



2020-21

SUSTAINABILITY REPORT

- ENVIRONMENTAL INITIATIVES
- SOCIAL RESPONSIBILITY
- DEDICATED TO BUSINESS EXCELLENCE

About this Report

Editor's Remarks

This is our 12th environmental and social/sustainability report. The 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 Hong Kong Quality Assurance Agency (HKQAA), to assure accuracy of the report contents. Leo Paper is committed to adhering to best Global Sustainability practices.

Reporting Period

This report includes the performance of Leo Paper from 1st January 2020 to 31st December 2020.

Frequency of Reporting

Annual

Reporting Organizations

Leo Paper Group Headquarter (Hong Kong Office), Heshan Astros Printing Plant, and Production Plant in Vietnam. Unless specified, the figures in this report are for Heshan Astros printing plant.

Publication

April 2021

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.



GO GREEN

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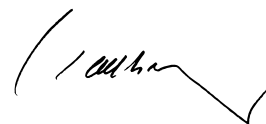
Chairman's Message

2020 was a year of changes and challenges. COVID 19 epidemic which has lasted for more than a year had a profound impact on the entire social economy, market demand and every company's operations. The discord in international trade also forced major reforms in the structures of supply chain and value chains of enterprises. Under these challenging environments, Leo has timely implemented full spectrum of sustainable development strategies for environmental protection, social responsibility, employee protection and business excellence.

In 2020, the world governments and markets quested for Plastic Free, Carbon Neutrality and Species Diversity. Leo has formulated the "Green Harmony" framework as a long term core policy aiming to build a green business chain from raw materials to consumers and from design to disposal. Leo is continually pursuing carbon neutrality by improving our factory and office operations, supply chain, logistics, and developing forest. Leo also conducted material and technological reforms to eliminate all hazardous waste, VOC, waste water and other pollutants. Our commitment to environment was supported by our financial partners and recognized by the society through the completion of Green Loan for two consecutive years and the "Hong Kong Sustainable Development Finance Award".

Employees are Leo's most precious treasure. In order to ensure the safety and health of every employee, Leo has implemented a full range of anti-epidemic actions and systems and management measures. On the basis of ensuring the physical and mental health of all employees, Leo has quickly resumed production capabilities for all customers. Moreover, the challenging environment has become the driving force for Leo to carry out in-depth process reforms and improvements.

The various changes that we experienced in 2020 may permanently change our way of living and even become the global "new norm". Leo will implement the highest corporate governance standards and executive pro-active works in environmental management, social responsibilities and economic development in order to create a better future.



Samuel Leung

Chairman of Leo Paper Group

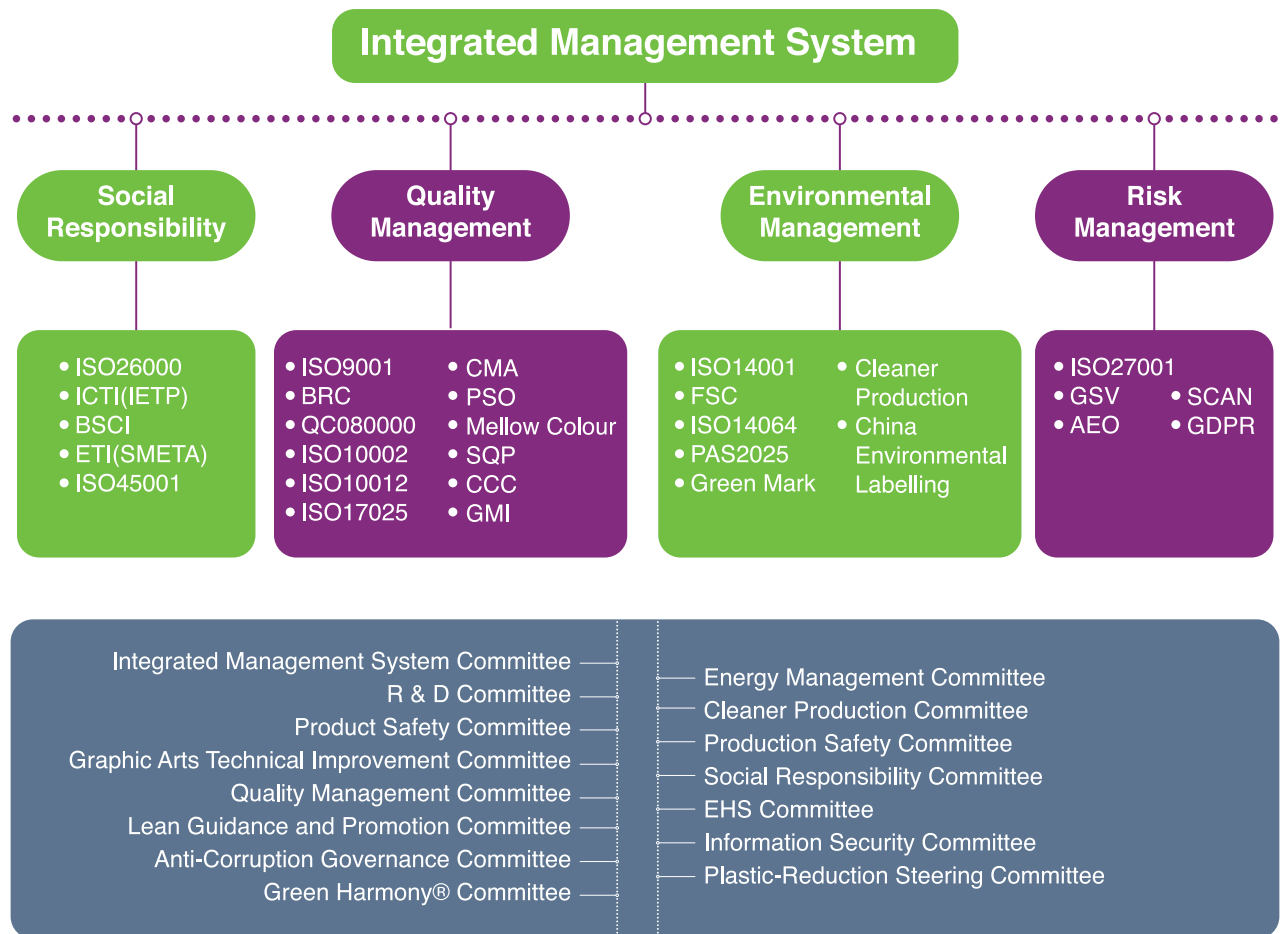
About Leo Paper Group

Our sustainability initiatives have been developed and implemented in line with the evolving environment and stakeholders' expectations globally. We are dedicated to implementing full spectrum of sustainable development strategies that promote sustainable development of the industry.

Year of Establishment	▶ ▶ 1982
Ownership and Legal Form	▶ ▶ Private
Headquarters	▶ ▶ Hong Kong
Main Manufacturing Plant	▶ ▶ Heshan, Guangdong, China
Manufacturing and Warehouse Space	▶ ▶ 5.7 million square feet
Manpower	▶ ▶ 10,000+
Products / Services	▶ ▶ 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	▶ ▶ 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	▶ ▶ 10 worldwide locations 

Sustainability Governance

Our sustainability governance is carried out in systematic and comprehensive approach, by integrating our management systems that have been developed and implemented based on international/industrial standards for Quality, Environment, Social Responsibility and Risk Management, which are overseen by delegated Management Committees.



Environmental Initiatives

- **Green Harmony® Committee**
- **Sustainable Finance**
- **Plastic-free Initiative**
- **Use of Green Paper and Recycled Paper**
- **Energy Management**
- **Waste Management**
- **Water Management**
- **Air Emissions**
- **Cleaner Production**
- **Industrial and Community Engagement**
- **Environmental Indicators**

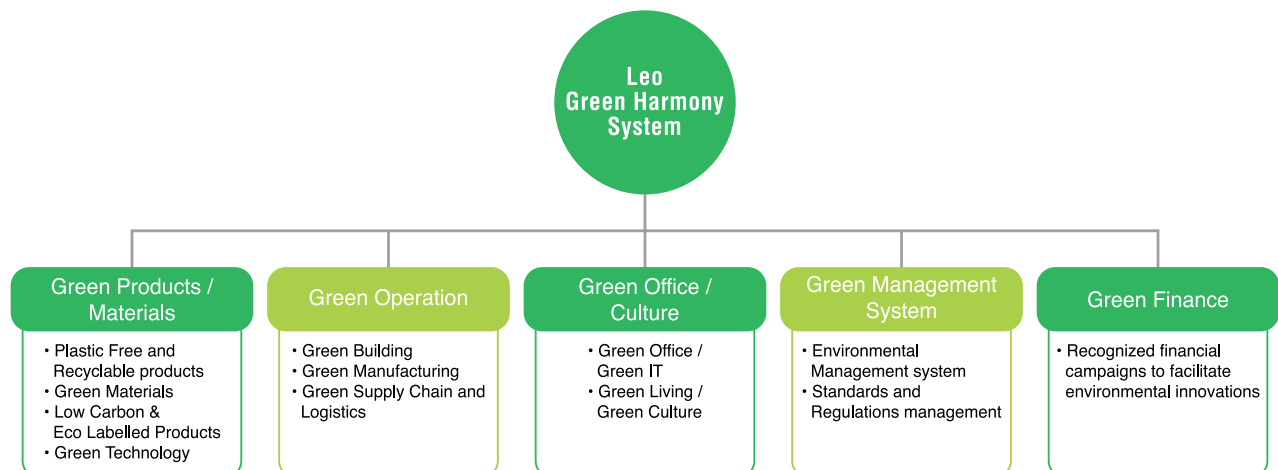


Leo takes up Green Corporate Social Responsibility (Green CSR) and puts continuous efforts on environmental management. The ISO 14001 Environmental Management System, ISO 14064 Greenhouse Gas Emission Quantification and Reporting System, and Cleaner Production System are in place to ensure full address of the environmental impacts from our operations.

In 2020, we continued to reduce our environmental impacts through introducing high energy-efficient machines and facilities, improving water use, emissions reduction, waste reduction and reducing GHG emissions. We have also enhanced our green capability and performance on developing low-VOCs materials, as well as green product design. Moreover, our green financing initiative promotes financial flows to sustainable development projects.

Green Harmony[®] Committee

Our Green Harmony[®] Committee was established in 2010 to navigate strategic decision for environmental aspects, to drive green products development, promote green operations, and implement green cultures and green management system. We aim to continuously improve our environmental performance and lead the industry to greener and more sustainable development.



Sustainable Finance

The Hong Kong Sustainable Finance Awards 2020

Presented by the Hong Kong Quality Assurance Agency (HKQAA) on October 23, 2020, we were honored to receive the “Outstanding Award for Green Loan Issuer - Comprehensive Green Framework - Single Green Loan (Printing & Communication Industry)” at the Hong Kong Sustainable Finance Awards 2020. The award aims to raise awareness of the United Nations Sustainable Development Goals and promote a common understanding of green and sustainable finance in society.

Over the years, we have been putting forth intensive efforts for energy efficiency management, carbon and emissions reduction, solid waste and waste-water management, green buildings, resource utilization and recycling of natural resources. Our sustainable finance strategy has not only supported our green projects, but also promoted financial flows to environmentally and socially responsible projects.



The Hong Kong Sustainable Finance Awards 2020

Green Finance

From 2018-2019, we secured total loans of HKD750 million to facilitate our green development. Projects that are supported with the green finance operation include green IT, waste management, machine and facilities upgrade at our production sites of Heshan Astros, Leo United, the new Vietnam plant as well as our Hong Kong office. During the years of 2019-2020, such projects resulted in encouraging environmental benefits as shown in the following table:

Green Initiative	Machine Quantity	Electricity Saving (kWh)	Diesel oil Saving (tonnes)	Reduction of CO2 emission equivalent (CO2e) (tonnes)
Machine and facilitates upgrade at our Heshan Astros	278	4,827,000	0	2,544.5
Machine and facilitates upgrade at Vietnam plant	359	3,192,000	0	1,682.6
Machine and facilitates upgrade at Leo United plant	5	312,000	2.5	172.3
Total	642	8,331,000	2.5	4,399.4

Plastic-free Initiative

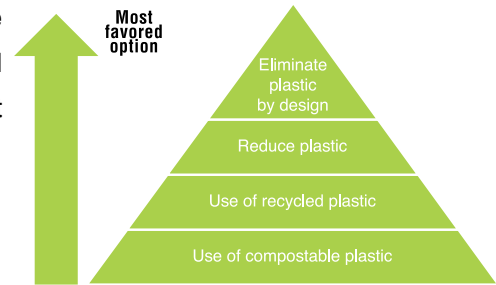
Disposal of plastics has created more and more serious pollution problem. Various plastic waste, such as straws, plates and cutleries, disposable drinking cups, plastic bags, and much more are dumped into a landfill, while microplastics are washed away through drainage system.

A growing number of countries are aware of the emergency of this issue, and taking actions, such as legislation to manage the problem. Ban of the use of single use plastics (SUP) becomes a trend. Leo shares the same concerns. We kicked off our plastic-free initiatives in 2019.

The 3 leaves represented Leo, environment, and supply chain. Each leave connecting with each other implies green actions and bonding together.







Leo's Plastic-free initiatives include eliminating or reducing the consumption of conventional plastics and replacing conventional plastic with recycled plastic or compostable plastics. Leo has set the following hierarchy in Plastic free strategies.









Elimination of plastic components / packaging by product design

We eliminate plastic at design stage. Plastic packaging or components were replaced by paper substitutions, or other green materials / solutions.

 <p>Before</p>  <p>After</p>	<p>Replace blister with paper made tray</p>
 <p>Before</p>  <p>After</p>	<p>Replace tamper seal tape fixture with a specially designed die-cut slot</p>

Reduction / elimination of plastics in production processes

Leo also reduced plastics consumption in production workshops by replacing conventional single-use plastic wrap with reusable nylon strip and paper cardboard and streamlining logistics of work-in-process to cut down plastic wrap redundancy.

<div><div><p>Before</p><p>After</p></div></div>	Replace plastic wrap with reusable nylon strip
<div><div><p>Before</p><p>After</p></div></div>	Replace pallet with newly developed multi-storage cart

During the carton box sealing process, we applied Kraft tape to replace plastic sealing tape and started a pilot-run to remove single-use plastic packaging materials inside parcels. The use of conventional plastic wrap was reduced for more than 43 tonnes in 2020, which is equivalent to 10.73% reduction compared with 2019.

Conventional plastic wrap usage	Consumption 2019		Consumption 2020		Reduction	
	No. of Rolls	Weight (Kg)	No. of Rolls	Weight (Kg)	Weight (Kg)	(%)
	135,287	405,861	120,771	362,313	43,548	10.73%

Replace conventional plastic with recycled plastics or compostable plastics

When it was not feasible to fully eliminate or reduce the use of plastics on certain product designs, we adopted recycled plastics and compostable plastic to replace single use plastics. The compostable materials were certified to degrade 90%, without emitting toxic substances.



Use of Green Paper and Recycled Paper

Using green paper and recycled paper have well become market expectation in recent years. Foreseeing the market change, we took a proactive approach in 2007 and implemented the FSC™-COC certification system. Leo began to promote the use of FSC paper and recycled paper to customers. We have a due diligence system in place to verify that our paper is from a traceable source, and compliant to the latest international regulatory requirements. Some of the international regulatory standards include the Lacey Act in the U.S, EU Timber Regulation, and Australian Illegal Logging Prohibition Act. We are committed to provide eco-friendly products to our customers. The procurement of eco-friendly paper continues to increase. In 2020, 93.84% of purchased paper was green paper.

Green Paper	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total (%)	44.09%	54.22%	67.10%	74.89%	82.04%	82.39%	85.78%	85.64%	88.96%	93.84%

Energy Management

In 2005, Leo implemented the energy management system. Later, we established Energy Management Center to closely monitor and continuously improve our energy performance. Over the years, in order to save energy and long term operational costs, we upgraded the equipment and systems including Slurry Ice Air-conditioning System and related facilities.

In 2020, we continued to improve our energy performance by upgrading our printing presses, UV curing system, elevators, vacuum pumps, and IT systems.

Energy Saving Printing Presses

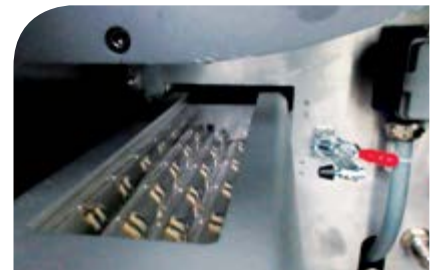
Printing presses account for the major energy consumption in our overall production workflow. To lower the energy consumption, in 2020 we introduced 6 sets of a high energy-efficient printing machines to replace 9 sets of a low energy-efficient. With the same printing capacity, the new equipment reduced annual electricity consumption by about 650,000 kWh.



Energy Saving Printing Presses

LED UV Curing Systems

The UV LED curing system consumed much less energy and is more eco-friendly (no ozone emissions and mercury contents) than conventional UV mercury lamp systems. In 2020, Leo adopted 5 sets of the UV LED curing system to replace the old UV lamp curing systems, which reduced annual electricity consumption by about 80,000 kWh.



LED UV Curing Systems

Upgraded Variable Speed Drive (VSD) Screw Vacuum Pumps

Our use of compressed air has greatly increased the electricity consumption. In 2020, the compressed-air system consumed 14% of our factory's overall electricity. To address this concern, Leo introduced 11 Variable Speed Drive (VSD) Screw Vacuum Pumps to replace 16 printing machine pumps and 31 carbon-vanned vacuum pumps in the compressed-air system. The VSD screw vacuum pump achieved higher efficiency and reliability, less maintenance cost and lower noise level. The replacement reduced annual electricity consumption by about 950,000 kWh.



Upgraded Variable Speed Drive (VSD) Screw Vacuum Pumps

Energy Friendly AC Traction Elevators

Some of the elevators in factory have used DC Traction Elevator model with low energy efficiency. In 2020 we introduced 5 AC Traction to replace 5 DC Traction models. The new models provided more constant speed and reduced annual electricity consumption by about 130,000 kWh.

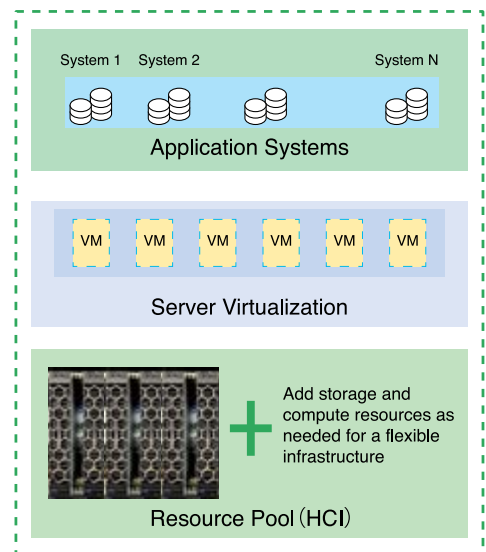
Green IT

The increasing digitalization of processes and production flows has led to the increase of data processing and storage in our data center. The energy use from IT hardware, data center infrastructure and the e-waste from IT components have created negative impacts to our environment. Leo has initiated green IT initiatives to improve the energy efficiency of data centers which adopted more efficient software deployment models such as virtualization technology.

Hyperconverged infrastructure (HCI) Deployment

In 2019, Leo began to deploy the Hyperconverged Infrastructure (HCI) into our IT system. HCI is a software-defined system that combines virtualization of storage, computing and networking into a single system, which increase scalability while reducing hardware footprints and e-waste.

In the coming 5 years, Leo will virtualize 95 servers in our data center, which can increase 50% server utilization efficiency, save 90% space, and reduce annual electricity consumption by about 470,000 kWh.



Virtual Desktop Infrastructure (VDI) Deployment

Leo is adopting Desktop Virtualization Infrastructure (VDI) technology to our PCs. This will host desktop environments on a centralized server, so that the specific desktop images can run and deliver to endpoint devices (PCs, laptops or other thin client terminals) over a network. The VDI provides remote, constant, and secure access to business systems. By 2023, we will deploy VDI on 930 PCs. The VDI deployment will reduce annual electricity consumption by about 520,000 kWh.

Waste Management

Reduction of Waste Ink Containers

During the printing process, large amounts of waste ink containers are generated which can cause negative impacts to the environment. In order to reduce the amount of waste ink containers and the handling costs, Leo has introduced an automatic ink-supply system and an automatic ink-mixing system to replace over 40% of small ink containers. The automatic ink-supply system continuously draws inks from bulk containers which has reduced the manual labor of filling ink from the small ink containers. The automatic ink-mixing system is fitted with film liners and can be replaced separately without the need to dispose the containers.



Automatic ink-supply system and Automatic ink-mixing system

In addition, we also replaced the remaining small ink containers with 65 new ink-supply devices outfitted with squeezable plastic ink bags. These two alternatives have reduced 60% of the remaining ink containers. The quantity of waste ink containers in 2019-2020 is shown in the following table:

Year	2019	2020
Quantity of waste ink containers (tonnes)	165	64

Reduction of Waste Glue Control

Wastewater containing hazardous chemicals generated from binding process is a large overhead cost for us. In 2020, Leo continued implementing a waste glue elimination project in an effort to control the generation of residual glues during production and the cleaning processes.

Sludge Dewatering System

In 2018, Leo launched the Heat Pump Drying (HPD) System in our waste treatment plant to reduce sludge volume. The system has brought the moisture content of the sludge down to 35-40% from 80-85%. The dry sludge has lowered both the labor and the waste transportation and handling costs.

Year	2017	2018	2019	2020
Domestic Sewage Sludge (tonnes)	1,023.21	703.13	321.72	265.21

Water Management

Since the start of our Heshan plant's operation, we have put 3 wastewater treatment plants in place to remove hazardous chemicals discharged from our facilities. Our wastewater is collected and treated in full compliance to national and local urban emission standards before being discharged into rivers.



Wastewater Treatment Plant

In 2018, we installed a real-time surveillance system monitoring wastewater. This surveillance system has enabled us to closely watch the wastewater quality and allows us to quickly react if any trouble arises. In conjunction, we also set up a system to reuse the “purified” wastewater for gardening and toilet flushing. It made up to 22.81% (529,630 tonnes) of the overall water consumption.

Water Consumption	2014	2015	2016	2017	2018	2019	2020
Fresh water (tonnes)	1,702,729	1,702,729	1,555,264	1,578,532	1,967,052	1,849,213	1,792,538
Total water (tonnes)	1,859,838	2,037,527	2,119,133	2,135,792	2,677,318	2,508,398	2,322,168
Reclaimed water (tonnes)	157,109	334,798	563,869	557,260	710,266	659,185	529,630
Reclaimed water (%)	8.45%	16.43%	26.61%	26.09%	26.53%	26.28%	22.81%

Optimization of Aeration System of Wastewater Treatment Plant

An aeration system is an important part of the wastewater treatment process. It supplies sufficient oxygen to facilitate the biodegradation of organic materials in wastewater. During July-September of 2020, we introduced a new set of air diffusers into the aeration system at our Heshan plant. The new model has resolved past clogging problems and has enhanced aeration efficiency. The newly updated aeration system achieved 100% compliance to wastewater emission standard. Leo has also optimized the utility of the wastewater treatment system for staggering power operations, which has reduced our annual electricity consumption of 62,000 kWh.

To ensure all of our manufacturing sites meet local wastewater emission standards, Leo United Paper Products Ltd. & Heshan Leo Packaging & Printing Ltd. were constructed with wastewater treatment plants; and the other two manufacturing sites in Hunan and Vietnam were facilitated with industrial wastewater pre-treatment systems.

Air Emissions

Over the years, Leo's research and development team has continued to work closely with suppliers in developing green materials for eco-friendly products and adopting advanced technology in production. VOCs's emissions are a significant health and environmental concern as most of them causes air pollution and are toxic and carcinogenic chemicals. Leo controlled VOCs emissions focuses on 3 stages:

- use low-VOCs materials to mitigate VOCs at source
- reduce VOCs leakage from in-process
- remove VOCs before releasing emissions to the atmosphere

Development of Low-VOCs Materials

Leo's R&D team has been working with suppliers to develop low VOCs alternatives to replace the traditional high-VOCs materials we use, including printing inks, solvents and adhesives. We are striving to achieve 40% reduction of total VOCs emissions.

Control for Fugitive VOCs Emissions

Fugitive VOCs Emissions are volatile pollutants that are randomly escaping from equipment, pipelines, seals and valves through evaporation, flaring, spills and leaks. These VOCs leaks are a dangerous threat to human health and safety. Leo controls fugitive emissions in production areas by:

- Adopting negative pressure rooms and isolation devices for processes involving VOCs materials
- Transferring ink or solvent using sealed containers or through pipe with flanges or gaskets or other mechanical sealing mechanisms
- Storing Work-In-Process ink or ink/solvent slated for disposal in sealed containers

VOCs Emissions Treatment and Online Surveillance System

In 2020, we installed 3 sets of new VOCs treatment systems in the production buildings Phase no. 6 & 7, which totaled to 27 sets of VOCs treatment system in Heshan plant, were installed to remove VOCs in air before releasing it into the atmosphere.



VOCs Emissions Treatment

In 2020, we rearranged and integrated VOCs exhaust outlets and installed online surveillance systems at each outlet. After the rearrangement, we had consolidated to 9 outlets. In November 2020, Leo's online surveillance systems were linked to the local government VOCs surveillance platform to allow government real-time monitoring of our emission data.



Leo's online surveillance systems

Cleaner Production

Cleaner Production Certification Audit

Since 2009, Leo has kept up the Cleaner Production standards and stayed at the forefront of greener alternative solutions. From 2018-2020, we extended cleaner production management and facilities to Leo Packaging factory (LPP) and Leo United Paper Products (LUPP). All the plants passed the Jiangmen Cleaner Production Certification Audit in 2020.

In August 2020, all production sites in Heshan - Astros, LPP and LUPP fulfilled the “Hong Kong – Guangdong Cleaner Production Partner” Scheme, which was jointly organized by Hong Kong government and the Guangdong government. Through the assessments given, we continue to improve our production processes and facilities to ensure more effective and cleaner production.



Cleaner Production Certification

Guangdong Cleaner Production Association and Council – Vice President Membership

Being a Cleaner Production Enterprise, Leo continues to promote and support clean production through the adoption of the latest technologies in different areas of energy management, waste reduction, emission management and wastewater treatment. In 2020 Heshan - Astros was elected as the Vice President of the Guangdong Cleaner Production Association and Council, which marked both a recognition of our promotion of eco-friendly advanced technologies, processes, and systematic management approaches, as well as a call to strengthen our collaboration and exchange on cleaner production aspects with different industries.



Guangdong Cleaner Production Association and Council – Vice President Membership

Industrial and Community Engagement

Government Environmental Surveillance Inspections and Pollutant Discharge Permit

In 2020, the local government environmental department conducted a total of 24 unannounced surveillance visits and sampling inspections on VOC emissions and wastewater at our Heshan Astros plant. All the sampling results were in compliance with regulatory standards. During the visits, Leo also demonstrated our implementation of staggering power operation and waste reduction management which was well aligned with national environmental policy.

In 2020, our factories in Heshan and Hunan were given National Pollutant Discharge Permits or Registrations to meet more stringent requirements for discharge.



Pollutant Discharge Permit

Supplier Assessment and Collaboration

It is important for us to work with suppliers who share the same values as Leo. Through our supplier assessment system, we ensure suppliers' environmental performance, social, and operations are all in compliance with laws and regulations. For potential suppliers, our assessments focus on environmental factors, product safety, and labor and human rights. In 2020, we conducted 91 audits for 74 suppliers to ensure their adherence to these requirements, at the same time, drive them for continuous improvement.

Environmental Protection Workshop

During 2020, the topics of “Waste Sorting” has been promoted throughout the country. On 18 October 2020, we organized a story sharing workshop with topics of “Waste Sorting” with interesting games to help participants learn more about types of waste, waste sorting bins, waste separation, and waste recovery or recycling before landfilling. The workshop also educated participants on practical ways of waste sorting and handling in our daily activities.



Environmental Protection Workshop

Kids-Parents Environmental Workshop

On 7 April 2020, we organized a 3-month long Kids-Parents Planting Activity “Indoor in Spring” at our Heshan Astros plant. We provided participants with seeds of many kinds including Calla lily, Cosmos, Garden cosmos, Poppy, and Dianthus. Through this indoor planting activity, the participants were able to enhance awareness on plants protection and the importance of conserving natural resources.



Kids-Parents Environmental Workshop

Environmental Updates Seminar

On 16 January 2020, the Hong Kong Quality Assurance Agency (HKQAA) and Leo jointly organized a seminar “Green and Sustainable Future” at Leo’s Cultural Center. The HKQAA speaker delivered the latest updates on environmental regulations and hot topics, latest green technology developments and enviro-impacts related to societies and companies. We arranged a tour for the speaker that showed our wastewater treatment plant and sludge de-watering system.

The initiative inspired us to continue working with the latest technology towards our goal of a “zero-waste factory”.



Environmental Updates Seminar

Environmental Hiking and Planting Activities

In June 2020, we jointly held a planting activity with our customers at a country park in Hong Kong. During the day, customers and Leonians carried out planting, weeding, fertilizing, setting up plant protection and transplanting seedlings in the landscape of the country park. The activities enabled us to experience conservative works and enhance awareness of nature conservation.



Environmental Hiking and Planting Activities

Leo's Shaoguan Reforestation Project

Since 2008, Leo's subsidiary company - Leo Agricultural and Forest Products Company – has launched a Reforestation Project on stony desert areas in Shaoguan, restoring the land by planting and producing tea tree oil and promoting local ecological sustainability. Today, the reforested area has expanded to approximately 2,300,000 square meters, covering more than 50% of the desert areas.

Through the Reforestation Project, we promoted organic plantings including tea trees and other species to local farmers. In 2020, the organic planting area increased to 700 acres. This organic planting is not only helping to revitalize the desert area but is also increasing the income of local farmers.

In 2019, the Shaoguan local government also began a rural revitalization project which adopted Leo’s reforesting base as an experience center to promote ecotourism and economic development of the local community. In 2020, the Jiangmen Zhongqiao Culture Company and Leo jointly organized a sightseeing and education tour at XiJing Ancient Path, which was during our reforested area. This tour allowed visitors to experience our accomplishment in nature conservation and enjoy sightseeing on the ethnic trail featuring unique culture and natural scenery in Ruyuan Yao Autonomous County.



Leo’s Shaoguan Reforestation Project

Environmental Indicators

(Heshan Astros Printing Plant)

Water Consumption and Recycling

Water Consumption	2014	2015	2016	2017	2018	2019	2020
Fresh Waste (tonnes)	1,702,729	1,702,729	1,555,264	1,578,532	1,967,052	1,849,213	1,792,538
Total Waste (tonnes)	1,859,838	2,037,527	2,119,133	2,135,792	2,677,318	2,508,398	2,322,168
Reclaimed Water (tonnes)	157,109	334,798	563,869	557,260	710,266	659,185	529,630
Reclaimed Water (%)	8.45%	16.43%	26.61%	26.09%	26.53%	26.28%	22.81%

Waste Generation and Reduction

Indicator	Units	2016	2017	2018	2019	2020
Total Waste Generation	Tonnes	51,337	53,468	54,566	52,148	48,619
	Reduction compared to the base year of 2007 (%)	6.5%	2.6%	0.59%	5.0%	11.4%
Hazardous Waste Generation	Tonnes	838	1,227	597	1,497	1,072
	Reduction compared to the base year of 2007 (%)	63.6%	46.8%	74.1%	35.1%	53.5%

Recycled Paper and Paper from Certified Well-Managed Forests

Green Paper	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total (%)	44.09%	54.22%	67.10%	74.89%	82.04%	82.39%	85.78%	85.64%	88.96%	93.84%

Energy Consumption 2020

Indicator	Energy Consumption*
Total fuel consumption within the organization (GJ):	10,949
Total electricity consumption within the organization (GJ):	396,389

* Energy consumption within Heshan Astros Printing Plant

Greenhouse Gas (GHG) Emissions 2020

Indicator	GHG Emissions
Direct Carbon Dioxide Equivalent (CO ₂ e) Emissions (Fuel, LPG, Waste Water Treatment Plant, etc.) (tonnes):	7,030
Indirect Carbon Dioxide Equivalent (CO ₂ e) Emissions (Purchased Electricity Consumed) (tonnes):	58,103
Indirect Carbon Dioxide Equivalent (CO ₂ e) Emissions (Air Travel) (tonnes):	68
Total(tonnes):	65,201

Social Responsibility

- **Occupational Health and Safety**
- **Staff Training and Development**
- **Integrity and Corporate Governance**
- **Working and Living in Harmony**
- **Community Engagement**
- **Social and Economic Indicators**

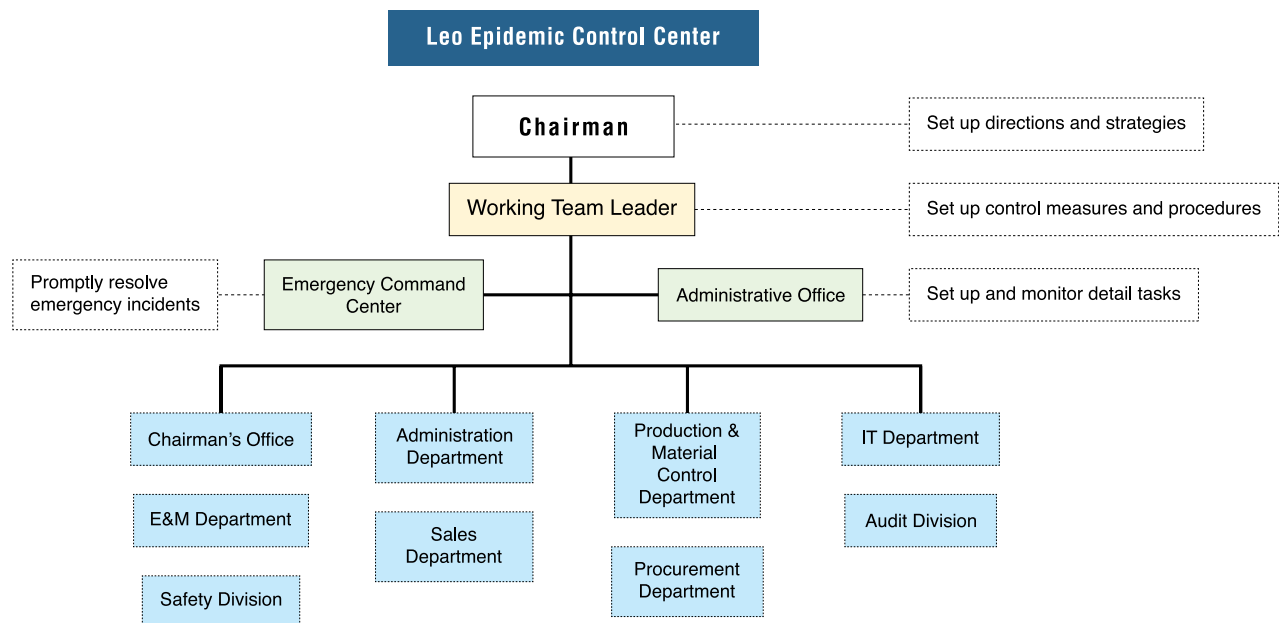


Leo's social responsibility policy focuses on people, ethics, community and harmony. In 2020, we launched programs and activities to provide our employees a safe, healthy and vibrant work environment, with opportunities for personal and career growth. Moreover, Leo built harmonious relationships with the community, maintained the highest ethical standard of business practices, and provided support for education, people in poverty, and those with disabilities.

Occupational Health and Safety

Our Response to COVID-19 Challenge

In response to COVID-19 crisis, Leo immediately formed a Pandemic Prevention and Control Center, to meet the challenges ahead. Through our years of experience and with Leo's clear EHS risk management guidelines, systematic practices, drills and trainings on emergency and accidents handling, we were able to effectively navigate the unexpected.



Pandemic Prevention and Control

Our pandemic prevention and control measures focus on preventing and stopping the spread of the coronavirus and protecting those vulnerable to the virus.

Safety Training to the Pandemic Prevention Team Members

To prepare for the resumption of our production in February 2020, we organized internal trainings for our pandemic prevention and control teams. These teams were composed of staff from all departments. The training topics covered temperature screening at entry gates, cleaning and disinfecting instructions for catering and dining, and so on. After the training, disinfecting packs and safety checklists were dispatched to each team member to carry out routine disinfection of various departments.

Pandemic Control Measures

- Social Distancing: Stagger work shifts and meal breaks, table dividers in place.
- Ambulance Standby: Prepared to immediately send any pandemic case to a hospital.
- Online Health Declaration: Leonians are required to declare daily health condition for immediate reporting and tracking.
- Temperature Checks: Assign a pass entry gates to those with a normal temperature reading, and again twice a day (morning and afternoon) when inside the factory area.
- Cleaning and Disinfecting: Disinfect indoor air and items.
- Mask Wearing: Disposable face masks are given to each Leonian and work teams. Mandating wearing of face masks at all times in addition to enforcing social distancing.
- Transportation Disinfection: Disinfection of company transportation vehicles and checking of personal protective items are carried out by drivers every day.



Pandemic Control Measures

Special Transportation Arrangements

To reduce the risks of coronavirus infection, our Administration Department specially arranged transport services for our staff members who live far from work. We set up procedures and specific requirements for selecting qualified transportation service companies, pick-up processes, and assigning leaders for different locations. We ensure the best protection is provided to our Leonians while returning to work.



Special Transportation Arrangements

New Recruitment Methods

To keep social distancing in practice as much as possible, on 12 February 2020, we launched an “On-line Job Application Platform” which enabled job applicants to go through the interview process via the internet. Additionally, on 11 March 2020, Leo participated in Heshan’s first large-scale Job Recruitment TV Live, organized by the local government departments and the local media. Recruiters and applicants could go through the interview process and interact with each other through APPs or telephone lines.



New Recruitment Methods

Community Supports

To combat the Covid-19 crisis together with the community, Leo made 2 donations of protective items to the local community on 5 February 2020 and 25 February 2020 respectively, to fulfill the spike in demand of protective items.



Community Supports

OHS Projects 2020

Upgrade of Automatic Fire Alarm System

Fire safety remains a key priority among Leo's OHS initiatives. From 2019 to 2020, we had invested heavily on upgrading the fire system for the whole factory. Following the work done in 2019, in 2020 we continued the upgrades of the fire system at the employee's dormitory and installed a new sprinkler system at the production building of phase II as part of our continued risk management.

- New control unit of automatic fire alarm system at dormitory
- New sprinkler system at production building of phase II



Health and Safety Training Programs

In 2020, we organized 35 safety training sessions for more than 2,000 staff members with safety topics including first-aid practice, elevator safety, hazardous chemicals safety, and more.

Training Topic	Targeted Trainees	No. of Training Sessions	No. of participants
First-aid knowledge & practice	Volunteer first aid	2	318
Checking, Use, and Emergency Handling of Fire Extinguishing System	Printing department	20	510
Fire safety knowledge & Fire safety equipment practice	Catering teams, dormitory administration teams, maintenance teams, assets management teams, etc.	1	1113
Occupational Dust and Workplace Safety	All staff working in dust related processes	2	49
Elevator Safety	Elevator operators	2	63
Machine Safety	New joint technicians	2	27
Forklift Safety	Managers, Supervisors, operators	4	395
Hazardous chemicals safety	All users, managers and supervisors handling hazardous chemicals	2	69
Total		35	2544

Emergency Drills

Hazardous Chemical & Spillage Drills

On 18 June 2020, Leo's Health and Safety Department, along with the Heshan Emergency Management Bureau, organized a Hazardous Chemical & Spillage Drill. During the drills, our emergency response team followed all emergency handling requirements and completed all tasks and standards satisfactorily. Our team's performance was affirmed by the Bureau leaders, who were on-site to provide guidance and coaching.



Hazardous Chemical & Spillage Drills

Other Emergency Drills

Every year, we organize emergency response exercises and drills based on the following 12 categories of risks: quarterly fire drills, chemical spills drills, traffic accidents, wastewater incidents, food poisoning, infectious disease control, extreme weather, workplace injuries, machinery injuries, electricity safety, elevator safety and large-scale events evacuation. Every drill helps us prepare for the various emergencies that can happen, in addition to enhancing our disaster recovery skills.

Occupational Health - Soul Health Centre

We care deeply about the well-being of every Leonian. Since its creation in 2014, our Soul Health Center, in conjunction with a team of volunteers, has existed to provide psychological counselling services, evaluation services and seminars which are available to all Leonians. In 2020, the volunteer team increased to 44 members and 16 training sessions were organized to enhance the team's expertise.

Last year, the Soul Health Center organized 2 seminars on vocational mental health and they conducted a mental health census for 107 staff members. The Centre also conducted mental health evaluations for 833 probationary staff members, providing follow up counseling for those in need.

On 3rd January 2020, we held an award ceremony to recognize and honor the outstanding performance of 5 members from our volunteer team. The “Leo Excellent Soul Volunteer Award” was awarded to the 5 volunteers who displayed leadership during their services and training hours, in addition to an overall peer assessment. This recognition encourages our volunteer team to continue to serve and pass on their positive attitude to all Leonians.



Leo Excellent Soul Volunteer Award

OHS Incident Cases

Here at Leo, we strive to pursue our ultimate goal of zero health and safety incidents. In 2020, 8 cases of work-related incidents were reported. The number of fatal cases remained at zero.

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of work-related incidents	20	21	19	15	15	15	16	10	12	11	8
Injury rate per 1000 workers	1.15	1.19	1.06	0.89	0.99	0.98	1.19	0.78	0.94	0.88	0.80

Staff Training and Development

LEAN Skills Training – The LEAN BODHIMANDA

Leo created a talent development program -LEAN BODHIMANDA- to strengthen employees’ understanding and hands-on experience with the Toyota Production System (TPS) and LEAN Skills.

In 2020, we organized 15 LEAN BODHIMANDA training sessions for 474 staff members. Another intensified training session “Toyota Production System Model Talent Training” was performed by external LEAN consultants to 105 senior managers and sales and on-site leaders to deepen their understanding of TPS, Value-stream Analysis, Standardization of Operations, Production Leveling and Kanban.



LEAN Skills Training – The LEAN BODHIMANDA

Induction Training for New Recruited Employees

Every year, our induction training program adopts a variety of approaches which includes a company tour that encompasses a briefing of Leo’s values, culture, and on-site training. These all help new employees integrate quickly into the new working and living environment.

2020 LEAN Skills Competition

In December 2020 we organized “2020 LEAN Skills Competition” in order to build up the enterprise’s skilled talent pools, to broaden the growth channels of skilled talents and to promote mutual improvements through technical exchanges and sharing. In this competition, technicians from different technical sectors were assessed according to theory and hands-on skills. Through competition, Leonians uphold the spirits of craftsmanship, and strive for perfection, hard work, and self-challenge.



2020 LEAN Skills Competition

Staff Internal Recognition

Outstanding Frontline Management Award

Leo has set up the “Outstanding Frontline Management Award” to recognize the contribution of frontline management staff members. Every quarter, one to two frontline management team members will be awarded from each business unit. The winners are encouraged to further excel in their work and development of teamwork.



Outstanding Frontline Management Award

Leo Star Award

Leo held the 2020 Leo Star Award ceremony in January 2021. Through this award and ceremony, Leo recognized the outstanding performance of Leonians, and encourages employees to achieve continuous improvement and growth. The 2020 Leo Star Award consisted of 14 categories which captured excellence in performance and achievements. Just to name a few, some included, “Team Performance Excellence”, “Innovative Improvement Achievement” and “Quality Improvement Achievement”.



Leo Star Award

Staff External Recognition

Forklift Operator Skills Competition

Technical skill development is one of our core employee development priorities. Every year we encourage our employees to challenge themselves and participate in public competitions to enhance personal skills and develop new ones.

In November 2020, our forklift operator representatives participated in the “Cattle Power Cup,” a 2-day competition which was held in Heshan. For the first time, Leo won the championship and 3rd runner up, in addition we received consolation prizes for participation. This year we also sent Leo representatives to participate in the “Professional Forklift Skills Competition” in Jiangmen. Leo was awarded 1st place and 3rd runner-up.



Cattle Power Cup

Leonians Post-Press Production Skills Master Workshop

We are actively working to improve and enhance Leo’s advanced skill set within our talent management. This allows us to broaden the standardization of our skills and management system. In September 2020, Leonians, Mr. J.H. Mai, Mr. X.Y. Feng, and Mr. Q.Z. Lin, represented and participated in the Jiangmen highly skilled talent program. Because of their outstanding personal performance paired with Leo’s industry leading production equipment and professional technical standards, they were selected as Jiangmen highly skilled talents, by the Human Resources and Social Security Department of Jiangmen City.

- Mai was authorized by Jiangmen City to establish “Mai’s Post-press Production Skills Master Workshop”.
- Feng was recognized as “Enterprise Chief Technician” and “Highly-skilled Leading Talent” in Jiangmen.
- Lin was recognized as “Highly-Skilled Leading Talent” in Jiangmen.

The post-press production skills master workshop will further facilitate achievement of technology connection and technology inheritance, to support the advancement of industrial technology, and to facilitate company’s skills development.



Leonians Post-Press Production Skills Master Workshop

“National Model Worker” Award

On November 24, 2020, Mr. X.Y. Feng, Leo’s Printing Technical Officer, was awarded the honors of “National Model Worker” and “National Advanced Worker”. These awards were given by the State Council at the Great Hall of the People, in Beijing. Feng has been focusing on the transformation and innovation of printing technology, and mentoring printing technicians for years.



“National Model Worker” Award

External Recognition

ERB Manpower Developer Award – “Super MD” Award

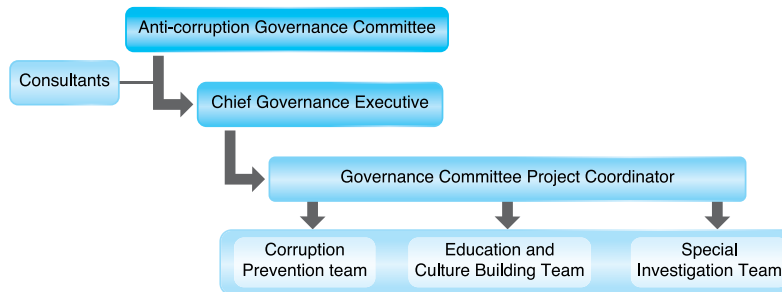
The Manpower Developer Award was launched by the ERB (Employees Retraining Board) to recognize organizations with outstanding achievements in manpower training and developments. In 2020, Leo was awarded the “Super MD” Award to commend our 10 consecutive years of participation. The “Super MD” award recognizes outstanding performance in having a culture focused on learning advocacy, resource planning, training development systems, performance management, and corporate social responsibility at the manpower development level. Here at Leo, we are committed to building a positive corporate culture focused on sustainable development and learning.



ERB Manpower Developer Award
– “Super MD” Award

Integrity and Corporate Governance

Leo's Anti-Corruption Governance Committee was established in 2009 to implement a high standard of integrity and business ethics. The committee is chaired by the Board of Directors and consults with local government departments and agencies.



The committee upholds and enforces policies on ethical matters related to laws and regulations. They work closely with suppliers, employees and other stakeholders to ensure comprehensive policies and systems are implemented, which include self-disciplinary and control measures. Leo's Anti-Corruption System was enhanced in 2020 in the areas of risk management, education and training, and monitoring and reporting.



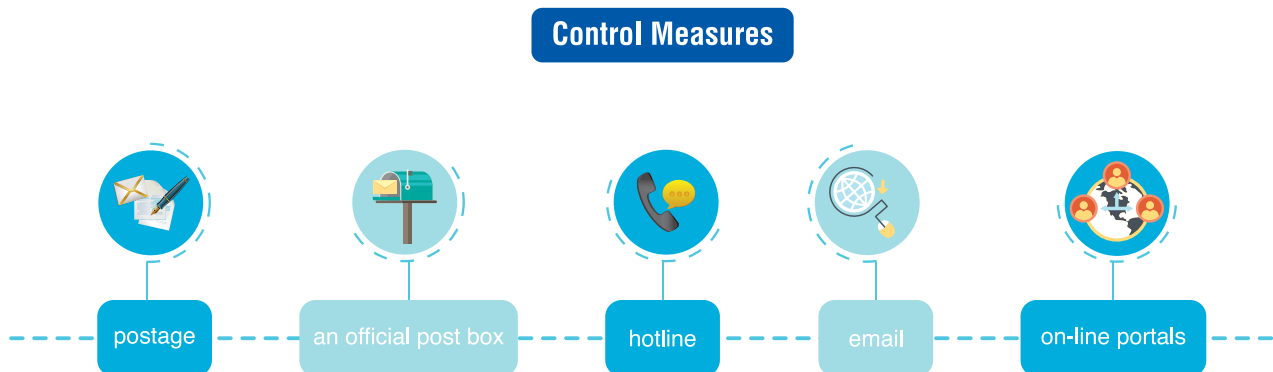
Employee's Code of Conduct Guidelines and Control Measures

A comprehensive Employee Code of Conduct Handbook has been in place since 2019 to provide clear guidelines and established control measures to ensure ethical conducts are practiced during day-to-day operations.

Control Measures:

- Gifts & Hospitality Declaration
- Conflict of Interest Declaration
- Personal Relationship Conflict of Interest Declaration
- Honesty and Self-discipline Agreement for Top Management
- Self-Discipline Agreement for Staff of Higher Level Positions

We also offer the following five reporting channels: postage, an official post box, hotline, email, and on-line portals.



Supplier Risk Management and Tendering

Tendering remains a core priority in our supplier risk management. We set up a Tendering Center to standardize, centralize, and manage tendering projects such as: sourcing, engineering and infrastructure services. Our internal audit department and our finance department conduct assessments and audits to ensure fair and orderly function of each of our tenders. Suppliers are also required to sign an Integrity Agreement with Leo.

In 2020, we completed 41 tendering projects. We also educated our employees with an e-learning workshop to enhance awareness of ethics and integrity. The curriculum for “Tendering Methods and Approach” focused on 8 key topics such as explaining contract review, tendering processes, and related department responsibilities.

Training and Workshop

In 2020, we delivered 2 internal on-line projects: a forum and a training session focused on “Anti-fraud Coalition.” In Heshan, we participated in a local workshop on ethical culture where we introduced our governance approaches and shared our experience in integrity management with the public.



Training and Workshop

Working and Living in Harmony

Leo strives to create a vibrant environment and a collaborative place to work. At our Heshan location, we provide Leonians with well-equipped leisure facilities and dormitories. Each year, we organize various leisure activities for all employees and their families aiming to enhance bonding and raise their sense of belonging. In 2020, we held more family wellness initiatives compared to prior years.

Caring to Leonians

Marriage and Parenting Communication Skills Seminar

At Leo, our employee's wellbeing and quality of life is a top priority. In November 2020, we organized a seminar focusing on "Communication Skills in Marriage and Parenting" hosted by the Jiangmen Social Work Integrated Service Center. This was held at our factory in Heshan. Our goal was to offer inspiration and positive communication skills to help the couples and parents who work at Leo. We also provided free self-evaluation sessions for employees. This allowed participants to reflect on self-knowledge, understanding and accepting others, and setting goals. This process helped improve their communication skills in marriage and parenting, resulting in stronger family and relationship bonds.



Marriage and Parenting Communication Skills Seminar

Training Workshop on Parent-Child Relationship

In October 2020, IETP FFS Program training session on parent-child relationship for staff was delivered at our Heshan Astros plant and Heshan Leo Packaging & Printing Plant. More than 100 Leonians attended the training workshop. The training topics of "Are you ready", "Understand Your Children", "Effective Remote Communication" and "Protect Your Children" were covered through role playing, case sharing and interactive sessions. The training equipped the participants with effective parent-child communication and childcare skills for building a better parent-child relationship.



Training Workshop on Parent-Child Relationship

Loving Mother's Little House – Lactation / Nursing Rooms

In 2020, we expanded our lactation facilities and premises from Greenfield Garden dormitory area to the production workshop area. Both premises are well equipped to welcome employees back from maternity leave. Each facility has refrigerators, dish sterilizers, basins, baby scales, changing and feeding facilities and reading zones. We are able to provide mothers a safe and comfortable environment which helps to balance work and childcare responsibilities.



Loving Mother's Little House

Home Visits to Employees on Mid-Autumn Festival

During the Mid-Autumn Festival, we organized home visits for 62 employees. We delivered festival greetings and gifts to show our appreciation for their dedication and support throughout the year. On 28 September 2020, our Managing Director presented festival gifts to 14 families to acknowledge their hard work throughout the year.



Home Visits to Employees on
Mid-Autumn Festival

520 Caring Day

The “520 Caring Day” took place on May 20 and was intended to show care and love to friends and families. During the 520 period, our senior management and representatives visited families to express our appreciation of their hard work. Other activities such as, On-line Snapshot of Healthy Lifestyle Credit Point Award were also launched.



520 Caring Day

Double Seventh Festival - “Love at Leo” Flower Activity

During Double Seventh Festival (the Chinese Valentine’s Day) on 25 August 2020, we organized a flower delivery activity. Leo’s Volunteer Team took up the role of sending flowers -and joy- to Leonians.



Double Seventh Festival - “Love at Leo” Flower Activity

Leisure Activities

Leo’s 38th Anniversary Celebration Activity

2020 was Leo’s 38th Anniversary. On 30 August 2020, we organized a parent-child Fun Run at the Heshan Park. Through various physical activities and trivia games, Leonians and their families had a great being active and outdoors. We also organized a series of on-line activities such as a photo collection campaign of “My time at Leo”, “Leo’s Astros Development Great Shot” and an essay-writing activity “My Growth with Leo”.



Leo’s 38th Anniversary Celebration Activity

The 15th “Leo Cup” Sport Days

To promote an active culture during leisure time, on 31 December 2020, we held the 15th “Leo Cup” Sport Days at Heshan plant with activities such as a relay race, co-ed basketball, tug-of-war and team jump rope. More than 500 Leonians participated and 9 awards were presented to the champions. The initiative helps to enhance physical health, enthusiasm at work, as well as building a good spirit of teamwork.



The 15th “Leo Cup” Sport Days

Mid-Autumn Festival Celebration

Our mid-autumn festival is a great way for Leonians and their families to celebrate all together. For this festival, we organized a carnival events and many fun games and attractions including ring toss, fishing, puzzles, riddles and more. As a thank you, we sent each guest home with a prize.

Casual Wear Day

This year we launched “Casual Wear Day” on 19 June 2020. 22 participants from 11 departments joined together to show off their personal style and beauty. Each participant wore their favorite outfit and posed for individual and group photos. Casual Wear Day was a big success! This new event brought departments together and elevated team spirits creating fun and lasting memories.



Casual Wear Day

Community Engagement

Support on Education

Joint Education Institute

We established the Astros Vocational and Educational School in 2010 to support vocational and educational development in Heshan. Astros Vocational and Educational School has the capacity to teach 3,000 students and is the first comprehensive printing vocational school established by a multinational enterprise in the Guangdong province. Collectively with Jinan University and the Hanyuan Education Group we run the Education Institute of Jinan University (Jiangmen Campus.) Our goal at the Education Institute of Jinan University is to nurture the talented workforce in the Guangdong-Hong Kong-Macao Greater Bay Area, as the demand for higher technical skills in the community increases.

Foundation Stone Laying Ceremony for Main Gate Square of the Education Institute of Jinan University (Jiangmen Campus)

Since completing the renovations to the canteen, dormitory, smart campus networking and recruitment center at the Education Institute of the Jinan University (Jiangmen Campus), we were able to start renovations on the Main Gate Square. The Main Gate Square spans approximately 50 acres and features 2 resting areas for students and the general public.

On 13 July 2020, we held a groundbreaking ceremony to celebrate the beginning of the Main Gate Square project at our Heshan plant. Many honorable guests were in attendance, including leaders from our partners at Jinan University and the Hanyuan Education Group, government representatives of the Gulao Town, the principal of the Jiangmen First Vocational Senior High School, in addition to teachers and student representatives.



Foundation Stone Laying Ceremony
for Main Gate Square of the
Education Institute
of Jinan University
(Jiangmen Campus)

Support of Community

Support to “Open Umbrellas for Children in Difficulties” Program

We continuously support charity initiatives in the Guangdong province, and allocate our donation to more than 14 projects. In 2020, our Heshan plant took part in a program called “Open Umbrellas for Children in Difficulties”, which was organized by local social welfare organizations. This program aimed to provide help and support to children suffering from severe illness, disabilities, the loss of a parent, and so on. More than 100 volunteers from Leo (divided up into 22 small teams) helped to conduct surveys to collect data from 95 families and children in these situations in three towns of Heshan (Gulao Town, Taoyuan Town, Longkou Town).

Poverty Alleviation and Education Activities

On 5 November 2020, we visited the Suixi Dacheng Secondary School located in Western Guangdong. We held an educational forum and distributed scholarships for 20 students from families below the poverty line. We continue to be committed to support educational initiatives within the community. Since establishment of the education fund in 2004, we have offered financial support to over 300 students in poverty.

New Year Home Visit to Families in Need

At Leo, we are committed to help families in need. On 15 January 2020, our Managing Director and representatives of the Heshan Federation of Industry and Commerce, participated in our 15th annual “2020 Chinese New Year Home Visit.” Our goal is to help members of our community and set them up for success in the future. This year our donation helped support 55 families in poverty and 706 senior citizens over the age of 60, in Gulao Town and Longkou Town of Heshan. We also encourage our partners to join us in helping and supporting the members of our community who need it most.



New Year Home Visit to Families in Need

2020 Teachers' Day

During Teachers' Appreciation Day on 10 September 2020, representatives from our Heshan plant visited primary and secondary schools in the community where we are located. We sent our gratitude and warm wishes to teachers and students, to show our appreciation to teachers for their contribution in the development of their students and our society.



2020 Teachers' Day

Standard Chartered HKCSS Subdivided Unit Subsidy Program

In May 2020, we participated in the Standard Chartered HKCSS Subdivided Unit Subsidy Program. This program is organized by The Hong Kong Council of Social Service (HKCSS) and Standard Chartered Bank (Hong Kong) Limited. The program provides rental assistance to families living in subdivided units in Hong Kong. This year, Leo felt it was especially important to participate in this program because of the hardships brought on by Covid-19. The Standard Chartered HKCSS Subdivided Unit Subsidy Program helped many families stay in their current homes, providing stability and security during this challenging time.

Mask Donation to Christian Family Service Center

During the coronavirus pandemic, we donated 100 boxes of surgical masks to the Christian Family Service Center for low-income families and senior citizens in Hong Kong.



Mask Donation to Christian Family Service Center

Food Rescue Program – Food Angel

Food Angel is a food rescue program launched in 2011 by the Bo Charity Foundation, which is recognized by the Hong Kong Government. The charity collects edible surplus ingredients and prepares and distributes nutritious hot meals for disadvantaged groups in society. In 2020, Leonians volunteered and participated in the program to help sort raw vegetables and prepare hot meals.



Food Rescue Program – Food Angel

Supporting the Disabled

At our production plant, we are proud to offer job opportunities and provide support facilities to people in the community with disabilities. We aim to help enhance their workplace confidence, integrate themselves into the community and become financially independent.

In May of 2011, with guidance from the Heshan Government and the China Disabled Persons Federation, we established our first “Caring Workshop” at our production plant. At our Caring Workshop in 2020, there were 139 disabled employees (75 males, 64 females) with intellectual disabilities, or physical impairments associated with speech, hearing, and vision functions.

To keep our disabled employees safe, we assign duties that are deemed safe which would assist in job satisfaction as well as boost personal morale and we have developed a bonus system to reward employees who exhibit outstanding performance.

Access to and facilities in both the workplace and living areas are specifically designed to suit the requirements and needs of our disabled employees; the dormitory is equipped with barrier-free access to all facilities and a special mealtime is provided to avoid crowds.

In 2020, we carried out new initiatives to care for our disabled employees which include providing free meals, and providing mental help support offered by professional national therapists.



Supporting the Disabled

Leo Volunteer Team

Our volunteer team was formed in 2006. Over the last 15 years, the volunteer team has participated in numerous diverse community service activities and has grown to 185 members. In 2020, the team participated in 10 volunteer service events totaling 416 service hours. Events included:

- Providing support during the COVID-19 outbreak
- A parent-child fun run
- A mid-autumn festival
- A visit to a local nursing home
- A “Leo Cup” sports day
- The Clean Plate Campaign (reduction of food waste)



Leo Volunteer Team

Social and Economic Indicators

(Heshan Astros Printing Plant)

Employment

Indicator	Average Number of Employee									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Male	8,015	8,692	8,287	7,903	8,274	7,285	7,296	7,204	7,046	5,522
Female	9,682	9,292	8,608	7,230	7,023	6,183	5,503	5,528	5,384	4,510
Total	17,697	17,985	16,895	15,133	15,297	13,468	12,799	12,732	12,430	10,032

	Age Group 2020		
	Below 30	30-50	50 and above
Number	3,213	6,311	508
Percentage	32%	63%	5%

Occupational Health and Safety

Indicator	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Annual Injury Case	21	19	15	15	15	16	10	12	11	8
Injury Case per 1000 Employees	1.19	1.06	0.89	0.99	0.98	1.19	0.78	0.94	0.88	0.80

Market Presence

Indicator	Proportion of Senior Management Hired from the Local Community								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Local	45%	45%	45%	46%	47%	48%	49%	49%	51%

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	2020
Male	44%	44%	69%	69%	68%	67%	66%	66%	64%
Female	56%	56%	31%	31%	32%	33%	34%	34%	36%

Training and Education

Employee Category	Average Training Hours per Employee#									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Frontline Staff/ Workers	24	17	11	10	13	9	11	12	13	9
Management (Grade 1-4)	17	16	21	23	18	18	24	24	24	18
Management (Grade 5-6)	18	16	22	22	21	23	29	28	41	25
Management (Grade 7-8)	27	30	29	28	31	24	35	48	67	30
Senior Management/ Top Management	18	11	37	33	32	24	37	38	44	29

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

Dedicated to Business Excellence

- **ERP System Upgrade**
- **Efficiency and Quality Improvement**
- **Metrology and Testing Service**
- **Research and Development**
- **Production Plant in Vietnam**

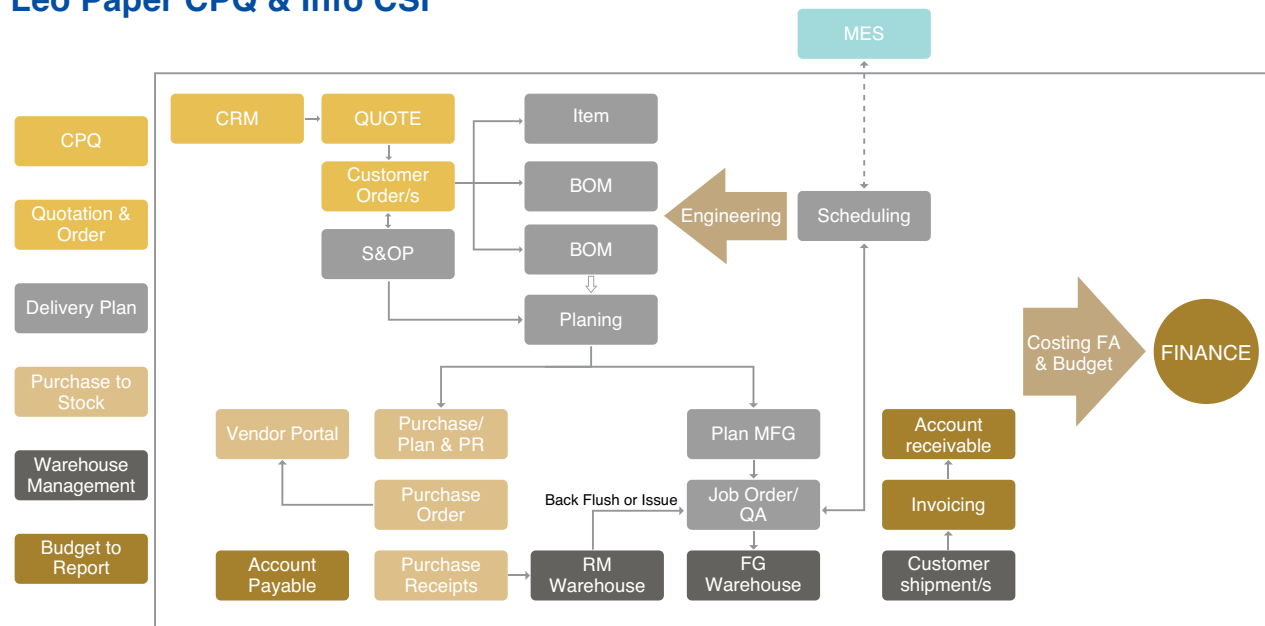


Leo thrives business excellence by continuously improving production processes, materials, equipment, and all. In 2020, Leo has made important achievements in ERP 2.0 system, process improvement, smart manufacturing, new materials, equipment development and expansion of Vietnam factory to create value for both Leo and customers and to promote it's sustainable development.

ERP System Upgrade

Through the implementation of the ERP 2.0 system, Leo carried out a digital transformation to improve the effectiveness of business processes and operational efficiency, shorten the supply chain cycle, improve production efficiency, and save management costs thus greatly enhance the competitiveness of the company.

Leo Paper CPQ & Info CSI



Conference Room Pilot

Through Conference Room Pilot (CRP), Leo conducted simulation tests on 108 to examine the existing problems in the business process and to formulate solutions for the barriers.

In 2020, Leo completed the gap analysis between the current business processes and the new ERP2.0 processes and developed a Blue Print through CRP. The end-to-end business process (from Order-to-Delivery) will be completed in 2021.

BPR workshop

From June to September 2020, we conducted a series of business process restructuring (BPR) workshops, sorting out 35 main processes and 70 non-main processes.

Sales and Operation Planning (S&OP) workshop

In June 2020, the key personnel of sales and planning production carried out the sales and operation planning (S&OP) workshop, through which the business process from sales to planned production was analyzed and optimized.



Main process End To End workshop

In July 2020, Leo ERP project team carried out the main process end-to-end workshop to sort out and optimize the business process from Quote to Cash and purchase to payment.

End To End process workshop for future business

In August 2020, we carried out a future business End To End process workshop (for business processes from Order-to-Delivery.), which optimized the processes from quotation to production planning, planning to procurement, work order to delivery and operation to cost accounting.

Business process reengineering workshop

In September, 2020, we carried out the “Business Process Reengineering Workshop”, and organized more than 30 people including process leaders of various business processes and project core team personnel to learn the full picture of Leo’s future supply chain and the process and steps of BPR.

Efficiency and Quality Improvement

Own Process Completion

“Own Process Completion” is the core of our quality assurance system. Starting from April 2020, Leo has launched “Own Process Completion” training across the whole company, and has started pilot improvement projects. We achieved “0” defective within half a year for certain product types. In order to effectively promote the development of “Good Product Manufacturing Condition”, in December, a conference on “Good Product Manufacturing Condition” and “Own Process Completion” was held at our Heshan plant. In the conference, participants were made aware of the importance of “Own Process Completion” and were trained to put the theory into practice in order to achieve “0” defective.



Process Improvement

Leo has always been committed to continuous process improvement. Through improvement and optimization of business processes, it minimizes non-value-added activities, reduces waiting time and eliminates repetitive work. In 2020, we enhanced the PMC scheduling process, improved the interface of the CSI packaging module, established a card material management team, merged different warehouses and improved the die cutting processes of board books. This has significantly saved time, workforces, space, materials and other management costs.

Improvement of PMC scheduling process

Through Elimination, Combination, Reduction and Simplification principles, Leo has reformed the PMC scheduling workflow reducing the original 11-step scheduling steps to 7 steps. Information was delivered in a timely manner and the process efficiency was increased by 36%.

Improvement of CSI packaging module interface.

The original design of the packaging instruction module interface needed to be operated by different departments and the information was scattered. After redesigning the packaging instruction module interface, different operation interfaces are merged which greatly saves input time.

Establishment of Board Book Material Management Team

In May 2020, Board Book department established a material management team responsible for material distribution. It realizes centralized receipt and delivery of materials which improves cargo turnover, greatly reduces on-site semi-finished products and significantly reduce equipment waiting.

Merging of Work in Progress (WIP) Warehouses

In 2020, the Board Book department has merged the two WIP warehouses to unify the management of material receipt and delivery and save space, workforce costs and streamline delivery routes.

Improvement of Secondary and Die Cutting Processes of Board Book

From 2020, the Logistics Management Division participated in the distribution of self-made materials and integrated the responsibilities of logistics personnel, re-planned the material storage area and adopt the “On call delivery” and “Fixed Quantity” methods to reduce the use of trolleys and to reduce the labor intensity. It also has improved the punctual rate of feeding materials to the machine.

Metrology and Testing Service

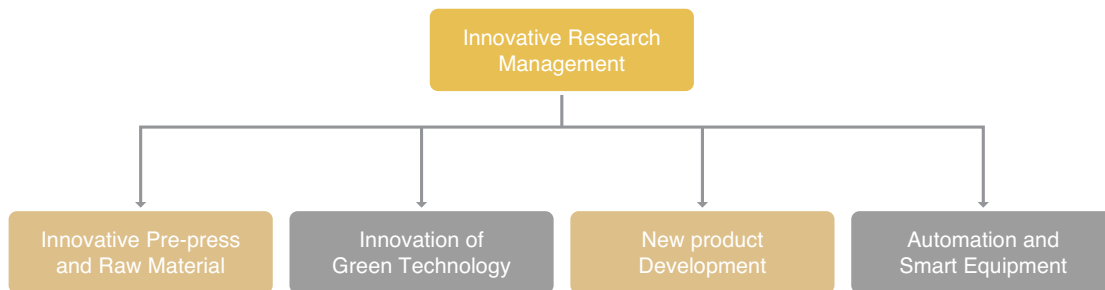
In order to reassure compliance to different quality, safety and environmental standards and to provide customers with comprehensive professional and international testing services, Leo established Leo Metrology and Testing Services Ltd in 2009. Leo Metrology and Testing Services is a laboratory accredited by the China National Accreditation Service for Conformity Assessment (CNAS) and the International Safe Transit Association (ISTA). In 2020, the laboratory introduced new test items, including sweat and saliva testing, textile component analysis, electronic product RoHS (2.0) testing, and customized testing requested by customers.



Research and Development

In order to promote the development and research of new technologies, new processes, new products, new equipment and new systems, Leo set up an innovative research management system in 2020 and organized an innovative technology R&D committee to:

1. coordinate all the research and development of new materials, new products, new production technologies and automation equipment.
2. promote the transformation of scientific research projects into economic results and Leo's core competitiveness.



In order to meet customers and the market's need for better products, services and management, in 2020 Leo has carried out research and development projects on automation equipment, application of smart watches, new materials and new technologies.

Development of New Materials and New Technologies

Through the development of new materials and new technologies, we have improved product safety and quality, occupational safety, environmental protection and energy efficiency performance. In 2020 our R&D department developed and applied 50 new materials and 30 new technologies.

Inventions and Patents

Leo continually develops unique leading-edge equipment and integrates different elements such as product structure, vibration and sounds onto traditional printed products to increase its added values. In 2020, Leo successfully obtained patents for 34 projects.

Research and Development of Automated Equipment

In order to improve productivity and to control operating costs, over the years, Leo has developed a wide variety of automated equipment. In 2020, Leo developed a total of 259 specialized automation equipment and over 20,000 low-cost automated equipment. The relevant equipment has greatly reduced the labor intensity and improved production efficiency.

Application of Smart Watch

In order to reduce the repetitive actions and time required to confirm logistics information, in 2020, we started to use smart watches in the Integrated Product Business Unit, Board Book Business Unit and Trade Book Business Unit. The employees on the production line send logistics demand signal through designated button. Logistics operators use the smart watch to quickly check the demand which enable instant arrangement of materials and semi-finished products deliveries. This has greatly shortened the logistics information transmission time, and improved production stability and efficiency.

Sky Logistics Project

During 2020, in order to reduce the transportation of materials and semi-finished products between connected production processes, we carried out a “Sky logistics project” in the Trade Book Business Unit. This greatly reduced the transportation costs and at the same time reduced labor intensity.

Production Plant in Vietnam

In order to meet the business development needs, in 2020, Leo Paper Products (Vietnam) Ltd. (LPPVN) developed Phase 3 of workshop on top of the original workshops. The new workshops adopted LED lighting, factory design with green board building materials. The newly developed Phase 3 workshop started production in September 2020, which significantly increased the production capacity. The factory is equipped with LED

offset printers, digital printers, CTP plate setters, LED screen printers and other high-efficiency low-energy production equipment and a centralized air supply system to meet the increasing production demand.

LPPVN has recruited more than 1,300 employees. Since the establishment of the factory, LPPVN strictly adhered to Leo's commitment to safety management, environmental governance and social responsibility:



Fire Safety

In 2020, all stairs of the production plant were painted with fire-resistant paint. Moreover, fire-fighting facilities such as fire-fighting partition systems and cooling fan systems are installed to reduce the risk.

In November 2020, LPPVN organized firefighting training sessions for volunteer firefighters and conducted fire drills for all employees with the local fire services department to enhance emergency preparedness.

Environmental Compliance

In order to ensure the health and safety of employees, and to monitor the environmental impact of waste generated in the production process, LPPVN has conducted inspections on air emissions, wastewater, drinking water and workshop environment. All results have met regulatory requirements.



Social Responsibility

Adhering to Leo's people-oriented principle, LPPVN has carried out a series of social care activities, which include distributing gifts for employees on traditional festivals such as Children's Day, Mid-Autumn Festival and Women's Day to convey holiday greetings. The factory has also set up facilities such as breastfeeding room and a clinic for employees. All these initiatives facilitate to build a harmonious and energetic working environment.



In addition to caring for the company's employees, the factory also enthusiastically participates in community initiatives. In October 2020 flood severely affected the central region of Vietnam and our factory assisted by making donations to support the local community.



External Recognitions 2020

Selected Environmental Awards/Recognitions 2020



Hong Kong Sustainable Finance Awards 2020

- Awarded by the Hong Kong Quality Assurance Agency



Hong Kong – Guangdong Cleaner Production Partner (Manufacturing)

- Awarded by the Department of Industry and Information Technology of Guangdong Province and the Environment Bureau of Hong Kong Government



Vice President of Guangdong Cleaner Production Association

- Awarded by Guangdong Cleaner Production Association



Jiangmen Cleaner Production Enterprise

- Awarded by Jiangmen Industry and Information Technology Bureau

Selected Social Awards/Recognitions 2020



Guangdong Province Enterprise of Observing Contract and Valuing Credit

- Awarded by the Guangdong Administration for Market Regulation for 19 consecutive years



Pioneering Unit of Guangdong Enterprise Firefighting Team

- Awarded by Fire and Rescue Corps of Guangdong



Super MD

- Awarded by Employees Retraining Board

Other Selected Awards/Recognitions 2020



Gold Ink Awards 2020

- Presented by Printing Impressions



The 31th Hong Kong Print Awards

- Awarded by the Graphic Arts Association of Hong Kong



Top 100 Printers in China 2020

- Presented by Keyin Media and Printing Manager

Stakeholders Engagement and Material Aspects

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

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 updates - 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 Harmony

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 support to underprivileged groups 	<ul style="list-style-type: none"> - Plastic-free Initiative - Use of Green Paper and Recycled 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	<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"> - Industrial and Community Engagement - Community Engagement

This report was prepared in accordance with the GRI reporting principles of stakeholder inclusiveness, materiality, contexts 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 table below demonstrates material aspects/key topics and concerns and our corresponding response to such aspects/concerns. The boundary for each material topic is also identified.

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-free Initiative • Use of Green Paper and Recycled Paper • Environmental Indicators 	√	√
Energy	<ul style="list-style-type: none"> • Energy Management 	√	√
Waste and Water	<ul style="list-style-type: none"> • Waste Management • 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 Corporate Governance 	√	√
Local Communities	<ul style="list-style-type: none"> • Community Engagement 	√	√
Product Responsibility	<ul style="list-style-type: none"> • Plastic-free Initiative • Use of Green Paper and Recycled 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 101-2016: Foundation	GRI 101 does not include any disclosures	/	√
General Disclosures			
Organizational profile			
GRI 102-2016: 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	<ul style="list-style-type: none"> All over the world Leo's customers include private companies, governments, etc. 	√
	102-7 Scale of the organization	<ul style="list-style-type: none"> About Leo Paper Group 2020 Annual Report About 100,000 tons of products are produced in Heshan Astros in 2020. 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 102-2016: 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. • 37% of employees come from the local community in 2020. 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	<ul style="list-style-type: none"> • Plastic-free Initiative • Use of Green Paper and Recycled Paper 	√
	102-12 External initiatives	China Enterprise Anti-Corruption Alliance	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 102-2016: 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 102-2016: General Disclosures	102-14 Statement from senior decision-maker	Chairman's Message	√
Ethics and integrity			
GRI 102-2016: General Disclosures	102-16 Values, principles, standards, and norms of behavior	About Leo Paper Group	√
Governance			
GRI 102-2016: General Disclosures	102-18 Governance structure	About Leo Paper Group	√
Stakeholder engagement			
GRI 102-2016: 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 102-2016: 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 102-2016: 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 2020	√
	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 103-2016: Management Approach	103-1 Explanation of the material topic and its Boundary	Industrial and Community Engagement	√
	103-2 The management approach and its components	Industrial and Community Engagement	√
	103-3 Evaluation of the management approach	Industrial and Community Engagement	√
GRI 205-2016: Anti-corruption	205-1 Operations assessed for risks related to corruption	<ul style="list-style-type: none"> • Industrial and Community Engagement • The risk assessment for corruption in operation was reviewed, in which include all operations in the company. 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 205-2016: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> Industrial and Community Engagement 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 103-2016: Management Approach	103-1 Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> Plastic-free Initiative Use of Green Paper and Recycled Paper 	√
	103-2 The management approach and its components	<ul style="list-style-type: none"> Plastic-free Initiative Use of Green Paper and Recycled Paper 	√
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> Plastic-free Initiative Use of Green Paper and Recycled Paper 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 301-2016: Materials	301-1 Materials used by weight or volume	<ul style="list-style-type: none"> • Plastic-free Initiative • Use of Green Paper and Recycled Paper • Environmental Indicators Table • All paper used are renewable materials. 	√
	301-2 Recycled input materials used	<ul style="list-style-type: none"> • Plastic-free Initiative • Use of Green Paper and Recycled Paper • Environmental Indicators Table 	√
	301-3 Reclaimed products and their packaging materials	No reclaimed products and their packaging materials from our customers.	√
GRI 300: Economic Topics			
Topic: Energy			
GRI 103-2016: Management Approach	103-1 Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> • Energy Management 	√
	103-2 The management approach and its components	<ul style="list-style-type: none"> • Energy Management 	√
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> • Energy Management 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 302-2016: 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 • No sales of electricity, heating, cooling and steam (or equivalent energy). 	√
	302-2 Energy consumption outside of the organization	<ul style="list-style-type: none"> • 67.61 tons of CO2 emissions from aviation in 2020. 	√
	302-3 Energy intensity	<ul style="list-style-type: none"> • Environmental Indicators Table • 0.542 tons of CO2 emissions of fuel consumption and electricity consumption within the organization per production unit in 2020. 	√
	302-4 Reduction of energy consumption	<ul style="list-style-type: none"> • Energy Management 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 302-2016: Energy	302-5 Reductions in energy requirements of products and services	<ul style="list-style-type: none"> • 38.48% 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 303-2018: Water	303-1 Interactions with water as a shared resource	<ul style="list-style-type: none"> • 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 303-2018: Water	303-3 Water withdrawal	<ul style="list-style-type: none"> • Water Management • Environmental Indicators Table • All fresh water comes from municipal water . 	√
	303-4 Water discharge	<ul style="list-style-type: none"> • Water Management • 470,693 tons of water discharge in 2020. 	√
	303-5 Water consumption	<ul style="list-style-type: none"> • Environmental Indicators Table 	√
GRI 300: Economic Topics			
Topic: Air Emissions and Waste			
GRI 103-2016: Management Approach	103-1 Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> • Air Emissions • Waste Management 	√
	103-2 The management approach and its components	<ul style="list-style-type: none"> • Air Emissions • Waste Management 	√
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> • Air Emissions • Waste Management 	√
GRI 305-2016: 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 305-2016: 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 306-2016: Effluents and Waste	306-2 Waste by type and disposal method	<ul style="list-style-type: none"> • Air Emissions • Waste Management • Environmental Indicators Table • Waste is disposed by designated qualified waste disposal contractors • 47,547 tons of non-hazardous waste in 2020. 	√
	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 403-2018: 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, ambience 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 2020	√
	403-4 Worker participation, consultation, and communication on occupational health and safety	• OHS Projects 2020	√
	403-5 Worker training on occupational health and safety	• OHS Projects 2020	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 403-2018: Occupational Health and Safety	403-6 Promotion of worker health	<ul style="list-style-type: none"> OHS Projects 2020 	√
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> Occupational Health and Safety In 2020, 12 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	<ul style="list-style-type: none"> Social and Economic Indicators Table There are totally 8 work-related injuries in 2020, which are classified as minor injuries based on the “Occupational Safety Incidents Classification”. The number of high-consequence work-related injuries is zero. No contractor injuries in the workplaces. 0.051 of injury rate per 200,000 hours worked in 2020. 	√
	403-10 Work-related ill health	None	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 400: Social Topics			
Topic: Training and Education			
GRI 103-2016: 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	√
	103-3 Evaluation of the management approach	Staff Training and Development	√
GRI 404-2016: 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:14; Average training hours of female employees:9. 	√
	404-2 Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> • Staff Training and Development 	√
	404-3 Percentage of employees receiving regular performance and career development reviews	All staff members receive performance appraisal annually.	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 400: Social Topics			
Topic: Local Communities			
GRI 103-2016: Management Approach	103-1 Explanation of the material topic and its Boundary	Community Engagement	√
	103-2 The management approach and its components	Community Engagement	√
	103-3 Evaluation of the management approach	Community Engagement	√
GRI 413-2016: 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 Management • 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	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 103: Management Approach	103-3 Evaluation of the management approach	Supplier Assessment and Collaboration	√
GRI 308-2016: 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 414-2016: 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 103-2016: Management Approach	103-1 Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> • Plastic-free Initiative • Use of Green Paper and Recycled Paper 	√
	103-2 The management approach and its components	<ul style="list-style-type: none"> • Plastic-free Initiative • Use of Green Paper and Recycled Paper 	√
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> • Plastic-free Initiative • Use of Green Paper and Recycled Paper 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/ Comments	External Assurance
GRI 417-2016: Marketing and Labeling	Disclosure 417-1 Requirements for product and service information and labeling	<ul style="list-style-type: none"> • Plastic-free Initiative • Use of Green Paper and Recycled 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 • 47,547 tons of non-hazardous waste in 2020. 	√
A1.5 Description of measures to mitigate emissions and results achieved	<ul style="list-style-type: none"> • Air Emissions • Waste Management • 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 • Waste Management • 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 • 0.007 tons of CO2 emissions of fuel consumption from non-renewable sources per production unit in 2020. • 0.534 tons of CO2 emissions of electricity consumption per production unit in 2020. • 0.542 tons of CO2 emissions of fuel consumption and electricity consumption within the organization per production unit in 2020. 	√
A2.2 Water consumption in total and intensity	<ul style="list-style-type: none"> • Environmental Indicators Table • 16 tons of water consumption within the organization per production unit in 2020. 	√
A2.3 Description of energy use efficiency initiatives and results achieved	<ul style="list-style-type: none"> • Energy Management 	√
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	<ul style="list-style-type: none"> • Air Emissions • Waste Management • 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 41,452 tons in 2020.	√

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-free Initiative • Use of Green Paper and Recycled Paper • Air Emissions • Waste Management • 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	√

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
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. Average training hours of male employees:14; Average training hours of female employees:9. 	√
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	√

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
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 Corporate Governance	√
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Integrity and Corporate Governance	√
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 Harmony • 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 Harmony • Community Engagement 	√



VERIFICATION STATEMENT

Scope and Objective of Verification

Hong Kong Quality Assurance Agency (HKQAA) has been engaged by the Leo Paper Group (Hong Kong) Limited (Leo Paper) to undertake an independent verification of its 2020 Sustainability Report (the Report). The Report stated the sustainability performance of Leo Paper in the period of 1st January 2020 to 31st December 2020.

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 Core Option of the GRI Sustainability Reporting Standards (GRI Standards) and Appendix 27 "Environmental, Social and Governance Reporting Guide ("ESG Guide")" of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited.

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 and the extent of this verification process undertaken was provided for the Core Option of the GRI Standards and the ESG Guide.

HKQAA's verification procedure covered verifying the mechanisms for collecting, calculating, and reporting the sustainability performance information, reviewing of relevant documentation, interviewing responsible personnel with accountability for preparing the report contents and verifying the selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

Independence

Leo Paper is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from Leo Paper. There was no relationship between HKQAA and Leo Paper that would affect the independence of HKQAA for providing the verification service.

Conclusion

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

- The Report has been prepared in accordance with the Core Option of the GRI Standards and the ESG Guide;
- The Report illustrates the sustainability performance of Leo Paper in a structured, balanced, clear and consistent manner; and
- The data and information disclosed in the Report are reliable and complete.

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

Signed on behalf of Hong Kong Quality Assurance Agency

Miled Cheong
General Manager, Intelligence Business
24 March 2021

EDITORIAL POSTSCRIPTS

The Leo Paper Sustainability Report 2020-2021 includes extensive topics about sustainable development which covers our performance results in diversified aspects over the years.

We set 2007 as the base year for many of our sustainable indicators. As performance results have been accumulated for more than 10 years, we report indicators/performance results of the recent 10 years only (if available). Information about issues beyond 10 years can be found in previous reports. It is our philosophy to go the extra mile for every current or new issue instead of emphasizing on previous achievements. This is one of the driving forces that lead to our continuous improvement in each area.

We believe that sustainable initiatives shall be developed and implemented with the objective to go beyond compliance and expectations.

This report is available on the Environment and Society page of Leo Paper Group's website: www.leo.com.hk

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

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2020-21 SUSTAINABILITY REPORT



ISO 14064-1 : 2006

LEO PARTER GROUP (HONG KONG) LIMITED is Greenhouse Gas Assessor for the period 01 January 2020 to 31 December 2020 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 9001 • ISO 14001
ISO 45001 • ISO/IEC 27001



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