

# SUSTAINABILITY REPORT 2015



LEO PAPER GROUP

# About this Report

## Editor's Remarks

This is our 7<sup>th</sup> environmental/social/sustainability report. To better demonstrate the latest data, this report covers our activities in 2015 and selected data from the first quarter of 2016. The report describes our CSR efforts and performance during the reporting period. It covers standard disclosures defined in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 4 (G4). All data included in this report is verified by an independent 3<sup>rd</sup> party verification body HKQAA.

## Reporting Period

This report covers the 2015 calendar year, and selected data from January to March 2016.

## Frequency of Reporting

Annual

## 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: April 2016

(Next issue scheduled April 2017)

## Reference

Global Reporting Initiative (GRI\*) G4 reporting guidelines

ISO 26000: 2010 Guidance on Social Responsibility

United Nations Global Compact Principles

AA1000 AccountAbility Principles Standard 2008

\*GRI is an international organization for developing globally applicable guidelines for corporate sustainability reporting.

# EDITORIAL POSTSCRIPTS

This sustainability report summarizes and reports our most important initiatives from the previous year, with a focus on corporate social responsibilities initiatives undertaken by our head office and Astros production plant.

This report is available on the Environment and Society page of Leo Paper Group's website: [www.leo.com.hk](http://www.leo.com.hk)

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# Chairman's Message

Sustainable Consumption was the theme of World Environmental Day 2015. Since our founding, Leo has always upheld the principle of being environmentally responsible. In order to achieve the global norm, as well as our core value, Leo continues to enhance our system to produce green products in an environmentally conscious way. Through years of continuous improvement of our operations, and collaboration with our business partners in the supply chain, we continue to enrich our research and manufacturing capabilities of green products.

In 2015, Leo elevated its environmental performance through the achievement of our long term environmental and product safety policy. As a printer, Leo promoted sustainable consumption by increasing the use of paper from well-managed forests and recycled materials, and by creating and offering more value to our clients with our green product offerings and our manufacturing capabilities.

The success of Leo has been created by a family of happy, healthy, and content Leonians. In 2015, Leo followed through on the philosophy of "People as Our Foundation" by providing life-long learning opportunities to Leonians. Leo has developed a well-established framework for people development and nurturing.

As a member of the community, Leo endeavors to achieve inclusive growth with the surrounding communities of our operations, and provide support to people in need. The joint initiatives with local institutes and organizations drive in-depth harmony and mutual trust in the community.

At Leo, we have been committed to delivering products and services with quality and safety ever since our business started. We have never stopped adopting cleaner, safer, sustainable and state of the art production systems in order to achieve the expectations of consumers and multiple stakeholders for sustainable development.

Moving forward, we will continue to collaborate with all stakeholders to uphold long-term growth. Sustainability will continue to be an integral part of Leo's core values.

**Samuel Leung**

Chairman of Leo Paper Group



# About Leo Paper Group

Leo's global presence enables us to better understand the continually changing sustainability norms all over the world, and integrate global initiatives with our own.

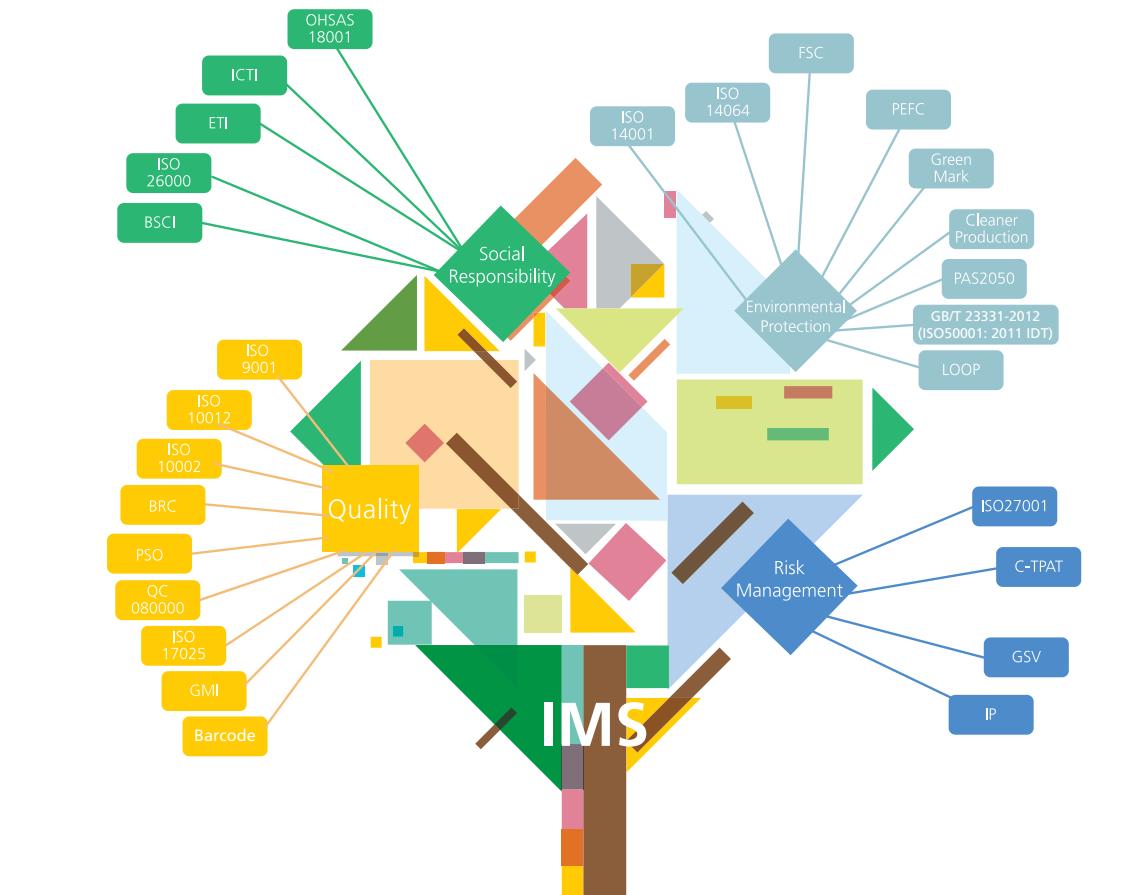
With our research, procurement, and manufacturing capabilities, we produce products that promote sustainable consumption in an environmentally and socially conscious way.



## Our Sustainability Governance

Leo has well developed and maintained a comprehensive system for managing sustainability issues by implementing different management systems that comply with international standards.

Our management systems are categorized into four areas, Quality Management, Environmental Protection, Social Responsibility, and Risk Management. These 27 management systems are implemented and monitored by 12 committees led by top management members.



Integrated Management System Committee	Production Improvement Committee
Lean Manufacturing Committee	Graphic Arts Technical Improvement Committee
R & D Committee	Paper Bag Improvement Team
Green Harmony® Committee	Quality Improvement Committee
Production Safety Committee	Customs Declaration Committee
Anti-Corruption Governance Committee	Packaging Business Development Committee

- Producing Greener Products
- Responsible Procurement
- Energy Management
- Air Emissions and Waste Management
- Green Packaging and Logistics
- Participation and Community Engagement
- Environmental Indicators

## Dedicated to Being a Global GREEN Printer



## Producing Greener Products

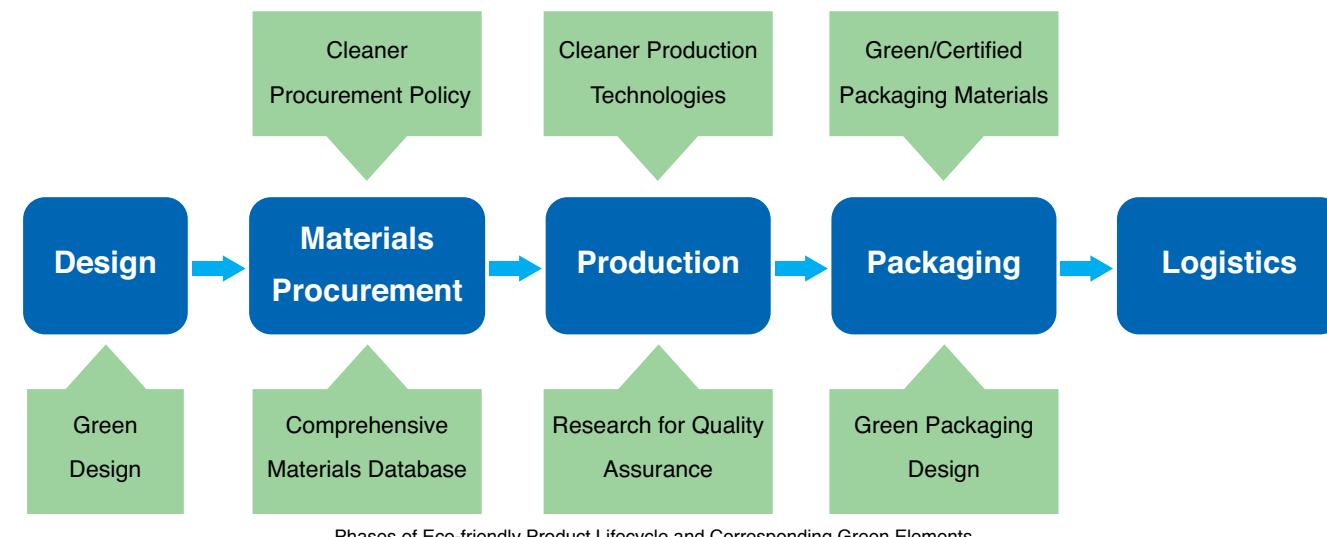
It is our objective to always produce greener paper products for our clients. An environmentally conscious product involves a number of factors, including procurement of environmental raw materials, environmental excellence at the production plant, collaboration with other partners over the supply chain and so on.

As a manufacturer, Leo is in a very significant position in the supply chain for producing green products. Our capability to manufacture eco-friendly products is the result of a number of factors. With our continuous efforts to enhance our environmentally-friendly operations and our close collaboration with different partners across the supply chain, we have been producing more and more environmentally conscious products.

There has been an increasing demand for greener products over the years. Leo is determined to lead the way to continuously enhance our eco-friendly manufacturing capabilities to cope with market needs.

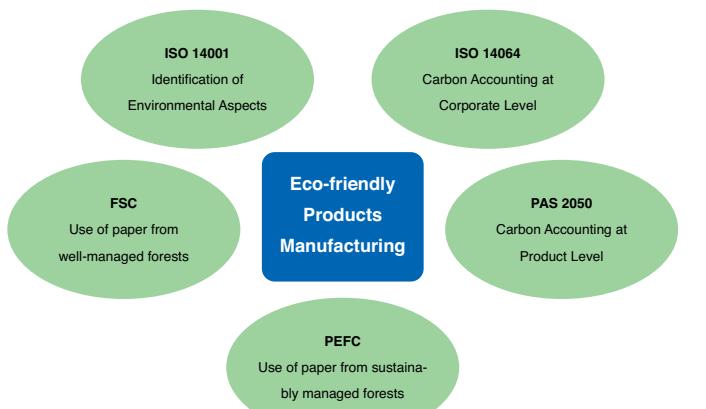
### Phases of the Product Life Cycle and Corresponding Green Elements

Manufacturing eco-friendly products involves various stages of the product life cycle. It requires coordinating various contributing factors at relevant phases, such as procurement of green materials, adoption of cleaner production technologies, environmental packaging and logistics solutions and so on. Our research and development capabilities have also provided assurance for quality excellence.



## Leo's Management Systems in Support of Eco-Friendly Products Manufacturing

Production of eco-friendly products also requires the support of relevant management systems to be successful. Over the years, Leo has established various systems to continuously enhance our capabilities. Since 2001, we have operated under the ISO 14001 environmental management system to help develop and implement procedures that allow us to respond to environmental impact caused by our operations. In 2007, we implemented the FSC™-COC forest products management system in order to produce wood/paper based products with materials from well-managed-forests. In addition, we implemented the PEFC™ management system in 2009 in order to further enhance our ability to trace raw materials. The ISO 14064 Carbon Accounting and Reporting system was also put into effect in 2009 to quantify the carbon emissions for our entire company in a scientific and accurate way. The PAS 2050 Product Carbon Footprint management system contributes to the analysis of the environmental impact and the carbon footprint of a product at all stages of its life cycle.



Support of Eco-Friendly Products Manufacturing by Management Systems

## Re-affirming Leo's Manufacturing Capability of Eco-friendly Products in 2015

Leo's capability to produce eco-friendly products has been re-affirmed by the ProductWi\$e assessment results of 2015 in Hong Kong.

Our corporate promotional product, the Leo Wall Calendar 2014, was awarded with the ProductWi\$e Certificate at the Excellence Level (the highest rank). ProductWi\$e is a certification scheme led by the Hong Kong government. It aims to benchmark and recognize the green achievements of organizations that have successfully reduced environmental impact across the life cycle of a product. There were a total of four products awarded at the Excellence Level in 2015. Among those, the Leo Wall Calendar was the only paper product.

This certificate re-affirms our capability to produce eco-friendly products that reduce environmental impact over the whole life cycle of the printed paper products. The Leo Wall Calendar 2014 is an example of our products that demonstrates environmental elements at all stages of the life cycle of a printed paper product, including the use of green materials, eco-friendly product designs, adoption of clean manufacturing technologies, eco-friendly package design, and end-of-life handling.



2014 Wall Calendar



ProductWi\$e Certificate  
Green Organisation Certificate

At Leo, our ultimate environmental goal is "zero waste and emissions". In 2015, our steps towards this goal included: responsible procurement, innovative energy management, carbon quantification and reporting, air emissions control, green packaging and logistics, development of green production manufacturing capabilities, influencing our community and society and so on.



產品環保實踐證書  
ProductWi\$e  
—Certificate—

## Responsible Procurement

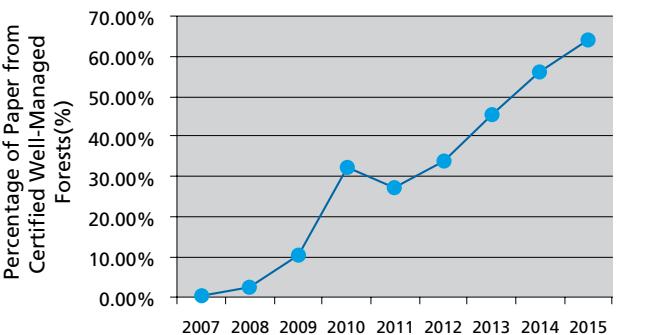
### Purchasing of Eco-friendly Paper

In 2015, the procurement of eco-friendly paper continued to increase compared to previous years. The percentage of certified environmental paper and recycled paper procured was more than 82%. This can be contributed to the environmental commitment of our clients and partners, increased eco-awareness of consumers, and the enforcement of timber regulations, such as the Lacey Act in the U.S., the EU Timber Regulation, and the Australian Illegal Logging Prohibition Act.

### Percentage of Eco-friendly Paper Procurement

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Recycled paper (%)	0.50%	5.99%	16.41%	19.22%	16.70%	20.47%	21.50%	18.53%	18.09%
Paper from Certified Well-Managed Forests (%)	0.13%	2.72%	10.70%	32.23%	27.39%	33.75%	45.60%	56.36%	63.94%
Total (%)	0.63%	8.71%	27.11%	51.45%	44.09%	54.22%	67.10%	74.89%	82.04%

Obtaining paper from responsible sources continues to become more and more popular, and Leo will continue our responsible procurement strategy. Coupled with our eco-production capabilities, we offer our clients green solutions that meet market needs and corporate environmental policies.

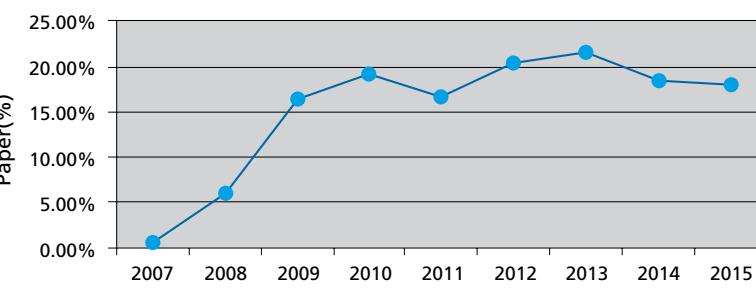


## Extending Our Procurement Edge to FSC™ Certified Wooden Accessory Product

Since 2007, we have been certified by the Forest Stewardship Council™ for paper-based products. To cope with increasing demands for various types of eco-friendly and responsible products, in 2015 we enhanced our procurement capabilities by extending the scope of the Forest Stewardship Council™ (FSC™) certification from paper-based products to wood products. We can now offer both FSC™ certified paper and wood products.



Wooden Product



## Supplier Assessment and Collaboration

Collaboration with suppliers is important for our accountability throughout the supply chain. The supplier assessment process plays an important role to assure their performance meets expectations in terms of responsible procurement.

In 2015, 69 on-site supplier audits were conducted related to environmental performance, product safety, labor and human rights and social responsibility. New suppliers were screened using environmental, labor practices, human rights criteria, as well as criteria for impacts on society.

## Sharing at the PREPS Asia Summit

PREPS (The Publishers' database for Responsible Environmental Paper Sourcing) is a joint initiative and collaboration of a group of global book and journal publishers for responsible environmental paper sourcing. PREPS database holds technical specifications and details of the pulp and forest sources of the papers being used, which help users take into account environmental issues when making purchasing decisions.

On June 29, 2015, Leo was invited to be a guest speaker at the PREPS Asia Summit and share our efforts and collaboration with PREPS on responsible paper sourcing. Other guests included

paper mills and printers, publishers (members and non-members of PREPS), NGO's, representatives from certification schemes [FSC™ and PEFC™], paper and forest trade federations, as well as academics.

The summit provided an opportunity to meet and connect with other stakeholders in the supply chain to discuss common challenges and share solutions. The Summit helped enrich our planning of how to better support PREPS and work together on responsible paper sourcing in the supply chain.



Sharing at PREPS Asia Summit

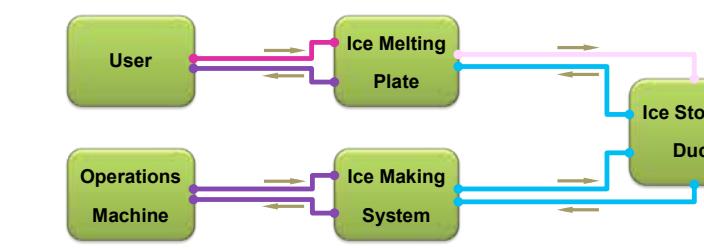
## Energy Management

Energy management is an important part of Leo's environmental initiatives. In 2015, energy management initiatives were focused on the enhancement of the air conditioning system, machine energy-efficiency enhancement, computer server integration and energy efficiency improvement projects with our clients.

## Optimization of Slurry Ice Air-conditioning System

Developed in 2010, the air conditioning system at Leo makes and stores ice overnight. During the day, the ice melts to become a chilled water supply for cooling the air. This system lowers the electricity load at the local power station during peak hours.

After several years in operation, we made an optimization improvement to the system. In March 2015, the ice storage system's piping was renovated to fulfil the daily demands of ice storage and heat generation. The improvement resulted in 340,000 kWh of energy reduction from last year.



Slurry Ice Air-conditioning System Refrigeration pump & Cooling pump

## Machine Energy-Efficiency Enhancement

Technological advancement can often provide significant improvement for energy-efficiency. During 2015, the Y-type motors in 55 pieces of machinery were replaced with JYE3 high-efficiency motors. This machinery included air compressors, envelope machines, pressing and punching machines. This project resulted in 94,788 kWh of energy reduction from 2014.

Machines	Number of Motors Replaced
1. Air compressor	12
2. Envelope machine	3
3. Pressing machine	16
4. Punching machine	24
<b>Total</b>	<b>55</b>



New Machine Motor

## Upgrading our Printing Presses

Leo has made great efforts to pursue energy conservation by enhancing energy efficiency. Sourcing of energy-efficient models to replace old machinery is one of the solutions to help achieve this goal.

In 2015, we purchased 7 state-of-the-art printing presses to

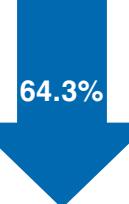
replace 13 of our older models. The replacement resulted in a 914,736 kWh reduction from last year. In addition, we have enhanced productivity and created more floor space.



New Printing Machine

## Green Lighting - LED Lighting Promotion

In recent years, LED lighting has become a very significant technology for the green lighting initiative. In 2015, we replaced 9,574 T5 fluorescent light tubes with energy-efficient LED models, and achieved 983,680 kWh of energy reduction, a 64.3% reduction compared to 2014.



*Replacement of old lightings with LED models can result in 64.3% energy reduction*



LED Light Tubes

## Green IT - Server Integration

In 2015, we continued our computer server integration initiative. The whole server system was further integrated and low-efficiency servers were removed. A total of 38 servers were eliminated or integrated, resulting in a 18% energy reduction for the server room.



Computer Server Room

## Energy Efficiency Improvement Project

In Jan 2015, Leo was invited by Wal-Mart to be one of two participants in the Supplier Energy Efficiency Program (SEEP) in China. After a series of strict reviews and site assessments at our factory, conducted by a group of third-party engineering experts from The Sustainability Consortium (TSC) assigned by Wal-Mart, Leo was confirmed as one of two companies selected from more than 200 participating suppliers.

In 2008, Wal-Mart launched SEEP to show their commitment to environmental sustainability and reducing greenhouse gas (GHG) emissions in terms of their products' life-cycles and supply chains. Wal-Mart promotes TSC, with the objective to improve the environmental performance of all their suppliers.

Participating in SEEP provides a valuable opportunity for Leo to learn from Wal-Mart's experience, and to identify and implement energy saving measures and improvements at our own factory using proven technologies. Benefits of joining the programme include:

- Reducing GHG emissions
- Enhancing energy efficiency
- Lower long-term operating cost
- Protect the environment



Energy Management Training for Management



Training for Printing Technicians



Monitoring Equipment at Production Workshop

## Air Emissions and Waste Management

### VOC Management

As a responsible manufacturer in the printing industry, Leo has made great efforts towards excellence in all aspects of our environmentally-friendly operations. VOC (volatile organic compounds) control is one area in which we have been making continuous improvement.

In 2015, new VOC control technology (combined with photodecomposition, catalytic and oxidation processes) was further utilized at the production buildings in Phases 6, 7 and 8. Emissions were collected and tested and the results demonstrated a 50% reduction in VOC emission levels from last year.



VOC Control Facilities

### Sludge Reduction

At our on-site waste water treatment plants, sludge treatment is one of the significant operation issues we face. In line with our zero waste philosophy, over the years we have been working to optimize the waste water treatment process so as to reduce the amount of sludge. In 2015, the system was further optimized and between June and December 2015, we saw a reduction of 147 tons of sludge, a reduction of 26%.

## Green Packaging and Logistics

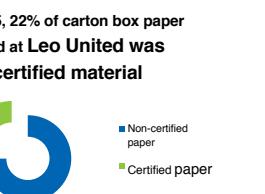
### Green Packaging with Certified Green Material

Over the years, Leo has been promoting various green packaging solutions, such as the single-layer carton box manufactured by our subsidiary company, Leo United Paper Products Ltd.

This year, with more and more certified paper available for manufacturing carton boxes, we can offer our clients more green packaging solutions. Carton box making with certified paper has become more and more popular in recent years. In 2015, 22% of the carton box paper procured for Leo United Paper Products Ltd was from certified forests. Both consumer products and carton boxes can be made with certified paper, which further facilitates sustainable development across the entire supply chain.



Showroom of Leo United Paper Products Ltd



In 2015, 22% of carton box paper used at Leo United was certified material



Carton Box

## Participation and Community Engagement

### "Eco-civilization Journey" Environmental Exchange Visit

On World Environment Day 2015, we took the opportunity to invite members of the surrounding community to a conference at our Heshan plant. The conference, titled "Eco-civilization Journey" Open Day, included participants from the government, members of the media and public representatives that made up a total of 35 guests. The wastewater treatment plant that processes domestic and industrial wastewater is one of the facilities that was toured. Participants were impressed how the waste water recycle system enabled us to reuse 60% of treated wastewater for landscape irrigation, flushing toilets and our cooling system to achieve fresh water conservation and wastewater reduction.



"Eco-civilization Journey" Open Day



Wastewater Treatment Plant

### Promotion of World Environment Day 2015

In June 2015, we published a series of articles to promote World Environment Day. This year's theme was "Seven Billion Dreams, One Planet, Consume with Care." The articles covered topics such as "Green Transport," "Stop Wasting Water," "Recycling Electronic Equipment," "Use Reusable Water Bottles" and "Stop Food Waste." The articles aim to inspire employees to change their lifestyle choices and consumption patterns that lead to environmental pressures and impacts.

### "Energy Management System and Center" Visiting Activity

Aligning with the national policy on energy-saving, the Guangdong Energy Conservation Monitoring Center held a series of training and sharing activities on energy management in Oct 2015, including visits to enterprises with energy management initiatives. Recommended by the Economic and Information Bureau, leaders and officials from different organizations visited our Energy Management Centre at our Heshan Astros plant on Oct 30, 2015 to share information about energy management system development and implementation.



"Energy Management System and Center" Introduction Meeting



Slurry Ice Air-conditioning System was Introduced to Visitors

## Public Recognition Q-Mark Elite Brand Awards 2015

Organized by the Hong Kong Q-Mark Council, the Q-Mark Elite Brand Awards is a public voting campaign based on green management practices. As a result of votes from the local general public, Leo won the “2015 Q-Mark Elite Brand Award in the Environmentally-friendly Brand Category”. Leo is the only printer that has been honored with this award.

Over the years, Leo has won a number of prestigious environmental awards, with judging panels mainly formed by environmental experts, academics and industry leaders. This voting result demonstrated that our environmental performances are not only recognized by the government, environmental organizations, academic and research institutes and professional bodies, but also by the general public in Hong Kong.



Public Recognition - Q-Mark Elite Brand Awards

## The CLP GREEN PLUS Prestige Honor Award

In 2014, we received the GREEN PLUS Gold Award for recognizing our commitment to energy management. In 2015, we were thrilled to be awarded with the CLP GREEN PLUS Prestige Honor Award as a result of our continuous efforts.

The Prestige Honor Award 2015 was organized by CLP, one of Hong Kong's dominant electric companies, under its GREEN PLUS Award program. This program awards efforts towards energy saving and environmental awareness in the workplace, so as to promote the greener use of energy and productivity improvement. Winning organizations have been awarded for continuously taking proactive approaches when implementing their energy measures and acting as role models for different industries that help promote corporate social responsibility in the industry and community.

There were approximately 500 participating organizations, but Leo was the only organization from the manufacturing sector to receive the CLP GREEN PLUS Prestige Honor Award 2015.



The CLP GREEN PLUS Prestige Honor Award

## Environmental Indicators

(Heshan Astros Printing Plant)

### Wastewater Treatment

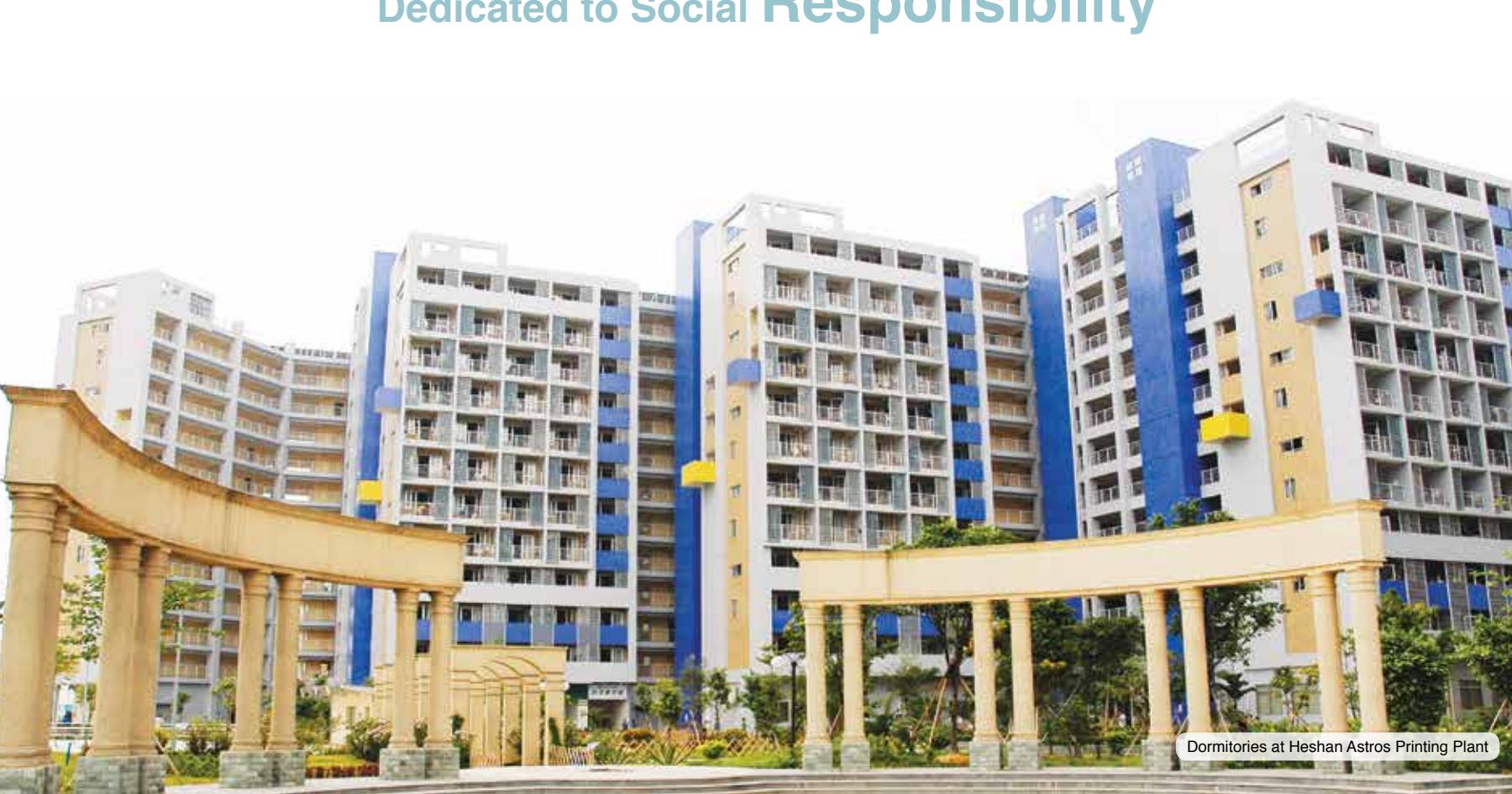
Indicator	2007	2008	2009	2010	2011	2012	2013	2014	2015
Reclaimed Water Consumption (ton)	212,801	218,728	198,294	276,497	334,443	322,194	375,196	157,109	334,798

### Waste Generation and Reduction

Indicator	Units	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Waste Generation	tons	54,885	56,555	45,345	43,325	41,395	41,378	44,323	44,720	45,993
	improvement since 2007 (%)	0.00%	-3%	13%	21%	24.60%	24.60%	19.2%	18.5%	16.2%
Hazardous Waste Generation	tons	2,306	1,979	1,132	1,060	952	990	799	421	828
	improvement since 2007 (%)	0.00%	17.10%	48.50%	54.00%	58.70%	57.10%	65.4%	81.7%	64.1%

### Recycled Paper and Paper from Certified Well-Managed Forests

Indicator	2007	2008	2009	2010	2011	2012	2013	2014	2015
Percentage of Recycled Paper	0.50%	5.99%	16.41%	19.22%	16.70%	20.47%	21.50%	18.53%	18.09%
Percentage of Paper from Certified Well-Managed Forests	0.13%	2.72%	10.70%	32.23%	27.39%	33.75%	45.60%	56.36%	63.94%
Total	0.63%	8.71%	27.11%	51.45%	44.09%	54.22%	67.10%	74.89%	82.04%



- Occupational Health and Safety
- Staff Training and Education
- Governance and Anti-Corruption
- Community Engagement
- Working and Living in Contentment
- Social and Economic Indicators

## Occupational Health and Safety

### Leo's Fire Fighting Team

Leo has a professional fire fighting team that employs well-trained fire fighters who have been trained through a wide-range of exercises to ensure physical and psychological strength.

As a member of the greater community, Leo's Fire Fighting Team not only ensures Leo's safety, but also takes up the role of protecting the surrounding community against the threat and devastation of fire. In 2015, the team volunteered 5 times

to help fight brush and car fires, as well as a fire at a nearby shoe factory.



Leo Fire Fighting Building

### Fire Safety Training Theory and Practice

In 2015, 66 training sessions were held to promote fire safety awareness. The sessions included production workshops, as well as practices in realistic fire simulations. 8,499 employees attended these training sessions.



Fire Safety Training Practice

### Fire Safety Training and Emergency Preparedness for the Printing Department

For better emergency preparedness, in June 2015, our Fire Fighting Team conducted 12 training sessions with members of our Printing Department based on the theme, "Fire Safety Training for Printing Machines with High Temperature Components." The sessions covered issues such as the use of fire extinguishers and self-rescue equipment, response to fire emergencies and routine fire preventive measures. More than 600 employees were trained.



Fire Safety Training for Printing Department

## Environmental Health and Safety (EHS) Training

Environmental and safety issues are closely related. In Oct 2015, a series of 131 training sessions about EHS management for related employees of all departments were held. A total of 9,380 employees participated in the training.



EHS Training for Departmental representatives



EHS Training Session



EHS Training for Production Department

## Safety Promotion

Leo is committed to fostering a safe culture dedicated to the prevention of safety and health hazards. To continuously enhance safety awareness, in 2015, we published educational posters with themes related to Safe Manufacturing, Occupational Health, Safety on Festival Days and so on. The posters were displayed throughout our workshops to remind all employees to make safety an integral part of their daily operations.

## Personal Protection Equipment (PPE) Training



PPE Training Session



Demonstration on Use of PPE

In order to raise employees' awareness on using PPE to lower occupational risk, in Oct 2015, we invited experts from the company 3M to hold a special training session on PPE knowledge. The training session aimed to strengthen our management staff on PPE knowledge and enhance supervisors' awareness on using PPE. 183 employees participated in this training event.

## Production Safety Committee

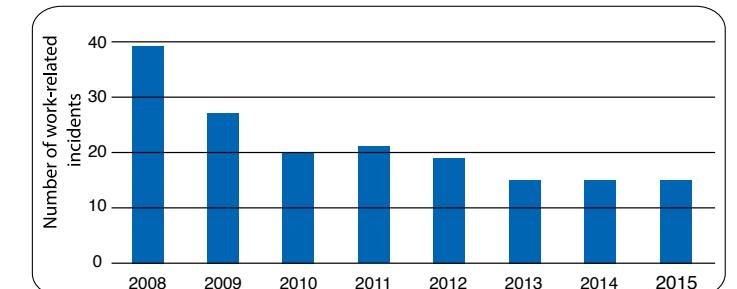
The Production Safety Committee was set up in 2003, and since then has continually identified and proactively provided safety solutions to improve occupational health and overall production operations safety. In 2015, the Production Safety Committee developed and implemented a series of programs to reduce the risks to health and safety based on the following issues:

- Preventive safety measures before long vacation
- Supplementary methodology for OHS (Occupational Health and Safety) system management
- Road safety at our factory
- Machine operation safety

## Incident Cases

In 2015, 15 cases of work-related incidents were reported. The number of fatal cases remains zero.

	2008	2009	2010	2011	2012	2013	2014	2015
Number of work-related incidents	39	27	20	21	19	15	15	15



## Staff Training and Education

Continuously nurturing and training employees is part of Leo's core sustainability policies. In 2015, we delivered training in many different ways in order to make learning an easier and more interesting experience. Training methods included traditional specialized courses, as well as reading programs, small exhibitions and competition activities.

## Specialized Course

In 2015, a series of specialized courses, with a total of 125 training sessions, were delivered. 7,172 staff members attended the training, and each participant received an average of 14 hours of specialized training. Opportunities for study were available throughout the year, so each participant could train at their own pace.

2015 Training Programs	
Jan - Feb	TWI (Training Within Industry)
Feb - Apr	Regulatory and Effectiveness of Morning Meeting
Mar	2015 Leadership Training
Mar - Dec	Cultural Philosophy and Practice on LEAN (Toyota production method)
May	Marketing Capabilities
Aug - Sep	Introduction to Big Data
Oct	Problem Analytical and Solving Skills
Oct - Nov	Team Leaders Training - Management Skills
Nov	Presentation Skills
Nov	Corporate Strategic Management

## Regular Reading and Sharing Programs

Self-study of LEAN knowledge was promoted to supervisory staff members. Through reading and sharing activities within each department, relevant staff members were able to get a better understanding of the application of specific techniques



Reading and Sharing Activities at Warehouse Department

and concepts and how they can be applied to concrete daily operation issues within their department. A total of 935 employees participated in this program in 2015.

## Small Exhibitions for Cross-departmental Learning

Effective collaboration and understanding between our sales and production departments always helps us better address customer needs and manage production challenges. Between August and October of 2015, 8 small product exhibitions for different product categories were organized. Representatives from our production department, sales department and supporting divisions participated in the exhibitions. Such exhibitions provide very good opportunities for cross-departmental communication and mutual-learning. They also help optimize production workflow.



Small Exhibition for Board Books



## LEAN Knowledge

To make it easier to understand the philosophy of LEAN production, we publish LEAN Knowledge for all employees. In 2015, 30 issues of LEAN Knowledge were delivered to all staff members, with topics focusing on specialized areas of LEAN application. The initiative helped employees acquire LEAN production knowledge in an easier and more convenient way in order to improve their daily operations.

## Leadership Training Program 2015

To promote a culture full of innovative and motivated employees, our training department organized a leadership training program for our senior management in March 2015 in Hong Kong. Four training programs "Art of Leadership Skills", "Practicing Management", "Innovative Management", and "Enterprise Development in the Future" were delivered.

Leo will continue to foster professional growth in order to build momentum that delivers breakthrough performances, and uncovers new opportunities built on exceptional values.



Leadership Training 2015

## Governance and Anti-Corruption

Leo upholds high standards of business ethics, aligned with a system of effective control through good governance. It has been 6 years since Leo first set up an Anti-Corruption Governance Committee in 2009. Since then, we have been committed to preventing corruption through continuously upholding systematic measures and proper attitudes across our organization. In 2015, our efforts were recognized by the government and Leo was rewarded with the title of "Provincial Corruption Prevention Demonstration Enterprise (Non-state Enterprise)". In 2015, Leo reinforced corporate governance in 4 areas: tendering management, accountability measures, special monitoring, education and promotion. Our focus on tendering management has established a transparent environment for continuously sustaining entrepreneurial integrity.

## Tendering Management

- In 2015, 60 tendering projects were started including LED light tubes, air-conditioning and high-voltage electricity installation.
- Tendering projects investment in 2015 increased by 12% compared with that of 2014. On the other hand, cost saving return from tendering was up to 10% of the total investment.
- Tendering management helps break through restrictions or monopolies caused by location and brand names. This is reflected in two of our tendering projects in 2015. The data backup procurement which reduced 18% of its investment, and the storage system which reduced 10% of its investment.

## Accountability Mechanism

In 2015, Leo continued to enforce accountability measures for anti-corruption systems. With the help of our senior management staff and employees in sensitive positions throughout the company, we ensure compliance to laws, codes and ethics.

## Monitoring and Reporting Systems

In 2015, two suspected misconduct cases were reported by employees through our monitoring and reporting systems. After initial investigation, the cases involving two employees and three suppliers were all transferred to local authorities for further investigation and handling.



Reporting to Governance Officer Post Box



Telephone reporting



Email reporting



Web-based reporting

## Compliance Training and Education

### • Corruption Prevention Seminar



Corruption Prevention Seminar

In Oct 2015, we organized a seminar given by professionals from a local law firm on the topic of Corruption Prevention for 420 senior management staff and employees in sensitive positions throughout the company. During the seminar, an educational video named "Dad, where have you gone?" was shown. The initiative aims to educate our employees on recognizing corruption and how to avoid it.

### • Integrity and Ethics Promotion

To enhance integrity and ethics awareness of all of our employees, a series of 5 promotional materials were distributed to all employees over the year via internal electronic circulations and posters. Topics included employee's code of conduct and ethics, reporting measures and channels for suspected corruption, conflicts of interest guidelines, declaration of interest, tendering and bidding guidelines and accountability.

## Community Engagement

As a responsible member of the community, Leo is well aware of the needs in our local community. With our global perspective, we strive to contribute to the inclusive growth and sustainable development, as well as extra care of excluded groups and people in need in the community.

### Youth Development Fund Raising Campaign "Build & Ignite 2015 Matchman Lego"

In May 2015, Leonians took part in the Fund Raising Campaign "Build & Ignite 2015 Matchman Lego" organized by BREAKTHROUGH (a non-profit organization providing cultural and educational services to young people in Hong Kong).

The initiative allowed Leonians an opportunity to build Matchman puzzles with children, promoting the benefits of persistence and hard work.

### Youth Employment Programme

In March 2015, we joined the Youth Employment Programme organized by the Hong Kong Council of Social Service. A group of high-school students was invited to visit Leo for a program designed to inspire young people and their career planning by exposing them to actual operations at our company.



Youth Employment Programme

## Internship Program with Tertiary Institution

In Jul 2015, we partnered with the Guangdong Industrial University to offer a 5-month internship program for their students. A trainer from Leo was assigned for each student. Through the program, students explored practical applications of industrial engineering and machine automation in a real production environment.



Students Sharing with Leo's Director

## Supporting Employment for People with Disabilities

Leo is committed to helping build a society in which all segments of the population are offered employment opportunities, regardless of economic class, gender, and disability.

In June 2015, The Federation of Guangdong Disabled People confirmed our Astros production plant as a Guangdong Employment Base for Disabled People. Astros was also the first company in Heshan to be recognized as such. The recognition ceremony was held on December 30, 2015.



Ceremony of "Employment Base for Disabled People"

## Education Fund for Students in Poverty

In 2004, our Heshan Astros Plant established an education fund to support students in poverty. Since then, the education fund has provided monetary assistance to more than 120 students from families in poverty. In Oct 2015, our representatives visited Zhanjiang, Guangdong to provide assistance to 20 students.

In the future, Leo has plans to promote charitable education activities in even more ways, and encourage other caring corporations to participate in this important initiative to advance opportunities for youth on a long term basis.

## UNICEF Charity Run 2015

The Hong Kong Committee of UNICEF organized the 10th fund raising campaign "UNICEF Charity Run 2015" in Nov 2015. Leo participants continued our support of the program and participated in the 10 km Charity Race.



UNICEF Charity Run 2015

## Seeing is Believing 2015 ORBIS Fund-raising Campaign

ORBIS is a nonprofit organization that devotes much of its efforts to eradicating unnecessary blindness by raising funds for sight-saving projects. In Nov 2015, 100 Leonians in Hong Kong participated in the fund raising campaign for the ORBIS "Seeing is Believing 2015."

## New Year Home Visits to Families in Need



New Year Home Visits 2015

In 2015, Leo continued their care and support of families from the local community. On February 5, 2015, as part of the Chinese Lunar New Year activities, we visited 80 families in poverty and 618 senior citizens. This is an important initiative we have continued since 2005.

## "Business Way" Conference 2015

The "2015 Heshan Business Way Conference Startup Business and Create a New Future" was organized by Heshan City Commerce and Industry Associations and Heshan Commission of Party Youth Leagues, and co-organized by the Young Entrepreneurs Association, Astros Vocational and Technical School and others.

The event took place in May 2015 at our Heshan Astros Culture and Art Center and was presented by a show host from the Shanghai Financial News Channel. More than 200 entrepreneurs and startup entrepreneurs attended the event. Experiences related to starting up and running a business were shared with young entrepreneurs through speeches and discussions, inspiring them with wisdom, new ideas, lessons and encouragement.



"Business Way" Conference 2015

## School Visit for Children's Day

Before Children's Day, on May 30, 2015, Leo's Director visited Gulao Longxi Primary School and Greenfield Garden Nursery School at Heshan Astros as part of an initiative to support educational development.



Visiting Greenfield Kindergarten

## Birthday Festivities at the Gulao Charity Elderly Home

In July 2015, Leo's volunteer team, together with Heshan Renai's social workers, organized a birthday party for senior citizens living alone at the Gulao Charity Elderly Home. Volunteers performed dances and a magic show, prepared traditional foods and birthday gifts for the residents. The initiative offered a special way to celebrate with this community.



Birthday Festivities at the Gulao Charity Elderly Home

## Dedicated to Social Responsibility

## Home Visit to Families in Poverty

In July 2015, Leo's volunteer team, along with the China Women's Federation and National Party members, visited two low income families who live in rural areas to provide support and assistance to these families in their time of need.

## Donation for Natural Disasters in Heshan

In Oct 2015, Heshan City was affected when Typhoon Mujigae landed in the Guangdong province causing severe damage and destruction. To help rebuild the community, Leo immediately organized employees to raise funds for reconstructing homes and provided life-saving supplies.



Donation for Natural Disasters

## Caring For the Community for More than a Decade



10 years + caring company award

In recognition of our social commitment and continuous support of the community in Hong Kong, Leo was awarded with the 10 years + caring company award by The Hong Kong Council of Social Service.

## Working and Living in Contentment

With the philosophy "People as our Foundation", Leo has been making continuous efforts that aim to help all Leonians work and live in contentment. We care about both the physical and emotional health of all of our Leonians. At the Heshan production plant, living and leisure facilities are provided to our employees, including a health care center, soul health center, three phases of dormitories named "Greenfield Garden", which are equipped with a library, nursing room, preschool, football field, tennis court, basketball court, roller-skating rinks, and table tennis rooms. The leisure facilities provide refreshing breaks for employees after their work day. Meanwhile, the library provides resources and a comfortable environment for self-development. The preschool, in conjunction with an external education organization, is fully equipped with living and teaching facilities, and has provided much needed services for employees with small children. In addition, festival activities, art performances and regularly scheduled family activities are organized every year, which provide an opportunity for Leonians and family members to have fun and maintain their traditions in the community.



Table Tennis Room



Library



Roller Skating Area



Sports Field



Computers Room



Greenfield Garden

## Supporting Nursing Mothers at Work

At Leo, we fully understand that pregnant and nursing Leonians need extra care. Pregnant Leonians are provided with access to a nutritious diet, special seats at our company canteen and reserved seats on our shuttle bus.

In 2015, we also setup a nursing room named "Loving Mother's Little House" at our Greenfield Garden. The room is well equipped with changing and feeding facilities, dish sterilizer, baby scale, a magazine reading corner and other amenities. The initiative aims to provide nursing moms at work with a comfortable breast feeding environment, to help them balance their work and childcare responsibilities.



Ceremony of "Loving Mother's Little House"

## Happiness Census and Soul Health Volunteer Team

Leo cares about both the physical fitness and emotional happiness of all Leonians. In 2014, we set up the Soul Health Centre to offer various counselling services, psychological testing and seminars.

In 2015, we took a more proactive approach and conducted a mental health census of all of our employees at the Heshan plant. The census was carried out with the assistance of a newly formed Soul Health Volunteer Team, whose members come from different departments and are equipped with professional

knowledge and skills. The volunteer team plays an important role in extending soul health services to all employees in a proactive way.



Soul Health Program

## Chinese New Year Hometown Visit

In 2015, senior management staff visited Leonians' families to deliver New Year's blessings and express Leo's care and gratitude for their efforts and contributions throughout the year. Approximately 280 employees and their family members, together with senior management, were invited to a banquet party to celebrate.

Every year since 2007, Leo has aimed to promote and share our harmonious corporate culture with Leonians and their families.



Leo's Senior Management Celebrated Chinese New Year Festival with Leonians in their Hometowns

## Frontline Management Excellence Award 2015

In order to recognize the outstanding performance of our frontline management employees, we set up the “Frontline Management Excellence Award”. The award is presented quarterly to employees who stand out in helping the company achieve higher levels of productivity and employee engagement.



Outstanding Frontline Management for the 1<sup>st</sup> Quarter 2015

## Award Ceremony for Outstanding Leonians

Leo's development and success relies on every Leonian to put their efforts into building a firm foundation by displaying a professional attitude, innovative ideas and ethical integrity. On April 29, 2015, senior management held a ceremony for 50 employees who successfully demonstrated these attributes. These employees were rewarded with the “Leo Stars Role Model Award” to recognize their outstanding performance.



Award Ceremony for Outstanding Leonians

## Festival Celebrations and Arts Performances

Leo's development and success relies on every Leonian to put their efforts into building a firm foundation by displaying a professional attitude, innovative ideas and ethical integrity. On April 29, 2015, senior management held a ceremony for 50 employees who successfully demonstrated these attributes. These employees were rewarded with the “Leo Stars Role Model Award” to recognize their outstanding performance.

### Dragon Boat Festival – Dancing Celebration

At the 2015 Dragon Boat Festival, we organized a social gathering for Leonians and dance lovers from the nearby community. The event took place at the Astros Culture and Art Center. A total of 200 dancers participated in the event (8 teams from the Astros Dancing Club and 8 teams from the nearby community).



### Mid-Autumn Festival Celebration

On the eve of the Mid-Autumn Festival, fun activities including riddle games and movie viewings were organized for our employees. More than 2,000 employees and their family members joined the activities.



### Performance by Guangdong Workers Art Troupe

Our Astros plant was honored to be the only enterprise in Jiangmen region to be invited to take part in a performing arts event, organized by the municipal labor union, the municipal cultural department and NF media. The event was performed by the Guangdong Workers Art Troupe, and took place at Leo's Art and Cultural Center on the evening of July 17, 2015. It offered 14 programs, including singing, dancing, magic show, acrobatics and crosstalk (a traditional Chinese comedic performance). About 5,000 participants, including Guangdong Labor Union members, JiangMen Municipal Party Members, the mayor of Heshan, Leo's directors, neighbors of the community and Leo's employees and families enjoyed the show.



### Youth Dance Night

The Sichuan Nanchong Professional Technical College and Heshan Astros Art Performing Troupe held a “Youth Dance Night” on August 22, 2015 at Leo's Art and Cultural Center. Participants from The Sichuan Nanchong Professional Technical College and more than 2,000 Leonians attended the event. The initiative provided a wonderful experience for Leonians, and at the same time helped nurture artistic and creative young talents.



### Astros Carnival

Leo held the “2015 Astros Carnival” at our Heshan plant on January 9, 2016. Activities included fun game booths, food and beverage, trade shows, a stage performance, photo booths, charity sales and lucky draws.



## Social and Economic Indicators

(Heshan Astros Printing Plant)

### Employment

Gender	Average Number of Employee							
	2008	2009	2010	2011	2012	2013	2014	2015
Male	8813	7643	7733	8015	8692	8287	7903	8274
Female	11510	9923	9663	9682	9292	8608	7230	7023
Total	20323	17566	17396	17697	17985	16895	15133	15297

### Occupational Health and Safety

Indicator	2009	2010	2011	2012	2013	2014	2015
Annual Injury Case	27	20	21	19	15	15	15
Injury Case per 1000 Employees	1.54	1.15	1.19	1.06	0.89	0.99	0.98

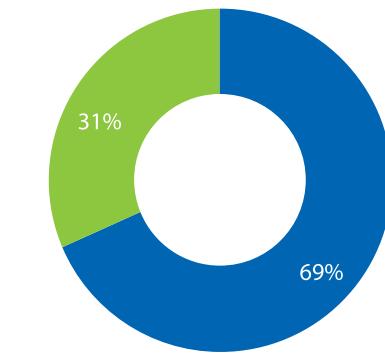
### Market Presence

Indicator	Proportion of Senior Management Hired from the Local Community			
	2012	2013	2014	2015
Local	45%	45%	45%	46%

Manager or above is regarded as senior management; Individuals who indefinitely reside in the Heshan region are regarded as from the local community.

### Diversity and Equal Opportunity

Gender	Proportion of Managing Staff			
	2012	2013	2014	2015
Male	44%	44%	69%	69%
Female	56%	56%	31%	31%



Female  
Male

### Training and Education

Employee Category	Average Training Hours per Employee#						
	2009	2010	2011	2012	2013	2014	2015
Frontline Staff/ Workers	*	*	24	17	11	10	13
Managerial Staff (Cat. 1-4)	45	21	17	16	21	23	18
Managerial Staff (Cat. 5-6)	22	11	18	16	22	22	21
Managerial Staff (Cat. 7-8)	36	30	27	30	29	28	31
Top Management	19	39	18	11	37	33	32

\*No measurement conducted; #Including all employees at Heshan Astros Printing Plant and Hong Kong headquarters.

## Dedicated to Excellence for Products and Services



### Automation and Innovation Intelligent Platform

## Dedicated to Excellence for Products and Services

Smart manufacturing and Smart factory have been considered a new global trend to improve productivity, quality, and competitiveness. Their evolution relies on the integration of intelligent manufacturing and digital networking as a whole.

Over the years, Leo has put significant efforts into improving automation, technology processes and intelligent information systems. Such fundamentals have helped Leo get geared up to lead a production revolution.

## Automation and Innovation

Apart from the procurement of automation machinery, Leo has focused on building our own research team to help develop suitable autonomy technologies that effectively meet our needs.

### Machinery Automation

In 2015, our research and development team optimized 223 automatic machines of various models. Significant improvements were achieved on several production lines including cards and albums, sound books (originally a semi-automatic line) and automatic gluing.

### Cards and Albums Production Line

The project resulted in 72% energy-efficiency improvement.



Card and Album Production Line

### Sound Books Production Line (Semi-automatic)

This initiative contributed to a 300% energy-efficiency improvement.



Sound Book Production Line (Semi-automatic)

## Automatic Gluing Production Line

This project resulted in a 100% energy-efficiency improvement.



Automatic Gluing Production Line

## Materials Innovation

In 2015, 39 types of new materials and 19 types of new eco-friendly materials were developed by our research team. Through research and the application of new materials, we achieved better product quality and services to meet client requirements, as well as shorter production lead times.

## Invention and Patents

An enterprise's sustainability strongly depends on its research and development capabilities. In 2015, Leo's research team initiated a number of innovative projects. From these, we applied for utility model patents and invention patents, actively leading a market revolution.

## Jig and Fixture Improvement

Apart from machinery optimization, our research team extended the application of automatic technology to manual equipment that resulted in overall productivity improvement. In 2015, we developed 124 automatic pieces of equipment to replace manual jigs and fixtures.



Automatic Gluing Machine



Automatic Paperboard Waste Cleaning Machine

## Intelligent Platform

### Online Monitoring System

In 2015, our online monitoring system covered 839 manual production lines. The system ensures that line managers receive real-time production data (such as takt time) assuring an immediate response to production progress, production efficiency and abnormalities. The system helps to optimize production planning, reduce idle time and promote continuous process flow.



Online Monitoring System



Production Status Preview and Analysis

### Production Materials Information Platform

Better access to production materials supply helps to reduce line changeover and idle time. In 2015, we developed a production materials information platform that helps to carry out internal materials delivery in a smart and organized manner. Real-time production progress has become more transparent to all departments. The initiative helps reduce production lead time and meet delivery schedules. It also facilitates decentralized decision making.



Production Materials Information Platform Preview and Analysis

# External Recognitions 2015

## Selected Environmental Awards/ Recognitions 2015



**CLP GREEN PLUS Prestige Honor Award**

- Awarded by CLP Power Hong Kong



**Environmentally-friendly Brand Category of the Q-Mark Elite Brand Awards**

- Awarded by Hong Kong Q-Mark Council



**Hong Kong Green Organisation Certification – Productwise Certificate – Excellence Level**

- Awarded by Environmental Campaign Committee



**Hong Kong Registration Scheme – Recycling Services - Companion**

- Awarded by Hong Kong Quality Assurance Agency



**United Nations Millennium Development Goals - Better World Company Label**

- Awarded by the Junior Chamber International



**Green Office Award Labeling Scheme (GOALS)**

- Awarded by the World Green Organization



**Guangdong Cleaner Production Enterprise Certificate**

- Awarded by Guangdong Cleaner Production Association

## Selected Social Awards/ Recognitions 2015



**10+ years Caring Company Award**

- Presented by the Hong Kong Council of Social Service



**The Chinese Best Printing Industry Employer Award**

- Awarded by Keyin Media and Printing Manager



**Top Ten Integrity Printing Enterprise in Guangdong**

- Awarded by Administration of Press, Publication, Radio, Film and Television of Guangdong Province and Guangdong Printing and Duplication Industry Association



**Faithful and Trustful Enterprise in Guangdong**

- Awarded by the Guangdong Provincial Administration for Industry and Commerce for 14 consecutive years



**Guangdong Poverty Alleviation Cotton Bronze Cup**

- Awarded by Guangdong Poverty Alleviation and Development Team



**Caring Heshan 2014 - Gold Crane Award**

- Awarded by Heshan Charity Federation

## Other Selected Awards /Recognitions 2015



### Premier Print Awards 2015

- Awarded by Printing Industries of America



### Gold Ink Awards 2015

- Awarded by the North American Publishing Company



### BIA Product of Excellence Awards

- Awarded by the Binding Industries Association (BIA)



### Hong Kong Print Awards 2015

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



### Top 100 Printers in China 2015

- Presented by Keyin Media and Printing Manager



### The 5th China Print Awards

- Presented by The China Print Awards Committee

## Stakeholders Engagement and Material Aspects

Stakeholder groups for Leo include customers, staff members, suppliers, government/authorities, non-governmental organizations, society and community. Leo's offices all over the world act as the main contacts to communicate with our stakeholders. Stakeholder engagement is an integral part of our daily operations. The engagement process serves as a tool for understanding the expectations of our stakeholders. It is also a means for sharing our philosophy for a more sustainable future with our stakeholders.

Stakeholders	Approach to Stakeholder Engagement
Customers	<ul style="list-style-type: none"> <li>Regular newsletters/e-news</li> <li>Regular website communication</li> <li>Annual customer survey</li> <li>Suppliers handbooks and other documents from customers</li> <li>Client visits and meetings</li> </ul>
Staff Members	<ul style="list-style-type: none"> <li>Regular corporate news</li> <li>Email and telephone communication</li> <li>Suggestion boxes</li> <li>Employees survey</li> <li>Policy conference by the Chairman</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Annual/quarterly on-site supplier audits</li> <li>Release of supplier guidelines</li> <li>Coaching for process improvements</li> <li>Supplier meetings</li> <li>Annual supplier visits</li> </ul>
Government / Authorities	<ul style="list-style-type: none"> <li>Direct communication with local authorities</li> <li>Enquiries to regional/global authorities</li> <li>Participation in seminars presented by local, regional, and global organizations</li> </ul>
Non-Governmental Organizations (NGOs)	<ul style="list-style-type: none"> <li>Participation in seminars organized by NGOs</li> <li>Invitation to speakers from NGOs to give training</li> <li>Meetings with NGOs</li> </ul>
Society and Community	<ul style="list-style-type: none"> <li>Designated division responsible for communication with the local communities</li> <li>Jointly organizing activities with the local communities</li> <li>Website in local language for better communication</li> <li>Speaking at seminars to share our sustainability philosophy with the public</li> </ul>

The content of this report has been defined based on the principles of Stakeholder inclusiveness, sustainability context, materiality, and completeness. Material aspects/ key topics that significantly influence stakeholders and Leo are identified as below.

Materials Aspects/ Key Topics and Concerns	Cross-reference for Response to Materials Aspects/ Key Topics and Concerns	Aspects Boundary	
		Leo	Outside Leo
Materials	• Responsible Procurement	✓	✓
Energy	• Energy Management	✓	✓
Water	• Environmental Indicators	✓	✓
Air Emissions and Waste	• Air Emissions and Waste Management • Environmental Indicators	✓	✓
Occupational Health and Safety	• Occupational Health and Safety	✓	
Training and Education	• Staff Training and Education	✓	
Anti-Corruption	• Governance and Anti-Corruption	✓	✓
Local Communities	• Community Engagement	✓	✓
Product Responsibility	• Producing Greener Products	✓	✓

## GRI Content Index

General Standard Disclosures		
General Standard Disclosures	Cross-reference/Comments	External Assurance
<b>Strategy and Analysis</b>		
G4-1 Statement from the most senior decision-maker of the organization	Chairman's Message	✓
<b>Organizational Profile</b>		
G4-3 Name of the organization	About Leo Paper Group	✓
G4-4 Products and services	About Leo Paper Group	✓
G4-5 Location of organization's headquarters	About Leo Paper Group	✓
G4-6 Number of countries where the organization operates	About Leo Paper Group	✓
G4-7 Legal form	Limited Liability Company	✓
G4-8 Markets served	About Leo Paper Group	✓
G4-9 Scale of the organization	About Leo Paper Group	✓
G4-10 Number of employees	Social and Economic Indicators Table	✓
G4-11 Percentage of employees covered by collective bargaining agreements	All employees covered by collective bargaining agreements.	✓
G4-12 Organization's supply chain	Producing Greener Products Responsible Procurement	✓
G4-13 Significant changes during the reporting period	None	✓
G4-14 Explanation of whether and how the precautionary approach or principle is addressed by the organization	About Leo Paper Group	✓
G4-15 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	About Leo Paper Group	✓
G4-16 Memberships in associations and/ or national/international advocacy organizations	Green Manufacturing Network	✓
<b>Identified Material Aspects and Boundary</b>		
G4-17 Entities included in the organization's consolidated financial statements or equivalent documents	Refer to Annual Report 2015	✓

General Standard Disclosures		
General Standard Disclosures	Cross-reference/Comments	External Assurance
G4-18 Process for defining report content and the aspect boundary	Stakeholder Engagement and Material Aspect	✓
G4-19 Material aspects identified in the process for defining report content	Stakeholder Engagement and Material Aspects	✓
G4-20 Aspect boundary within the organization for each material aspect	Stakeholder Engagement and Material Aspects	✓
G4-21 Aspect boundary outside the organization for each material aspect	Stakeholder Engagement and Material Aspects	✓
G4-22 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	None	✓
G4-23 Significant changes from previous reporting periods in the scope and boundary	None	✓
<b>Stakeholder Engagement</b>		
G4-24 List of stakeholder groups engaged by the organization	Stakeholder Engagement and Material Aspect	✓
G4-25 Basis for identification and selection of stakeholders with whom to engage	Stakeholders who have direct and/or indirect interests on our operations are identified through our daily operations and communication processes.	✓
G4-26 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder Engagement and Material Aspects	✓
G4-27 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Stakeholder Engagement and Material Aspects	✓
<b>Report Profile</b>		
G4-28 Reporting period	About this Report	

General Standard Disclosures		
General Standard Disclosures	Cross-reference/Comments	External Assurance
G4-29 Date of most recent previous report	About this Report	✓
G4-30 Reporting cycle	About this Report	✓
G4-31 Contact point for questions regarding the report or its contents	Editorial Postscripts	✓
G4-32 GRI Content Index , the 'in accordance' option the organization has chosen and the reference to the External Assurance Report if any	- The "Core" option has been chosen in accordance with the Guideline of GRI - HKQAA Verification Statement	✓
G4-33 Policy and current practice with regard to seeking external assurance for the report	HKQAA Verification Statement About this Report	✓
G4-34 Governance structure of the organization	About Leo Paper Group	✓
G4-56 Organization's values, principles, standards and norms of behavior	About Leo Paper Group	✓

Specific Standard Disclosures			
Material Aspects	DMA (Disclosure on Management Approach) and Indicators	Cross-reference/Comments	External Assurance
<b>Category: Economic</b>			
Market Presence	G4-EC6 Proportion of senior management hired from the local community at significant locations of operation	Social and Economic Indicators Table	√
Indirect Economic Impacts	G4-EC8 Changing the productivity of organization	Dedicated to Excellence for Products and Services	√
<b>Category: Environment</b>			
Materials	G4-EN2 Percentage of Recycled Materials	Environmental Indicators Table	√
Energy	G4-EN6 Reduction of Energy Consumption	Energy Management	√
Water	4-EN10 Reclaimed Water	Environmental Indicators Table	√
Effluents and Waste	G4-EN23 Total Weight of hazardous and non-hazardous waste	Environmental Indicators Table	√
Supplier Environmental	G4-EN32 Percentage of New Suppliers screened by environmental criteria	Responsible Procurement	√
<b>Category: Social</b>			
<b>Sub-Category: Labor Practices and Decent Work</b>			
Training and Education	G4-LA9 Average hours of training per year per employee by gender, and by employee category	Social and Economic Indicators Table	√
Training and Education	G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Training and Education	√
Training and Education	G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	All staff members receive performance appraisal annually.	√
Supplier Assessment for Labor Practices	G4-LA14 Percentage of new suppliers screened by labor practices criteria	Responsible Procurement	√

Specific Standard Disclosures			
Material Aspects	DMA (Disclosure on Management Approach) and Indicators	Cross-reference/Comments	External Assurance
<b>Category: Social</b>			
<b>Sub-Category: Human Rights</b>			
Security Practices	G4-HR7 Percentage of security personnel received formal training in human right policies	100% security personnel received formal training in the organization's human rights policies and specific procedures.	√
Supplier Human Rights Assessment	G4-HR10 Percentage of new suppliers screened by human right criteria	All new suppliers are screened by human right criteria	√
<b>Category: Social</b>			
<b>Sub-Category: Society</b>			
Anti-Corruption	G4-SO4 Communication and training on Anti-corruption policies and procedures	Governance and Anti-Corruption Management	√
Supplier Assessment for Impacts on Society	G4-SO9 Percentage of new suppliers screened by criteria for impacts on society	Responsible Procurement	√
<b>Category: Social</b>			
<b>Sub-Category: Product Responsibility</b>			
Customer Health and Safety	G4-PR1 Percentage of product assessed for the improvement on health and safety impacts	All product assessed for the improvement on health and safety impacts	√



## VERIFICATION STATEMENT

### Scope and Objective

Hong Kong Quality Assurance Agency ('HKQAA') was commissioned by Leo Paper Group (Hong Kong) Ltd (hereinafter referred to as "Leo") to provide independent assurance of the Sustainability Report 2015 ('the Report') which was prepared in accordance with the Core Option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. The Report states Leo's major activities and achievements on sustainable development from 1<sup>st</sup> January 2015 to 31<sup>th</sup> December 2015.

### Assurance Methodology

The assurance process was undertaken with reference to the International Standard on Assurance Engagement 3000 ('ISAE 3000') – "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information". In addition, reliability of the selected sustainability information and data were verified following the process consisted of:

- Identification and classification of statements, figures, charts and data sets to be verified
- Verification of selected representative samples of data and information consolidated in the Report, reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the Report
- Cross-checking the raw data and evidence of the selected samples that support the reporting content in order to reduce the risk of error or omission to an acceptably low level

### Independence

HKQAA was not involved in collecting and calculating the reporting data, or in the development of the Report. HKQAA's activities are independent from Leo.

### Conclusion

Based on the outcome of the verification process, HKQAA confirmed that the report was prepared based on the Core options of the GRI's G4 Sustainability Reporting Guidelines. The information presented in the Report provided a material and complete representation of Leo's sustainability performance in the past year. The verification team confirmed that the Report was prepared based on factual statements and that the data contained within the Report are accurate. It is a fair and honest representation of initiatives, targets, progress and performance on Leo's sustainable development achievements.

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

A handwritten signature in black ink, appearing to read 'Jorine Tam'.

Jorine Tam  
Assistant Director, Strategic Business  
April 2016