

2017 SUSTAINABILITY REPORT



- BEING A GLOBAL GREEN PRINTER
- SOCIAL RESPONSIBILITY
- FORWARD-THINKING EXCELLENCE



About this Report

Editor's Remarks

This is our 9th environmental and social/sustainability report. It covers our activities on a range of environmental, social, and economic impacts in 2017. This year we have switched from the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines version 4 (G4) to the latest GRI Sustainability Reporting Standards. The GRI Standards are the first global standards for sustainability reporting, which represent the global best practice. This report covers disclosures defined in GRI Standards and the Hong Kong Exchanges (HKEX) Environmental, Social and Governance Reporting Guide (ESG). All data included in this report is verified by the independent 3rd party verification body HKQAA.

Reporting Period

This report covers the 2017 calendar year.

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 2018

(Next issue scheduled April 2019)

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

Hong Kong Exchanges (HKEX) Environmental, Social and Governance Reporting Guide

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

Contents

Chairman's Message 3

About Leo Paper Group 4

Dedicated to Being a
Global GREEN Printer

7 Manufacturing of Environmental Products
8 Green Materials
11 Energy Management
14 Air Emissions
14 Waste Management
16 Supplier Assessment and Collaboration
16 Participation and Industry Engagement
18 Environmental Indicators

Dedicated to Social
Responsibility

21 Occupational Health and Safety
25 Staff Training and Education
30 Governance and Anti-Corruption
32 Working and Living in Contentment
36 Community Engagement
40 Social and Economic Indicators

Dedicated to
Forward-thinking
Excellence

43 In-house Independent Laboratory Accreditation
44 Automation & Manufacturing Revolution
45 Research, Development and Invention
45 Participation in the Development of International/
National Standards

47 External Recognitions 2017

50 Stakeholders Engagement and Material Aspects

52 GRI Content Index

62 HKEX ESG Guide Index

65 Verification Statement



Chairman's Message

Looking back to ancient times, there have been Chinese philosophers who emphasized the harmonious coexistence of humankind and nature. At Leo, our Green Harmony® philosophy has driven our continuous environmental improvement for more than a decade. We are all keenly aware of the importance of the conservation of nature and the ways in which we can make a contribution.

By implementing environmental initiatives at our production plants and project sites, we have accumulated environmental management experience, especially in standardization and process management. In 2017, Leo's in-house expert participated in developing the National Green Printing Standardization Management in China. Such industry-wide initiatives laid the foundation for further green printing in China, and promoted more standardized environmental process management for the whole industry.

Environmental projects can also produce social and economic effects. Leo's tree planting programme at Shaoguan, north Guangdong has not only significantly improved the local ecological environment, but also promoted new economic development and community engagement in the region.

Corporate social responsibility requires enduring efforts. Leo's social initiatives are a fundamental part of our operations. With our management systems that cover diversified subjects, we consistently identify evolving concerns of our stakeholders and develop corresponding pragmatic programmes in a proactive manner.

Moving forward, we will continue to promote collaboration across the supply chain for sustainable development. We will work with our partners to produce greener products, and promote enhanced environmental awareness to all stakeholders. Together we will make greater impact with our community-wide and industry-wide sustainability initiatives.



Samuel Leung

Chairman of Leo Paper Group

About Leo Paper Group

Upholding the business philosophy of “Continuous Improvement,” Leo has been making progress toward the goal of “becoming a global leader in the printing and communications industry” and is committed to excellence in all areas of our operations.

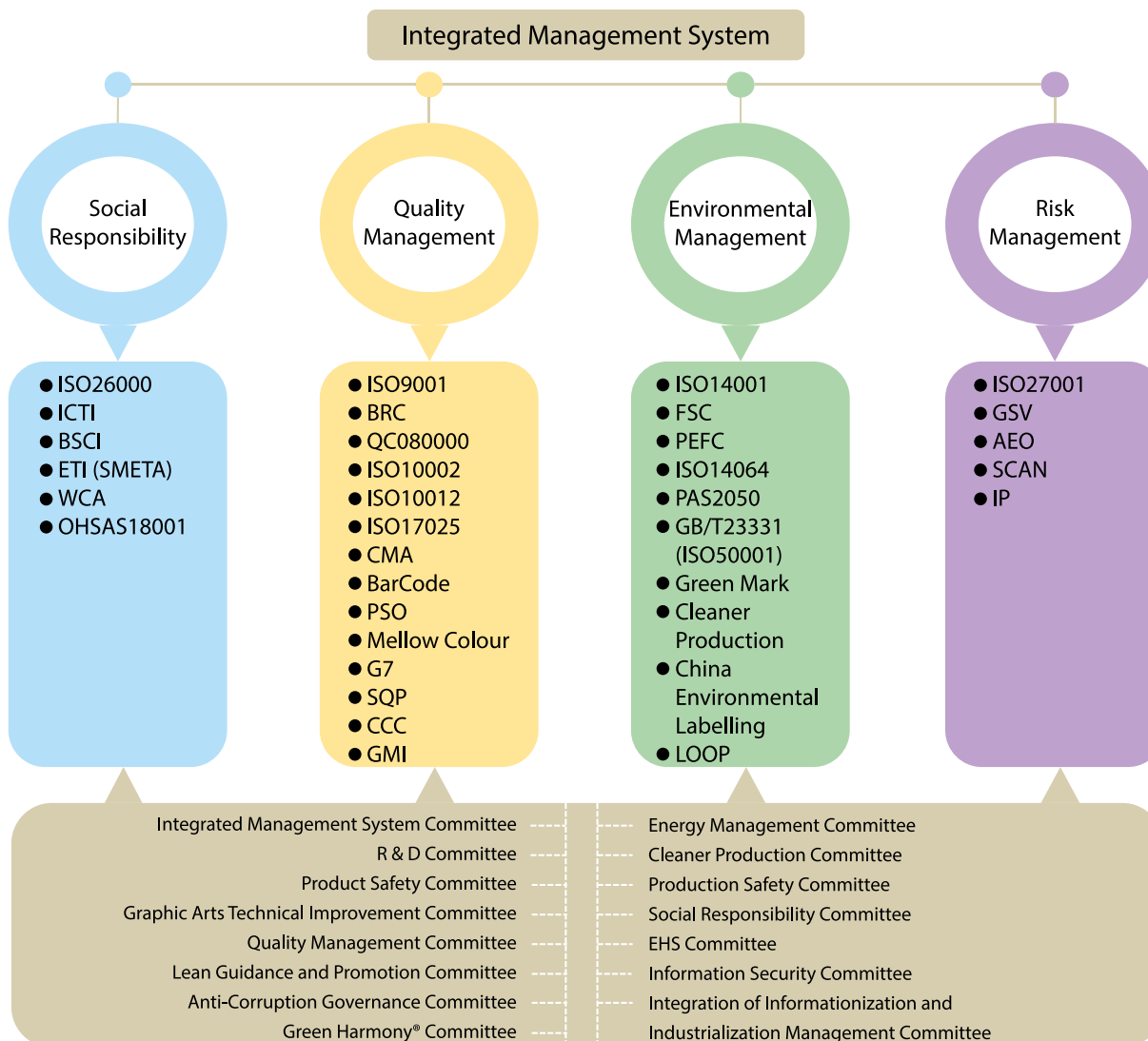
The global distribution of Leo facilitates better understanding of the evolving sustainability trend around the world. With our research and development capabilities and our expertise in sustainable printing, we take the initiative to promote sustainable development of the industry.



Leo's Sustainability Governance

Implementing standardized process management has been important for our sustainability governance to continuously manage our initiatives. At Leo, the comprehensive system in place for sustainability issues has four categories of management that comply with the latest international standards.

All the management systems are consolidated as an Integrated Management Systems, which are classified into 4 categories: Quality Management, Environmental Management, Social Responsibility, and Risk Management. There are a total of 35 management systems which are implemented and monitored by 15 committees led by top management members.





Dedicated to Being a Global **GREEN** Printer

- Manufacturing of Environmental Products
- Green Materials
- Energy Management
- Air Emissions
- Waste Management
- Supplier Assessment and Collaboration
- Participation and Industry Engagement
- Environmental Indicators

Dedicated to Being a Global GREEN Printer

Environmental concerns have gone beyond the boundaries of regions and countries and are now global issues of changing climate and energy demands. Customers are more aware of the need to reduce environmental impacts by using environmentally conscious materials and reducing waste. The worldwide market has been anticipating the changes needed to address these concerns.

Over the past year, Leo continued to promote environmentally conscious materials and cleaner production technologies. To enhance our “green” manufacturing capability, we increased sourcing of “green” materials, developed products with “green” technologies, reduced waste and emissions and reused resources. Each year, we strive to improve our environmental performance in our production and business operations to reduce our ecological footprint to help create a better future.

Manufacturing of Environmental Products

Leo’s “green” manufacturing capability directly leverages to the environmental performance of our customers. Throughout the years, we introduce environmental management systems to oversee daily activities in proactive ways. We set control and requirements for different stages in the life cycle of a product. It is our goal to provide more comprehensive environmental solutions to customers with strong sustainability commitment.

Environmental Products Labelling Scheme

Over the years, we have been increasing our efforts to source paper from sustainable and responsibly managed forests. As a manufacturer, our goal is to work with our clients to communicate that the products we produce come from environmental sources with green manufacturing processes. The Environmental Labelling Scheme is one of the methods we use to achieve this objective. The Forest Stewardship Council™ (FSC™) and the Programme for the Endorsement of Forest Certification



The mark of
responsible forestry



Promoting Sustainable
Forest Management
www.pefc.org



CEC 083 914407006177007289

Promotion Label of Environmental Products Labelling Scheme

Schemes™ (PEFC™) are two popular internationally-recognized certification labelling schemes. Another labelling scheme in China is the China Environmental Labelling Scheme. By using certified materials under these schemes, the relevant certification label or logo can be printed on the products which directly promote environmental awareness to the end consumers.

Cleaner Production Assessment

As a pioneer for cleaner production in the printing industry, Leo also promotes energy-efficient technologies in our operations. Our efforts have not only enhanced the environmental performance of our operations processes, but also positively impacted our productivity and other performance indicators in our manufacturing environment.



Guangdong Cleaner Production
Enterprise Certificate

In 2017, Leo once again successfully passed the assessment under the Guangdong Cleaner Production Evaluation Scheme. The assessment is benchmarked against a set of indicators that specifies environmental requirements, including corporate policy, advancement of technology, automation control and equipment, energy consumption control, integrated utilization of resources, waste control, regulatory compliance, management systems, and other environmental indicators.

Green Materials

In sourcing “green” materials, the properties and attributes of each material affect the overall environmental performance and quality of the finished product. Leo develops and implements strict material sourcing and supplier management criteria to minimize the ecological footprint of our products. We are committed to increasing the amount of environmentally friendly materials we source and improving the environmental performance of the production materials that we use.

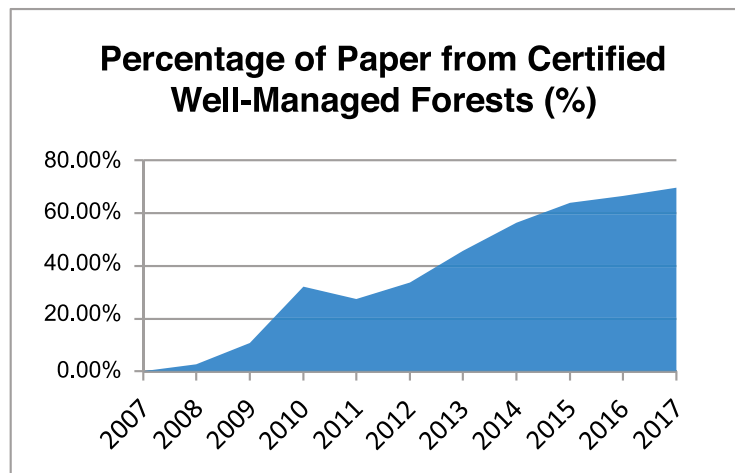
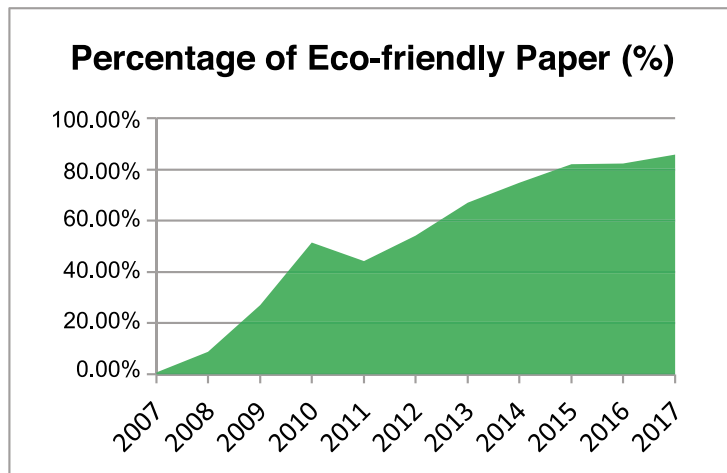
Purchasing and Use of Eco-friendly Paper

Paper is a key material used in the book printing industry. We are committed to growing our purchase, use, and promotion of environmentally-certified and recycled paper. A dedicated team is assigned to undertake the due diligence assurance on the paper we source.

Our paper policy is also in line with the latest international norms and regulations. With the enforcement of forestry regulations, such as, the Lacey Act in the U.S., EU Timber Regulation, and the Australian Illegal Logging Prohibition Act., our paper sourcing and control capabilities can better help our customers conform to regulatory requirements and improve the environmental performance of our finished products.

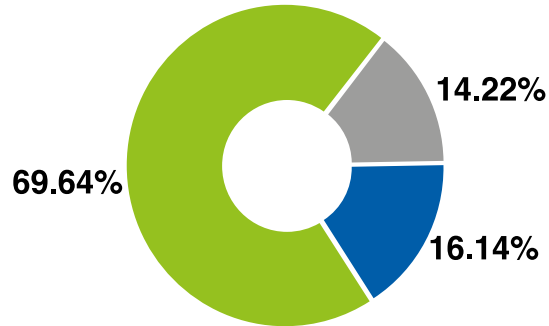
Percentage of Eco-friendly Paper Procurement

Paper	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Recycled paper (%)	0.50%	5.99%	16.41%	19.22%	16.70%	20.47%	21.50%	18.53%	18.09%	15.95%	16.14%
Paper from Certified Well-Managed Forests (%)	0.13%	2.72%	10.70%	32.23%	27.39%	33.75%	45.60%	56.36%	63.94%	66.44%	69.64%
Total (%)	0.63%	8.71%	27.11%	51.45%	44.09%	54.22%	67.10%	74.89%	82.04%	82.39%	85.78%



Paper Procurement (%)

■ Recycled paper ■ Paper from Certified Well-Managed Forests ■ Other Paper



Development of Environmental-friendly Materials

Leo has established a Research and Development (R&D) Committee that is in charge of developing new and refined materials. The committee assigns a designated technical team to regularly review different types of materials for improvement or new development. In 2017, we successfully introduced 3 types of materials, including silk-screening varnish, UV curing, and an adhesive cleaning agent. These developments not only improve product performance and production efficiency, but also enhance our cleaner production practices.

Projects for Improving Materials		Results
1	Low-VOC Silk-screening Varnish	Developed low-VOC silk-screening varnishes that do not produce irritating odors during drying process.
2	Instant UV Cure Material	Improve product quality, facilitate operations. 50% increase in production efficiency.
3	Adhesive Cleaning Agent	Developed adhesive cleaning agents made of natural plant extracts and bio-derived plasticizer. 70% increase in production efficiency

Energy Management

Since 2005, Leo has implemented our energy management system that enables us to identify, track and manage our energy performance in daily activities. Over the years, we have made significant investments in upgrading our facilities and modifying manufacturing processes to enhance energy performance. A real-time energy monitoring system was put in place to identify energy performance and enables us to reinforce energy use targets at top-consuming locations.

In 2017, our energy-efficiency initiatives included upgrading to more efficient lighting, optimizing the central air-conditioning system, modifying the air compression system, vacuum generators, and upgrading other inefficient machines.

Green Lighting Enhancement

Since 2014, Leo has made significant investment in upgrading the lighting systems from conventional fluorescents to LED lighting. In 2017 we replaced conventional lamps and old-model LED lamps with more energy-efficient LED lamps. This replacement resulted in 66,259 kWh reduction of electricity consumption.

Green Lighting Upgrade Projects		Results	
1	Conventional lighting replacement	Replaced 80 conventional lamps with LED lamps at 3rd Phase-8 building.	Reduced 27,552 kWh electricity consumption.
2	Old-model LED lighting replacement	Upgraded 512 old model (T5) LED lamps with new model (T8) LED Lamps at warehouse.	Reduced 38,707 kWh electricity consumption.

Optimization of Central Air-Conditioning System

To provide a comfortable and safe workplace to employees, our offices and production workshop are installed with air-conditioning systems. This however has become one of our largest areas of electricity consumption. In 2017, to reduce electricity consumption, we optimized the air-conditioning system in some of our production workshops. The initiatives included replacing air-conditioners, re-routing ducts, and upgrading to a high-efficiency module, which results in 1,623,949 kWh reduction of electricity consumption.

Central Air-Conditioning System Optimization Projects			Results
1	Overall Air-conditioning System Modification	Replaced 4 package-type air conditioners with 4 air conditioners with humidity and temperature control. In winter, the system is switched to the Slurry Ice air-Conditioning System.	Reduced 376,954 kWh electricity consumption.
2	Water pumps replacement	Replaced water pumps of air-conditioning system at Phase-4 building.	Reduced 210,000 kWh electricity consumption.
3	Water chillers - new installation and upgrade	1.Installed centrifugal-magnetic-drive chillers module at Phase-7 building. 2.Replaced outdated centrifugal-magnetic-drive chillers at Phase-6 building.	Reduced 1,036,995 kWh electricity consumption.

Machine Energy-Efficiency Enhancement

Since 2016, equipment energy-efficiency has become one of our focus areas of energy improvement and we have installed many automated machines that meet this goal. We have a designated team responsible for monitoring and improving our equipment's energy efficiency. In 2017, we successfully installed highly energy efficient printing presses, paper cutting machines and ultrasonic bead attaching machines, among others, to replace outdated machines. This successfully improved energy performance resulting in a 414,644 kWh reduction of electricity consumption.

Machine Energy-Efficiency Projects		Results
1	Ultrasonic bead attaching machines modification	Replaced vacuum generator of 32 ultrasonic beads attaching machines with centralized vacuum generator. The stand-alone gas supply was changed to centralizing gas supply.
2	Roll paper cutting machines modification	Installed new control on pressing module of 23 roller cutting machines.
3	Printing machine automatic cleaning system	Installed special water chiller on automatic cleaning system of printing machine.

Upgrade of Hot Water Supply System at Dormitory

In addition to enhancing energy efficiency on production facilities, we also conduct periodic energy performance reviews on non-production facilities and carry out upgrades when necessary. In 2017, we upgraded the hot water supply system at the Greenfield Garden Dormitory I & II by replacing all conventional diesel fuel heating boilers with a new type Air Source Heat Pump (ASHP). The upgrade of ASHP results in 61% reduction of Direct GHG emission.

Waste-Heat Recycling System of Air Compressors

Since 2012, Leo has been recycling residual heat from air compressors throughout the whole factory. Wasted heat from air compressors during production is transformed into useful energy. The recycled waste heat is used to reheat hot water for our Green Field dormitories. It has significantly reduced the consumption of diesel fuel for heating purposes each year. In 2017, we installed 4 sets of new type air compressors, and integrated them into our waste heat recycling system. This integration of new air compressors resulted in 1,279,250 kWh reduction of electricity consumption.

Air Emissions

As a responsible printing manufacturer, Leo has made remarkable efforts on many aspects of environment improvement. Volatile Organic Compounds (VOCs) emissions is one of the focus areas for our continuous improvement initiatives.

Since 2015, Leo has been adopting VOCs control technology at Phases 6, 7 and 8 production buildings, resulting in a 50% reduction in VOCs emission. In 2017,

we made another significant investment to install 10 sets of Organic Air Emissions Treatment Devices at Phases 3, 4 and 5 production buildings, for treating VOCs emissions from processes of offset printing, silk-screen printing, gluing, and so on.

This project has significantly improved our performance on VOCs emission control, resulting in a 70%-90% reduction in VOCs emission for relevant manufacturing processes.



VOCs Emission Control Facility

Waste Management

Water Recycling and Reuse

We hold ourselves accountable for responsible water use and waste discharge. Our on-site wastewater treatment plant has been in place since 1993 to ensure that the treated water meets the Standard B of the National Discharge Standard of Pollutants for Urban Wastewater Treatment Plant (GB18918-2002) and the First Class Standard of Guangdong Discharge Standard of Waste Water (DB44/26-2001).

Dedicated to Being a Global GREEN Printer

Over the years, Leo is committed to promoting water reuse throughout the factory. In 2017, the usage of reclaimed water from the wastewater treatment plants took up over 26% of our total water consumption. The reclaimed water is mainly used for irrigation, flushing, cleaning, fire-fighting and the water-cooling system.

Water	2012	2013	2014	2015	2016	2017
Fresh water (tons)	1,926,534	1,693,881	1,702,729	1,702,729	1,555,264	1,578,532
Total water (tons)	2,248,728	2,069,077	1,859,838	2,037,527	2,119,133	2,135,792
Reclaimed water (tons)	322,194	375,196	375,196	334,798	563,869	557,260
Reclaimed water (%)	14.33%	18.13%	8.45%	16.43%	26.61%	26.09%

Waste Recycling and Reduction

Leo is committed to maximizing waste recycling and minimizing the environmental impact of waste disposal. We have developed and implemented a waste management system, which emphasizes reducing waste at the source, waste sorting, separation, recycling and disposing, employee training, and identification of reusable and recyclable waste. More than 70 types of reusable or recyclable waste have been identified at the factory, which are managed according to designated procedures.

In 2017, with assistance from external technical experts, we conducted a series of tests on new waste reduction technologies. Pilot programs will be carried out in 2018 to research the results.

Waste	Units	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Waste Generation	Tons	54,885	56,555	45,345	43,325	41,395	41,378	44,323	44,720	45,993	51,337	53,468
	Improvement since 2007 (%)	0.0%	-3.0%	17.4%	21.1%	24.6%	24.6%	19.2%	18.5%	16.2%	6.5%	2.6%
Hazardous Waste Generation	Tons	2,306	1,979	1,132	1,060	952	990	799	421	828	838	1,227
	Improvement since 2007 (%)	0.0%	14.2%	50.9%	54.0%	58.7%	57.1%	65.4%	81.7%	64.1%	63.6%	46.8%

Supplier Assessment and Collaboration

It is important that we purchase materials from suppliers who share Leo's values. Through our supplier assessment program, we drive suppliers to implement continuous improvement initiatives that enhance the sustainable development of the industry. Our assessment criteria assure that our suppliers meet the applicable international, national, customer and Leo policies.

In 2017, we conducted 109 supplier audits at their manufacturing sites. These audits ensured suppliers were adhering to our requirements for environmental performance, product safety, labor and human rights and social responsibility. For potential new suppliers, our selection process focuses on environmental impact, labor practices, human rights performance, and other social criteria. New suppliers that pass our selection process must sign the Supplier Declaration Document to ensure that their practices align with Leo's policies.

Participation and Industry Engagement

Participation in Development of “National Green Printing Standard Framework”

As a leader for sustainable environmental development, Leo has participated as a principal specialist in the drafting and finalizing of the “CY/Z 26-2017 National Green Printing Standards Framework”. This is one of the Press and Publication Industry Standards overseen by the National Printing Standardization Technical Committee (SAC/TC 170). Drafting the standard framework started in March 2014 and finished in March 2017. It was officially published and enforced on 1st September 2017.

This framework serves as a blue print and guideline for developing future industrial green printing standards.



Certificate of Participation in Development of “National Green Printing Standard Framework”

Supporting and Leading Green Development

As a regional green enterprise pioneer, Leo has been actively engaging with customers, government sectors, specialties, and peer organizations on green development initiatives. Over the years, we have been participating in different regional pilot projects and promoting regional environmental initiatives. In 2017, our initiatives included:

- Seminar on Jiangmen government's environmental policy and requirements - organized by Environment Bureau of Jiangmen;
- Conference on local environmental work and future deployment – organized by Heshan Environmental Promotion Association;
- Conference on waste-water management, air emissions management and cleaner production technologies – organized by Jiangmen Association of Foreign-invested Enterprises;
- Seminar on Guangdong Cleaner Production Audit criteria and experience sharing – organized by Guangdong Cleaner Production Association;
- Seminar on Innovative energy-conservation management – Guangdong Energy-conservation Center;
- Macao International Environmental Co-operation Forum & Exhibition (MIECF);
- China International Trade Fair for Energy Conservation and Environmental Protection;
- Conference on Guangdong Green Development and Clean Production.

“Supplier CSR Monitoring” Rating System - Gold Level Recognition

Over the years, Leo's efforts in sustainable development have been widely recognized in the industry. In February 2017, EcoVadis launched a Supplier CSR Monitoring Rating System. Leo participated in the assessment and our overall score was in the top 5% among all other candidates. We were awarded with the Gold Level Recognition for the second time.

The EcoVadis was launched in 2007. It has provided a web-based collaborative platform to facilitate companies assessing the environmental and social performance of their global suppliers. More than 120 leading multinational enterprises use this platform to assess and improve the CSR performance of their suppliers. The assessment criteria covers CO2 emissions, child labor, occupational health and safety, human rights, responsible procurement, and business ethics based on GRI, Global Compact, and ISO 26000.

Environmental Indicators

(Heshan Astros Printing Plant)

Water Consumption and Recycling

Water Consumption	2012	2013	2014	2015	2016	2017
Fresh Waste (tons)	1,926,534	1,693,881	1,702,729	1,702,729	1,555,264	1,578,532
Total Waste (tons)	2,248,728	2,069,077	1,859,838	2,037,527	2,119,133	2,135,792
Reclaimed Water (tons)	322,194	375,196	157,109	334,798	563,869	557,260
Reclaimed Water (%)	14.33%	18.13%	8.45%	16.43%	26.61%	26.09%

* Total water consumption is sum of fresh water consumption and reclaimed water consumption

Waste Generation and Reduction

Indicator	Units	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Waste Generation	Tons	54,885	56,555	45,345	43,325	41,395	41,378	44,323	44,720	45,993	51,337	53,468
	Improvement since 2007 (%)	0.00%	-3%	13%	21%	24.60%	24.60%	19.2%	18.5%	16.2%	6.5%	2.6%
Hazardous Waste Generation	Tons	2,306	1,979	1,132	1,060	952	990	799	421	828	838	1,227
	Improvement since 2007 (%)	0.00%	17.10%	48.50%	54.00%	58.70%	57.10%	65.4%	81.7%	64.1%	63.6%	46.8%

Recycled Paper and Paper from Certified Well-Managed Forests

Indicator	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Percentage of Recycled Paper (%)	0.50%	5.99%	16.41%	19.22%	16.70%	20.47%	21.50%	18.53%	18.09%	15.95%	16.14%
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%	66.44%	69.64%
Total (%)	0.63%	8.71%	27.11%	51.45%	44.09%	54.22%	67.10%	74.89%	82.04%	82.39%	85.78%

Greenhouse Gas Emissions 2017

Indicator	2017
Direct Carbon Dioxide Equivalent (CO2e) Emissions (Fuel, LPG, Waste Water Treatment Plant, etc.) (tons):	3,680
Indirect Carbon Dioxide Equivalent (CO2e) Emissions (Purchased Electricity Consumed) (tons):	59,134
Indirect Carbon Dioxide Equivalent (CO2e) Emissions (Air Travel) (tons):	43
Total (tons):	62,856



Dedicated to Social Responsibility

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

Dedicated to Social Responsibility

How a company fulfils its social responsibility has become increasingly important. Over the years, Leo has insisted on the mission of caring for all Leonians, the community, society, and complying with international standards and norms for business ethics. We strive to exceed compliance standards and impart a positive impact on the future development of the community and industry.

Occupational Health and Safety

Occupational Health and Safety is one of the greatest concerns in our manufacturing operations. With the policy of “Safety first, Prevention a must,” we strive to make continuous improvement and aim for the goal of zero incidents.

Our Occupational Health and Safety initiatives in the past year mainly include risk management and the training and promotion of safe practices. In 2017, we organized over 40 sessions of safety training for more than 2,000 employees. The initiatives help enhance safety knowledge and awareness, and ensure that employees understand corporate safety policy and are aware of how it makes an impact on their daily operations.

Safety Training - Combustible Dust and Fire Safety

To enhance occupational safety awareness and operation requirements for operators, supervisors, and first-aid staff who worked where combustible dust is produced and accumulated, in August 2017, we organized a training session focusing on combustible dust hazards and the high-risk explosive work process. A total of 101 employees participated in the training.



Combustible Dust and Fire Safety Training

Safety Training – Site Safety against Visitors

All people on-site can make an impact on our overall safety performance. We periodically organized safety training sessions for our employees on their responsibility in the operations process. In 2017, we extended the training to our suppliers, maintenance service providers, and other contractors. A total of 161 participants, including managerial staff and supplier/contractor employees, attended the training. The training enhanced the understanding of our factory site safety requirements for all participants.



Site Safety Requirements Training for Visitors

Safety Training – Workplace Transport Safety

Vehicles at the workplace include cars, vans, lift trucks, heavy goods vehicles, dumpers and other specialized vehicles. In order to prevent workplace transport incidents, we ensure that vehicles operators are well trained and routine maintenance of the vehicles are carried out. In April 2017, we organized 6 in-depth training sessions with topics on vehicles maintenance and safe driving and operation. A total of 559 operators and management staff participated in the training.

Safety Training - Hazardous Chemicals

We organize training on hazardous chemicals each year to enhance safety awareness. In November 2017, we organized seminars and drills on hazardous chemicals with topics focusing on storage, use, transportation, and emergency handling of chemicals. A total of 275 employees participated in the training.

Safety Training - Road Show on Personal Protection Equipment (PPE)

In April 2017, we invited experts from the company of 3M to hold a special training session on Personal Protective Equipment (PPE) use. During the roadshow, the PPE experts introduced selection, use, fit-testing and a virtual reality (VR) demonstration of PPE. A total of 240 supervisors and employee representatives participated in the roadshow. The training enhanced the awareness of using PPE and how to properly use PPE.



Road Show on PPE

Safety Training - Production Safety's Open Day

In June 2017, we organized an open day at our Heshan Astros Printing Plant, with support from different government departments including the Heshan Safety Monitoring Bureau, Heshan Fire Services Department, Heshan Transportation Department, Police Department, and other relevant organizations. This large-scale initiative was very successful. It attracted more than 3,000 participants. The activities included a safety knowledge quiz, PPE and fire equipment

Dedicated to Social Responsibility

demonstrations, and more Safety awareness was promoted in an interactive way.



Safety Open Day

Risk Management – Assessment of Health Hazards at Workplace

In March 2017, we invited an external surveillance specialty agency to conduct identification, monitoring, and evaluation of health hazards at workplaces. The assessment includes VOCs (Benzene, Toluene, and Ethylbenzene, n-hexane, styrene), dust, noise, ambient environments and others. Based on the assessment results, we identified health hazards and developed risk response planning for continuous improvement to provide a safer work environment for every Leonian.

Risk management - Hazardous Chemicals

Chemical management has been one of Leo's greatest safety concerns. Over years of continuous efforts, we have developed and implemented comprehensive control measures. In 2017, we continued to organize chemicals inspection and training activities. A designated inspection team was assigned to carry out inspections on chemical storage, use (including use of personal protective equipment),

labelling, cleaning and disposal at all workshops to ensure compliance with safety requirements.

Risk Management - Emergency Preparedness Drills

Regular and realistic practice of emergency response is a very important part of risk management. To better prepare for emergency situations, we carry out different drills and exercises each year. In 2017, 11 emergency response drills were carried out as below:

- Large scale activities incident emergency drill;
- Chemical safety incident emergency drill;
- Traffic incident emergency drill;
- Waste water incident emergency drill;
- Food poisoning outbreaks emergency drill;
- Contagious disease outbreaks emergency drill;
- Electrical incident emergency drill;
- Natural disaster emergency drill;
- Machinery incident emergency drill;
- Special facilities and equipment incident emergency drill;
- Fire emergency drill.



Fire Emergency Drill

Risk Management - Leo's Fire Fighting Team

It has been 17 years since the establishment of Leo's own firefighting team who are made up of well-trained fire fighters. Periodic training and exercises are carried out to ensure the professionalism of the team. In March 2017, a large-scale fire drill was held at our Heshan Astros Printing Plant, which was jointly organized with the Jiangmen fire service department. The fire drill modeled a real situation of a fire breakout.

As a member of the local community, the Leo Fire Fighting Team not only ensures Leo's fire safety, but also takes the responsibility to protect the nearby community in case of fire emergencies. In 2017, the team volunteered 9 times to help in fire incidents.

Health Programme - Physical Health Check and Training

In addition to our responsibility for workplace safety, Leo also cares deeply for the health of all Leonians. In 2017, with great support from local government departments, hospitals, and health experts from various sectors, we launched a series of health care programmes:

- March 2017 - Seminar about gynecology for all female employees, by the Heshan Women and Children Healthcare Center;
- June 2017 – Free checkup for employees and their family members, by the Jiangmen Central Hospital;
- December 2017 - National public health surveillance for all employees, by the Heshan Sports Bureau.

Health Programme - Soul Health Centre

Our occupational health and safety initiatives aim to enhance not only the physical, but also the mental and social well-being of all Leonians. Our Soul Health Centre offers psychological counselling services and training sessions on interpersonal relationships, stress management, personal development, career development, and more. The Centre comprises of 10 psychological specialties and 24 volunteer staff members.

In 2017, the Centre handled more than 80 counselling service cases and organized over 20 web-based training sessions. In July 2017, 2 interactive workshops were organized to promote mental healthcare for all Leonians, which attracted more than 200 participants.

Dedicated to Social Responsibility



Mental Healthcare Promotion Activities



Soul Health Centre's Volunteers



Volunteers Training

Incident Cases

The number of incident cases is an important indicator of occupational health and safety performance. Our goal of zero-accidents has pushed us to make continuous improvement. In 2017, there were 10 cases of work-related incidents reported, and the number of fatal cases remains zero.

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of work-related incidents	27	20	21	19	15	15	15	16	10
Injury rate per 1000 workers	1.54	1.15	1.19	1.06	0.89	0.99	0.98	1.19	0.78

Staff Training and Education

With the philosophy of “People as our Foundation”, we integrate employee coaching and training as part of Leo’s core sustainability policy. We developed systematic learning programs that well met every Leonian’s individual needs, so as to enhance employability. Our work performance management system also well addresses Leonians’ career progression.

In 2017, we delivered a series of training sessions of over 177,000 training hours for 91,000 enrolments.

Specialized Training

We have our own specialized training team. Each year the training team identifies training needs to develop specialized training programme to enhance Leonians' professionalism and growth. In 2017, the team organized a series of 240 specialized training sessions and workshops throughout the year, delivering a total of over 700 training hours.

Month	Monthly Core Training Programmes	Training Objectives
Jan	Design for Manufacturing (DFM)	To understand the DFM principles and practices, the correlations between product design and manufacturing quality and productivity.
Feb	Machinery Operations	To enhance fundamental principles of small scale machines, know how to properly handle malfunctioning.
Mar	Automation	To better understand automation principles and its operations.
Apr	TWI-JR (Training Within Industry - Job Relations)	To enhance job-relation handling ability, build a team with positive work attitude.
May	Problem Analysis and Solving Skills	To develop critical thinking skills, reinforce application of 5W tool.
Jun	Communication Skills at Work	To develop critical thinking skills, reinforce application of 5W tool.
Jul	Single Minute Exchange of Die (SMED)	To enhance communication skills at work and create harmonized working environment.
Aug	Effective Reporting	Clear and precise reporting at work so as to achieve effective communication.
Sep	Production and Materials Control (PMC)	To develop and improve PMC system, so as to increase production efficiency and fast response.
Oct	Production Planning and Workshop Planning	To reduce manufacturing cycle, fasten materials movement, reduce or mitigate no value-added activities, so as to increase customer satisfaction
Nov	Demand Management Analysis and Best Practices	To better manage demand for manufacturing, so as to achieve greater customer satisfaction.
Dec	LEAN Culture	To promote LEAN culture.

Specialized Training - Effective Reporting Skills Series

Reporting is critical at work. In 2017, the Training and Development Department organized a series of 22 training sessions. The training aims to promote effective reporting method and various techniques to achieve effective reporting.



Effective Reporting Skills Series Training

Specialized Training - TWI (Training Within Industry) Series

TWI (Training Within Industry) programs aimed to enhance skills and techniques of LEAN production and 5S tools for supervisors at the production plant. In 2017, Leo's Training and Development Department organized 24 training sessions on topics including Job Instruction (JI), Job Relations (JR), Job Safety (JS) and Job Methods (JM). The initiative aims to enhance understanding of the basic principle and theory of these management skills for frontline supervisors.



TWI Series Training

Specialized Training - Machinery Operations and Automation

As we rely more on automation manufacturing, facilities and equipment have become a critical fundamental element at the production plant. Production efficiency and effectiveness relies heavily on how well we manage facilities and equipment. In 2017, the Training and Development Department delivered a series of 43 training sessions, with topics on machinery operations, machinery maintenance, and automation. Participants included operators, maintenance staff members, R&D members, and management. The initiative aims to improve overall machinery operation performance.



Machinery Operations and Automation Series Training

Specialized Training - Leadership

Every year we organize leadership training for our leaders and supervisors. In 2017, we organized a series of 4 workshops for our leaders. The workshops were held at our headquarters office, with a total of 47 leaders.



Leadership Training

Specialized Training - Internal Trainer Development

To promote corporate intellectual capital and our Leonians' self-growth, in 2016 our training department developed a Trainer Development Scheme. In 2017, the internal trainers successfully delivered a total of 44 training sessions, with topics on QRM (Quick Response Manufacturing), basic knowledge of color, emotional management techniques, introduction to patent, and so on.

Promotion of Corporate Values and Policies

In order to reinforce Leo's vision, mission, and values throughout the Enterprise, in 2017, we organized a series of 200 training sessions with over 6,000 employees participating from all departments. These trainings helped to promote and deploy Leo's ethics and other strategic objectives from senior leadership to all supervisory level employees.

Dedicated to Social Responsibility

Month	Topics
Feb	Corporate Policies Q&A session
Mar	Leo Paper Group – Journey to Kingdom of Paper Products
Apr	Monitoring on Critical Projects
May	LEAN Management
Jun	Safety Production
Jul	On-site Management
Sep	“Long Service” Award Presentation
Oct	“35 th Anniversary Ceremony” – the Chairman Opening Speech
Nov	A Grateful Heart and Dedication at Work
Dec	Career Development System Overview

2017 LEAN Skills Competition

To encourage the refinement of technical skills and promote best practices, the “2017 LEAN Skills Competition” was organized at our Heshan Astros Printing plant. The competition focused on skills in machine operation and maintenance, prepress, printing, post-press, forklift truck operations, and more. The competition lasted for more than one month with 100 awards presented.



2017 LEAN Skills Competition

Technician Skills and Competency Management System

Leo’s system for managing competency of our technicians includes skills requirements, assessments, identification of training needs, and career development. This has been in place since 2015.

In 2017, more programs were developed for technicians, including training courses, practical exercises, and more. Participants gained a better understanding of how personal competence makes an impact on continuous job performance, and thus personal career development.



Technician Skills and Competency Management

Governance and Anti-Corruption

It has been more than 8 years since we established the Anti-Corruption Governance Committee in 2009. Over the years, a comprehensive system has been established for good corporate governance to prevent potential corruption. Ethical behavior and integrity are fundamental elements of our corporate policies. We value integrity, fairness and honesty in every aspect of our operations.

Management Mechanism

Management mechanism constitutes an essential aspect to prevent and combat corruption. Our mechanism includes the following elements:

- Employee code of conduct handbook;
- Declaration of compliance and anti-corruption ethics requirements for senior management employees and employees in sensitive positions;
- Disclosure and declaration of any acceptance of gift and hospitality;
- Disclosure and declaration of any conflict of interest;
- Corporate information and property control measures;
- Tendering Management;
- Periodic Ethical and Integrity Training;

- Cooperation of complementary institutions;
- Ethics Monitoring and Reporting Systems - via letters, official post box, hotlines, emails, online reporting.

Tendering Management

Leo is committed to maintaining transparent operations for entrepreneurial integrity. Since the establishment of the Tendering Center in 2009, we have continued to enhance tendering management, so as to achieve fair, open and just tendering processes.

In 2017, 87 tendering projects were carried out, including sourcing, facilities installation, technology consultancy, and more. The tendering management not only facilitates business integrity, but also provides a fair environment for sourcing better products and services.

Ethical Training

Training is essential for successful implementation of anti-corruption and anti-bribery policies. We regularly organize trainings and seminars for all employees. In December 2017, our Anti-Corruption Governance Committee organized a training seminar for 450 employees from senior management positions and sensitive positions.



Ethical Training

Industrial Participation and Engagement - “China Enterprise Anti-Corruption Alliance”

As a member of the “China Enterprise Anti-Corruption Alliance,” we participated in the annual meeting in 2017 and shared our experience on developing management mechanisms and promoting an ethical culture. It provided us with opportunities to learn best practices, so as to continue to enhance our corporate governance management system.

The “China Enterprise Anti-Corruption Alliance” was established in June 2015, organized by a group of Chinese enterprises, professional associations, and education institutes. The Alliance is the first one of its kind in China. It has currently 180 Chinese corporate members from over 20 provinces.

Working and Living in Contentment

With the philosophy of “People as our Foundation”, Leo does not only provide job opportunities and career development, we also aim to achieve that every Leonian is living in contentment.

At our Heshan Astro plant, diversified living and leisure facilities are provided to best meet Leonians needs. Such facilities include nursery school and mother’s lactation lounge that engage both Leonians and their children / babies. We regularly organize healthcare, sport, festival, art / cultural and families activities that aim at work-live balance and community harmony.

Appreciation of Work and Decent Work Frontline Management Excellence Award 2017

In appreciation of the work by our frontline management employees, we set up the “Frontline Management Excellence Award”. The award is presented quarterly to employees with outstanding performance. In 2017, frontline supervisors from different departments were presented with the award by corporate chairman and senior management.



Frontline Management Excellence Award

Grievance Mechanisms

To achieve greater job and career satisfaction, it is important to identify employees’ needs and effectively address and respond to these needs. At our Heshan Astros printing plant, 12 suggestion boxes have been established to collect employee feedback.

Dedicated to Social Responsibility

In 2017, we received 61 employee suggestions from suggestion boxes. All of the suggestions were handled by designated departments. Follow-up actions of these suggestions are transparently disclosed.



Communication with Employees

Sports and Outreach Activities

The 5th Jiangmen Walking Marathon

A marathon is a challenge, as well as a healthy activity for participants. Leonians have been encouraged to engage in this meaningful event. In November 2017, the local government hosted “The 5th Jiangmen Walking Marathon”. Our Astros Art and Cultural Center was included in the Marathon route. About 3,000 participants from Leo joined the event.



The 5th Jiangmen Walking Marathon

Charity Race

To promote charity initiatives in the local community, in June 2017, a total of 100 Leonians participated in the charity race of “Racing Charity Journey with Love and Care” organized by the local government, Heshan Charity Organization and Heshan Volunteer Association.

Hiking Activity

Hiking is a very meaningful way of exercising. In May 2017, we organized a hiking event named “Joy of Breaking through Barriers”. More than 200 employees and their families, who made up a total of 50 teams, participated in this hiking activity. Each team was required to pass through 5 barriers. This initiative promotes team work as well as physical fitness.



Hiking Activity

Traditional Activities and Art Performance

Mid-Autumn Festival Celebration

Mid-autumn festival is an important holiday for the entire local culture. Leo recognizes, acknowledges, and respects such significant cultural traditions. In September 2017, we organized a festival night to celebrate the Mid-Autumn Festival at our Greenfield Garden (dormitory). Booths were set up for photo taking, a lantern riddle game, puzzle solving, and more. Leonians and their family members enjoyed and celebrated this traditional festival together.



Mid-Autumn Festival Celebration

2017 Astros Carnival

In January 2018, we held the “2017 Astros Carnival” at our Heshan plant. The Carnival was organized with activities such as Leo’s culture exhibition, fun game booths, food and beverage, trade shows, stage performance, charity sales and lucky draws. The initiative enriches Leonians leisure life and facilitates a joyful and harmonic environment.



2017 Astros Carnival

“Voices in Spring – 2017 Heshan Art and Culture Night”

The “Heshan Art and Culture Association - Leo’s Astros Branch” was officially established in 2016 at Leo’s Heshan Astros plant. The association aims to promote art and culture through local cultural activities. In March 2017, an art and performance activity called “Voices in Spring” was organized at our Heshan Astros plant. The event was jointly organized by the Heshan Art and Culture Association and Heshan Musician Association. Local art performers and Leo’s performing groups were invited to perform. The activity attracted a total of 200 spectators.



Voices in Spring – 2017 Heshan Art and Culture Night

Families Caring Activities

“6+1 Childhood Education” Seminar

Family and parenting practices are crucial for the development of children. In December 2017, Leo invited Jiangmen Enterprise Employees Development Association to organize a childhood education seminar called “Love and Education”, which emphasized the understanding of family dynamics in the positive development of children. Such initiatives provide important educational supports to Leonians with young children.



“6+1 Childhood Education” Seminar

“Choosing Good books for Children” Seminar

Reading and storytelling is important to the growth and development of children. Good children books can stimulate children’s’ development. Storytelling can also promote parent-child bonding. In March 2017, we invited educational professionals to hold a seminar on how to choose good children’s books and how to enhance storytelling skills for parent Leonians. The seminar attracted more than 150 participants.



“Choosing Good books for Children” Seminar

Story Reading Seminar

Story-reading with children does not only benefit the children, but also promotes parent-child bonding. In July 2017, we held a seminar on reading books for over 150 Leonians and their children. During the seminar, professionals from the publishing industry shared on topics of reading with children, how to choose a children’s book, language skills for story reading, and more.



Story Reading Seminar

Family Open Day

In April 2017, we held a Family Open Day to invite families of Leonians to visit our Astros printing plant. More than 30 Leonian families participated in the event where they visited our sample rooms, learning support center, Astros Technical and Vocational School, and more. During the tour, Leo's history, development, culture and values were introduced to the visitors. Parent-child interactive activities were arranged for Leonians with children.



Family Open Day

Community Engagement

As a responsible corporate citizen, Leo is committed to community development. We initiate and support community programmes that aim at long-term sustainable outcomes. Such initiatives include educational supports, support to the disadvantaged groups, volunteering activities, and more.

Educational Supports

2017 Scholarships to Secondary Schools

Since 2014, Leo has established an education fund to support more than 160 students in poverty. In November 2017, we offered scholarship to secondary school for 20 outstanding students.

Educational Fund Donation

We have been supporting the education development in the local community for many years. Every year, we make donations to nearby schools to support and promote quality education. In December 2017, we continued such initiative by donating to local secondary schools.

2017 School Visit

In May and September 2017, during Children's Day and Teacher's Day, Leo's Managing Director visited Greenfield Garden Nursery School and other primary schools in the community, with the goal to demonstrate Leo's appreciation of teachers, as well as care for the children in the community.



2017 School Visit

Supports for the Disadvantaged Groups

Event for Disabled Employees

Leo is committed to helping build a more inclusive community in which equal opportunity is offered to individuals regardless of gender, social status, and disability. Since 2011, we have been providing job opportunities and training to disabled people. Barrier-free access and facilities, including work place, dormitory, toilets, bathrooms, and so on, are provided to ensure safety, convenience, and accessibility for disabled employees. By 2017, we offered job positions to 203 disabled employees.



Birthday Event for Disabled Employees

In 2017, we held an event for our disabled employees, and invited local artists together with Leo's Art and Cultural Performance team to give a performance during the event.

Excellence Award in the category of Enterprise Supports to Disabled People

Leo's efforts in providing job opportunities and personal development to disabled people are well recognized, which include the recognition of Guangdong Employment Base for Disabled People, Jiangmen Excellent Support Program for Disabled People, among others. In 2017, we participated in the charity event of the Guangdong "Career Innovation Cup" for Disabled People, organized by the Human Resources and Social Security Department of Guangdong Prince, Guangdong Disabled Persons' Federation, and other organizations. We were presented with the Excellence Award in the category of Enterprise Supports to Disabled People.

Home Visits to Families in Need

We have been providing support to families in need for years in the local community. This includes greetings during traditional festivals. In January 2017, we made a New Year's visit to local families in poverty and elderly people in the community to express our best wishes for 55 families and 660 elders. It has been our 12th New Year's Home Visit since 2005. Over the years, we visited a total of more than 8,000 people in need.



Home Visits to Families in Need

Other Community Engagement Initiatives **Support to Local District Development**

Since 2008, Leo has been supporting local district development activities in Gulao Town, Heshan. Such initiatives include welfare, environmental improvements, and the promotion of recreational and cultural activities. In January 2018, a programme named Gulao Dong Ning PingAn Village was started at our Heshan Astros plant to review the performance of these programmes. Leo will continue to provide supports to the development of the nearby community.



Support to Local District Development

Leo Volunteer Team

Leo Volunteer Team (LVT) was established in 2006 to encourage employee engagement in community services. In 2017, the LVT team volunteered their support for diversified community services for up to 624 hours with its 160 members. The following is a list of some of these services:

- Garden renovation of Welfare Service Center;
- Disadvantage employees' activity;
- Weekend movie playing service;
- Gulao home visits to elders;
- Chong Yang festival hiking activity;
- Supports to other community and social initiatives.

Supports to Fund Raising Events

Leo supports fundraising for non-profit organizations. We also encourage Leonians to be sponsors of charity fundraising events. In 2017, Leo participated in diversified fundraising events with different themes such as:

- UNICEF Charity Run 2017 Hong Kong
- The Community Chest Green Day 2017
- ECSAF (End Child Sexual Abuse Foundation) fund raising event
- Dress Casual Day 2017 fund raising event by the Community Chest Hong Kong
- Love Teeth Day 2017 fund raising event by the Community Chest Hong Kong



UNICEF Charity Run 2017 Hong Kong

Community Engagement

(Heshan Astros Printing Plant)

Employment

Indicator	Average Number of Employee									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Male	8,813	7,643	7,733	8,015	8,692	8,287	7,903	8,274	7,285	7,296
Female	11,510	9,923	9,663	9,682	9,292	8,608	7,230	7,023	6,183	5,503
Total	20,323	17,566	17,396	17,697	17,985	16,895	15,133	15,297	13,468	12,799

Occupational Health and Safety

Indicator	2009	2010	2011	2012	2013	2014	2015	2016	2017
Annual Injury Case	27	20	21	19	15	15	15	16	10
Injury Case per 1000 Employees	1.54	1.15	1.19	1.06	0.89	0.99	0.98	1.19	0.78

Market Presence

Indicator	Proportion of Senior Management Hired from the Local Community					
	2012	2013	2014	2015	2016	2017
Local	45%	45%	45%	46%	47%	48%

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

Indicator	Proportion of Managing Staff					
	2012	2013	2014	2015	2016	2017
Male	44%	44%	69%	69%	68%	67%
Female	56%	56%	31%	31%	32%	33%

Training and Education

Employee Category	Average Training Hours per Employee#								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Frontline Staff/ Workers	*	*	24	17	11	10	13	9	11
Management (Grade 1-4)	45	21	17	16	21	23	18	18	24
Management (Grade 5-6)	22	11	18	16	22	22	21	23	29
Management (Grade 7-8)	36	30	27	30	29	28	31	24	35
Senior Management/ Top Management	19	39	18	11	37	33	32	24	37

*No measurement conducted, #Including all employees of Heshan Astros Printing Plant and Hong Kong Headquarters.



Dedicated to Forward-thinking Excellence

In-house Independent Laboratory Accreditation

Automation & Manufacturing Revolution

Research, Development and Invention

Participation in the Development of International/National Standards

As a printer committed to excellence, Leo has been dedicated to making continuous improvements and carrying out forward-thinking initiatives. In the recent years, we have been emphasizing comprehensive laboratory testing, production automation, research, and the development and invention of materials and technology. All of these add value to product safety, manufacturing productivity, environmental conservation, and printing quality, in addition to creating printing effects that meet the changing needs of consumers.

In-house Independent Laboratory Accreditation

Leo's in-house laboratory reassures product excellence to the highest levels. Our independent accredited laboratory Heshan Leo Metrology and Testing Service Co. Ltd (Leo MTS) provides services for product and material testing, industrial calibration and technical consultation. Leo MTS is accredited in accordance with ISO/IEC 17025. It is accredited by China National Accreditation Service for Conformity Assessment (CNAS). Leo MTS is also a CPSC-accepted testing laboratory. CPSC (United States Consumer Product Safety Commission) is the federal regulatory body tasked with protecting the public from risks associated with consumer products in the U.S.

In 2017, Leo MTS extended its certification to China Metrology Accreditation (CMA), which is a mandatory accreditation system to assess the metrology capabilities of testing and calibration laboratories. With the CMA accreditation, Leo-MTS can verify that tested products conform to China's mandatory quality and safety standards, which are accepted as a legally-binding result in China.



CMA Certificate

Automation & Manufacturing Revolution

In recent years, the requirements for the manufacturing process have been changing faster than ever before. Changes such as less labor-intensive processes, higher non-labour resource productivity, more intensive deployment of intelligent networks, among others, are all required for new manufacturing processes. Automation development has become one of the key challenges to in this transition.

To cope with these changes, Leo has been strengthening its R&D team, restructuring and automatizing its production processes, upgrading information systems and developing and deploying new technologies, in order to cope with the challenges of future manufacturing.

Automation Machines Procurement

For years, Leo has been adopting new automation machines to replace manual operations. In 2017, we purchased and introduced a series of new high-efficiency automation machines, including automatic punching machines with waste removal functions, automatic box folding machines, and automatic sewing machines. It is expected that the automatic machines will increase overall productivity.

Modification and Optimization of Machines

In 2017, our R&D team modified and optimized more than 200 automation machines including creasing machines, pressing machines, and the conveyor system. The modifications to the machines increased productivity. We modified and optimized more than 3,000 equipment/devices to replace manual operations, which significantly improved production efficiency.



Automation Production Lines

Self-developed Automatic Machines

In 2017, Leo's R&D team developed a series of 200 automatic machines to improve production productivity. Such machines cover diversified manufacturing processes, including cover-page gluing, spine pressing, glue scrapping, punching, envelope aligning, materials dispensing and feeding, slit and cut, accessories gluing, paper feeding,

carton box printing, spot gluing, window punching, label gluing, and so on. These machines were installed on the production lines, which resulted in noticeable improvements in production efficiency.

Research, Development and Invention

New Material and Technology Development

Leo has been continuously developing new materials and technologies that add value to product safety, occupational health and safety, environment conservation, and manufacturing productivity.

In 2017, our R&D team successfully developed and deployed new materials and technologies to our products and processes, including 79 new materials, of which 27 are environmental-friendly materials, and 24 new technologies.

Invention and Patents

Leo is dedicated to exceeding expectations. To achieve this goal, we proactively uncover future trends, and put efforts into forward-looking initiatives, especially inventions that lead the development of the industry.

In 2017, Leo had 4 projects successfully patented in United States and other countries.

Participation in the Development of International/ National Standards

Leo is committed to promoting the development of graphic technology. With our expertise in printing and standardization management, we participated in development of a series of international and national standards. The international standard of ISO 16762 Graphic Technology – Post-press – General Requirements for Transfer, Handling, and Storage was officially published in November 2016. Below is a list of other standards that we participated in drafting and developing, which were published or announced in 2017.

National Standards	
GB/T 27935.1-2016	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 34690.1-2017	Graphic technology—Digitalized process control for offset printing—Part 1: General
GB/T 34690.2-2017	Graphic technology—Digitalized process control for offset printing—Part 2: Working environment
GB/T 34690.3-2017	Graphic technology—Digitalized process control for offset printing—Part 3: Originals reception and processing
GB/T 34690.4-2017	Graphic technology—Digitalized process control for offset printing—Part 4: File preparation for output
GB/T 34690.5-2017	Graphic technology—Digitalized process control for offset printing—Part 5: Soft proofing
GB/T 34690.6-2017	Graphic technology—Digitalized process control for offset printing—Part 6: Digital hard copy proofing
GB/T 34690.7-2017	Graphic technology—Digitalized process control for offset printing—Part 7: Computer to plate
GB/T 34690.8-2017	Graphic technology—Digitalized process control for offset printing—Part 8: Offset press
GB/T 34690.9-2017	Graphic technology—Digitalized process control for offset printing—Part 9: Printing



External Recognitions 2017

Selected Environmental Awards/Recognitions 2017



2017 Q-Mark Elite Brand Award – Environmentally-friendly Brand Category

- Awarded by Hong Kong Q-Mark Council for 3 consecutive years



Guangdong Cleaner Production Enterprise

- Awarded by Guangdong Cleaner Production Association



Guangdong Cleaner Production Association - Vice President of the 2nd Committee

- Awarded by Guangdong Cleaner Production Association



Participation in Development of “National Green Printing Standard Framework”

- Awarded by the National Technical Committee 170 on Printing of Standardization Administration of China (SAC/TC170)

Selected Social Awards/Recognitions 2017



10+ years Caring Company Award

- Presented by the Hong Kong Council of Social Service



ERB Manpower Developer 1st (MD1st) Award

- Presented by the Employees Retraining Board (ERB)



Faithful and Trustful Enterprise in Guangdong

- Awarded by the Guangdong Provincial Administration for Industry and Commerce for 16 consecutive years



Member of China Enterprise Anti-Corruption Alliance

- Recognized by China Enterprise Anti-Corruption Alliance



Excellent Unit of Safety Production in Heshan

- Awarded by the Safety and Production Management Association of Heshan

Excellence Award in the category of Enterprise Supports to Disadvantaged People

- Awarded by the Human Resources and Social Security Department of Guangdong Province

Other Selected Awards/Recognitions 2017



Premier Print Awards 2017

- Awarded by Printing Industries of America



Gold Ink Awards 2017

- Awarded by the North American Publishing Company



Hong Kong Print Awards 2017

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



The 6th China Print Awards

- Presented by The China Print Awards Committee



Top 100 Printers in China 2017

- Presented by Keyin Media and Printing Manager

Stakeholders Engagement and Material Aspects

Stakeholder engagement is an essential part of our sustainability initiatives, as it is important to us to identify the issues that matter most to our stakeholders. Stakeholders of Leo mainly include customers, staff members, suppliers, government/authorities, non-governmental organizations, and the society and community.

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

This report was prepared based on the principles of stakeholder inclusiveness, sustainability contexts, materiality, and completeness. Material aspects are identified based on regulatory requirements, stakeholder expectations, and Leo’s own concerns and commitment. We develop Initiatives to manage impacts of those prioritized material aspects. The table below demonstrates material aspects that significantly influence Leo and our stakeholders.

Materials Aspects/ Key Topics and Concerns	Cross-reference for Response to Materials Aspects/ Key Topics and Concerns	Aspects Boundary	
		Leo*	Outside Leo#
Materials	<ul style="list-style-type: none"> • Green Materials • Environmental Indicators 	√	√
Energy	<ul style="list-style-type: none"> • Energy Management 	√	√
Water	<ul style="list-style-type: none"> • Waste Management • Environmental Indicators 	√	√
Air Emissions and Waste	<ul style="list-style-type: none"> • Air Emissions • Waste Management • Environmental Indicators 	√	√
Occupational Health and Safety	<ul style="list-style-type: none"> • Occupational Health and Safety • Social and Economic Indicators 	√	
Training and Education	<ul style="list-style-type: none"> • Staff Training and Education • Social and Economic Indicators 	√	
Anti-Corruption	<ul style="list-style-type: none"> • Governance and Anti-Corruption 	√	√
Local Communities	<ul style="list-style-type: none"> • Community Engagement 	√	√
Product Responsibility	<ul style="list-style-type: none"> • Manufacturing of Environmental Products 	√	√

* Staff Members inside Leo

Customers/ Suppliers/ Government/Authorities/ NGOs/ Local Communities/ Other Organizations outside Leo

GRI Content Index

This report has been prepared in accordance with the GRI Standards: Core option.

GRI Standards Disclosures			
GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
Foundation			
GRI 101: Foundation	GRI 101 does not include any disclosures	/	√
General Disclosures			
Organizational profile			
GRI 102: General Disclosures	102-1 Name of the organization	About Leo Paper Group	√
	102-2 Activities, brands, products, and services	About Leo Paper Group	√
	102-3 Location of headquarters	About Leo Paper Group	√
	102-4 Location of operations	About Leo Paper Group	√
	102-5 Ownership and legal form	About Leo Paper Group	√
	102-6 Markets served	About Leo Paper Group	√
	102-7 Scale of the organization	<ul style="list-style-type: none"> About Leo Paper Group 2017 Annual Report 	√
	102-8 Information on employees and other workers	<ul style="list-style-type: none"> Social and Economic Indicators Table All employees are under full-time employment. 33% of employees come from the local community in 2017. Individuals who indefinitely reside in the Heshan region are regarded as from the local community. 	√
	102-9 Supply chain	<ul style="list-style-type: none"> Supplier Assessment and Collaboration Leo's supply chain mainly involves suppliers who provide paper and ink. 	√
	102-10 Significant changes to the organization and its supply chain	None	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 102: General Disclosures	102-11 Precautionary Principle or approach	Manufacturing of Environmental Products	√
	102-12 External initiatives	China Enterprise Anti-Corruption Alliance	√
	102-13 Membership of associations	<ul style="list-style-type: none"> • Guangdong Cleaner Production Association • China Green Development Union • China Enterprise Anti-Corruption Alliance 	√
Strategy			
GRI 102: General Disclosures	102-14 Statement from senior decision-maker	Chairman's Message	√
Ethics and integrity			
GRI 102: General Disclosures	102-16 Values, principles, standards, and norms of behavior	About Leo Paper Group	√
Governance			
GRI 102: General Disclosures	102-18 Governance structure	About Leo Paper Group	√
Stakeholder engagement			
GRI 102: General Disclosures	102-40 List of stakeholder groups	Stakeholders Engagement and Material Aspects	√
	102-41 Collective bargaining agreements	All employees covered by collective bargaining agreements.	√
	102-42 Identifying and selecting stakeholders	Stakeholders Engagement and Material Aspects	√
	102-43 Approach to stakeholder engagement	Stakeholders Engagement and Material Aspects	√
	102-44 Key topics and concerns raised	Stakeholders Engagement and Material Aspects	√
Reporting practice			
GRI 102: General Disclosures	102-45 Entities included in the consolidated financial statements	About this Report	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 102: General Disclosures	102-46 Defining report content and topic Boundaries	Stakeholders Engagement and Material Aspects	√
	102-47 List of material topics	Stakeholders Engagement and Material Aspects	√
	102-48 Restatements of information	None	√
	102-49 Changes in reporting	None	√
	102-50 Reporting period	About this Report	√
	102-51 Date of most recent report	April 2017	√
	102-52 Reporting cycle	About this Report	√
	102-53 Contact point for questions regarding the report	EDITORIAL POSTSCRIPTS	√
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	√
	102-55 GRI content index	GRI Content Index	√
	102-56 External assurance	<ul style="list-style-type: none"> • Verification Statement by the third party independent verifier HKQAA • Our sustainability reporting is verified by external assurance organization each year • External assurance is endorsed by Leo top management 	√

Topic-specific Disclosures

GRI 200: Economic Topics

Topic: Anti-corruption

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Governance and Anti-Corruption	√
	103-2 The management approach and its components	Governance and Anti-Corruption	√
	103-3 Evaluation of the management approach	Governance and Anti-Corruption	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	All operations assessed for risks related to corruption.	√
	205-2 Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> • Governance and Anti-Corruption • All top management members, employees and business partners have been communicated with Leo's anti-corruption policies and procedures. • All top management members and employees have received training on anti-corruption. 	√
	205-3 Confirmed incidents of corruption and actions taken	None	√
GRI 300: Environmental Topics			
Topic: Materials			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Green Materials	√
	103-2 The management approach and its components	Green Materials	√
	103-3 Evaluation of the management approach	Green Materials	√
GRI 301: Materials	301-1 Materials used by weight or volume	<ul style="list-style-type: none"> • Green Materials • Environmental Indicators Table 	√
	301-2 Recycled input materials used	<ul style="list-style-type: none"> • Green Materials • Environmental Indicators Table 	√
	301-3 Reclaimed products and their packaging materials	No reclaimed products and their packaging materials from our customers.	√
GRI 300: Economic Topics			
Topic: Energy			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Energy Management	√
	103-2 The management approach and its components	Energy Management	√
	103-3 Evaluation of the management approach	Energy Management	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 302: Energy	302-1 Energy consumption within the organization	<ul style="list-style-type: none"> • Environmental Indicators Table • 0.01 tons of CO2 emissions of fuel consumption from non-renewable sources per production unit in 2017. • 0.506 tons of CO2 emissions of electricity consumption per production unit in 2017. • No fuel consumption from renewable sources. • No Energy consumption sold out. • GWP data from IPCC Fifth Assessment Report 	√
	302-2 Energy consumption outside of the organization	Information unavailable because of no adequate data source in 2017.	√
	302-3 Energy intensity	<ul style="list-style-type: none"> • Environmental Indicators Table • 0.516 tons of CO2 emissions of fuel consumption and electricity consumption within the organization per production unit in 2017. 	√
	302-4 Reduction of energy consumption	Energy Management	√
	302-5 Reductions in energy requirements of products and services	<ul style="list-style-type: none"> • 41% of less energy consumption per production unit. • Base year for the calculation is 2007 because of the available data and information on relevant activities. • GWP data from IPCC Fifth Assessment Report 	√
GRI 300: Economic Topics			
Topic: Water			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Waste Management	√
	103-2 The management approach and its components	Waste Management	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
	103-3 Evaluation of the management approach	Waste Management	√
GRI 303: Water	303-1 Water withdrawal by source	<ul style="list-style-type: none"> • Waste Management • Environmental Indicators Table 	√
	303-2 Water sources significantly affected by withdrawal of water	The water is provided by municipal water supplies.	√
	303-3 Water recycled and reused	<ul style="list-style-type: none"> • Waste Management • Environmental Indicators Table 	√
GRI 400: Social Topics			
Topic: Occupational Health and Safety			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Occupational Health and Safety	√
	103-2 The management approach and its components	Occupational Health and Safety	√
	103-3 Evaluation of the management approach	Occupational Health and Safety	√
GRI 403: Occupational Health and Safety	403-1 Workers representation in formal joint management–worker health and safety committees	<ul style="list-style-type: none"> • Formal joint management-worker health and safety committee operates at organizational level. • This committee represents 100% of workers. 	√
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<ul style="list-style-type: none"> • Social and Economic Indicators • LDR and AR information unavailable because of no adequate data for 2017. 	√
	403-3 Workers with high incidence or high risk of diseases related to their occupation	No Workers are involved in occupational activities who have a high incidence or high risk of specific diseases.	√
	403-4 Health and safety topics covered in formal agreements with trade unions	No formal agreements with trade unions for health and safety topics. However, health and safety initiatives were carried out throughout the year that covered all employees.	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 400: Social Topics			
Topic: Training and Education			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Staff Training and Education	√
	103-2 The management approach and its components	Staff Training and Education	√
	103-3 Evaluation of the management approach	Staff Training and Education	√
GRI 404: Training and Education	404-1 Average hours of training per year per employee	<ul style="list-style-type: none"> • Social and Economic Indicators Table • Training is provided regardless of gender. 	√
	404-2 Programs for upgrading employee skills and transition assistance programs	Staff Training and Education	√
	404-3 Percentage of employees receiving regular performance and career development reviews	All staff members receive performance appraisal annually.	√
GRI 300: Economic Topics			
Topic: Air Emissions and Waste			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> • Air Emissions • Waste Management 	√
	103-2 The management approach and its components	<ul style="list-style-type: none"> • Air Emissions • Waste Management 	√
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> • Air Emissions • Waste Management 	√
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> • Environmental Indicators Table • No biogenic CO2 emissions. • Base year for the calculation is 2007 because of the available of data. • GWP data from IPCC Fifth Assessment Report • Consolidation approach for emissions: operational control. 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 305: Emissions	305-2 Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> • Environmental Indicators Table • Base year for the calculation is 2007 because of the available of data. • GWP data from IPCC Fifth Assessment Report • Consolidation approach for emissions: operational control. 	√
	305-3 Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> • Environmental Indicators Table • Base year for the calculation is 2007 because of the available of data. • GWP data from IPCC Fifth Assessment Report • Consolidation approach for emissions: operational control. 	√
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	<ul style="list-style-type: none"> • Air Emissions • Waste Management • Environmental Indicators Table • Waste is recycled or processed by designated waste handling contractor. 	√
	306-3 Significant spills	No significant spills.	√
GRI 400: Social Topics			
Topic: Product Responsibility			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Manufacturing of Environmental Products	√
	103-2 The management approach and its components	Manufacturing of Environmental Products	√
	103-3 Evaluation of the management approach	Manufacturing of Environmental Products	√
GRI 417: Marketing and Labeling	Disclosure 417-1 Requirements for product and service information and labeling	<ul style="list-style-type: none"> • Manufacturing of Environmental Products • Green Materials 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 417: Marketing and Labeling	Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents of non-compliance concerning product and service information and labeling.	√
	Disclosure 417-3 Incidents of non-compliance concerning marketing communications	No incidents of non-compliance concerning marketing communications.	√
GRI 400: Social Topics			
Topic: Local Communities			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Community Engagement	√
	103-2 The management approach and its components	Community Engagement	√
	103-3 Evaluation of the management approach	Community Engagement	√
GRI 413: Local Communities	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> • Environmental Indicators Table • All operations are implemented with local community engagement, impact assessments, and/or development programs. 	√
	Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities	<ul style="list-style-type: none"> • Community Engagement • Air Emissions • Waste Management 	√
GRI 400: Social Topics			
Topic: Supplier Assessment			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Supplier Assessment and Collaboration	√
	103-2 The management approach and its components	Supplier Assessment and Collaboration	√
	103-3 Evaluation of the management approach	Supplier Assessment and Collaboration	√
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	All new suppliers were screened using environmental criteria	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 308: Supplier Environmental Assessment	308-2 Negative environmental impacts in the supply chain and actions taken	All suppliers have been assessed for environmental impacts. No supplier has been identified as having significant actual or potential negative environmental impacts.	√
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	All new suppliers were screened using social criteria.	√
GRI 414: Supplier Social Assessment	414-2 Negative social impacts in the supply chain and actions taken	All suppliers were assessed for social impacts. No supplier has been identified as having significant actual or potential negative social impacts.	√

HKEX ESG (Environmental, Social and Governance) Guide Index

Subject Areas, Aspects, General Disclosures and KPIs		
KPIs	Cross-reference/Comments	External Assurance
A. Environmental		
Aspect A1: Emissions		
A1.1 The types of emissions and respective emissions data	Environmental Indicators Table	√
A1.2 Greenhouse gas emissions in total and, where appropriate, intensity	Environmental Indicators Table	√
A1.3 Total hazardous waste produced and, where appropriate, intensity	Environmental Indicators Table	√
A1.4 Total non-hazardous waste produced and, where appropriate, intensity	Environmental Indicators Table	√
A1.5 Description of measures to mitigate emissions and results achieved	<ul style="list-style-type: none"> • Air Emissions • Waste Management 	√
A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	<ul style="list-style-type: none"> • Air Emissions • Waste Management • Environmental Indicators Table 	√
A. Environmental		
Aspect A2: Use of Resources		
A2.1 Direct and / or indirect energy consumption by type in total and intensity	<ul style="list-style-type: none"> • Environmental Indicators Table • 0.01 tons of CO2 emissions of fuel consumption from non-renewable sources per production unit in 2017. • 0.506 tons of CO2 emissions of electricity consumption per production unit in 2017. • 0.516 tons of CO2 emissions of fuel consumption and electricity consumption within the organization per production unit in 2017. 	√
A2.2 Water consumption in total and intensity	Environmental Indicators Table	√
A2.3 Description of energy use efficiency initiatives and results achieved	Energy Management	√

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	<ul style="list-style-type: none"> • Air Emissions • Waste Management • Environmental Indicators Table 	√
A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced	Total packaging material used for finished products are 43,394 tons	√
A. Environmental		
Aspect A3: The Environment and Natural Resources		
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	<ul style="list-style-type: none"> • Green Materials • Air Emissions Control • Waste Management • Environmental Indicators Table 	√
B. Social		
Aspect B1: Employment		
B1.1 Total workforce by gender, employment type, age group and geographical region	Social and Economic Indicators Table	√
B. Social		
Aspect B2: Health and Safety		
B2.1 Number and rate of work-related fatalities	No Fatality	√
B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	Occupational Health and Safety	√
B. Social		
Aspect B3: Development and Training		
B3.2 The average training hours completed per employee by gender and employee category	Social and Economic Indicators Table	√
B. Social		
Aspect B5: Supply Chain Management		
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supplier Assessment and Collaboration	√

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
B. Social		
Aspect B6: Product Responsibility		
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	No recalls for safety and health reasons	√
B. Social		
Aspect B7: Anti-corruption		
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Governance and Anti-Corruption	√
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Governance and Anti-Corruption	√
B. Social		
Aspect B8: Community Investment		
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	<ul style="list-style-type: none"> • Working and Living in Contentment • Community Engagement 	√
B8.2 Resources contributed (e.g. money or time) to the focus area	<ul style="list-style-type: none"> • Working and Living in Contentment • Community Engagement 	√

VERIFICATION STATEMENT

Scope of Verification

Hong Kong Quality Assurance Agency ("HKQAA") has been engaged by Leo Paper Group (Hong Kong) Limited ("Leo") to undertake an independent verification for its Sustainability Report 2017-2018 ("The Report"). The scope of HKQAA's verification covers the data and information associating to Leo's sustainability performance for the period 1st January 2017 to 31st December 2017. This is the 9th Report that Leo published to communicate its commitments, efforts and progress of performance towards sustainability.

Level of Assurance and Methodology

The process applied in this verification was based on international standards. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standards for the purpose of devising the verification conclusion, and the extent of this verification process undertaken was provided for the core aspects of the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") and HKEX's Environmental, Social and Governance ("ESG") Reporting Guide.

In order to understand the process that Leo adopted to ascertain the key sustainability issues and impacts, the Report compilation process including stakeholder engagement and materiality assessment processes was discussed. Also, system and process for collecting, collating and reporting sustainability performance data were verified. Our verification procedure performed covered reviewing of relevant documentation, interviewing responsible personnel with accountability for preparing the reporting contents and verifying the selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

Independence

Leo is responsible for the collection and preparation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from Leo.

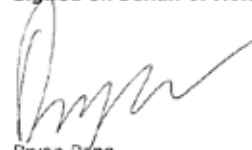
Conclusion

On the basis of our verification results and in accordance with the verification procedures undertaken, it is the opinion of the HKQAA's verification team that:

- The Report illustrates Leo's sustainability performance on the significant aspects in a balance, comparable, clear and timely manner;
- The data and information states in the Report are reliable and complete;
- The Report has been prepared in accordance with the "Core Option" of the GRI Standards and the HKEX's ESG Reporting Guide;

Leo has been engaging with its stakeholders continuously and being very responsive to the feedbacks gathered from the stakeholder engagement process by improving its disclosure regarding the material issues that are of importance to the company and high level of interest by stakeholders. The Report reflects appropriately Leo's sustainability context and materiality.

Signed on behalf of Hong Kong Quality Assurance Agency



Bryan Peng
Assistant Director, Manufacturing & Service Business Division
29 March 2018

EDITORIAL POSTSCRIPTS

This report focuses on the environmental and social aspects of our sustainability initiatives in the past year, which were undertaken by our head office and the Heshan Astros production plant.

We appreciate you for taking the time to better understand our sustainability initiatives. This report is available on the Environment and Society page of Leo Paper Group's website: www.leo.com.hk

We look forward to receiving your feedback.

Feedback or inquiries on this report:

Integrated Management Department

Tel: +852-2884-1374

Email: info@leo.com.hk

For online feedback or inquiries, please send us a message at:

<http://www.leo.com.hk/contact.html>

Date of Issue: April 2018 © Leo Paper Group 2018

Group Head Office:

LEO PAPER GROUP (HONG KONG) LTD.

Tel: (852) 2884-1374

Fax: (852) 2513-0698

Email: info@leo.com.hk

U.S.A. Head Office:

LEO PAPER USA

Tel: (425) 646-8801

Fax: (425) 646-8805

Email: info@leousa.com

New York Sales Office:

LEO PAPER USA

Tel: (917) 305-0708

Fax: (917) 305-0709

Email: info@leousanewyork.com

U.K. Sales Office:

LEO PAPER PRODUCTS (UK) LTD.

Tel: 44 (0) 118-9165450

Email: info@leouk.com

Europe Sales Office:

LEO PAPER PRODUCTS (EUROPE) B.V.B.A.

Antwerp, Belgium:

Tel: +32 (0) 360 968 10

Fax: +32 (0) 360 968 30

Email: leo@leo-europe.com

Bologna, Italy:

Tel: +39 051 09226 10

Fax: +39 051 09226 30

Email: leo@leo-europe.com

