

2019 SUSTAINABILITY REPORT



- ENVIRONMENTAL INITIATIVES
- SOCIAL RESPONSIBILITY
- DEDICATED TO BUSINESS EXCELLENCE



About this Report

Editor's Remarks

This is our 11th environmental and social/sustainability report. This report has been prepared based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards: Core option and the Hong Kong Exchanges (HKEX) Environmental, Social and Governance Reporting Guide (ESG). Data in this report has been reviewed by the independent 3rd party (HKQAA) to provide assurance on the report contents. Leo Paper is committed to best Global Sustainability practices.

Reporting Period

This report includes performance of Leo Paper from 1st January 2019 to 31st December 2019.

Frequency of Reporting

Annual

Reporting Organizations

Leo Paper Group Headquarter (Hong Kong Office), Heshan Astros printing plant, offices in USA, UK, Belgium, Italy, and production plant in Vietnam. Unless specified, the figures in this report is for Heshan Astros printing plant.

Publication

June 2020

Reference

Global Reporting Initiative (GRI*) Sustainability Reporting Standards

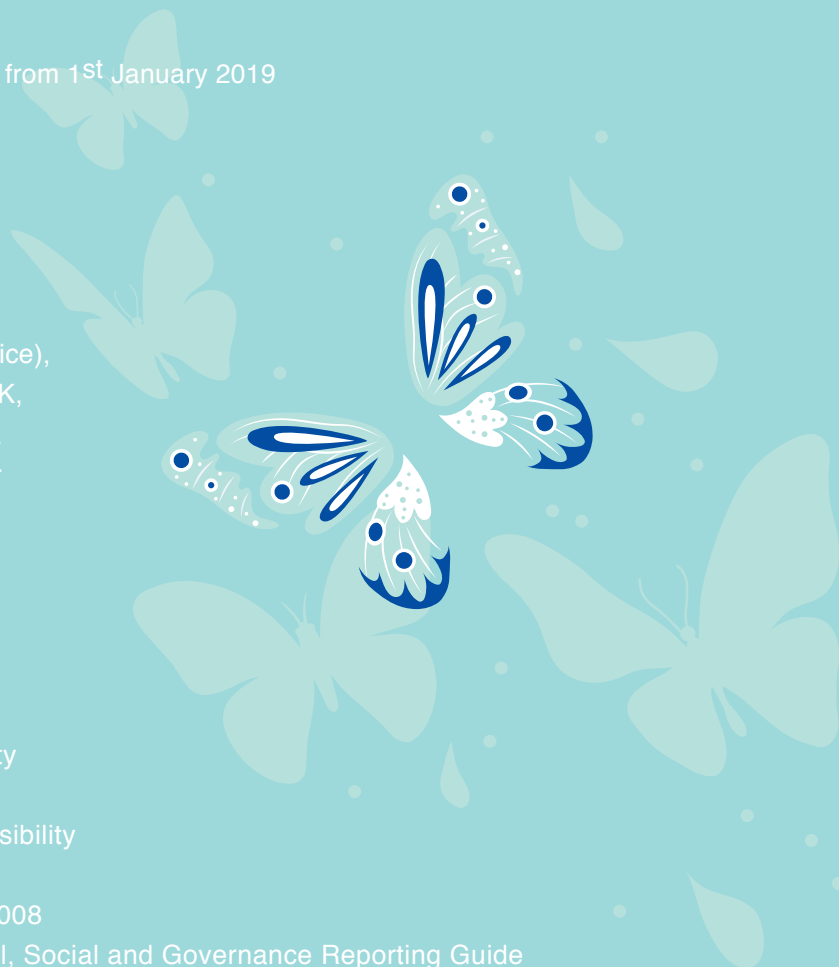
ISO 26000: 2010 Guidance on Social Responsibility

United Nations Global Compact Principles

AA1000 Account Ability 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.



Chairman's Message

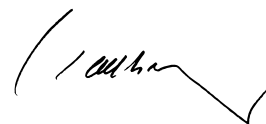
2019 was a year full of crucial changes and challenges for all industrial sectors, especially in the aspect of economic development. Yet one unchanged principle of Leo Paper is that we always work towards a better future through our continuous efforts on environmental protection, social initiatives, and business excellence.

Leo has maintained an agile response to the ever-changing business environment. In 2019, we reached a milestone with the opening of our new production site in Vietnam, which is supported by our Green Financing program. Leo is the first company in Hong Kong to complete the Green Loan for two consecutive years. The set-up of our new production base abroad integrates different environmental elements and showcases Leo's determination to realize eco-friendly initiatives in different countries and markets. Moreover, it marks an important step of Leo's business continuity plan.

Being a socially responsible organization, Leo is committed to disseminating the value of sustainability and corporate citizenship at all business levels and areas. We strive to create a safe, environmental-friendly, and zero risk working environment that supports and promotes personal development for all employees.

In anticipation of market trends, we have aligned our strategic goals with international concerns and initiatives. We have strategically included innovation and research in our entire supply chain. In 2019, we worked hard on the reduction and replacement of plastic in our products and packaging, as well as the development of greener and more innovative products.

As we face tough challenges, we need to work collaboratively with our global partners, from the perspectives of economic development, environmental protection and social initiatives, in order to build a supply chain that is more sustainable and beneficial to all stakeholders.



Samuel Leung

Chairman of Leo Paper Group




Mr. Samuel Leung
Chairman

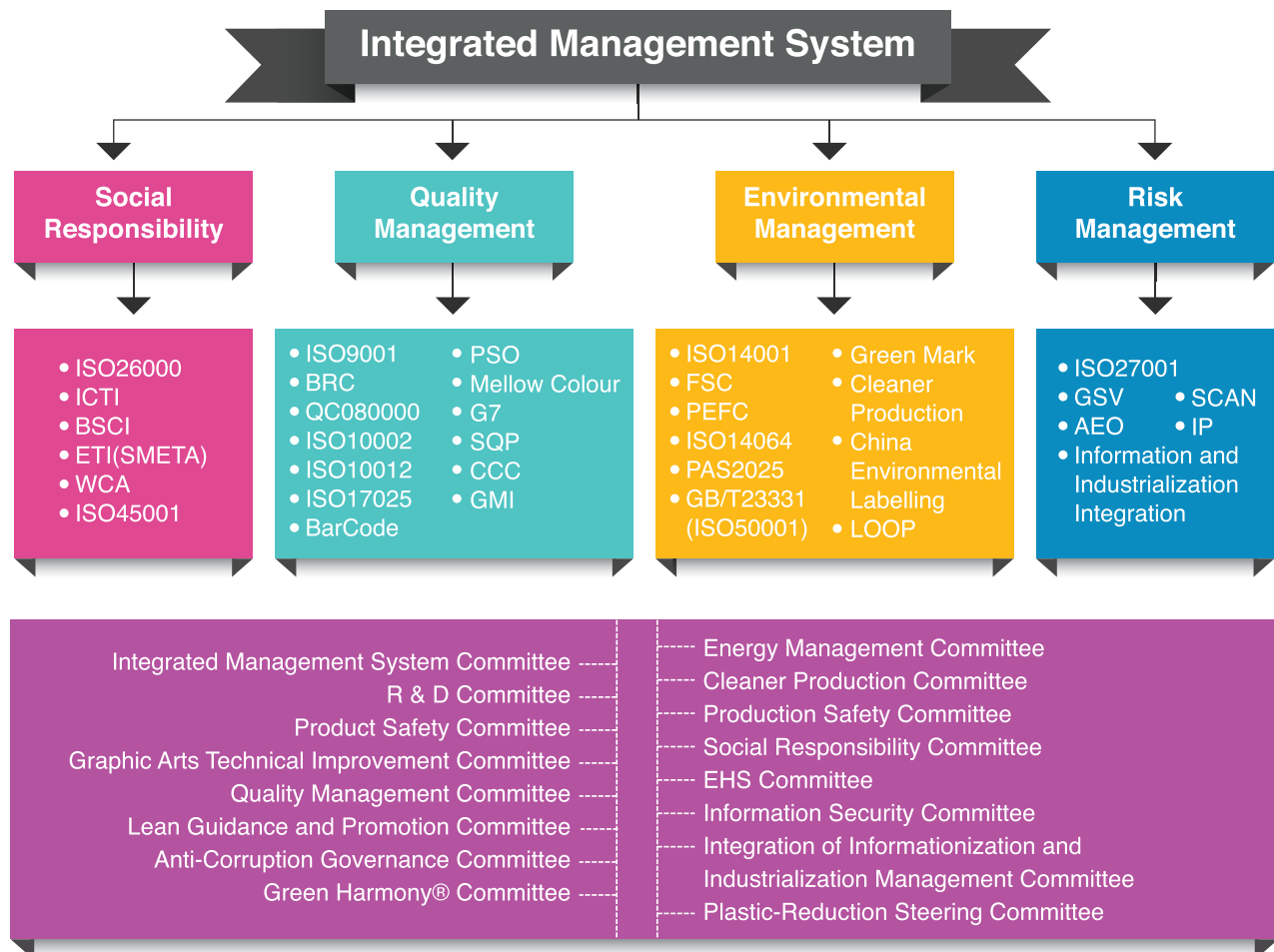
About Leo Paper Group

Leo is an enterprise who strives for excellence. Our sustainability initiatives have been developed and implemented in line with the evolving business environment and stakeholders' expectations across the globe. Our dedication and capability in innovation and comprehensive management have provided strong supports to such efforts.

| | |
|--|--|
| Year of Establishment | <ul style="list-style-type: none">• 1982 |
| Ownership and Legal Form | <ul style="list-style-type: none">• Private |
| Headquarters | <ul style="list-style-type: none">• Hong Kong |
| Main Manufacturing Plant | <ul style="list-style-type: none">• Heshan, Guangdong, China |
| Manufacturing and Warehouse Space | <ul style="list-style-type: none">• 5.7 million square feet |
| Manpower | <ul style="list-style-type: none">• 12,000+ |
| Products / Services | <ul style="list-style-type: none">• Activities: Design, Printing, Production, Reprographic Activities, and Project Management of Paper Based Products• Major Product Categories: Books, Games, Gift items, Packaging, and other paper products. |
| Subsidiaries that Support Sustainability Solutions | <ul style="list-style-type: none">• Heshan Leo Metrology and Testing Services Co. Ltd.: An independently accredited laboratory that provides diversified testing services for our clients and suppliers.• Leo United Paper Products Ltd.: A corrugated carton manufacturer that provides solutions for our green packaging and logistics initiatives.• ShaoGuan Leo Agroforestry Product Development Limited: Reforest Project was launched on stony desert areas in Shaoguan and restores the land by planting and producing tea seed oil to promote local ecological sustainability.• Leo Paper Products (Vietnam) Limited was established in 2019. |
| Global Distribution | <ul style="list-style-type: none">• 10 worldwide locations  |

Sustainability Governance

We carry out our sustainability governance in a systematic approach by integrating our management systems that focus on diverse aspects. Our management systems have been developed and implemented based on international/industrial standards for Quality, Environment, Social Responsibility and Risk Management and are overseen by 16 committees led by Leo's top management representatives.



Environmental Initiatives

- **Green Finance**
- **Plastic Reduction and Use of Green Paper**
- **Energy Efficiency**
- **Waste Reduction and Water Management**
- **Air Emissions**
- **Cleaner Production**
- **Industrial and Community Engagement**
- **Global Green Office Initiatives**
- **Environmental Indicators**



Environmental pollution is one of the most challenging global issue today. Since the company's inception, Leo has always been aware of its environmental responsibility. Our ultimate goal is “zero negative impact”, which we are constantly working towards through our continuous efforts developing green materials, improving technologies and production facilities, and reducing pollution at the source, with our comprehensive environmental management system as a solid framework.

In 2019, with support from customers, suppliers, educational and research institutes, and the financial support of our Green Financing program, Leo has continued to progress towards our environmental goals through a series of projects such as reduction of plastic, energy efficiency enhancement, the adoption of low-VOC materials, optimization of the sludge dewatering system, and many other projects.

Green Finance

Our outstanding environmental performance and financial record enabled us to be the first company in Hong Kong to complete the Green Loan for two consecutive years. In September 2019, we completed a four-year term loan and revolving credit facility of HKD 400 million from the company's financial partners including Bank of China (HK), BNP Paribas, Citibank, Hang Seng Bank, HSBC, Mizuho Bank, MUFG Bank, and the Bank of East Asia. Together with the completion of HKD 350 million of Green Finance Certification Scheme in 2018, we have secured total green loans of HKD750 million to facilitate our green developments.

Among the HKD 350 million green loan Leo received in 2018, more than HKD 100 million have been allocated to green initiatives such



Green Finance

as installing new energy-efficient and low carbon emissions facilities, upgrading the sludge treatment system and gas emissions treatment system. The initiatives are estimated to reduce annual electricity consumption by 8,879,000 kWh that is equivalent to annual CO2 emission of 4680.12 tons, while the 25 sets of newly installed VOCs treatment facilities are estimated to reduce annual VOCs emission by 18 tons. Some of the environmental projects that are supported by this green financing are listed below.

| Projects Supported with Green Financing | | Qty | Annual electricity saving (kWh) | CO2 emission equivalent (tCO2e) | metric tons of standard coal equivalent (tce) |
|---|--|-------|---------------------------------|---------------------------------|---|
| Environmentally friendly machine purchase and installation | Printing Machine | 3 | 554,963 | 292.52 | 68.20 |
| | LED UV Drying System | 10 | 353,360 | 186.26 | 43.43 |
| | Pre-Glue Film Lamination machine | 2 | 329,467 | 173.66 | 40.49 |
| | Silkscreen UV Curing Machine Upgrade | 6 | 660,000 | 347.89 | 81.11 |
| Replacement | LED light bulbs at warehouse | 2,203 | 378,600 | 199.56 | 46.53 |
| | LED Street Light within factory area | 21 | 15,292 | 8.06 | 1.88 |
| Optimization | Air Conditioning System at Production Workshops | 1 | 50,400 | 26.57 | 6.19 |
| Technology Upgrade | Air-conditioning System with multi-stage condensation air drying and temperature and humidity control technology | 1 | 247,011 | 130.20 | 30.36 |
| | Modification of Blowing Patterns of Punch Machines | 35 | 295,495 | 155.76 | 36.32 |
| | Other production machines | / | 5,994,412 | 3,159.65 | 736.71 |
| Total | | | 8,879,000 | 4,680.12 | 1, 091.203 |

Leo continues to explore ways to apply green and smart technologies for our manufacturing process. Each year, we review and improve our green initiatives benefiting both the environment and enhanced productivity. This facilitates the continuous improvement of our comprehensive environmental system in a rigorous approach.

In the coming years, we will continue to invest in new environmental initiatives, including improvement of energy efficiency and utilization of green energy, air emissions, green materials, solid waste control, sewage treatment, green building, and much more.

Plastics Reduction and Use of Green Paper

Plastics Reduction

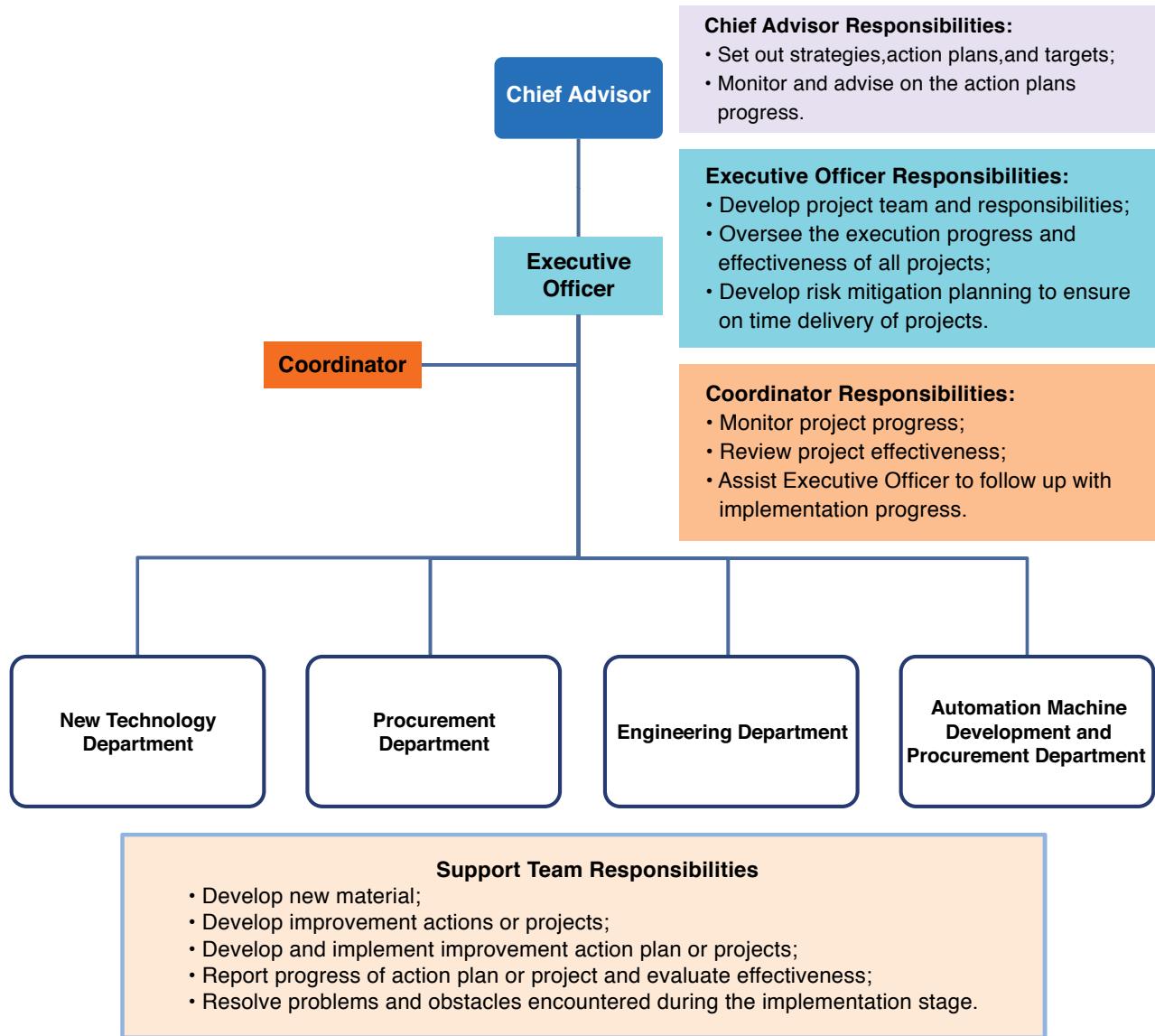
Plastics have changed the way we live because of its practical features, but plastic waste generated from industries and consumers has caused pollution, posing significant threats to both the environment and human health. The theme “Beat Plastic Pollution” was set up for World Environment Day 2018 by the United Nations, aiming to call for a wider global drive to beat plastic pollution together.

Leo, as a socially and environmentally responsible organization, is committed to adopting eco-friendly technologies and innovations for sustainable development. In 2019, a Plastic-Reduction Steering Committee was set up to pro-actively tackle the plastic issue and set out strategies and action plans in different aspects, including replacing plastic materials, redesigning products, and restructuring production processes.

Plastic-Reduction Steering Committee

The Plastic-Reduction Steering Committee was set up in Feb 2019, led by the Engineering Department and the Novel Technology Department (NTD). A project team is responsible for driving reduction of plastic materials in 4 areas: single-use plastic for packaging, plastic for surface finishing, plastic films and bags, and other plastic components on products.

Plastic-Reduction Steering Committee



Research on Replacing Plastic Materials

Over the past year, we conducted a series of research projects on 4 areas of plastic reduction initiatives, with encouraging results achieved on each aspect.

1. Reduction of Single-use Plastic for Packaging

Among 21 types of single use plastics identified for packaging, 7 of them can be totally replaced and another 7 of them can be partly replaced through cooperative development with suppliers.

2. Reduction of Plastic for Surface Finishing

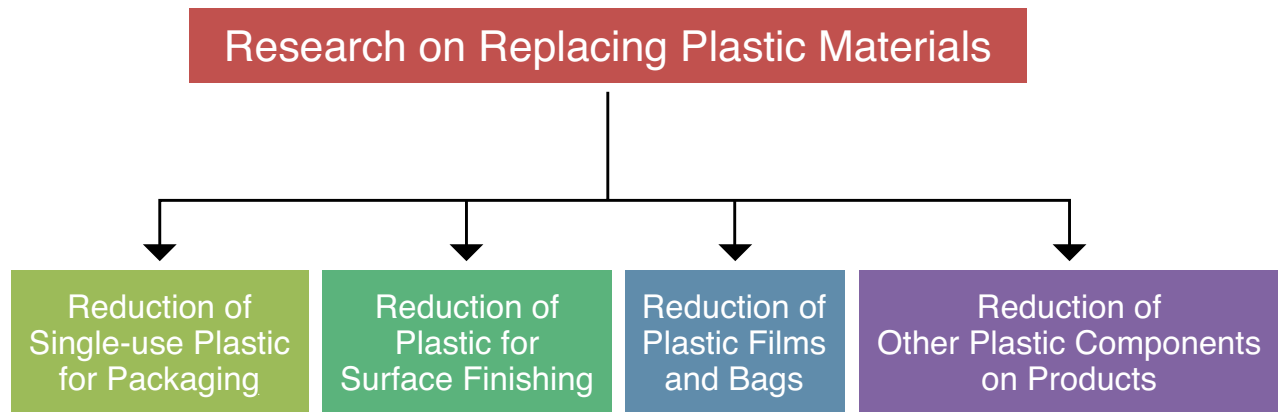
Among the 9 types of plastics identified for surface finishing, 3 of them can be totally replaced and another 3 of them can be partly replaced with compostable materials.

3. Reduction of Plastic Films and Bags

Eco-friendly materials with at least 30% content of recycled plastic are developed to replace traditional materials used for shrink wrap and self-adhesive polybag.

4. Reduction of Other Plastic Components on Products

In 2019, we began to use paper to replace some of the plastic components through innovative redesign of product, resulting in 3.575 tons of plastic reduction.



Leonians' Participation on Reducing Plastic Pollution

In June 2019, on World Environment Day, we promoted plastic reduction to all Leonians in order to enhance their awareness, and encourage each Leonian to reduce plastic pollution in their daily life based on the 5R principles of Replace, Reduce, Reuse, Recover and Recycle.



Reducing Plastic Pollution

2020 Actions Plan

We made great progress in 2019, and will achieve greater progress in 2020 with our work including the following projects:

- Promote Green Procurement to reduce plastic use at the source;
- Develop shrink wrap or self-adhesive poly bag with at least 30% of the content from recycled plastics;
- Develop water-based varnish to replace film lamination;
- Develop water base/pre-glue lamination film;
- Develop data base for green product design;
- Reduce using single use plastic for packaging - EVA foam, bubble wrap;
- Promote successful plastic-reduction approach developed in 2019;
- Re-structure factory floor plan and production layout so as to reduce 50% of the wrapping films used on semi-finished products which are waiting in queues for the next production process.

Our goal is to achieve a 30% overall plastic reduction. Leo will continue to work on solutions which help reduce plastic pollution with the support of our customers and suppliers to achieve our ultimate goal of “zero plastic pollution” in our products and packaging.

Use of Green Paper

We continuously enhance our paper purchasing and tracing system, and also promote the use of green paper, which helps Leo and our customers to protect the environment and meet regulatory requirements. We regularly review the latest international regulatory requirements such as Lacey Act in the U.S, EU Timber Regulation, and Australian Illegal Logging Prohibition Act, and have implemented due diligence systems to ensure paper is traceable to a legal forest. The procurement of eco-friendly paper continues to increase. In 2019, 88.96% of purchased paper was certified green paper or recycled paper.

| Green Paper | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total (%) | 51.45% | 44.09% | 54.22% | 67.10% | 74.89% | 82.04% | 82.39% | 85.78% | 85.64% | 88.96% |

China Environmental Labelling Scheme

In 2019, our Heshan Astros Plant renewed the certification China Environmental Labelling Scheme for 2019-2022. The certification covers 3 categories of products including hardcover books, paperback books, board books, and 11 types of production materials such as ink, glue, paper, lamination film, and more. Renewal of the certification affirms our strict compliance to environmental requirements at different stages of the product lifecycle, including material procurement, production, use of products, and disposal/recycling.

Energy Efficiency

For more than a decade Leo has been making intensive efforts to improve energy efficiency. Our Energy Management Committee was established in 2005 to drive the implementation of our energy-saving initiatives. In 2013 we adopted the Real-Time Energy Monitoring System to identify and control energy factors for each operation sector, which enables us to integrate energy resources more effectively.

In 2019, we continued our energy efficiency enhancement program by developing and adopting more energy-efficient technology, which included the following projects:

- Pre-glue Film Laminating
- Upgraded Dryers for the Low-Pressure-Blow-Drying System
- Upgraded Water Pumps of the Central Air-conditioning System
- LED UV Drying System
- Upgraded Hot Water Supply System at the Dormitory

Pre-glue Film Laminating

Pre-glue laminating film is pre-coated with adhesive. The pre-glue technology consumes less energy and is simpler and more flexible in operation. In 2019, we introduced 2 sets of pre-glue lamination machines to replace water-based lamination machines. The initiative is estimated to reduce annual electricity consumption by 494,104 kWh. At the same time, it reduces VOC emission in the traditional lamination process.



Pre-glue Film Laminating

Upgraded Dryers for the Low-Pressure-Blow-Drying System

In order to fulfil the increasing drying demand, we introduced 9 sets of large-flow dryers to replace 16 sets of small-flow dryers to relieve the loading pressure of the blow-drying system and to reduce energy consumption. The replacement is estimated to reduce annual electricity consumption by 286,252 kWh.



the Low-Pressure-Blow-Drying System

Upgraded Water Pumps of the Central Air-conditioning System

The air-conditioning system is one of our major energy-consumption units, taking up 15% of the overall industrial energy consumption. In order to reduce energy consumption, in 2019, a set of high efficiency cycle cooling water pumps was introduced to replace 3 sets of inefficient water pumps at the warehouse. The replacement is estimated to reduce annual electricity consumption by 142,272 kWh.



the Central Air-conditioning System

LED UV Drying System

Some of our printing machines use traditional UV drying technology which generates a lot of heat during printing. In 2019, 10 sets of high-efficiency LED-UV drying units are adopted to replace the existing UV drying units. The replacement is estimated to reduce annual electricity consumption by 237,600 kWh.



LED UV Drying System

Upgraded Hot Water Supply System at the Dormitory

Following our upgraded hot water supply system at the Greenfield Garden Dormitory I & II in 2017, in 2019 we continued to replace conventional diesel fuel heating boilers at the Greenfield Garden Dormitory III with a new Air Source Heat Pump (ASHP). The upgrade to the ASHP results in 10.66 tce reduction of Direct GHG emission.

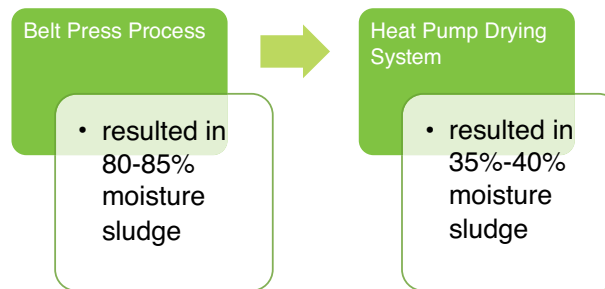


Hot Water Supply System

Waste Reduction and Water Management

Sludge Dewatering System

Sewage after wastewater treatment generates large amount of sludge that contain harmful substances causing environmental pollution. Over the years, Leo has been working on solutions for sludge reduction. In 2018 we successfully developed a closed loop Heat Pump Drying (HPD) System for sludge dewatering. The system operated for a whole year in 2019. The result showed that the sludge moisture was maintained between 35% to 40%. The wastewater treatment now involves two main dewatering processes. The Belt Press process is used to initially dewater the sludge to between 80% to 85% moisture content. The Closed loop Heat Pump Drying (HPD) System further reduces sludge moisture from 80-85% to 35-40%.

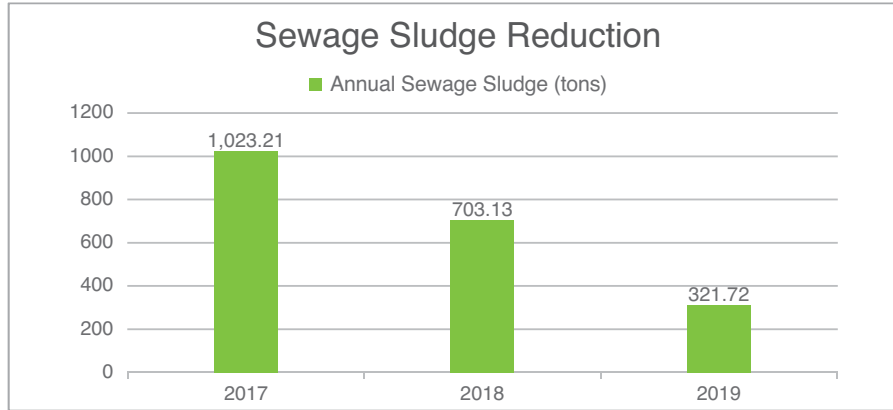


The sludge dewatering processes enables us to achieve the following environmental results:

1. Sludge volume reduction helps save hauling and disposal costs and labor significantly

| | 2017 | 2018 | 2019 |
|--------------------------------------|----------|--------|--------|
| Domestic sewage sludge (tons) | 1,023.21 | 703.13 | 321.72 |

2. Risk of environmental pollution was minimized as it reduces chance of wet sludge leakage during transportation.
3. Carbon emission and energy consumption related to transportation is also reduced.



Sludge Dewatering System

Wastewater Treatment Plant Optimization

Our wastewater treatment plant is controlled by monitoring a set of standard indicators for influent and effluent in the first and the last processes. In 2019, we set an action plan to monitor each treatment process in between. Our wastewater treatment team cooperated with our internal laboratory team and began to sample and analyze the effluent data for each treatment process. Based on these results, standards and operation guidelines for each treatment process will be set in 2020. It is expected the optimization can further improve the removal percentage of biochemical oxygen demand (BOD) as well as keeping the effluent discharge consistently within designated standards.

In 2019, the use of reclaimed water from wastewater took up 26% of total water consumption.

| Water Consumption | 2016 | 2017 | 2018 | 2019 |
|------------------------|-----------|-----------|-----------|-----------|
| Fresh water (tons) | 1,555,264 | 1,578,532 | 1,967,052 | 1,849,213 |
| Total water (tons) | 2,119,133 | 2,135,792 | 2,677,318 | 2,508,398 |
| Reclaimed water (tons) | 563,869 | 557,260 | 710,266 | 659,185 |
| Reclaimed water (%) | 26.61% | 26.09% | 26.53% | 26.28% |

Waste Glue Control

Traditional waste glue in workshops contains high water content due to excessive use of water to remove glue. In June 2019, the LEAN Manufacturing Office cooperated with the Management System Division to organize training to retrain our technicians on the correct glue-removing methods. We also developed glue-removing instructions in production areas, and regularly sampled and monitored the water content of waste glue.

In addition to this, we also purchase new washing machines specially for cleaning rags used in gluing process, and retrained our technicians with more efficient ways to get the last bit of ink out of the tank so as to reduce waste.

Air Emissions

VOCs Emission Control

Since 2018, Leo has been conducting intensive research on green alternative for materials that generate Volatile Organic Compounds (VOCs) to control VOCs emission at the source. In 2019, our research team worked closely with suppliers and customers to develop low-VOC or even zero-VOC alternatives for cleaning solvents, ethyl alcohol, thinner, fountain solution and lamination glue, and so far have received very encouraging results that VOC emission can be reduced up to 30%.

VOCs Online Surveillance System

Air quality at each exhaust outlet is measured and monitored quarterly. The results from 2019 showed that VOCs, Benzene, Toluene and Ethylbenzene were all well below the Emission Standard of Volatile Organic Compounds for Printing Industry of Guangdong Province.

In 2019, the VOC on-line surveillance system was installed in the printing area and silkscreen printing area to achieve continual monitoring on emitting air VOCs and to ensure the air consistently complied with regulatory standards.



VOCs Online Surveillance System

Cleaner Production

Cleaner production is an initiative that is strongly promoted by Hong Kong and Guangdong authorities to achieve integrated prevention and control of pollution in the region. Leo collaborates with local environmental experts to promote the latest environmental technologies that best fit the region. We also share our green experience with other stakeholders through this initiative.

Cleaner Production Audits to Our Production Sites

In 2019, we promoted a Cleaner Production initiative at another production site: Heshan Leo Packaging & Printing. The factory passed the Jiangmen Cleaner Production Certification Audit, while our main production plant Heshan Astros successfully passed its 5th Guangdong Cleaner Production Certification Audit.

Following the implementation of the Cleaner Production approach, Heshan Astros and Heshan Leo Packing & Printing have carried out a number of energy saving and emission reduction projects, including the sludge drying system, VOCs treatment facilities, upgrading curing machines, adoption of LED lights among other actions. These projects have not only effectively reduced air emissions, waste, energy and water consumption, but also better protect the occupational health of our employees. Such efforts have resulted in:



Cleaner Production Audits to Our Production Sites

- annual electricity saving of **1.99 million kWh**;
- annual sludge reduction of **693 tons**;
- average VOC removal efficiency of **74.98%** to result in VOC emission well below the required limit.

2019 Outstanding Contribution Organization of Guangdong Cleaner Production Award

Selected from 400 companies who implement Cleaner Production, Leo Paper was presented with the 2019 Outstanding Contribution Organization of Guangdong Cleaner Production Award to recognize our excellent performance. Among the 35 winners, we are the only winner from the printing industry sector.



Integrated energy management and emissions reduction are essential elements of our plan for Cleaner Production. The 2019 Outstanding Contribution Organization of Guangdong Cleaner Production Award recognizes our continuous efforts on promoting Cleaner Production, improving design for manufacturing, using eco-friendly energy and materials, adopting state-of-the-art technology and facilities, and reducing pollution at the source.



2019 Outstanding Contribution Organization of Guangdong Cleaner Production Award

Industrial and Community Engagement

Government Environmental Surveillance Inspections

In 2019, the local government environmental department conducted 11 unannounced surveillance visits and sampling inspections at our factory premises, including 6 visits for VOC emissions, 3 visits for dangerous waste and 2 visits for wastewater. All of the sampling results were in compliance with regulatory standards.



Government Environmental Surveillance Inspections

Supplier Assessment and Collaboration

Leo understands that suppliers are important partners in our journey to sustainable development. It is our goal to establish a green supply chain. Through our supplier assessment system, we ensure suppliers meet Leo's sustainability requirements, and drive them for continuous improvement, so that our suppliers are developing at the same pace with Leo throughout their sustainable development process. In 2019, our audit team conducted 107 audits on 93 suppliers to ensure they adhere to our requirements for environmental management, product safety, labor and human rights and other social responsibility requirements.

Leo's Shaoguan Reforest Project

Since 2008, the Leo Agricultural and Forest Products Company, a subsidiary of Leo Paper Group, has put great efforts to develop a reforested area of approximately 2,334,500 square meters, which cover more than 50% of the desert areas.

To further support the local agriculture and economy, Leo has introduced organic planting methods of tea trees to produce organic tea tree oil and other species that produce organic products. We promoted this good practice to surrounding farms with nearly 300 acres in area. The initiative has helped to reforest stony desert areas and increase the income of local farmers.

In 2019, the Shaoguan local government began a revitalization project for rural areas and selected Xijing Ancient Path as a green walking trail for tourism. As our reforested area is a part of the path, Leo actively participated in the project and set up our reforesting base as an experience center to introduce local culture, history and nature scenery for tourists. The initiative helps to promote ecotourism and economic development of the local community.



Leo's Shaoguan Reforest Project

Environment Protection Activity

On April 26-28, 2019 we launched a “Clean Up for a Better Homeland” activity. The event took place at the factory dormitory Greenfield Garden and the pedestrian path of 300 meters around the factory. In total 820 citizens and volunteers participated in the activity. It enhanced the community’s awareness of environmental protection and responsibility.



Environment Protection Activity

Kids-Parents Environmental Workshop

On 6 June 2019, we held a Kids-Parents Environmental Workshop at our Heshan Astros Plant’s Caring Service Centre. The workshop included an arts & crafts competition, sharing of an environment story book, environmental films, Q&A, and so on. The workshop helped to promote environmental awareness, responsibilities and culture of Leonians to everyday life.



Kids-Parents Environmental Workshop

Environmental Drawing and Writing Competition

On November 8, 2019, an environmental drawing and writing competition was held at our Heshan Astros Plant. The activity was hosted by the Heshan Education Bureau and the Department of Ecology and Environment of Jiangmen (Heshan Division) and co-organized by Leo. 41 primary schools with more than 200 pupils have participated in the event. Under the theme “Beautiful Heshan. We act”, the participants were encouraged to share their vision and wishes about environmental protection for the local community through drawings and words.



Environmental Drawing and Writing Competition

Global Green Office Initiatives

Leo's green vision and philosophy are shared among all Leonians at different offices and production sites over the globe. In 2019 Leo's UK office continued their efforts in green office operations by saving of electricity, water and supporting the improvement of the local environment.

For quite a few years, our UK office has been carrying out the following green office initiatives:

- Recycling paper, tin, plastic and other recyclable materials;
- Replacing one-time coffee cups with reusable ones;
- Recycling toner cartridges;
- Electronic filing so as to greatly reduce paper usage;
- Replacing the kettle for 1 cup only water boiling for tea and hot drinks to save energy and water;
- Replacing the coffee maker with a bean to cup machine. This saves on water and electricity as it is only on when needed and heats water for 1 cup only;
- Replacing water taps in the bathrooms with flow taps that saves 50% water;
- Using environmentally friendly cleaning products in the office;
- Car sharing and much greater use of public transport for client visits where possible.

Green initiatives are always developed and implemented wherever it is possible. This is the commitment of Leo's green philosophy.



Global Green Office Initiatives

Environmental Indicators

(Heshan Astros Printing Plant)

Water Consumption and Recycling

| Water Consumption | 2016 | 2017 | 2018 | 2019 |
|------------------------|-----------|-----------|-----------|-----------|
| Fresh Waste (tons) | 1,555,264 | 1,578,532 | 1,967,052 | 1,849,213 |
| Total Waste (tons) | 2,119,133 | 2,135,792 | 2,677,318 | 2,508,398 |
| Reclaimed Water (tons) | 563,869 | 557,260 | 710,266 | 659,185 |
| Reclaimed Water (%) | 26.61% | 26.09% | 26.53% | 26.28% |

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

Waste Generation and Reduction

| Indicator | Units | 2016 | 2017 | 2018 | 2019 |
|----------------------------|---|--------|--------|--------|--------|
| Total Waste Generation | Tons | 51,337 | 53,468 | 54,566 | 52,148 |
| | Reduction compared to the base year of 2007 (%) | 6.5% | 2.6% | 0.59% | 5.0% |
| Hazardous Waste Generation | Tons | 838 | 1,227 | 597 | 1,497 |
| | Reduction compared to the base year of 2007 (%) | 63.6% | 46.8% | 74.1% | 35.1% |

Recycled Paper and Paper from Certified Well-Managed Forests

| Green Paper | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total (%) | 51.45% | 44.09% | 54.22% | 67.10% | 74.89% | 82.04% | 82.39% | 85.78% | 85.64% | 88.96% |

Energy Consumption 2019

| Indicator | Energy Consumption* |
|--|---------------------|
| Total fuel consumption within the organization (GJ): | 14,754 |
| Total electricity consumption within the organization (GJ): | 425,086 |

* Energy consumption within Heshan Astros Printing Plant

Greenhouse Gas (GHG) Emissions 2019

| Indicator | GHG Emissions |
|--|---------------|
| Direct Carbon Dioxide Equivalent (CO2e) Emissions (Fuel, LPG, Waste Water Treatment Plant, etc.) (ton): | 4,623 |
| Indirect Carbon Dioxide Equivalent (CO2e) Emissions (Purchased Electricity Consumed) (ton): | 62,309 |
| Indirect Carbon Dioxide Equivalent (CO2e) Emissions (Air Travel) (ton): | 104 |
| Total(ton): | 67,036 |

Social Responsibility

- **Staff Training and Development**
- **Occupational Health and Safety**
- **Integrity and Anti-Corruption**
- **Working and Living in Contentment**
- **Community Engagement**
- **Social and Economic Indicators**



Leo's social responsibility policies focus on People, Ethics, Community, and Harmony. In 2019, we continued our social initiatives by providing a safe, healthy, and energetic workplace with opportunities of career and personal development for employees, sticking to ethical business operations, an honest and fair business environment, supporting education and people in poverty and disabilities, and maintaining a harmonic relationship with the community. Our performance on social responsibility was well recognized.

Staff Training and Development

Staff training, education, and development is an important element of our sustainability initiatives. We update our training and staff development programs continuously to ensure that such programs meet the changing needs of the company and the industry and bring out the talent in our Leonians.

LEAN Skills Training – The LEAN BODHIMANDA

As Leo adopts the Toyota Production System (TPS) approach, LEAN skills training has become an essential part in our talent development program. To best fit our unique corporate culture, we have developed the program LEAN BODHIMANDA by merging the principles of TPS and LEAN. LEAN BODHIMANDA is comprised of 3 elements: sitting meditation (theory learning), experience (practical learning), and realization (practice in the work environment after training). Through this initiative, each trainee can master a new skill. It helps to not only enhance knowledge of the LEAN approach, but also encourages creative thinking and understanding for continuous improvement.

In 2019, we organized a total of 20 LEAN training sessions with over 480 training hours for more than 700 staff members at all levels ranging from corporate directors, managers to frontline workers. We will further enrich and expand the program, aiming to further permeate the LEAN philosophy to all Leonians.



LEAN Skills Training –
The LEAN BODHIMANDA

Training for Frontline Management

Frontline management takes an important role in the production and managerial process. To strengthen our managerial capability, we set up a series of training programs on topics such as, team management, production planning and management, interpersonal relationships, total quality management, and more.



Training for Frontline Management

On-site Training Classroom

Our new on-site training classroom began in 2019 and is a new approach for skills training. It takes trainees out of traditional classroom situated in an office and into a classroom located at a frontline production site, to enhance knowledge application and effectiveness of the training. The on-site training focuses on aspects of machine-safety, maintenance, calibration, production setup and quality control.



On-site Training Classroom

Induction Training for Newly Recruited Employees

Induction training is provided to newly recruited employees. The induction training programs include a briefing of the company's systems and culture, a company tour, and on-site practice. By continuously improving such systematic induction training, our new Leonians can quickly understand operation processes requirements and corporate culture. The programs are enriched by the variety of approaches used which help new employees to not only vividly experience company culture, product development and production processes, but also to assimilate quickly and easily into their new work and living environment.

Career Development and Progression

Leo has developed and implemented a comprehensive system to facilitate career progress paths for all Leonians. The system integrates qualification requirements, performance assessment, and rewards, which not only motivates Leonians to pursue professional development, but also enhances the employability of all employees.

In recent years, we have placed more efforts on the development of technical staff members. Each year we organize improved skill trainings and assessment programs to enhance technical skills. A performance-based assessment platform is in place to examine skill compliance and career ladder for technical staff members. By accurately gauging the performance and capability of each technical member, the team leader can assign the right job duties and arrange relevant training, reviewing the career path with each team member together.

To strengthen our skilled talent development, Leo successfully enrolled in the nationally recognized qualification of the “Enterprise Vocational Skill Level Test Point.” On 6 September 2019, the first group of 20 highly skilled machine-assembly-and-repairing staff members, and electricians took part in the qualification assessment, and 16 (80%) of the participants successfully passed through the examination and were awarded with nationally recognized vocational qualification certificates.



Skills Assessment

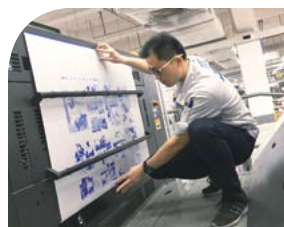
Staff Recognition

To recognize excellence and encourage continuous progress of our Leonians, we set up two recognition events “Leo Stars Recognition Award” and “Frontline Management Excellence Award”, of which staff members have equal opportunity to be voted to win the awards. In 2019, 65 Leonians were awarded the “Leo Stars Recognition Award” and 40 Leonians were awarded the “Frontline Management Excellence Award”.



Frontline Management Excellence Award

In 2019, our technical officer (Printing) Mr. Feng received the “National First of May Labour Award” as the only winner in Jiangmen City. In his eighteen-year career path at Leo, Mr. Feng continuously and steadily built up his skills, delved into printing-related technology, led and grew with his team, and inspired different Leonians with his craftsman’s spirit for career development.



National First of May Labour Award

Occupational Health and Safety

Occupational Health and Safety Management

EHS Committee

Our Occupational Health and Safety (OHS) system complies with ISO 45001 international standards. It is managed by the Environment-Health-Safety (EHS) committee, led by the Chairman of Leo Astros factory,

with department managers and frontline representatives as members. The EHS Committee sets policies and allocates company resources to carry out EHS works, to enable fast and effective response on occupational health and safety issues.

EHS Command Center

The EHS Command Center is comprised of over 30 EHS committee members, 95 EHS representatives, 15 safety officers and 11 firefighters.

EHS Implementation Guidelines

The EHS committee has developed our EHS Implementation Guidelines to fulfill regulatory and customer requirements, internal standards and procedures. The guidelines enable easy understanding and effective implementation of good EHS practices.

Unannounced Internal EHS Audits

The EHS Command Center carries out more than 10 unannounced internal audits annually. Audit teams, comprising of internal auditors and OHS officers, conducted internal audits on production areas, warehouses, canteens and dormitories. The audit adopted a quantitative scheme to measure the company's EHS performance.

Comprehensive Occupational Health and Safety Training

We set up comprehensive OHS on-the-job training plans which covered different safety knowledge including machine safety, work zone safety, and general safety in daily life.

Emergency Drills

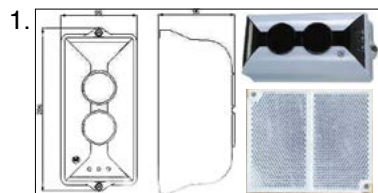
To ensure fast and effective emergency response and recovery, Leo has emergency plans and procedures for 12 categories of risk. We also conduct regular trainings and drills as planned.

OHS Projects 2019

1. Smart Safety Management - Upgrade of Automatic Fire Alarm System

In 2019, we continued to upgrade the automatic fire alarm system for the whole Heshan Astros factory. The system is mainly composed of detectors, sound and lighting alarms, interactive output devices and other components. It can detect the quantity of smoke, heat and fire generated from burning objects at early stage, and then triggers the sound and lighting alarms on the whole floor. The system enables immediate action at the earliest stage to minimize damage caused.

- a. New infrared alarm device (Figure 1)
- b. New fire broadcasting system (Figure 2)
- c. Maintenance of emergency lighting system (Figure 3)
- d. New fire alarm system control unit (Figure 4)



Smart Safety Management - Upgrade of Automatic Fire Alarm System

2. Emergency Drills

• Fire Drills

In 2019, we conducted 4 fire drills for all staff members in day and night shifts together with external visitors at production and living areas at the factory. These drills enhanced employees' emergency preparedness.



Fire Drills

• Other Emergency Exercises and Drills

We also held 11 other emergency handling exercises and drills in other areas, including large-scale events evacuation, chemical spills, traffic accidents, wastewater incidents, food poisoning, infectious disease control, extreme weather, and workplace machinery injuries, to enhance our disaster recovery skills.

3. Health and Safety Training and Promotion

In 2019, we organized 74 safety training sessions for more than 4,000 staff members, including new employees, safety officers and those working in specific positions. The training covers a variety of safety topics.

| Training Topic | Targeted staff members | No. of training sessions | No. of participants |
|--|---|--------------------------|---------------------|
| Basic Safety Knowledge | New employees | 7 | 715 |
| Emergency Handling | Firefighters, safety officers, and first aiders | 41 | 2071 |
| Safety Training for Visitors | External partners, employees interacting with external partners | 1 | 104 |
| Machine and Operations Safety | Technicians, operators, managers and supervisors | 11 | 771 |
| Occupational Dust and Workplace Safety | All workers, managers and supervisors working in dust related processes | 2 | 116 |
| Hazardous Chemicals Handling | All users, managers and supervisors handling hazardous chemicals. | 2 | 116 |
| Safety at Work | Staff members of production department | 9 | 583 |
| Workplace Injuries Prevention | EHS managers and supervisors, EHS representatives | 1 | 78 |
| Total | | 74 | 4554 |



Health and Safety Training and Promotion

In addition to training, Leo organized various activities to promote safety awareness. On 8-9 November, we held “119 Fire Safety Day”, an event for enhancing safety awareness and knowledge. The program contained various activities such as a movie screening, firefighting equipment demonstrations, evacuation exercises, and more. Participants included staff members, students from the Astros Technical and Vocational School, and little Leonians from the Greenfield Garden Nursery School.



119 Fire Safety Day

4. 520 Caring Day – Comprehensive Health Check

We set May 20 as “520 Leo Caring Day” to pass care and love to friends and families and to ensure well-being of Leonians. As part of the Caring Day initiative, a comprehensive health check was organized, to promote a healthy lifestyle.

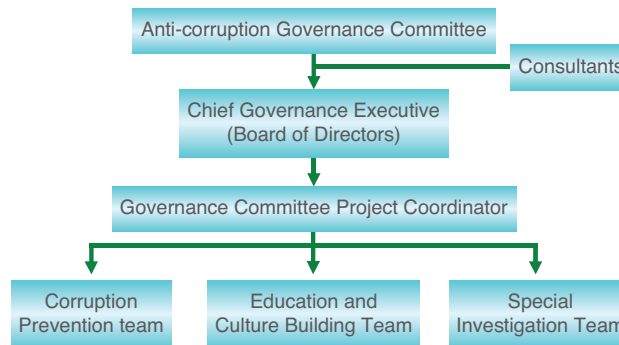
Incident Cases

Leo strives to pursue our ultimate goal of zero health and safety incidents. In 2019, 11 cases of work-related incidents were reported. The Injury rate per 1000 workers maintained below 1%, and the number of fatal cases has remained zero.

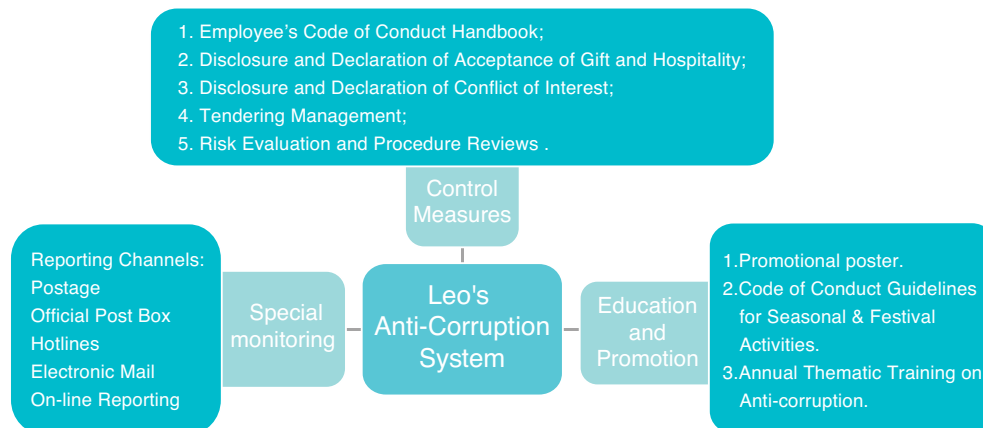
| Year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------|------|------|------|------|------|------|------|------|------|------|
| Number of work-related incidents | 27 | 20 | 21 | 19 | 15 | 15 | 15 | 16 | 10 | 12 | 11 |
| Injury rate per 1000 workers | 1.54 | 1.15 | 1.19 | 1.06 | 0.89 | 0.99 | 0.98 | 1.19 | 0.84 | 0.94 | 0.88 |

Integrity and Anti-Corruption

Leo's Anti-Corruption Governance Committee, active since 2009, continues to support a fair and competitive business environment by ensuring integrity in business dealings and promoting healthy business operations. The Board of Directors chair the committee and consult with professional organizations to guide their decision making.



In 2019, our Anti-corruption System was further refined and enhanced in 3 areas: control measures, promotion and education, and special monitoring.



The leadership of the Anti-Corruption Governance Committee strictly monitors our business activities to ensure compliance with international laws and regulations and high ethical standards of conduct. Internal monitoring control measures have been strengthened, especially on tendering projects and in the employee code of conduct. The principles of business integrity are well disseminated to employees, suppliers, contractors and other business partners.

Tendering and Supplier Management

Tendering and Supplier Management is an important area of our governance. In order to mitigate ethical risk, we established a Tendering Center in 2009 to integrate management for tendering projects on material sourcing, maintenance services and other services. All tendering projects are required to pass through relative assessments and audits conducted by the internal audit department and finance department to ensure each tendering process is transparent, open and fair. Suppliers are required to sign an Integrity Agreement with Leo. In 2019, 51 tendering projects on sourcing and services were completed. No bribery cases were reported.

Employee's Code of Conduct

To provide clear guidelines for our employees, in 2019 we published the 'Employee Code of Conduct Handbook'. The Handbook establishes the following control measures:

- gift/ hospitality declaration;
- conflict of interest declaration;
- personal relationship conflict of interest declaration;
- honesty and self-discipline agreement for top management;
- self-discipline agreement for the staff working in important positions.

Pioneering Organization of Enterprise Anti-corruption Affairs assessment for 2015-2018

In 2019, we participated in an assessment by the Pioneering Organization of Enterprise Anti-corruption Affairs 2015-2018, organized by The China Enterprise Anti-Corruption Alliance. More than 500 organizations

participated in the assessment, which was conducted by a judging panel comprised of 26 professional organizations. Our factory, Heshan Astros, was presented with an award for our excellent performance in anti-corruption mitigation and implementation of ethical mechanisms over the past 10 years. We passed through a series of strict assessments with outstanding performances including:

1. Maintaining a well-structured anti-corruption system that is comprised of an Anti-corruption Prevention Team, Anti-corruption Promotion Team, Special Monitoring Team, and consultants from external professional organizations;
2. Operational risks are well assessed and controlled. Our anti-corruption control measures are well developed, implemented, and continuously refined based on actual operational processes;
3. The Tendering System is established to support a fair competition in business environment;
4. No economic crime was reported.



Pioneering Organization of
Enterprise Anti-corruption
Affairs 2015-2018

Working and Living in Contentment

Leo is committed to being a vibrant enterprise and a motivating work environment for all employees. Each year, we organize various leisure activities for employees and their families, which draw Leonians closer with each other and show that Leo as care for all employees as if they are family.

Caring and Gratitude to Employees

Thanksgiving Feast

To show gratitude to all Leonians for the hard work in the past year, a thematic feast called “Let’s embrace the future together” was organized during Chinese New Year 2019 for more than 12,000 Leonians.



Thanksgiving Feast

OEM Gratitude Dinner Night

In October 2019, our OEM team held a departmental Gratitude Dinner Night to recognize the hard work of staff members. The dinner was held at the Leo Cultural Center in a barbeque style, with staff members from different positions, including top management, supervisors and frontline Leonians casually interacting together.



OEM Gratitude Dinner Night

Dormitory Visit

As Leo considers every staff member a family member, we continuously put effort into creating a happy and harmonic working and living environment. In 2019, on the “520 Caring Day”, the Human Resource Department and the Corporate Cultural Division organized a dormitory visit to 80 units to celebrate this unofficial yet popular festival.



Dormitory Visit

Recognition of Astros Psychological Service System

As a pioneer and the only demonstration enterprise in Jiangmen City, a team of specialists from 12 professional organizations visited Astros to conduct research on our Psychological Service System on November 7, 2019. Our performance was highly praised and recognized by the professionals.

We have been implementing the Employee Assistance Program (EAP) since 2009. There are currently 38 EAP counselors, one well-designed service center, and two activity venues at our Heshan Astros plant.



Recognition of Astros Psychological Service System

We will continue to enhance our Psychological Service System by deepening external cooperation and collaboration, further improving the overall service quality of our psychological service team, to further encourage a happy and harmonious enterprise.

Colorful and Diversified Leisure Activities

Festival Celebrations

Each year during the “520 Caring Day” and the “Mid-Autumn Festival”, we organize carnival activities under relevant festival themes, such as a lantern riddle game, puzzle solving, dance performances, and more. The initiative provides enjoyable moments to gather for Leonians and their family members, while also cultivating a family-like culture for all Leonians.



Festival Celebrations

New Year Eve Carnival

The “New Year’s Eve Carnival” is an important event at Leo every year. It celebrates the moment to get prepared to take up new challenges for the new year. During the new year carnival 2019, we set up different theme zones such as Cultures Zone, Food & Beverages Zone, Arts and Cultures Zone, and specially, the Ethnics Zone, which showcased cultural diversity of different ethnic groups. It provides a very good opportunity for all Leonians to celebrate such important festival, and get united together.



New Year Eve Carnival

Sport Events

To promote physical wellness, every year we organize various sport events, which also provide an opportunity to enhance team spirit. In 2019, we had organized sport events of “Hiking Competition” and “Fun Sport Day” at our Heshan plant.



Hiking Competition



Fun Sport Days

In 2019, Leo’s ASTROS football team participated in the “Standard Chartered Trophy 2019” Five-A-Side Football Tournament in Hong Kong. Leo was crowned the Champion at the tournament among a total of 32 teams.



Leo ASTROS Football Team - the Hong Kong Champion of the Standard Chartered Trophy 2019

Community Engagement

Support on Education

Joint Education Institute

In 2018 Leo launched a joint tertiary education with Jinan University and Hanyuan Education Group. In March 2019 we began to recruit the first batch of students. We have already finished construction of the canteen, dormitory, smart campus networking and student recruitment center for the joint education institute. The Education Institute of Jinan University (Jiangmen Campus) is integrated with educational resources of the Astros Vocational and Technical School, and aims to offer undergraduate level courses of a technical university. Our partnership with Jinan University helps us to expand our talent pool, and to provide comprehensive technical training for the community.

In line with Leo's smart manufacturing strategy, an Academic Upgrade Scholarship program was launched in August 2019 to support technical staff members who would enroll in any part-time courses held by the Education Institute of Jinan University. It encourages Leonians to pursuit holistic tertiary education.



Joint Education Institute

Educational Funds

Every year, Leo provides scholarships and educational funds to support educational development in the local community. Each year on Teachers' Day, the Chairman of Heshan Astros leads a team to visit our sponsored primary and secondary schools to express appreciation to teachers and give support to students.

Since 2004, Leo has established an education fund for helping students in poverty, which is funded by voluntary donations from our staff members. Over the years, it has been used to financially support more than 300 students in poverty. In 2019, we visited and offered funds and donation to 3 low-income families in Suixi County, Guangdong to support the parents to provide education to children. We also offered scholarships to 20 students in poverty from Suixi DaiCheng Secondary School and donated 3,500 books to the school.



Educational Funds

Caring for the Disabled

Caring Factory

Leo established a “Caring Factory” in 2011 to offer job opportunities and training for disabled people. We offer safe and simple hand work for employees with disabilities, with barrier-free access and facilities at workplace, dormitory, toilets, bathrooms to ensure employee’s safety and health. Job positions have been offered to more than 300 disabled employees, among which 149 are currently employed.

Employees with disabilities can also pursuit continuous learning and develop personal interests. They have actively participated in the activities and events organized for all employees each year.



Barrier-free workplace for disabled employees



Employees from “Caring Factory” performed

Chinese Dim-Sum Cooking Training Program for Disabled People

In May 2019, the Jiangmen government, NGO and Leo jointly launched a Chinese Dim-Sum Cooking Training Program for disabled people in the region. This is a free 20 days vocational training program held by Leo's subsidiary, Jiangmen Astros Technical Vocational School. It is the first activity of this kind in Heshan. The training covers cooking theories and practices. A total of 29 persons were successfully enrolled in the program. The Jiangmen Astros Technical Vocational School has also been updated to a barrier-free one-stop training center, with foods and accommodations offered to the trainees.

Upon completion of the training, all of the 29 trainees successfully mastered the basic skills of making more than 10 types of dim sum, and passed the Chinese Dim Sum Skills Assessment organized by the Heshan Human Resources and Social Security Bureau. The career center of Astros Technical Vocational School held a career open day specifically for the trainees, with 12 companies participated in the event.

This training program has successfully enhanced employability of the participants, and provided opportunity for them to develop their talents.



Chinese Dim-Sum Cooking Training Program for Disabled People

External Recognition

In October 2019, Heshan Astros was recognized as “Family of The Disabled” by the Guangdong Human Resources and Social Security Bureau and the Guangdong Disabled Persons’ Federation, for our continuous caring and supports to disabled people in the community.



External Recognition

Food Rescue and Food Assistance Program

In 2019, volunteering activities were organized for Leonians to recover vegetables and fruits and prepare food for people in need to help the community, reduce food waste, and provide assistance to underprivileged communities in Hong Kong.

Food Grace Activities

In April 2019, we participated in activities held by Food Grace, the first food recycling organization in Hong Kong, to transfer surplus food from the community and the industry, so as to reduce waste, practice low-carbon life, and build a community of mutual assistance. Our volunteers helped to recycle 263 kg of vegetables during the event.



Food Grace Activities

Food Angel Program

In April 2019, we participated the food preparation activities of Food Angel, a food rescue and food assistance program in Hong Kong, to help prepare more than 1,000 meals for community groups in need. The nutritious hot meals were prepared with surplus food from different sectors of the food industry.



Food Angel Program

Caring the Elderly in the Community

To promote the culture of caring and respect to the elderly in the community, we participated in different volunteering activities in 2019, through which we also provided assistance to people in need.

Hospital Admission Supportive Scheme

Supported by a number of NGOs and the Hospital Authority in Hong Kong, the Hospital Admission Supportive Scheme aims to provide hospital admission supports to the elderly who live alone. In May 2019, we provided volunteering services for the mock hospital admission program to the single elderly, to help them become more familiar with the procedures of unplanned hospital admission.



Hospital Admission Supportive Scheme

“Well-fed, Well-clothed” elderly visit

In October 2019, we continued our supports to the “Well-fed, Well-clothed” elderly visit and rice distribution event organized by the Elder Charity Foundation in Hong Kong. Our volunteers carried and sent fragrant rice to homes of the elderly to alleviate the danger and burden of lifting weights, and played games with the elderly to improve their visual perception skills and hand-eye coordination.



“Well-fed, Well-clothed” elderly visit

Leo Volunteer Team

Our community engagement initiatives are largely realized through the Leo Volunteer Team, which has been volunteering their support in diversified community activities. In 2019, the team has 185 volunteers and participated in more than 10 external volunteering services up to 500 hours.

Community caring is embedded in the corporate culture at Leo. Every year, our management team carries out activities such as family and school visits, fund raisers and in-kind donations, and employment supports to disadvantage groups to build a better community.



Leo Volunteer Team

Social and Economic Indicators

(Heshan Astros Printing Plant)

Employment

| Indicator | Average Number of Employee | | | | | | | | | |
|---------------|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Male | 7,733 | 8,015 | 8,692 | 8,287 | 7,903 | 8,274 | 7,285 | 7,296 | 7,204 | 7,046 |
| Female | 9,663 | 9,682 | 9,292 | 8,608 | 7,230 | 7,023 | 6,183 | 5,503 | 5,528 | 5,384 |
| Total | 17,396 | 17,697 | 17,985 | 16,895 | 15,133 | 15,297 | 13,468 | 12,799 | 12,732 | 12430 |

| | Age Group 2019 | | |
|-------------------|----------------|-------|--------------|
| | Below 30 | 30-50 | 50 and above |
| Number | 5,417 | 6,549 | 464 |
| Percentage | 43% | 53% | 4% |

Occupational Health and Safety

| Indicator | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|------|------|------|------|------|------|------|------|------|------|
| Annual Injury Case | 20 | 21 | 19 | 15 | 15 | 15 | 16 | 10 | 12 | 11 |
| Injury Case per 1000 Employees | 1.15 | 1.19 | 1.06 | 0.89 | 0.99 | 0.98 | 1.19 | 0.84 | 0.94 | 0.88 |

Market Presence

| Indicator | Proportion of Senior Management Hired from the Local Community | | | | | | | |
|--------------|--|------|------|------|------|------|------|------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Local | 45% | 45% | 45% | 46% | 47% | 48% | 49% | 49% |

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 | 2018 | 2019 |
| Male | 44% | 44% | 69% | 69% | 68% | 67% | 66% | 66% |
| Female | 56% | 56% | 31% | 31% | 32% | 33% | 34% | 34% |

Training and Education

| Employee Category | Average Training Hours per Employee# | | | | | | | | | |
|--|--------------------------------------|------|------|------|------|------|------|------|------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Frontline Staff/ Workers | * | 24 | 17 | 11 | 10 | 13 | 9 | 11 | 12 | 13 |
| Management (Grade 1-4) | 21 | 17 | 16 | 21 | 23 | 18 | 18 | 24 | 24 | 24 |
| Management (Grade 5-6) | 11 | 18 | 16 | 22 | 22 | 21 | 23 | 29 | 28 | 41 |
| Management (Grade 7-8) | 30 | 27 | 30 | 29 | 28 | 31 | 24 | 35 | 48 | 67 |
| Senior Management/ Top Management | 39 | 18 | 11 | 37 | 33 | 32 | 24 | 37 | 38 | 44 |

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

Dedicated to Business Excellence

- **Smart Manufacturing**
- **Recognition on Innovation and Products Performance**
- **Global Expansion with Green Financing**



Leo continuously strives for excellence in all areas. We continuously enhance our product quality and operational efficiency through managerial and technological innovation. In 2019, the opening of our new production site in Vietnam, which was supported by our Green Financing program, was another milestone towards sustainable development.

Smart Manufacturing

It is our vision to transform Leo's Heshan Astros Plant into a smart factory, which integrates elements of LEAN manufacturing, agility manufacturing, informatization, and digitalization into our operations. These critical elements will be deployed in logistics operation, then in production processes, and finally in all other operations. By implementing these elements in our supply chain, we are able to enhance our capability to provide 'smart' products and services for customers.

To make this happen, we continuously put great efforts into re-examining and improving existing processes and procedures, upgrading ERP systems, procuring, and self-developing automatic equipment and facilities.

Process Improvement - Jishuken Self-learning Program

In April 2019, we kicked off an ongoing Self-learning Program, Jishuken ('self-study'). Our primary purpose in the Jishuken program is to uplift the frontline capability of continuous improvement by getting staff members directly involved. They achieve this by learning about their responsible processes and focusing on Gemba (the place where actual work is done and values are created) and Kaizen (improvement activities over time).

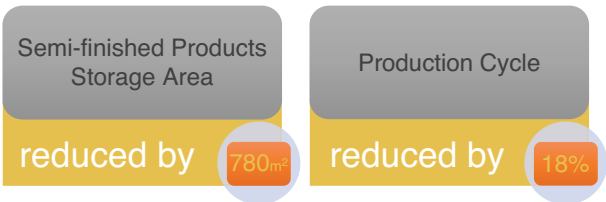
During the pilot run of the Jishuken program, we obtained remarkable improvement results on quality and productivity. This included workflow streamlining, reduction of transit time, temporary storage area, reduction of machine idle time, and so on.

The Jishuken Self-learning Program aims at developing Leonians with know-how, mindset and skills of applying LEAN Gemba Kaizen tools, which helps to create greater value for long-term development. Following the successful pilot run at the printing workshop, the Jishuken program will be deployed to all processes.

Automatic Machine Development and Procurement

Automatic machinery is a crucial element of our smart factory vision. Each year we make a significant investment in its development and adoption of automatic machines. In 2019, 700 sets of new high-efficiency automatic machines were installed, and another 1000 new automatic devices were used to facilitate further reduction of labor-intensive operations. Automation of operation processes also helped to reduce workshop space, improve efficiency and production quality.

In 2019, we made an encouraging achievement in reduction of semi-finished product storage area and production cycle time.



Digitalization – Leo Crystal Journey (ERP Project)

On March 8, 2019, our ERP 2.0 Project was formally launched. It is a new milestone in our commitment to moving toward smart factory transformation.

The project will revamp our existing ERP to keep pace with our expanding business. The ERP 2.0 project will provide a cloud-enabled, end-to-end industrial manufacturing solution which utilize predictive analytics, collaboration, artificial intelligence and other software to streamline operations for effectiveness and productivity.

Crystal Journey Engagement and Training

01

To ensure successful implementation of the project, knowledge sharing and interactive Q&A sessions were provided to related staff members who participate in ERP2.0.



A series of training that covered diversified topics were provided to project team members, such as supply chain management, pain points management, and so on.



02

Design of Business Process

The ERP project team conducted feasibilities studies and analysis on processes of each department and to blueprint operation processes that best meet our business needs.



03

Conference Room Pilot

The aim of CRP (Conference Room Pilot) is to provide key users with a demonstration of related business processes. During the demonstration, the pain points of each process were raised out and resolved through analysis and discussions. Since December 2019, a demonstration of 108 processes has been completed.



04

Research, Development and Invention

Innovation is one of our core values. We have been continuously developing new materials and technologies that add value to Leo's products. We improve performance, manufacturing productivity, and environmental friendliness, which in turn create values to our customers.

In 2019, 20 projects were successfully patented, among which 5 projects were granted invention patents, 15 projects were granted utility patents. Among these, 11 of the patented projects were granted for product performance, and the rest 9 projects were granted for our automation.

Recognition on Innovation and Products Performance

Guangdong Smart Manufacturing Demonstration Project 2019

As 1 of the 57 nominated projects in the Guangdong Smart Manufacturing Demonstration Project 2019, our smart factory project has been recognized by the Department of Industry and Information Technology of Guangdong Province. Heshan Astros is the only recognized enterprise from the printing industry and is also the only company from the Jiangmen City.

Our demonstration items include the application of automatic logistics, internet of things, cloud computing, and big data, which help to achieve intelligent printing.

“Advanced Enterprise” Certificate by Guangdong Printing Association

At the celebration of the 40th Anniversary Ceremony of Guangdong Printing Association Establishment on 20 November 2019, the tenth conference of member representatives was held in Dongguan, Guangdong. In the conference, Heshan Astros was named the “Advanced Enterprise”. Another accolade came as an academic paper by Leonians “Astros Sustainable Journey –Upgrade on Smart Technology” was awarded “First Class Prize”.



“Advanced Enterprise” Certificate
by Guangdong Printing Association

Gold Ink Awards

We have achieved 30 awards in the prestigious print competition of 2019 Gold Ink Awards, among which two were given gold designations. It demonstrates our excellent performance on the quality and technical profession of printing and production.



Gold Ink Awards

China Print Awards

Leo won 6 awards at the 7th China Print Awards, among which one was given the gold designation. The Awards are presented by the China Print Awards Committee every two years, to recognize outstanding products from the 1,000+ submissions.



China Print Awards

The People's Choice Award from the Premier Print Awards

On October 2, 2019, we won the People's Choice Award at the Printing Industries of America (PIA) 2019 Premier Print Awards Gala held in Chicago, USA. The award winner was voted by attendees of printing industry professionals around the globe.

Among the total twenty-six awards achieved, we were honored that we won eight Best of Category (or "Benny") honors.



The People's Choice Award from the Premier Print Awards

Global Expansion with Green Financing

To align with our long-term sustainable business growth and development needs, in 2019, we opened a new factory - Leo Paper Products (Vietnam) Limited (LPPVN) – in Hai Duong Province of Vietnam. The LPPVN utilizes modern manufacturing facilities with state-of-the-art technology. The factory mainly manufactures paper bags, gift cards and customized paper products. In 2019, it has more than 800 employees to manufacture products that require complex and high-end workmanship.



Global Expansion with Green Financing

Green Factory Establishment

As the first company in Hong Kong for Green Financing scheme, we are determined to realize eco-friendly initiatives at all our production plants. LPPVN has been integrated with different environmental elements and sustainability initiatives.

Environmental Infrastructure

LED lighting and green PVC board building materials are adopted across all area of the factory. Waste recycling facilities were set up by designated high quality third party contractor. The coming constructions of LPPVN will be built according to green building rating system requirements - LEED (Leadership in Energy and Environmental Design).

Eco-friendly Machines and Facilities

Machines and facilities with high production efficiency, low energy-consumption and minimized environmental impacts are used at LPPVN. Currently, LED printing machines, digital printers, CTP system, and LED UV silkscreen printing machine have been put in services. The machines are equipped with centralized compressed air supply to prevent excessive air waste.

International Management Systems Development and Implementation

International Management System has been a crucial element for Leo to achieve organizational goals. We promote our management system practices to LPPVN to enhance its capability and realize sustainable development. LPPVN has successfully obtained 5 internationally recognized certifications/qualifications of SMETA, SQP, FCCA, FSC-COC and SCAN pertaining to social responsibilities, quality, environmental protection and supply chain security, as well as 5 other customized certifications/qualifications.

External Recognitions 2019

Selected Environmental Awards/Recognitions 2019



2019 Q-Mark Elite Brand Award-Environmentally-friendly Brand Category

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



The 2019 Outstanding Contribution Organization of Guangdong Cleaner Production Award

- Awarded by Guangdong Cleaner Production Association



National Green Factory

- Awarded by the Ministry of Industry and Information Technology of the People's Republic of China

Selected Social Awards/Recognitions 2019



15+ years Caring Company Award

- Presented by the Hong Kong Council of Social Service



Pioneering Enterprise of Employee Affairs

- Presented by All-China Federation of Trade Unions



Employees in Contentment Enterprise

- Presented by the Jiangmen Labor Development Association



Family of The Disabled

- Presented by the Guangdong Human Resources and Social Security Bureau and the Guangdong Disabled Persons' Federation



Pilot Enterprise for Vocational Skills Qualification

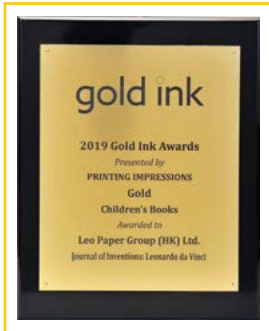
- Presented by the Guangdong Human Resources and Social Security Bureau



Pioneering Organization of Enterprise Anti-corruption Affairs 2015-2018

- Awarded by the China Enterprise Anti-Corruption Alliance

Other Selected Awards/Recognitions 2019



Gold Ink Awards 2019

- Presented by Printing Impressions



The 7th China Print Awards

- Presented by the China Print Awards Committee



Premier Print Awards 2019

- Presented by Printing Industries of America

Other Selected Awards/Recognitions 2019



Market Leadership Award 2018/ 2019

- Awarded by the Hong Kong Institute of Marketing (HKIM)



Advanced Enterprise

- Awarded by Guangdong Printing Association



Top 100 Printers in China 2019

- Presented by Keyin Media and Printing Manager

Stakeholders Engagement and Material Aspects

Stakeholders of Leo Paper mainly include customers, staff members, suppliers, government/authorities, non-governmental organizations, and the local community and society. Stakeholder engagement enable us to identify the issues that matter most to our stakeholders.

| Stakeholders | Approach to Stakeholder Engagement | Key Topics and Concerns Raised | Response to Stakeholder Concerns (Cross-reference/ Comments) |
|---------------|---|--|--|
| Customers | <ul style="list-style-type: none"> - Handbooks and other documents from customers - Regular newsletters/e-news - Annual customer survey - Client visits, meetings, and other communication - Regular website communication - Participation in seminars/ events organized by our customers | <ul style="list-style-type: none"> - Ethics/ code-of-conduct performance - Environmental performance (materials, operation processes, etc.) - Risk management | <ul style="list-style-type: none"> - Regular environmental and social assessment - Sustainability Governance - Environmental Initiatives - Social Responsibility |
| Staff Members | <ul style="list-style-type: none"> - Staff meeting - Regular corporate news - Email and telephone communication - Suggestion boxes - Employees survey - Policy conference by the Chairman | <ul style="list-style-type: none"> - Personal growth and development - Decent working and living environment | <ul style="list-style-type: none"> - Staff Training and Development - Working and Living in Contentment |

| Stakeholders | Approach to Stakeholder Engagement | Key Topics and Concerns Raised | Response to Stakeholder Concerns (Cross-reference/ Comments) |
|---------------------------------------|---|---|---|
| Suppliers | <ul style="list-style-type: none"> - Supplier meetings - Regular on-site supplier audits - Supplier questionnaire - Supplier visits - Coaching for process improvements - Provision of supplier guidelines | <ul style="list-style-type: none"> - Effective communication and collaboration | <ul style="list-style-type: none"> - Supplier Assessment and Collaboration |
| Government/ Authorities | <ul style="list-style-type: none"> - Enquiries to authorities - Participation in events organized by local authorities - Direct communication with local authorities - Participation in seminars presented by local, regional, and global organizations | <ul style="list-style-type: none"> - Engagement in community/society development - Promoting development of the industry - Participation and Contribution in sustainable development | <ul style="list-style-type: none"> - Industrial and Community Engagement - Community Engagement |
| Non-Governmental Organizations (NGOs) | <ul style="list-style-type: none"> - Participation in seminars organized by NGOs - Invitation to or from NGOs to give trainings/presentations - Meetings with NGOs | <ul style="list-style-type: none"> - Promoting green practices of the industry - Provision of supports to underprivileged groups | <ul style="list-style-type: none"> - Plastic Reduction and Use of Green Paper - Industrial and Community Engagement - Community Engagement |

| Stakeholders | Approach to Stakeholder Engagement | Key Topics and Concerns Raised | Response to Stakeholder Concerns (Cross-reference/ Comments) |
|-----------------------|---|---|--|
| Community and Society | <ul style="list-style-type: none"> - Participation in development of national/international standards - 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 - Organizing activities that aim at community inclusiveness - Website in the local language for communication | <ul style="list-style-type: none"> - Engagement and participation in community/society development | <ul style="list-style-type: none"> - Community Engagement |

This report has been prepared in accordance with the GRI reporting 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. Initiatives were developed and implemented to manage impacts of the prioritized material aspects. The boundary for each material topic is also identified. The table below demonstrates material aspects and corresponding response.

| 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"> • Plastic Reduction and Use of Green Paper • Environmental Indicators | √ | √ |
| Energy | <ul style="list-style-type: none"> • Energy Efficiency | √ | √ |
| Waste and Water | <ul style="list-style-type: none"> • Waste Reduction and Water Management • Environmental Indicators | √ | √ |
| Air Emissions | <ul style="list-style-type: none"> • Air Emissions • 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 Development • Social and Economic Indicators | √ | |
| Anti-Corruption | <ul style="list-style-type: none"> • Integrity and Anti-Corruption | √ | √ |
| Local Communities | <ul style="list-style-type: none"> • Community Engagement | √ | √ |
| Product Responsibility | <ul style="list-style-type: none"> • Plastic Reduction and Use of Green Paper | √ | √ |

* 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 | All over the world | √ |
| | 102-7 Scale of the organization | <ul style="list-style-type: none"> About Leo Paper Group 2019 Annual Report | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|---------------------------------|---|---|--------------------|
| GRI 102: General Disclosures | 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. • 32% of employees come from the local community in 2019. 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 | √ |
| | 102-11 Precautionary Principle or approach | Plastic Reduction and Use of Green Paper | √ |
| | 102-12 External initiatives | China Enterprise Anti-Corruption Alliance | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|---------------------------------|---|--|--------------------|
| GRI 102: General Disclosures | 102-13 Membership of associations | <ul style="list-style-type: none"> • Guangdong Cleaner Production Association • Member of China Green Development Union • Member of China Enterprise Anti-Corruption Alliance • Member of Sedex • Member of PREPS | √ |
| 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 | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|---------------------------------|---|---|--------------------|
| GRI 102: General Disclosures | 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 | √ |
| | 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 2019 | √ |
| | 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 | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|---------------------------------|---------------------------|---|--------------------|
| GRI 102: General Disclosures | 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 | Integrity and Anti-Corruption | √ |
| | 103-2 The management approach and its components | Integrity and Anti-Corruptionn | √ |
| | 103-3 Evaluation of the management approach | Integrity and Anti-Corruption | √ |
| GRI 205: Anti-corruption | 205-1 Operations assessed for risks related to corruption | Integrity and Anti-Corruption | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|--------------------------------------|--|--|--------------------|
| GRI 205: Anti-corruption | 205-2 Communication and training about anti-corruption policies and procedures | <ul style="list-style-type: none"> Integrity and Anti-Corruption All employees and business partners have been presented with Leo's anti-corruption policies and procedures. All 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 | Plastic Reduction and Use of Green Paper | √ |
| | 103-2 The management approach and its components | Plastic Reduction and Use of Green Paper | √ |
| | 103-3 Evaluation of the management approach | Plastic Reduction and Use of Green Paper | √ |
| GRI 301: Materials | 301-1 Materials used by weight or volume | <ul style="list-style-type: none"> Plastic Reduction and Use of Green Paper Environmental Indicators Table | √ |
| | 301-2 Recycled input materials used | <ul style="list-style-type: none"> Plastic Reduction and Use of Green Paper Environmental Indicators Table | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|---------------------------------|--|--|--------------------|
| GRI 301: Materials | 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 Efficiency | √ |
| | 103-2 The management approach and its components | • Energy Efficiency | √ |
| | 103-3 Evaluation of the management approach | • Energy Efficiency | √ |
| GRI 302: Energy | 302-1 Energy consumption within the organization | <ul style="list-style-type: none"> • Environmental Indicators Table • No fuel consumption from renewable sources. • GWP data from IPCC Fifth Assessment Report | √ |
| | 302-2 Energy consumption outside of the organization | Information unavailable because of no adequate data source in 2019. | √ |
| | 302-3 Energy intensity | <ul style="list-style-type: none"> • Environmental Indicators Table • 0.517 tons of CO2 emissions of fuel consumption and electricity consumption within the organization per production unit in 2019. | √ |
| | 302-4 Reduction of energy consumption | Energy Efficiency | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|--|--|--|--------------------|
| GRI 302: Energy | 302-5 Reductions in energy requirements of products and services | <ul style="list-style-type: none"> • 41.4% of less energy consumption per production unit compared with that of the base year. • 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 303: Water | 303-1 Interactions with water as a shared resource | • Waste Reduction and Water Management | √ |
| | 303-2 Management of water discharge-related impacts | 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). | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|---------------------------------------|--|---|--------------------|
| GRI 302: Water | 303-3 Water withdrawal | <ul style="list-style-type: none"> Waste Reduction and Water Management Environmental Indicators Table | √ |
| | 303-4 Water discharge | 620,887 tons in 2019 | √ |
| | 303-5 Water consumption | Environmental Indicators Table | √ |
| 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 Reduction and Water Management | √ |
| | 103-2 The management approach and its components | <ul style="list-style-type: none"> Air Emissions Waste Reduction and Water Management | √ |
| | 103-3 Evaluation of the management approach | <ul style="list-style-type: none"> Air Emissions Waste Reduction and Water 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 Reduction and Water Management • Environmental Indicators Table • Waste is disposed by designated qualified waste disposal contractors | √ |
| | 306-3 Significant spills | No significant spills. | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|--|---|--|-----------------------|
| GRI 400: Social Topics | | | |
| Topic: Occupational Health and Safety | | | |
| GRI 403: Occupational Health and Safety | 403-1 Occupational health and safety management system | • Occupational Health and Safety | √ |
| | 403-2 Hazard identification, risk assessment, and incident investigation | External specialists are invited to conduct identification, monitoring, and evaluation of health hazards at workplaces. The assessment includes VOCs (Benzene, Toluene, and Ethylbenzene, n-hexane, styrene), dust, noise, ambiance environments and others. Based on the assessment results, hazards are identified, with risk assessed. Continuous improvement plans are then developed and implemented to provide a safer work environment for every Leonian. | √ |
| | 403-3 Occupational health services | • OHS Projects 2019 | √ |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | • OHS Projects 2019 | √ |
| | 403-5 Worker training on occupational health and safety | • OHS Projects 2019 | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|---|---|--|--------------------|
| GRI 403: Occupational Health and Safety | 403-6 Promotion of worker health | • OHS Projects 2019 | √ |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | • Occupational Health and Safety • In 2019, 15 emergency response drills were carried out to enhance emergency preparedness | √ |
| | 403-8 Workers covered by an occupational health and safety management system | All Workers | √ |
| | 403-9 Work-related injuries | • Social and Economic Indicators Table • There were totally 11 work-related injuries in 2019, which were classified as minor injuries based on the “Occupational Safety Incidents Classification”. The number of high-consequence work-related injuries was zero. | √ |
| | 403-10 Work-related ill health | None | √ |
| 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 Development | √ |
| | 103-2 The management approach and its components | Staff Training and Development | √ |

GRI Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|---------------------------------|--|--|--------------------|
| GRI 103: Management Approach | 103-3 Evaluation of the management approach | Staff Training and Development | √ |
| 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. Average training hours of male employees:18; Average training hours of female employees:16; | √ |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | <ul style="list-style-type: none"> • Staff Training and Education | √ |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | All staff members receive performance appraisal annually. | √ |
| | 306-3 Significant spills | No significant spills. | √ |
| 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 Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|--|---|--|--------------------|
| GRI 413: Local Communities | Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs | <ul style="list-style-type: none"> • Community Engagement • 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 Reduction and Water 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 | Environmental criteria is in place to screen new suppliers | √ |
| | 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 Standards Disclosures

| GRI Standards | Disclosures | Cross-reference/ Comments | External Assurance |
|--------------------------------------|--|--|--------------------|
| GRI 414: Supplier Social Assessment | 414-1 New suppliers that were screened using social criteria | Social criteria is in place to screen new suppliers | √ |
| | 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. | √ |
| GRI 400: Social Topics | | | |
| Topic: Product Responsibility | | | |
| GRI 103: Management Approach | 103-1 Explanation of the material topic and its Boundary | Plastic Reduction and Use of Green Paper | √ |
| | 103-2 The management approach and its components | Plastic Reduction and Use of Green Paper | √ |
| | 103-3 Evaluation of the management approach | Plastic Reduction and Use of Green Paper | √ |
| GRI 417: Marketing and Labeling | Disclosure 417-1 Requirements for product and service information and labeling | Plastic Reduction and Use of Green Paper | √ |
| | 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. | √ |

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 | <ul style="list-style-type: none"> • Environmental Indicators Table | √ |
| A1.2 Greenhouse gas emissions in total and, where appropriate, intensity | <ul style="list-style-type: none"> • Environmental Indicators Table | √ |
| A1.3 Total hazardous waste produced and, where appropriate, intensity | <ul style="list-style-type: none"> • Environmental Indicators Table | √ |
| A1.4 Total non-hazardous waste produced and, where appropriate, intensity | <ul style="list-style-type: none"> • Environmental Indicators Table | √ |
| A1.5 Description of measures to mitigate emissions and results achieved | <ul style="list-style-type: none"> • Air Emissions Control • Waste Reduction and Water 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 Control • Waste Reduction and Water Management • Environmental Indicators Table | √ |

Subject Areas, Aspects, General Disclosures and KPIs

| KPIs | Cross-reference/Comments | External Assurance |
|---|--|--------------------|
| 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 • 0.009 tons of CO2 emissions of fuel consumption from non-renewable sources per production unit in 2019. • 0.508 tons of CO2 emissions of electricity consumption per production unit in 2019. • 0.517 tons of CO2 emissions of fuel consumption and electricity consumption within the organization per production unit in 2019. | √ |
| A2.2 Water consumption in total and intensity | <ul style="list-style-type: none"> • Environmental Indicators Table | √ |
| A2.3 Description of energy use efficiency initiatives and results achieved | <ul style="list-style-type: none"> • Energy Efficiency | √ |
| 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 Control • Waste Reduction and Water 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 39,077 tons in 2019. | √ |

Subject Areas, Aspects, General Disclosures and KPIs

| KPIs | Cross-reference/Comments | External Assurance |
|---|---|--------------------|
| 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"> • Plastic Reduction and Use of Green Paper • Air Emissions Control • Waste Reduction and Water Management • Environmental Indicators Table | √ |
| B. Social | | |
| Aspect B1: Employment | | |
| B1.1 Total workforce by gender, employment type, age group and geographical region | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Social and Economic Indicators Table • Training is provided regardless of gender. <p>Average training hours of male employees:18; Average training hours of female employees:16;</p> | √ |

Subject Areas, Aspects, General Disclosures and KPIs

| KPIs | Cross-reference/Comments | External Assurance |
|--|--|--------------------|
| 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 | √ |
| 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 | Integrity and Anti-Corruption | √ |
| B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored | Integrity and Anti-Corruption | √ |

Subject Areas, Aspects, General Disclosures and KPIs

| KPIs | Cross-reference/Comments | External Assurance |
|---|---|--------------------|
| 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 and Objective

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by Leo Paper Group (Hong Kong) Limited ("Leo") to undertake an independent verification for its Sustainability Report 2019 ("the Report"). The Report stated the sustainability performance of Leo in the period of 1st January 2019 to 31st December 2019.

The aim of this verification is to provide a reasonable assurance on the reliability of the report contents. The Report has been prepared in accordance with the Global Reporting Initiatives ("GRI") Standards: Core option and the Environmental, Social and Governance Reporting Guide ("ESG Guide") issued by the Hong Kong Exchanges and Clearing Limited ("HKEx").

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process undertaken covered the criteria set in the GRI Standards: Core option and the ESG Guide.

HKQAA's verification process included verifying the mechanisms for collecting, calculating and reporting the sustainability performance information, reviewing relevant documented information, interviewing responsible personnel with accountability for preparing the Report and verifying selected representative samples of data and information. Raw data and supporting evidence of the selected samples were thoroughly examined during the verification process.

Independence

Leo is responsible for the collection and preparation of the information presented. HKQAA did not involve in the collection and calculation of data or the compilation of the reporting contents. Our verification activities were entirely independent and there was no relationship between HKQAA and Leo that would affect the impartiality of the verification.

Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and in the opinion that:

- The Report has been prepared in accordance with the GRI Standards: Core option and the ESG Guide of HKEx;
- The Report illustrates the sustainability performance of Leo, covering all material aspects, in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable and complete.

Nothing has come to HKQAA's attention that the selected sustainability performance information and data contained in the Report has not been prepared and presented fairly and honestly, in all material aspects, in accordance with the verification criteria.

In conclusion, the Report reflects truthfully of Leo's sustainability performance that is commensurate with the sustainability context and materiality of the company.

Signed on behalf of Hong Kong Quality Assurance Agency



Connie Sham
Head of Audit
22 May 2020

EDITORIAL POSTSCRIPTS

The cover includes images of environmental, social and economic components of our sustainability initiatives which are diverse and inclusive.

It is Leo's philosophy that sustainability steps should be taken whenever is possible. We are committed to go beyond what is expected in context of sustainable development.

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.

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

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

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2019 SUSTAINABILITY REPORT



ISO 14064-1 : 2006

LED PAPER GROUP (HONG KONG) LIMITED
 Download Date: January 11, 2019 11:00 AM
 21 September 2019 has been verified by Hong Kong Quality Assurance Agency in accordance with ISO 14064-1:2006 as meeting the requirements of ISO 14064-1:2006



ISO/IEC 27001



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