local community.

## External Recognitions 2011

### Selected Environmental Awards/Recognition 2011

#### • Hong Kong Awards for Environmental Excellence (HKAEE)

##### – Gold Award (Manufacturing)

- Awarded by the Environmental Campaign Committee (ECC) alongside the Environmental Protection Department of Hong Kong Government, in conjunction with 9 other organizations.



Mr. C.M. Yeung, Environmental Director of Leo Paper Group, received the award from Mr. Donald Tsang, the Chief Executive of Hong Kong Government.

#### • Eco-Factory

- Awarded by Marks & Spencer. Leo is the first printer worldwide to receive this recognition.



#### • Hong Kong – Guangdong Cleaner Production Partner (Manufacturing)

- Awarded by the Hong Kong Environmental Protection Department and the Economic and Information Commission of Guangdong Province.



#### • China Green Products

- Organized by the Environmental Protection Bureau and the General Administration of Press and Publication of PRC.



#### • Green Enterprise Award and Green Printing Products Award

- Awarded by the China Academy of Printing Technology and Keyin Media.



#### • Provincial Pilot for Hazardous Waste Standardized Management

- Jointly presented by the Provincial Waste Treatment Center, the Provincial Department of Environmental Protection, the Environmental Protection Bureau of Jiangmen and the Environmental Protection Bureau of Heshan.



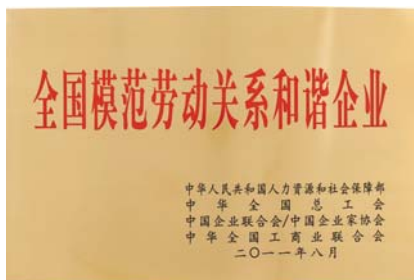
**Selected Social Awards/Recognition 2011**

• **Top 10 Harmonious Enterprise in Guangdong**

- Presented by the Guangdong Provincial Party Committee Propaganda Department.

• **National Labor Relationship and Harmonious Enterprise Model**

- Jointly presented by the Ministry of Human Resources and Social Security of PRC, the China Federation of Trade Unions, the China Enterprise Confederation, the China Entrepreneurs Association, and the China Federation of Industry and Commerce.



• **Outstanding Corporate Citizen in China**

- Awarded by the China Committee of Corporate Citizenship.



• **National Employment and Social Security Pioneering Private Enterprise**

- Jointly presented by the Ministry of Human Resources and Social Security of PRC, the China Federation of Trade Unions, and the China Federation of Industry and Commerce).



• **Faithful and Trustful Enterprise in Guangdong**

- Presented by the Guangdong Provincial Administration for Industry and Commerce.

• **Hong Kong CSR Index**

- Scored 4.9 marks out of 5 marks during the Hong Kong CSR Index assessment by Hong Kong Quality Assurance Agency.

• **Manpower Developer**

- Awarded by the Hong Kong Employees Retraining Board.

### Other Selected Awards/Recognition 2011

#### • Gold Ink Awards 2011

- Awarded by the North American Publishing Company.



#### • Premier Print Awards 2011

- Awarded by the Printing Industries of America.



#### • China Print Awards 2011

- Jointly organized by the Printing and Printing Equipment Industries Association of China, the Hong Kong Printers Association, the Taiwan Printing Industry Association, and the Macao Printing Association.

#### • Bisheng Printing Technology Award 2011

- Presented by the Printing Technology Association of China.

#### • Hong Kong Print Awards 2011

- Organized by the Graphic Arts Association of Hong Kong, the Hong Kong Publishing Professionals Society, and the Hong Kong Trade Development Council.





香港品質保證局

## VERIFICATION STATEMENT

### Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) has been commissioned by Leo Paper Group (Hong Kong) Limited (“Leo”) to conduct an independent verification of its 2011 Sustainability Report (“the Report”). The Report states Leo’s sustainability performance and efforts made during the period from 1st January 2011 to 31st December 2011. The verifier did not partake in the development of the data and information of the Report.

The aim of this verification was to provide assurance of the information stated in the Report is accurate, reliable, and objective.

### Methodology

The process used in this verification was based on current best practices. The Report was reviewed against the following criteria:

- The principles of completeness, accuracy, neutrality, comparability and responsiveness, as set out in the Institute of Social and Ethical AccountAbility standard AA1000, and
- The Global Reporting Initiative (GRI) G3.1 Guidelines

The verification procedure included reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the Report and verifying the selected representative sample of data and information consolidated in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

### Conclusion

Based on the verification process conducted, the verifier has determined that the information presented in the Report provided a structured, balanced and consistent representation of Leo’s performance in the context of sustainable development. The verifier is satisfied that the Report includes factual statements and the data contained within the Report is accurate and reliable. It is a fair and honest representation of Leo’s initiatives, targets, progress and performance on its sustainable development achievements.

### Signed on behalf of Hong Kong Quality Assurance Agency

**Connie Sham**

20th March 2012



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For more information about LEO, please visit our corporate website at: <http://www.leo.com.hk>  
or simply scan and get connected via the QR code.