

2021 SUSTAINABILITY REPORT



- Committed to Green and Low Carbon Development
- Caring for Employees and Development of Happy and Harmonious Leo Community
- Dedicated to Excellence

*Paving The Way
Towards
Sustainability!*

About this Report

Editor's Remark

This is our 13th environmental and social/sustainable report. This report has been prepared based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards: Core option and Hong Kong Exchanges (HKEX) Environmental, Social and Governance Reporting Guide (ESG). Data in this report has been reviewed by an independent 3rd party (Hong Kong Quality Assurance Agency, HKQAA) to provide assurance on the report contents. We are committed to best Global Sustainability Practices.

Reporting Period

This report covers the performance of Leo Paper Group from 1st January 2021 to 31st December 2021.

Frequency of Reporting

Annual

Reporting Organization

Leo Paper Group Headquarter and production plants (Heshan Astros printing plant, Leo United Paper Products plant, Heshan Leo Packaging & Printing plant, Hunan Astros printing plant, Leo Paper Products (Vietnam) plant). Unless specified, the figures in this report is for Heshan Astros printing plant, which is the main plant.

Publication

April 2022

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 (ESG)
- Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

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

CONTENTS

02-03

Chairman's Message

04

About Leo Paper Group

05-15

Integrated Sustainability Management

16-31

Committed to Green and Low Carbon Development

Addressing Climate Change

Green Manufacturing

Wastewater Management

Air Emissions Management

Waste Management

Environmental Promotion and Communication

Environmental Indicators

32-45

Caring for Employees and Development of
Happy and Harmonious Leo Community

Occupational Health and Safety

Training and Development

Labor and Human Rights

Employee Communication

Employee Caring

Leisure Activities

Supports to the Community

Educational Commitment to the Community

Social and Economic Indicators

46-52

Dedicated to Excellence

Research, Development and Invention

Quality and Productivity Excellence

Organizational Restructuring

Own Process Completion

Promote Sustainable Practices to Other Leo Production Plants

Sustainable Development Targets towards Leo's Long-term Goals

53-54

External Recognitions 2021

55-65

GRI Content Index

66-69

HKEX ESG Guide Index

70

Verification Statement


The World Environment Day 2021 calls for Ecosystem Restoration and for a global mission to recover our surroundings. At Leo, it is our philosophy to achieve the balance and harmony between the nature and humans.

With such philosophy, since the early days, Leo has been developing and implementing measures to protect the environment, such as the development of waste-water treatment plant, installation of energy-efficient equipment and utilizing VOC treatment devices. We continue to enhance our performance by adopting new and emerging technologies and methods that help our endeavors.

Leo's commitment to sustainable development determines our dedication to solve the environmental and social issues. Yet, daily challenges test our ability to solve problems in a systematic and comprehensive manner. In 2021, many critical threats appeared including COVID-19 and the mutation of the coronavirus which disrupted the supply chain, energy reduction, and carbon reduction activities. These are tests of our responsiveness.

During the past few decades, at Leo, we have gained invaluable experiences and in 2021, despite all, we met the challenge of supporting our business partners and stakeholders. We also are working on and are making progress to ensure adequate preparation to face future changes.

2022 will also be a year with multitude of challenges. Leo will continue to uphold the philosophy of sustainable development and will further strengthen our response to risk and operational challenges. We are looking forward to step into a new chapter and work on many medium to long term sustainability plans in the supply chain along with supporting the United Nations Sustainable Goals together with all our partners.



Samuel Leung

Chairman of Leo Paper Group

Chairman's Message

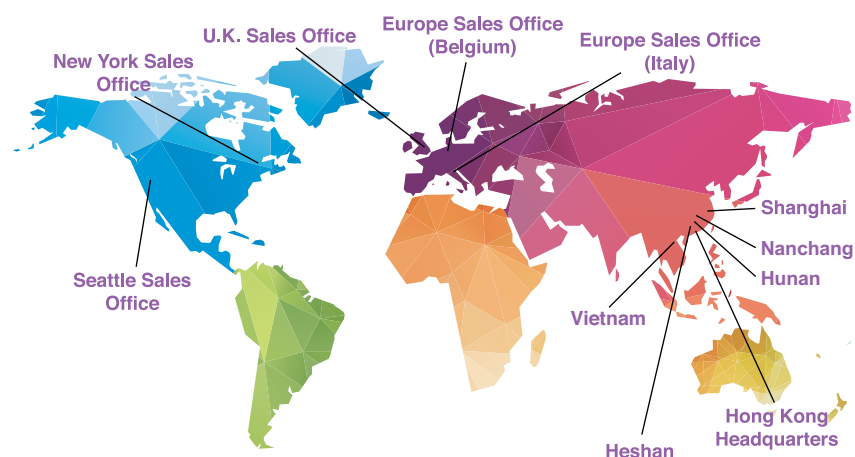


About Leo Paper Group

Founded in 1982, Leo is a leading global printing communications company providing total solution from pre-press to printing and post-press production, with a large printing production base and other production plants that provide specific solutions to our global customers.

Ownership and Legal Form	Private
Headquarters	Hong Kong
Products / Services	<ul style="list-style-type: none"> • Activities: Design, Printing, Production, Reprographic Activities, and Project Management of Paper Based Products. • Major Product Categories: Books, Games, Gift items, Packaging, and other paper products.
Manufacturing Plants	<p>Main Production Plant:</p> <ul style="list-style-type: none"> • Heshan Astros <p>Other Production Plants:</p> <ul style="list-style-type: none"> • Leo Packaging & Printing • Leo United Paper Products • Hunan Astros • Leo Paper Products (Vietnam)
Manufacturing and Warehouse Space	5.7 million square feet
Manpower	9,000+
Subsidiaries that Support Sustainability Solutions	<ul style="list-style-type: none"> • Heshan Leo Metrology and Testing Services Co. Ltd.: An independently accredited laboratory that provides diversified testing services for our clients and suppliers. • 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.

Global Distribution



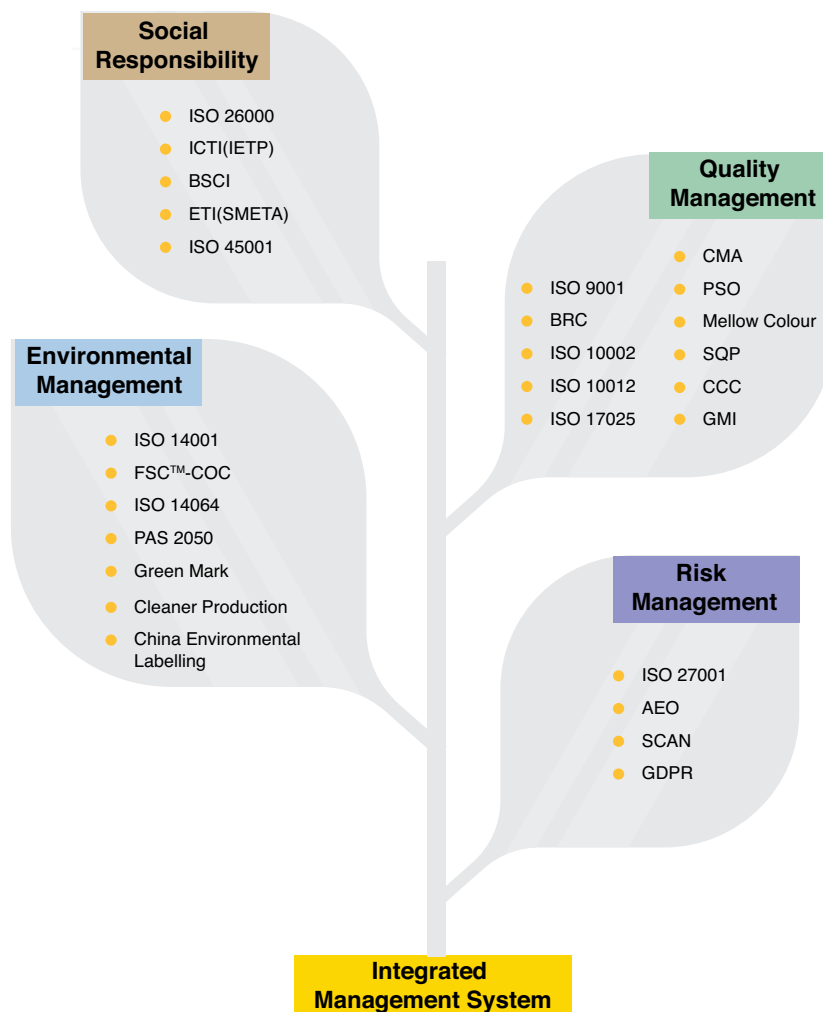
Integrated Sustainability Management

People oriented, caring for the environment and contributing to the community are Leo's core values. In line with the changing environment and the expectations of stakeholders, Leo formulates and implements sustainable development plans which is supervised by the authorized management committee. We also established sustainability policy management system and sustainable development targets to manage sustainability issues in a comprehensive way.

Leo is dedicated to be a responsible corporate protecting the natural environment and resources and focuses on the interests of employees, customers, suppliers and communities.

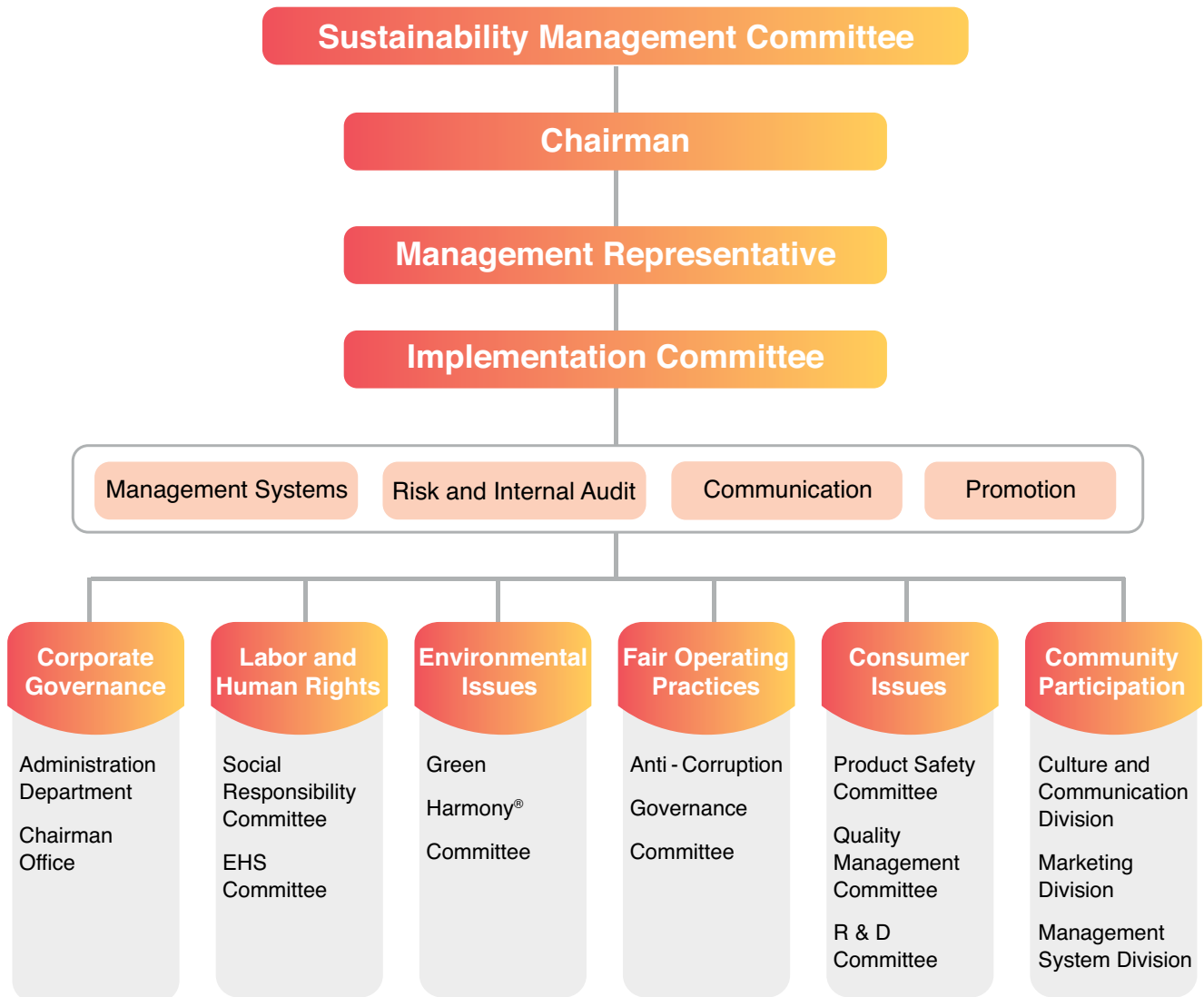
Management Systems

Leo carries out sustainable development governance with a systematic approach and comprehensive manner by integrating the international/national/industry standards on quality, environment, social responsibility and risk management and establishing and implementing a management system that is in line with Leo's characteristics. The Leo Management System is overseen by the dedicated management committee.



Social Responsibility Management Structure

In order to fully implement sustainable management plan and ensure the effective operation of various systems, Leo has set up committees in different areas such as Green Harmony® Committee, Social Responsibility Committee, Anti-Corruption Governance Committee to oversee and govern on issues.



Leo Sustainable Development Goals

As a responsible printing enterprise, in 2021, Leo responded to the United Nations Sustainable Development Goals and formulated sustainable blueprint and developed medium and long-term sustainable development goals.

Business Ethics

Targets		Actions (cross-reference)
• Number of corruption incidents	0	Integrity and Anti-Corruption
• Proportion of employees participating in anti-corruption training	100%	

Climate Change and Energy Management

Targets		Actions (cross-reference)
• Reduction in greenhouse gas emissions perunit output 2025 compared with 2020	25%	Addressing Climate Change
• Reduction in greenhouse gas emissions perunit output 2030 compared with 2007	65%	
• Reduction in energy consumption perunit output 2025 compared with 2020	20%	

Environment

Targets		Actions (cross-reference)
• Reduction in freshwater consumption perunit output 2025 compared with 2020	20%	Committed to Green and Low Carbon Development
• Reduction in chemical oxygen demand (COD) 2025 compared with 2020	10%	
• Reduction in hazardous waste perunit output 2025 compared with 2020	25%	
• Reduction of volatile organic compounds (VOCs) emissions 2025 compared with 2020	25%	

Occupational Health and Safety and Human Rights Protection

Targets		Actions (cross-reference)
• Number of fatal accidents	0	Occupational Health and Safety
• Number of labor or human rights incidents	0	Labor and Human Rights
• Proportion of employees participating in labor and human rights training	100%	Training and Development
• Proportion of Female Senior Managers	35%	Labor and Human Rights

Stakeholder Engagement

Stakeholder engagement is part of our ongoing activities. It enables us to identify their needs and create more value by continuing to meet them. Leo's stakeholders mainly include customers, employees, suppliers, governments, NGOs and local communities, who are affected or could be affected by Leo's activities. Our stakeholder engagement is carried out by two-way communication.

Stakeholders	Approach to Stakeholder Engagement	Concerns and Expectations
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"> - Quality of products and services - Ethics/code of conduct performance - Environmental performance (materials, operation processes, etc.) - Risk management
Staff Members	<ul style="list-style-type: none"> - Staff meeting - Regular corporate news updates - Email and telephone communication - Suggestion boxes - Employee surveys - Policy conference 	<ul style="list-style-type: none"> - Personal growth and development - Decent working and living environment
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
Government/ Authorities	<ul style="list-style-type: none"> - Enquiries to relevant authorities - Participation of events organized by local authorities - Direct communication with local authorities - Participation of seminars presented by local, regional, and global organizations 	<ul style="list-style-type: none"> - Engagement of community/society development - Promoting development of the industry - Participation and contribution in sustainable development
Non-Governmental Organizations (NGOs)	<ul style="list-style-type: none"> - Participation of seminars organized by NGOs - Invitation to or from NGOs to give trainings/presentations 	<ul style="list-style-type: none"> - Promoting green and social practices in the industry - Provision of support to underprivileged groups

Stakeholders	Approach to Stakeholder Engagement	Concerns and Expectations
Community	<ul style="list-style-type: none"> - Participating 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 - A website in the local language for communication 	<ul style="list-style-type: none"> - Engagement and participation of community/society development

Material Issues Analysis

Leo's material issues are determined based on national policies, regulatory requirements, stakeholder expectations, domestic and international standards, and Leo's concerns and commitment. For the material issues, we have developed and implemented measures to manage the impact of the issues. The table below shows our corresponding response to such material issues. The boundary for each material topic is also identified.

Material Issues	Cross-reference for Response to Materials Issues	Boundary	
		Leo	Outside Leo
Risk Management	• Sustainability Risk Management	√	√
Anti-Corruption	• Sustainability Risk Management	√	√
Supplier Management	• Sustainability Risk Management	√	√
Carbon Emissions Reduction	• Addressing Climate Change	√	√
Environmental Friendly Materials	• Research and Development in Environmental Solutions	√	√
Waste	• Waste Management	√	√
Wastewater	• Wastewater Management	√	√
Air Emissions	• Air Emissions Management	√	√
Industry Development	<ul style="list-style-type: none"> • Environmental Promotion and Communication • Quality and Productivity Excellence • Promote Sustainable Practices to Other Leo Production Plants 	√	√
Occupational Health and Safety	• Occupational Health and Safety	√	

Material Issues	Cross-reference for Response to Materials Issues	Boundary	
		Leo	Outside Leo
Combat COVID-19	• Occupational Health and Safety	✓	✓
Training and Education	• Training and Development	✓	
Community Participation	• Supports to the Community	✓	✓
Product Safety	• Safety and Quality Assurance of Materials and Products	✓	✓
Process Improvement	• Organizational Restructuring	✓	

Sustainability Risk Management

Leo established a risk management mechanism and developed risk control measures to reduce the adverse impact of risks, improve the ability to seize opportunities and to ensure that the interests of the company and stakeholders are protected.

Risk Identification and Audit

Leo regularly carries out the risk assessment of environment, labor, work hazards, information security, products and other factors every year to identify and evaluate the impact of internal and external factors and develop corresponding risk control measures to ensure compliance with the regulation requirements, customers and management system standards.

In order to monitor the effective implementation of risk control measures, Leo regularly carries out internal and third-party audits on social responsibility, quality, safety, environment and information security.



Risk Exercise and Emergency Plan

The company organizes 12 risk drills every year which including the fire safety, dangerous chemical leakage, sewage treatment prevention and control, infectious disease prevention and control, typhoon and rainstorm prevention and control, electric power maintenance, mechanical injury, elevator accident, large-scale activities, construction projects, traffic accidents and collective food poisoning. During the exercises each team defines its own responsibilities and carries out risk exercises to enhance emergency rescue capabilities.

Emergency Drill for Confined Space Operation

On 16 June 2021, the Emergency Management Center at Heshan Astros organized a confined space emergency rescue exercise which was aimed at enhancing our emergency personnel rescue skills in confined space.



Mechanical Injury Emergency Drill

On 29 June 2021, the Emergency Management Center organized a mechanical injury emergency exercise to practice the emergency response capabilities of all emergency rescue teams. No advance notice or preparation was provided.



In addition, during 2021 Heshan Astros plant launched the risk verification of “Environmental Emergency Plan” and “Production Safety Accident Emergency Plan” to formulate emergency plan that further improved the environmental and production safety emergency mechanism.



Protection of Intellectual Property & Privacy

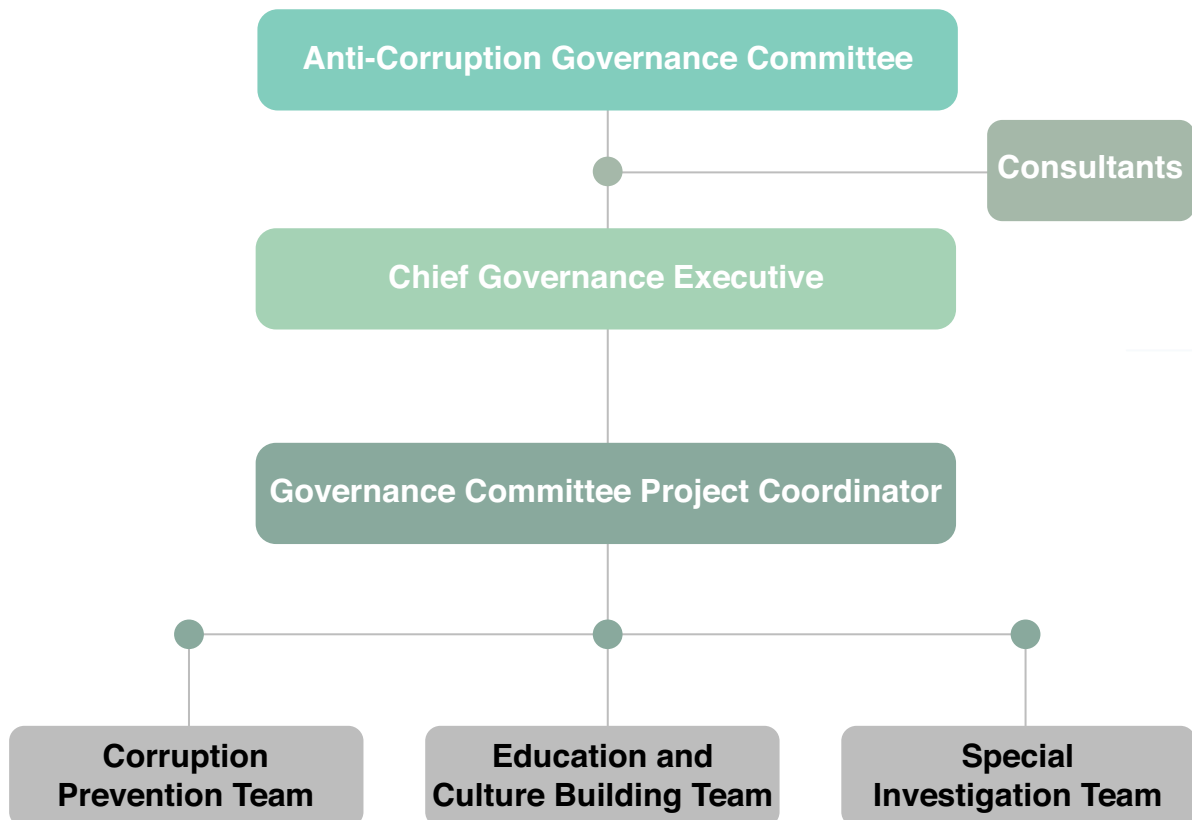
Leo strictly abides by all regulations related to intellectual property rights and respects and values the protection of intellectual property rights. We have established systems to protect intellectual property rights , including product development protection measures, equipment and technological patent rights.

We have also established and implemented Leo’s Privacy Policy to protect personal data and privacy in strict accordance with the requirements of the General Data Protection Regulation (GDPR) and other applicable laws and regulations. The policy covers data collection, purpose of use, data protection, and so on.

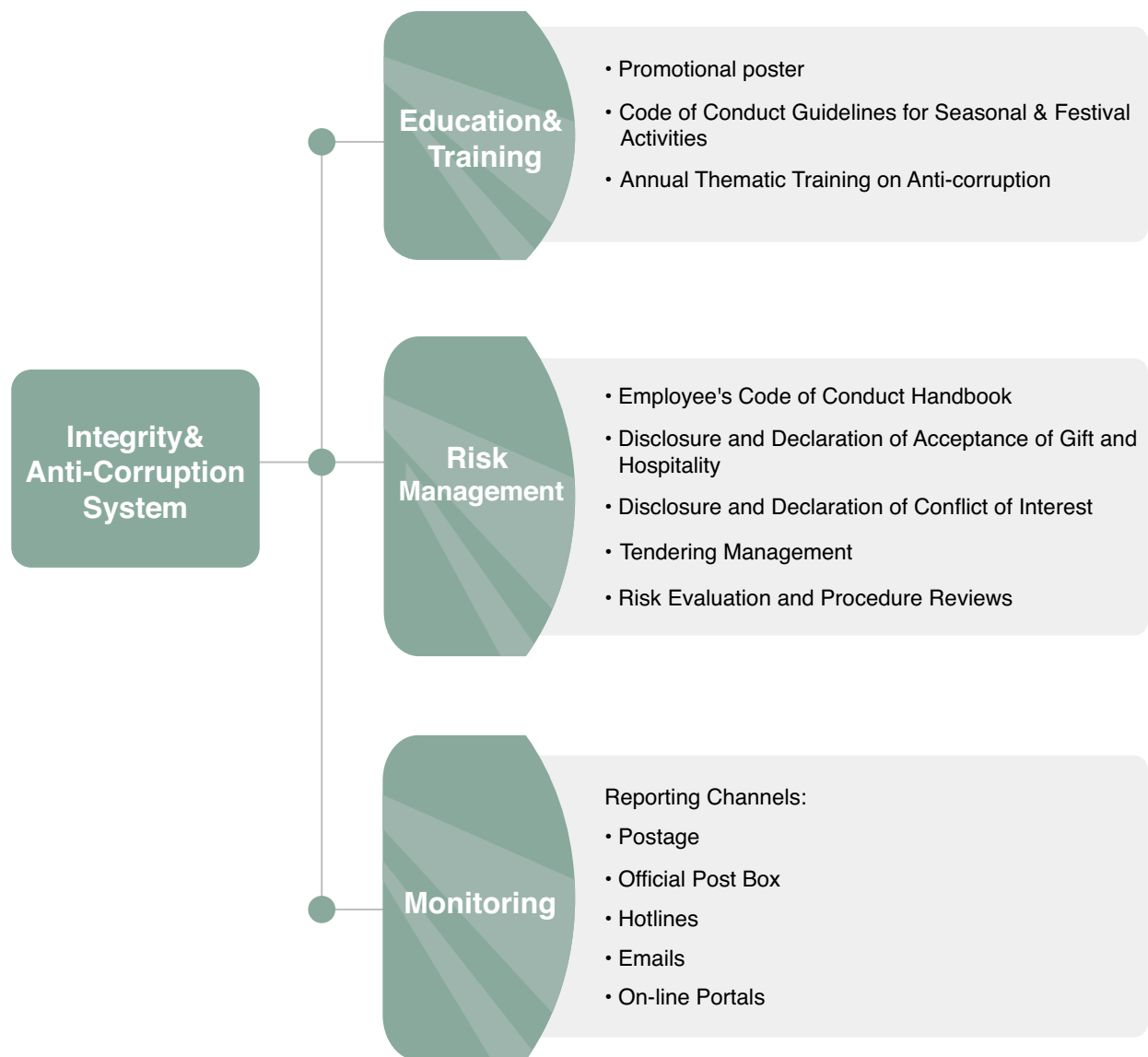
Integrity and Anti-Corruption

In 2009, Leo set up the Anti-Corruption Governance Committee to implement a comprehensive integrity and anti-corruption system. The committee has implemented a series of measures to ensure compliance with regulations, maintain high ethical standards, strengthen internal control, self-discipline mechanism, bidding and supplier management, employee code of ethics and promote integrity values to our employees, suppliers and other partners.

The following is the organization chart of the Anti-Corruption Governance Committee:



Leo Integrity and Anti-Corruption System



Code of Ethics for Employees

The Anti-Corruption Committee has developed code of ethics for employees and implemented a series of control measures, which include the following:

Employee Ethics Control Measures

- Gifts & Hospitality Declaration Mechanism
- Conflict of Interest Declaration Mechanism
- Conflict of Personnel Interest Declaration Mechanism
- Responsibility System for Honesty and Self-discipline of Senior Management
- Honesty and Self-discipline Commitment System for The Personnel in Important Positions
- Five Ways for Reporting



Tendering and Supplier Management

To further promote enterprise integrity governance and maintain a fair, just and open platform and improve project quality and efficiency, we set up a Tendering Center and implement tendering procedure for projects subject to tender which include procurement of items, engineering projects and services. All relevant departments participate in evaluation and supervision of tenders to ensure that the tendering process is fair, just, open and transparent. In 2021, we completed 24 tendering projects.

Business Ethics Training

On 31 March 2021, we invited local integrity expert in Jiangmen to visit Heshan Astros and provide training of “Building a Solid Bottom Line of Integrity for Healthy Development of Enterprise”. Participants of the training include employees from Heshan Astros, Hong Kong office, Hunan Astros, Heshan Leo Packaging & Printing, and Leo United Paper Products. A total of 450 employees participated in the training.



Supplier Risk Management

We share our philosophy of social responsibility to our suppliers. In order to ensure that suppliers meet the requirements of international, national, customer and Leo policies, we have established and implemented supplier evaluation system and set up a special team to carry out supplier review on a regular basis and promoted continuous improvement of suppliers' performance.

For potential new suppliers, we carry out material testing, operational qualification and other compliance evaluation procedures. Suppliers are required to comply with a series of standards that cover environmental issues, labor practices, human rights and other social standards.

In 2021, Leo conducted 39 audits for suppliers both on-site and remote to ensure suppliers comply with environmental management, product safety, labor and human rights and other social responsibility requirements.





Committed to Green and Low Carbon Development

Addressing Climate Change

Green Manufacturing

Wastewater Management

Air Emissions Management

Waste Management

Environmental Promotion and Communication

Environmental Indicators

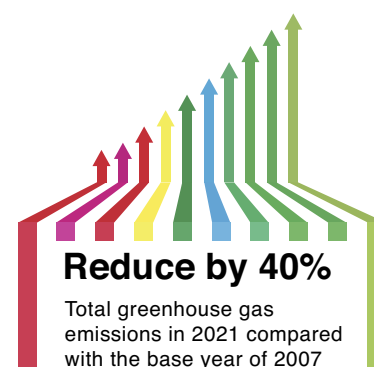
As a responsible printing plant, Leo takes “Zero Emissions” as the goal of green development, and actively undertakes its own responsibilities, and keeps committing to environmental management. We continue reducing resource use and waste generation in operations by optimizing waste, wastewater and exhaust management through the use of energy efficient equipment and green materials. In addition, in 2021 we developed future action plans to reduce greenhouse gas emissions, as well as strengthening communication and learning on environmental management with the outside world to improve our green manufacturing capacity and performance.

Addressing Climate Change

Climate change is one of the main threats to sustainable development. Reducing greenhouse gas emissions has become a global concern. Leo is also well aware that climate change will have a far-reaching impact on humans and natural environmental systems. To achieve greener production and reduce carbon emissions, Leo has been continuously reducing the adverse impact of climate change by deepening the greenhouse gas inventory mechanism and promoting energy-saving and efficiency enhancing technologies.

Greenhouse Gas Accounting

In order to grasp and manage greenhouse gas emissions and systematically set up the direction of greenhouse gas reduction, Leo has been carrying out greenhouse gas emission accounting since 2006 based on the standards and specifications of ISO 14064. We promote the greenhouse gas reduction based on carbon accounting results. By continuously promoting the reduction plan, Leo has achieved great results in reducing greenhouse gases.



Action Plan to Reduce Greenhouse Gas Emissions

In response to international and national climate change policies, Leo promises to strive to achieve “carbon neutrality” in 2050. In order to achieve “carbon neutrality”, Leo has formulated action plans in different areas, and will fully promote the implementation of the action plans.

Action Plans

- Optimizing the greenhouse gas accounting mechanism
- Promoting the application of energy-saving and efficient technologies
- Developing energy diversification
- Optimizing energy management system
- Promoting green building
- Promoting low-carbon logistics
- Implementing green procurement and develop green supply chain
- Promoting green product design

Energy Management

Energy consumption contributes to 90% of greenhouse gas emissions of our Heshan Astros production plant. Reducing energy consumption is thus a crucial way to reduce greenhouse gases emissions. We improve energy efficiency and reduce energy consumption in the operation process by introducing energy management system and promoting the application of energy-saving and efficiency enhancing technologies and equipment.

Energy management measures in place include the following:

Energy Management Committee

The committee is responsible to comprehensively promote energy conservation and emission reduction and energy systematization optimization, introduce energy management system, comprehensively integrate all resources of the factory, and continuously improve energy performance.

Real-Time Energy Management System

We developed energy management system to monitor the energy consumption of key areas / equipment in real time, and analyze the energy consumption data through the analysis tool to identify the energy improvement points and take improvement actions.

Energy Management Measures

Energy-Saving and Low-Carbon Technologies and Equipment

We promote energy saving initiatives through energy recycling, process design and control, introducing energy-saving technologies and equipment and upgrading existing equipment.

Green in-plant Logistics

We optimize warehousing and material distribution through big data analytics, adhering to circular sharing of logistics vehicles, prioritizing low-carbon transportation tools, so as to reduce redundant logistics activities and improve logistics efficiency.

In 2021, the key energy-saving and carbon reduction technology/equipment projects included: the introduction of square energy-saving water tower, the application of LED lights and solar street lights, the optimization of cooling system, the adoption of energy-saving water pump and the introduction of variable frequency air compressor and more. The implementation of these energy-saving projects can result in the reduction of over 1,000 tons of carbon dioxide every year.

Variable Frequency Air Compressor

The newly introduced variable frequency air compressors result in less mechanical wear rate, better heat dissipation and more importantly, energy improvement by up to 27%, which contributes to about 300 tons reduction of carbon dioxide equivalent.



Cooling System Upgrade

In order to avoid the high condensation temperature and energy consumption of the air conditioning host due to the decline of the heat dissipation capacity of the original circular cooling tower during operation, we replaced the original cooling water tower with a new square cross flow cooling tower.



The new cooling system provides better heat dissipation efficiency, reduces the cooling water temperature by about 2 ~ 3°C and energy consumption by about 7%. About 90 tons of carbon dioxide equivalent will be reduced every year.

Low-Carbon Office and Living

By implementing the green and low-carbon office and living plan, we make every effort to reduce carbon emissions and promote the initiatives to as many areas as possible.

The following green office and living plans have been implemented:

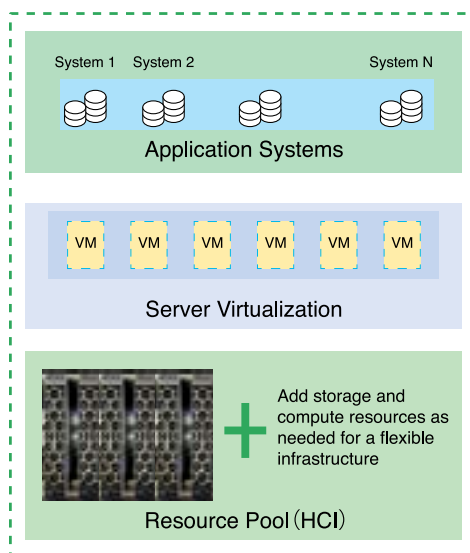
- Promoting the application of computer program/software, such as Jian Dao Yun, to realize paperless office, reduce the use of paper and consumables of copy machine, and improve office efficiency.
- Promoting the application of virtual server and Virtual Desktop Infrastructure (VDI), so as to reduce the use of physical server and traditional computer host, and greatly save energy consumption.
- Providing buses as commuting tools for employees, plan low-carbon pick-up routes and reduce the use of private cars. Where possible, we provide customers with shared or public transport.
- Providing training and tools that enables employees to fully utilize the software to perform online communication, collaboration and meetings.

- Promoting the application of solar street lamps.
- Implementing the system of using electricity according to actual needs in dormitories and canteens.
- Using degradable lunch boxes and disposable paper straws in canteens and cafes.

Hyperconverged Infrastructure (HCI) Deployment

In order to better utilize server resources, Leo introduced the Hyperconverged Infrastructure (HCI) in 2019 to integrate virtualized computing and storage into the same system platform, replacing traditional servers and reduce the use of physical servers, which has also reduced energy consumption.

In 2021, Leo expanded deployment of Hyperconverged Infrastructure (HCI) in Prepress Division and integrated five servers. After the implementation of the project, about 125,000 kwh of electricity will be saved every year, equivalent to 66 tons of carbon dioxide.



Virtual Desktop Infrastructure (VDI) Deployment

Leo virtualized the computer terminal system by introducing “VDI slimming terminal” (Virtual Desktop Infrastructure) to improve information security and flexibility. Compared with traditional personal computers, the application of VDI is more energy-saving.

In 2021, 500 virtual desktop infrastructures (VDI) have been applied. After the implementation of the project, about 280,000 kwh of electricity will be saved every year, equivalent to 148 tons of carbon dioxide.

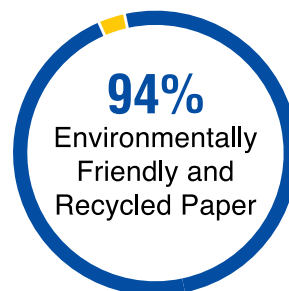
Green Manufacturing

We believe that green manufacturing is crucial for sustainable development of a factory. We need to vigorously develop green production, change the traditional extensive production mode and improve the efficiency of resource utilization , so that we can reduce and avoid the generation of pollutants.

Leo is committed to be a “Zero Emission” factory. In order to promote the development of green production, we have formulated environmental initiatives in the fields of infrastructure, equipment, process and materials.

Green Procurement

Paper is the most consumed raw material in the printing industry. Leo has actively promoted the application of environmentally friendly paper and recycled paper to realize green printing, and so as to protect the forest ecosystem. In 2021, the use of environmentally friendly paper and recycled paper accounted for 94% of the total.



At the same time, Leo has established a designated team to establish a paper database in accordance with the requirements of international regulations and policies, such as the Lacey Act in the U.S, EU Timber Regulation, and Australian Illegal Logging Prohibition Act, so as to identify and monitor the source of paper and ensure that paper is originally from proper sources.

In addition to paper, Leo also adheres to the principle of green and environmental protection when purchasing other raw materials, giving priority to environmental materials such as soy ink, alcohol-free fountain solution, water-based glue, water-based varnish, benzene free glue, and so on. Importantly, we give priority to the use of materials that have passed environmental material certification or testing.

Green Production and Transportation

In addition to actively promoting and implementing green initiatives from the source, Leo pays close attention to the environment impact of production and transportation activities. Over the years, we have worked to include green and sustainable practices throughout our facilities, production processes and transportation including the following:

Reduce resource consumption

- Performing regular maintenance on our equipment to ensure everything is working properly which improves the utilization rate of equipment.
- Establishing a special inspection team to inspect our compressed air system to avoid any air leakage.
- Avoiding low load operations or no-load operations of various transportation vehicles which improves the overall fuel efficiency of vehicles.
- Giving priority to energy-saving and low-carbon means of transportation, such as electric forklift.
- Regularly inspecting all water equipment and report any issues for repair.

Reduce waste discharge

- Digital production processes such as Computer to Plate (CTP) and Soft Proofing greatly reduce waste and pollutants generated by traditional plate making processes.
- We created a standardized and systematic glue cleaning process which regularly samples and monitors the water content of waste glue.
- When not in use, containers containing ink, solvent and other materials are covered and kept sealed.
- We use an automatic ink supply system and ink-supply devices to reduce residual ink.



Environmental Research and Development

Leo has assembled a R&D team to actively explore green and low-carbon products to help develop forward-looking green solutions.

Research and Development against Plastic Pollution

Over the last 10 years, plastic pollution has become a major world-wide concern. In 2019, Leo, as a responsible enterprise, launched many “Plastic Removal, Green Design” activities to stop plastic pollution. Each year, we have added more activities and we continue to make strides toward a sustainable future.





* Replace Plastic Materials

We have almost completely eliminated the use of plastic packaging and plastic product pieces on all prototypes during the development stage. Please see a few examples from the past year below.

Projects	Before	After (no plastic is used)
Use paper hooks instead of plastic hooks		
Use paper particles instead of plastic stickers		
Implement a “Plastic-removal” measure for almost all packaging by courier		

* Reduce the use of plastics in production processes

Plastic wrap is traditionally used for semi-finished products during the transportation stage. We developed solutions to reduce the use of plastic wrap by developing multi-layer logistics trolleys and multi-layer lean racks as shown below.

Projects	Before	After (no plastic is used)
Multi-layer logistics trolley		
Multi-layer lean rack		

If we have to use plastic products or packaging, we will look for and use plastic materials that are bio-degradable or recyclable to replace single-use plastics which reduces the impact of pollution.

Research and Development of Green Materials

In 2006, we developed a special R&D team that collaborated with external research institutes, suppliers and other relevant institutions to study inks, glues, thinning water and other environmentally friendly materials.

In 2021, our R&D team developed 11 kinds of materials with low VOCs, which replaced the corresponding materials with high VOCs content. These materials included cleaning cloth, alcohol, all-purpose glue, and cleaning agents, etc.

Wastewater Management

Wastewater treatment plays a vital role in protecting the local environment. To protect the local ecological environment, each of our production plants is equipped with a wastewater treatment system to ensure that the wastewater is discharged up to code. In addition, we also developed and implemented wastewater control procedures to ensure that wastewater is managed systematically and effectively.

At the initial stage of construction in Heshan Astros , we has established three wastewater treatment plants, which ensures that the discharged water meets the local requirements set in place to protect the local water quality and ecological system. In 2018, we have established a real-time surveillance system monitoring wastewater.



Moreover, we also set up a reclaimed water system at Heshan Astros to promote the use of reclaimed water. This system helps to reduce our consumption of fresh water and sewage discharge. In 2021, the use of reclaimed water at Heshan Astros accounted for 27.66% of total water consumption.



• **Wastewater Treatment System at other Production Plants**

Leo Packing & Printing and Leo United Paper Products have established wastewater treatment plants to treat all wastewater generated and ensure the treated water quality meets the discharge requirements of the local government.



Hunan Astros has been also equipped with an industrial wastewater pretreatment system. The system can ensure that the pretreated industrial wastewater can meet the inlet water requirements of the wastewater treatment plant in the industrial park.



Air Emissions Management

VOCs emissions are one of the key environmental issues for printing factories globally. Leo is committed to minimizing VOCs emissions at all of our production plants.

At our Heshan Astros facility, we put state-of-the-art VOCs treatment facilities in place to effectively collect and treat VOCs that are generated during production. We track this through an online monitoring system at each exhaust emission outlet which monitor VOCs exhaust emission status in real time. Continuous improvement measures are also carried out to optimize each of our facilities.



In 2021, we integrated production equipment producing VOCs and we reduced two sets of VOCs treatment facilities which created lower energy consumption and activated carbon generation. As a result, 25 sets of VOCs treatment facilities are in operation on conjunction with 9 exhaust outlets.



We also have taken steps to minimize the impact of VOCs emissions at the source. These initiatives include:

- Promoting the R & D and application of low VOCs materials and processes from the source, such as the application of benzene free glue, water-based ink, etc.
- Strengthening the control of materials containing VOCs during process of use, storage and disposal.

Waste Management

In order to minimize the impact of solid waste in the environment, we have set up comprehensive waste management policies and procedures. A designated team is responsible for managing the whole process of handling waste based on relevant process procedures such as the “Waste Management Workflow” and “Waste Treatment Guidelines.”

This aims to reduce and properly manage solid waste by:

- Promoting the recycling of waste and establishing waste-paper recycling and treatment stations to improve the recycling rate of waste.
- Carrying out special training on solid waste for employees regularly.

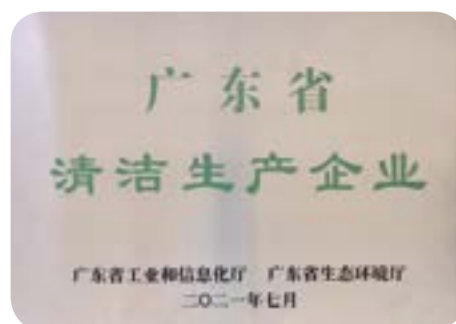


- Developing and implementing sludge drying technology.
- Establishing a hazardous waste storage warehouse.
- Carrying out daily management of hazardous waste collection, storage and identification of hazardous waste
- Recycling and disposing of solid waste are handled by qualified contractors.

Environmental Promotion and Communication

Cleaner Production

To continuously improve cleaner production performance, Heshan Astros launched the 5th round re-verification and audit of Guangdong Cleaner Production in 2019. On 25 March 2021, through strict expert audit, Heshan Astros was awarded with “Guangdong Cleaner Production Enterprise” by the Department of Industry and Information Technology of Guangdong Province and the Department of Ecological Environment Bureau of Guangdong Province. In the future, we will continue to exceed environmental requirements learning from its past experiences and best practices.



Leo Green Webinar

With rising concern about carbon emission impact on the global climate in recent years, in Sep 2021 we held our first green webinar featuring the topic of “Reduce Carbon Footprint Together”. In the webinar, we shared our green journey and initiatives with participants. More than 90 customers and guests participated in the webinar, and provided very valuable feedback to us.



Leo Environmental Promotion and Volunteering Activities

“Garbage Sorting Starts from Me” Environmental Sharing

On 28 April 2021, Heshan Astros held the “Garbage Sorting starts from Me” environmental sharing meeting for departmental representatives which introduced the importance of garbage classification and handling methods after classification through various garbage classification PK competition and garbage tongue twister activities.



Through interactive and interesting activities during the meeting, such as classification competition and tongue twisters, participants got better understanding of garbage classification who would further promote the initiative to other Leonians.

Coastal Cleaning

On 27 March 2021, Leo volunteers together with our clients launched Coastal Cleaning Activity at We Kai Sha Pebbles Beach, Hong Kong. During the event, more than 40 volunteers participated in the shoreline cleaning activities. We encourage Leonians to take practical actions to protect the natural environment and pay more attention to the marine environment.



Tree Planting Activities

In order to speed up the forest restoration at Ma On Mountain, Hong Kong which was destroyed by mountain fire, we, together with our clients conducted tree planting activities on 18 June 2021. Participants carried out tree planting, weeding, applying fertilizer and erecting protective covers. The initiative aims to further raise the awareness of nature conservation and promote conservation of Hong Kong’s mountains.



Vegetable Recycling Activities

On 15 September 2021, Leo volunteers launched a vegetable recycling campaign at Fu Shin Street Market in Tai Po district of Hong Kong to assist the organization of “Food Grace” to recycle vegetables which leftover or look not good from charitable businesses vendors. Leo Volunteers recovered, classified and re-packaged 267 kilograms of vegetables, with which edible food sent to families and community groups in need. Unusable vegetables were sent to farm as compost.



Environmental Promotion

In order to enhance the environmental awareness of all Leonians, we carried out a number of environmental promotion activities in 2021.

- Sharing the news and information about donated clothes on social media.
- Playing the “garbage classification” and other environmental promotion video at the canteens and vending machines and demonstrate promotion props at café of Heshan Astros.
- Carrying out “environmental Q&A activities” during Mid-Autumn Festival celebration.
- Carrying out “Learn about Carbon Neutrality” series promotion through emails.



Industrial Environmental Sharing

Energy-Saving and Low-Carbon Seminar

On May 28, 2021, NanHua Energy-saving and Low-carbon Research Institute of Guangdong Province and Heshan Astros jointly held an energy-saving and low-carbon seminar. At the meeting, NanHua Energy-saving and Low-carbon Research Institute shared the latest low-carbon and energy-saving policies, regulations, and development trend. It is an inspiring meeting for Leo to plan for the next stage energy saving and carbon reduction initiatives.



Seminar on Green and Low-Carbon Development of Printing Industry

During 12 to 13 October 2021, we participated in the “Green and Low-carbon Development Seminar of Printing Industry” co-hosted by China Environmental United Certification Center and The Printing and Replicating Industrial Association of Guangdong.

In the seminar, China Environmental United Certification Center and The Printing and Replicating Industrial Association of Guangdong shared the green and low-carbon development path, green certification, environmental compliance and more. The seminar also provided a platform for participating enterprises to share with each other good environmental and low-carbon practices. Leo looks forward to building a green printing industry chain together.

Development of Environmental Standards

In order to promote the standardization management of printing enterprises, Leo has been actively involved in or leading the development of about 30 international / national / industrial environmental protection and printing technology standards.

In 2021, Heshan Astros, as the leading organization participated in the development of the printing industry standard “Specification for Factory Evaluation of Printing Factories”. On 26 November 2021, a national online “Green Printing Industry Factory Evaluation Specification” review meeting was held to collect inputs from experts and relevant organizations. The standard provides a reference for green development of the printing industry.

Environmental Indicators

(Heshan Astros Printing Plant)

Water Consumption and Recycling

Water Consumption	2019	2020	2021
Fresh Water (Tons)	1,849,213	1,792,538	2,002,500
Reclaimed Water (Tons)	659,185	529,630	765,714
Total Water (Tons)	2,508,398	2,322,168	2,768,214
Reclaimed Water (%)	26.28	22.81	27.66

Waste Generation and Reduction

Indicator	Units	2019	2020	2021
Total Waste Generation	Tons	52,148	48,619	49,042
	Improvement Since 2007 (%)	5.00	11.42	10.65
Hazardous Waste Generation	Tons	1,497	1,072	1,006
	Improvement Since 2007 (%)	35.08	53.51	56.37

Recycled Paper and Paper from Certified Well-Managed Forests

Green Paper	2019	2020	2021
Total (%)	88.96	93.84	94.00

Energy Consumption

Indicator	2019	2020	2021
Total fuel consumption within the organization (GJ):	14,754	10,949	14,234
Total electricity consumption within the organization (GJ):	425,086	396,389	389,267

* Energy consumption within Heshan Astros Printing Plant

Greenhouse Gas (GHG) Emissions

Indicator	2019	2020	2021
Direct Carbon Dioxide Equivalent (CO₂e) Emissions (Fuel, LPG, Waste Water Treatment Plant, etc.) (Tons):	4,623	7,030	3,933
Indirect Carbon Dioxide Equivalent (CO₂e) Emissions (Purchased Electricity Consumed) (Tons):	62,309	58,103	57,059
Indirect Carbon Dioxide Equivalent (CO₂e) Emissions (Air Travel) (Tons):	104	68	60
Total(Tons):	67,036	65,201	61,052
GHG Emissions Improvement Since 2007 (%)	42	43	47



Caring for Employees and Development of Happy and Harmonious Leo Community

Occupational Health and Safety

Training and Development

Labor and Human Rights

Employee Communication

Employee Caring

Leisure Activities

Supports to the Community

Educational Commitment to the Community

Social and Economic Indicators

Leo has always adhered to the philosophy of “people-oriented”, focusing on the harmony of communities. In order to provide all Leonians with a safe, healthy and vibrant place to work and live, and to provide employees with opportunities for career and personal development, Leo continues to implement a series of projects to develop a harmonious community.

In 2021, Leo implemented a series of social activities by carrying out occupational health and safety enhancement initiatives, educational support, helping the disadvantaged and people-in-need, and employees caring initiatives, actively promoting development of a harmonious community, and maintaining a harmonious relationship among different stakeholders.

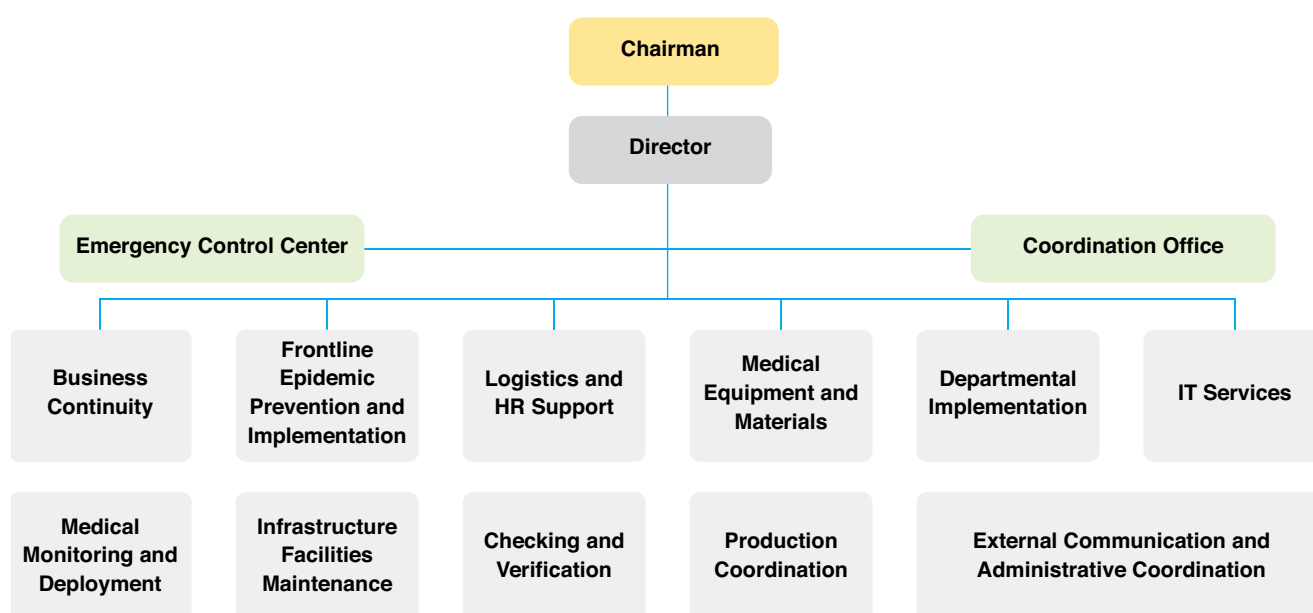
Occupational Health and Safety

The health of employees is the key to the sustainable and harmonious development of an enterprise. In order to effectively strengthen health protection of all Leonians, we continuously optimize and strengthen the practice of occupational health and safety.

Epidemic Prevention and Control

To actively respond to the COVID-19 crisis, Leo established an epidemic prevention and control center in 2019 to coordinate and supervise the implementation of epidemic prevention and control measures. In terms of epidemic prevention and control management, we have always built a solid line of defense for epidemic prevention and control, reduced the risk of epidemic transmission, and continuously optimized a clear and clear epidemic prevention and control system to effectively respond to unexpected situations.

Epidemic Prevention and Control Center



Epidemic Prevention and Control Measures:

In 2021, the overseas COVID-19 epidemic was intertwined and superimposed in a sporadic and localized manner. Leo implemented epidemic prevention and control measures in strict accordance with the national and local epidemic prevention and control requirements and guidelines, and strengthened the prevention and control measures based on the operations of factories.

Measures included:

- Setting up multi-temperature measurement (e.g. Temperature measurement in the factory area, temperature measurement in the morning and afternoon).
- Regularly distributing anti-epidemic materials to employees.
- Regulating employees' business trips and visitors' visits.
- Strictly implementing disinfection measures to cut off the transmission of the coronavirus and reduce the probability of the virus being attached to the air and objects and transmitted to employees, such as regular disinfection of public areas, canteens and other areas.
- Implementing the partition and batch meal system.



Nucleic acid detection

Leo actively participated in nucleic acid testing in a planned way. On June 9, 2021, large-scale nucleic acid testing was carried out at our factory of Heshan Astros, completing the nucleic acid testing and sampling of about 11,000 people.



In order to avoid excessive impact on production, the Leo Epidemic Prevention and Control Center arranged for all employees to complete the nucleic acid sampling in batches at three nucleic acid sampling points at the factory. Relying on effective execution capabilities, the whole sampling process was fast and orderly.

Vaccinations

To improve the population's immunity, speed up the construction of the immune barrier, and prevent and control the virus infection, Heshan Hospital set up a vaccination point in the Heshan Astros factory in 2021. After six large-scale vaccinations in the factory, as of December 31, about 10,265 people who voluntarily completed the second injection of the vaccine, accounting for 96.7% of the total number (including employees and their family members).



Starting from October, Heshan Hospital set up the third injection point of the vaccine at the Heshan Astros factory. As of 7 January 2022, the number of people who received the third injection of the vaccine was about 5,011, accounting for 47.2% of the total number.

Occupational Safety and Health Initiatives

New Fire Sprinkler System Pump Room

Fire safety is an important part of the safety and risk management. In order to optimize the fire service system in the factory and improve the fire emergency response capability, Heshan Astros Factory conducted upgrade of the fire service system of the whole factory from 2019 to 2020, such as the installation of new automatic sprinkler fire extinguishing system, and automatic fire alarm system.



After completing the fire service system upgrade in 2020, Heshan Astros continued to improve the fire service system in 2021, adding a fire sprinkler system pump room in the upper half of the plant to enhance the water pressure and water volume requirements during firefighting, thereby enhancing fire emergency response capabilities.



Checking of Safety Hazards

We conduct internal and external irregular audits every year which effectively improves internal safety management, enhances the responsibility of safety production, and further reduces the risk of occupational health and safety. EHS and Emergency Management Center and other departments conduct an in-depth inspection and analysis of the problems found in audits to rectify any issues or hazards from the root cause.

In June 2021, we conducted a thorough investigation by sorting and eliminating any hidden safety hazards in our production area to comprehensively improve the safety hazards flagged in the audit.

Occupational Safety and Health Training

We regularly organize safety production awareness training for employees. We have standardized our safety operation in the production workshop to keep our facility and employees safe.

In 2021, we organized 19 safety training courses which included first aid knowledge, elevator safety, hazardous chemical safety and other safety training courses. These 19 safety training courses helped educate over 2,000 Leonians on the importance of joint safety training.

Training Course	Participants	Number of Training Sessions	Number of Trainees
Special training on occupational disease prevention and emergency treatment of hazardous chemical poisoning	Protective equipment users	1	116
First Aid Training	Volunteer first aider	2	260
Fire extinguishing system operation training	Staff at Printing Workshop	2	353
Confined space work training	Pool cleaning staff	1	19
Elevator Safety	Elevator operators	2	69
Mechanical safety	Machine operators	1	70
Forklift Safety	In-factory motor vehicle drivers	2	405
Hazardous Chemical Safety	Hazardous chemical operators	2	97
Electrical Safety	Mechanical and electrical personnel	2	103
Safety Production Law	Middle and senior management personnel, workshop management personnel, occupational safety and health supervision and management personnel	4	548
Total		19	2,040

New “Safety Production Law” Training

The New “Safety Production Law” was implemented on 1 September 2021. EHS and Emergency Management Center invited local safety experts and training institutions in November 2021 to conduct 4 special training sessions for our department managers and supervisors to inform, educate, and answer any questions about the recently amended “Safety Production Law” so we can continue to operate safely.



Safety Accidents

At Leo, we are committed to achieving the ultimate goal of zero safety accidents by continuously promoting and optimizing our production management safety protocols and initiatives. We do this by enhancing employees’ safety production awareness, which in turn reduces the occurrence of safety hazards and accidents. In 2021, only nine work-related incidents were reported. Most importantly, the number of deaths remained zero.

Indicator	2019	2020	2021
Annual Injury Case	11	8	9
Incident Case per 1000 Employees	0.88	0.80	0.94

Training and Development

Leo encourages employees to participate in training programs to improve their individual talents and strengths. These programs help to instill confidence and build a sense of pride in the amazing work we do as a company.

Orientation Training

For new employees, we provide comprehensive induction training courses including corporate culture, management systems, three-level safety, pre-job safety production training, labor rights (anti-discrimination, anti-forced labor, anti-harassment, anti-abuse etc.), and business ethics. We also give a tour of our production site focusing on production practices and safety, so all new Leonians can see first-hand how we operate and familiarize themselves with our corporate culture.

TPM Dojo

TPM (Total Productive Maintenance) is a key element of our production and manufacturing management. Through equipment maintenance training, we conduct an in-depth analysis which helps improve problem-solving capabilities, reduces equipment failures and increase equipment mobility. We held the official opening ceremony of the TPM Dojo on December 28, 2021 at the Heshan Astros Vocational School.



Through theoretical courses, experience sharing and practical training, TPM Dojo aims to improve problem solving skills, increase understanding of enhanced equipment management and efficiency of our teams.

New Apprenticeship Program

In 2021, we implemented the “New Apprenticeship Program”. We started this apprenticeship with a lithographic printing workshop which focused on expanding knowledge and building on the talents of our skilled team members.



In-house Trainer Program

We set up a team of 60 internal trainers consisting of experienced colleagues from various departments. Our internal trainers develop courses and give lectures to share their knowledge and experiences.



Key-user Empowerment Assessment and Contest

In 2018, we established the “Crystal Journey” project which aims to boost performance and efficiency through the industrial ERP Cloud system. Leo has also developed the CSI system for new business processes and supply chain management organization. On April 8, 2021, we held a CSI assessment and competition to educate and encourage our key-users to have a thorough understanding of CSI and master ERP. This year, 5 teams of 15 outstanding key-user representatives participated in the competition exhibiting intensive training.



Leo Star Awards Ceremony 2021

At Leo, it is important to recognize our employees for their contributions to the company. We held the “Leo Star Award Ceremony 2021” on 14 January 2022. Our theme of this year’s ceremony was “Cohesion and Cooperation, Forging Ahead with New Journeys” which included 18 award categories such as Comprehensive Team Performance Excellence Award, Innovation Improvement Achievement Award and Quality Improvement Progress Award. After a meticulous evaluation, 27 teams and 32 Leonians were honored and given awards for their hard work and dedication. Our award winners inspire other Leonians to work as one and reach their full potential.



Guangdong Vocational Skill Self-Recognized Demonstration Unit

On 28 September 2021, Guangdong Province held the opening ceremony of our talent training and evaluation programs, which include “Guangdong Technician”, “Southern Guangdong Housekeeping”, and “Cantonese Cuisine Chef”. We are proud to announce that The Guangdong Provincial Department of Human Resources and Social Security awarded Heshan Astros with the “Guangdong Vocational Skill Self-recognized Demonstration Unit”.



Labor and Human Rights

With the core philosophy of “people-oriented”, Leo has always highly respected human rights, and cared about the development of all employees. Leo strictly implements labor regulations, and continuously enhances the internal management system to protect the legitimate rights and interests of all employees, so as to create an equal and harmonious working environment.

Labor and Human Rights Policy

Leo has always actively responded to international initiatives and standards such as the ICTI Ethical Toy Program (IETP), Ethical Trade Initiative (ETI), Business Social Compliance Initiative (BSCI) and other international initiatives and standards, and developed corporate social responsibility manuals and other internal management systems to promote the implementation of labor and human rights policies to ensure the legitimate rights and interests of all employees.



In order to effectively protect the labor and human rights and interests of all employees, Leo strictly abides by labor regulations, international initiatives and standards in its operational practices, and conducts annual risk assessments, internal and external audits. Heshan Astros factory has passed the certification of ISO 45001 Occupational Health and Safety Management System, ICTI Ethical Toy Program (IETP), Ethical Trade Initiative (ETI), and Business Social Compliance Initiative (BSCI) verification, so as to promote and optimize internal labor and human rights management.



Employee Communication

In order to build a harmonious working and living environment and strengthen two-way communication with all employees, Leo has set up organizations such as trade unions, women's committees, integrity committees, and so on. Through a clear and transparent employee opinion processing mechanism and free and unimpeded feedback channels, differences are well handled and resolved to enhance the fairness and protect the rights of all stakeholders.

Leo encourages all employees to actively participate in corporate social responsibility management, and provide suggestions for improvement of remuneration and benefits, and safety issues through suggestion boxes, emails, hotlines, social media public accounts, and other channels.

At the same time, Leo has established a designated team to follow up employees' opinions and suggestions, and regularly publishes the measures and results of employee's opinion communication through emails, bulletin boards, etc., so that all Leonians can keep abreast of the opinions.



Employee Caring

At Leo, we practice a “people-oriented” philosophy focusing on employee care. We have started many different employee care programs and workshops to increase enthusiasm, initiative and creativity. We believe the various programs and workshops increase each employee’s sense of identity with the company, which helps us keep a harmonious work environment.

Soul Health Centre

At Leo, we care about the physical and mental health of each employee. To create a healthy and harmonious working environment, we built a Center for Mental Health and recruited a team of volunteers to provide free professional psychological counseling, lectures and health surveys for employees. We are happy to announce that our team of volunteers increased at 60 members in 2021.

Over the past year, we held 8 psychological training sessions including women’s mental health, children ADHD, stress release, cognitive behavioral therapy and other related subjects.



We also conducted mental health census services including care and counseling for new colleagues during the probationary period which served more than 90 new employees and 20 employees who work in high pressure situations. In October 2021, we invited external psychological experts to conduct a psychological lecture on “Dancing Psychological Counseling of Body Emotional Map” to share this valuable psychological knowledge with Leonians.



Caring Workshop

In December 2015, Heshan Leo Packaging and Printing established the 1st disabled employment base (Leo Caring Workshop) in Heshan Guangdong Province. The Leo Caring Workshop focuses on providing a safe working and living environment for our employees with disabilities. Due to the great success of the program, we decided to relocate the Leo Caring Workshop to the production plant of Heshan Astros.



Caring Gallery

Leo set up a “Caring Gallery” at the “Caring Workshop” to celebrate and exhibit the talents of our employees with disabilities.

The main goal of the Caring Gallery is to encourage artistic expression while creating a space to display everyone’s beautiful creations.



Caring Workshop Birthday Party

The Caring Workshop is a great place for employees to build their sense of identity and belonging, which creates a comforting and happy environment. We love celebrating the Caring Workshop employees’ birthday, so we threw a fun celebration filled with colorful decorations and treats.



Leisure Activities

At Leo, we organized many leisure activities, such as holiday parks and sports competitions, for employees to enjoy during their free time. These activities help to strengthen the communication between both leaders and employees, they stimulate enthusiasm and initiative, and lastly they build a more harmonious and cooperative work relationship. We enjoy seeing Leonians come together as a team, while also having lots of fun.

New Year Visit to Staff Dormitory

On February 17, 2021, a team of more than 50 people, including company senior management and volunteer teams, visited the employees who stayed at the factory during the Chinese New Year Festival. The team spread lots of holiday cheer and they even provided blessings for our staff members.



Leo Caring Day

Leo is proud to announce that May 20 is “Leo Caring Day”. This year we incorporated a new flower delivery activity in which our company’s senior executives delivered red flowers to colleagues and other staff members. We also created online greeting cards for delivery, shared children’s book, held live broadcasts, ate special meals in the dining hall, and conducted preferential group purchases and community cultural activities.



Mid-Autumn Festival Activities

On the evening of 20 September 2021, Leo held the “Mid-Autumn Lantern Riddles, Talent Competition” event in the Greenfield Garden of Heshan Astros. Many Leonians came out to celebrate and participate in the traditional lantern riddles and activities. The talent show brought cheer and laughter to the event, spreading lots of happiness and blessings. The winners of the talent show were even awarded special prizes.



Supports to the Community

Leo has developed multiple initiatives that support development of the community. We diversified our corporate development projects considerably over the course of 2021.

Hong Kong Food Angel Volunteer Activities

“Food Angel” is a food recycling and assistance program launched by Hong Kong Bo Charity Foundation in 2011 aiming to reduce waste and solve hunger.

On 2 November 2021, Leo volunteers prepared hot meals, processed vegetables and made lunch boxes. We distributed the prepared lunch boxes to those in need of food assistance.



Charitable Donation

Leo is dedicated to servicing and helping men, women and children in need in our region. In 2021, Leonians from our Hong Kong office participated in various activities organized by our social welfare organizations including “**Dress Casual Day**”, “**Love Teeth Day**” and “**Skip Lunch Day**” by The Community Chest.

Educational Commitment to the Community

Jinan University (Jiangmen Campus) - the First Opening Ceremony

The Education Institute of Jinan University (Jiangmen Campus) is a joint tertiary institute by Heshan Astros, Jinan University and Hanyuan Education Group. On 15 September 2021, the first school opening ceremony of the institute was officially held.



With the official opening of the institute, the school will continue to develop vocational education which will enable the school to provide post-secondary and undergraduate education at the same time. It has become a cradle for cultivating talents in the Guangdong-Hong Kong-Macao Greater Bay Area.

Vocational Education Week 2021 - Professional Skills Showcase

The professional skills demonstration activity of 2021 of Jiangmen Astros Vocational and Technical School was officially launched on 25 May. The school displayed the achievements of teaching and education in various subjects including automobile maintenance and service, print media technology, logistics, computer and Chinese cooking.



During the event, students from various departments showcased their skills and participated in the contests. The event demonstrates the school's vocational education achievements and cultivates talents and skills needed for the community.



Scholarship Program

Since 2007, Heshan Astros has been supporting the local "Cultivation of Talents Scholarship Program" of Heshan Area. On 16 July 2021, 6 sponsored students came to Heshan Astros for a site visit, and expressed their gratitude for scholarships.



Social and Economic Indicators

(Heshan Astros Printing Plant)

Indicator	Average Number of Employee		
	2019	2020	2021
Male	7,046	5,522	5,268
Female	5,384	4,510	4,338
Total	12,430	10,032	9,606

Indicator	Age Group 2021		
	Below 30	30-50	50 and Above
Number	3,088	5,903	615
Percentage	32%	62%	6%

Occupational Health and Safety

Indicator	2019	2020	2021
Annual Injury Case	11	8	9
Injury Case per 1000 Employees	0.88	0.80	0.94

Market Presence

Indicator	Proportion of Senior Management Hired from the Local Community		
	2019	2020	2021
Local	49%	51%	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		
	2019	2020	2021
Male	66%	64%	62%
Female	34%	36%	38%

Training and Education

Employee Category	Average Training Hours per Employee		
	2019	2020	2021
Frontline Staff/ Workers	13	9	7
Management (Grade 1-4)	24	18	12
Management (Grade 5-6)	41	25	13
Management (Grade 7-8)	67	30	11
Senior Management/Top Management	44	29	5



Dedicated to Excellence

Research, Development and Invention

Quality and Productivity Excellence

Organizational Restructuring

Own Process Completion

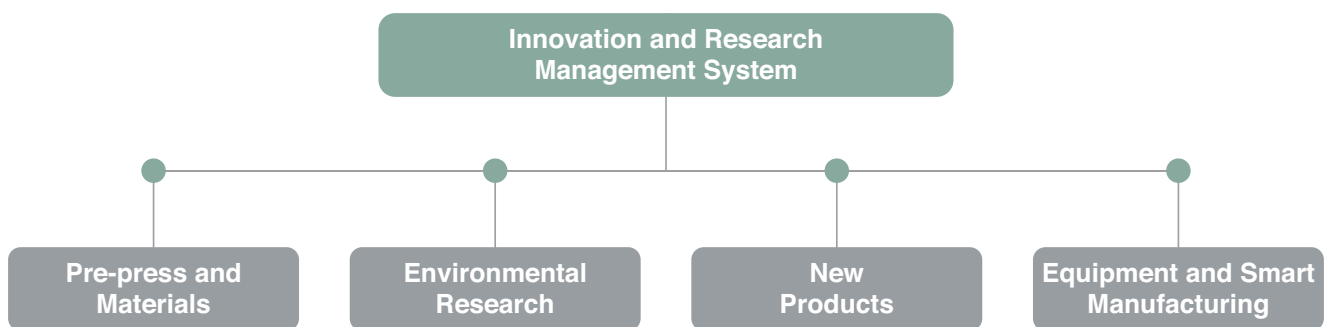
Promote Sustainable Practices to Other Leo Production Plants

Sustainable Development Targets towards Leo's Long-term Goals

Research, Development and Invention

Innovation is a crucial driving force for development of enterprises. Leo is committed to innovation in technology, equipment, and all areas of manufacturing. Considerable assets have been dedicated to research and development in areas of technology, new processes, and new equipment. Our objective is to enhance corporate innovation capabilities, support business development and reduce costs.

Leo established the Innovation and Technology Research and Development Committee in 2020 and developed the Innovation and Research Management System.



In 2021, we continued to carry out research and development projects in equipment automation, new materials, and new technologies to increase the competitive advantage in the market and facilitate sustainable development. Substantial achievements were made in areas of new materials, technologies, and equipment automation.

Development of New Materials and New Technologies

New technologies and materials can create new value in the areas of product quality and safety, occupational health and safety, and environmental protection. In 2021, our R&D team successfully developed and applied 11 new environmentally safe materials & 7 new technologies.

Development of Automatic Equipment

In 2021 we developed and installed total of 204 automatic equipment and devices. This helps to eliminate and simplify unnecessary production processes and adds to overall production efficiency.

Quality and Productivity Excellence

Quality Management Systems

To ensure effective compliance to regulations, international quality standards, customer requirements, and internal specifications we set up a dedicated team manage product safety and quality control. The team conducts product risk assessment, internal and external audits every year to ensure product safety and compliance with all international laws.

Among them, the production plants of Heshan Astros and Leo United have obtained the quality management system certification of ISO 9001, and the factory in Vietnam has obtained the Factory Capability & Capacity Assessment (FCCA) certification.

Safety and Quality Assurance of Materials and Products

Leo established a comprehensive in-house laboratory, Heshan Leo Metrology and Testing Services Co.Ltd. (MTS) in 2009, which is an independent laboratory that provides professional industrial calibration, consumer goods and raw material testing, and technical consulting services. It is equipped with constant temperature and humidity testing laboratory, a variety of measurement and calibration equipment and material testing equipment to meet the diverse needs of the market and customers. The laboratory is accredited by the China National Accreditation Service (CNAS) and the International Security Transport Association (ISTA). MTS is committed to continuously improving laboratories, experimental equipment and testing systems.

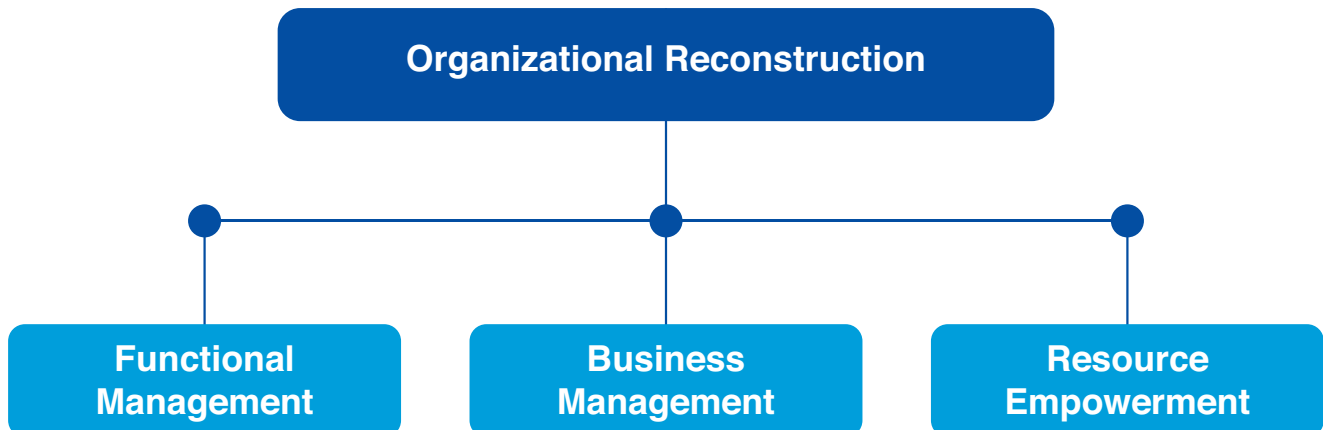


MTS continuous to enhance its laboratory capability. In 2021 it added CNAS-accredited testing items, such as mechanical and physical properties, color fastness testing, D65 brightness testing of paper and paper products, and quality testing of printed materials and books to provide more comprehensive, professional and international testing services.



Organizational Restructuring

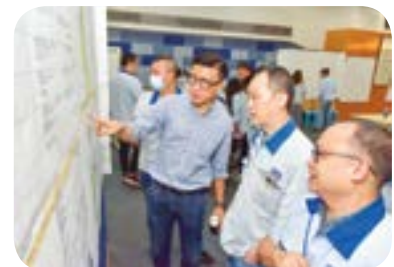
An organizational structure that conforms to the characteristics of the enterprise plays an important role in sustainable development. In line with the enterprise resource system upgrade and business process restructuring, we modified the organizational blueprint of 16 departments in 2021.



Leo launched the “Pioneer Program” and “Cross-Departmental Function Communication” to ensure implementation of the organizational re-structuring.

Cross-Departmental Function Communication

Representatives of 16 functional departments participated in an on-site communication meeting to discuss their key concerns and opinions on the on-site discussion wall, so that all issues can be “visualized” and resolved.



Own Process Completion

“Own Process Completion” management aims to formulate and implement measures to prevent occurrence of defective products. Our “Own Process Completion” project was kicked off in 2020. In order to promote quality autonomy to the whole factory, Heshan Astros set up pilot projects in various business divisions in 2021, including leather cover production line, puzzle production line, etc. The pilot projects have resulted in reduced defects, improved equipment stability and enhanced personnel capabilities.

Promote Sustainable Practices to Other Leo Production Plants

Heshan Astros, our largest production plant, has been implementing comprehensive and systematic sustainable initiatives for many years. We have transferred the experience of Heshan Astros to other production plants, who all share the same vision and commitment, including the Hunan Astros Plant, Leo Packaging Plant, Leo United Plant, and the Vietnam Factory which had also carried out sustainable initiatives, such as safety management, environmental governance, employee caring, and community support.

Other Leo production plants also implemented standardized management system in areas of quality, environment, and code of conduct in accordance with the requirements of international management system. They also conduct internal and external audits every year and obtain relevant international system certifications, such as the Environmental Management System Certification (ISO 14001) for Hunan Astros and Leo United, and Ethical Trade Initiative (ETI) for Vietnam Factory.



Environmental Governance

To effectively monitor the impact of the operation process on the environment, our production plants regularly carry out inspections of air emissions, wastewater, noise and OHS performance. This will ensure that our performance meets relevant requirements and standards. Our production plants are equipped with wastewater treatment systems to comply with environmental regulations.

*Industrial Wastewater Treatment (Hunan Astros)

In order to control industrial wastewater, Hunan Astros built an industrial wastewater treatment plant in March 2021. Treated water is then discharged to the sewage treatment station in the industrial park for further treatment.



*Real-time Air Emissions Monitoring (Leo United)

Leo United production plant developed an automatic monitoring system for boiler exhaust in July 2021.

Occupational Health and Safety Initiatives

Safety is a critical part of our factory management. A series of safety enhancement activities are carried out at all production plants each year including safety awareness training, and fire safety emergency drills.

***Safety Training (Leo Packaging Plant)**

Leo Packaging plant organized a safety production regulation implementation training on 29 September 2021, to further enhance safety awareness and define respective responsibilities.



***Fire Safety Emergency Drill (Hunan Astros)**

On 9 November 2021, Hunan Astros conducted a fire evacuation drill to enhance emergency preparedness and safety awareness.



Employees Caring

In line with our “people-oriented” philosophy of Leo Paper Group, all production plants of Leo have carried out initiatives that aim at strengthening staff well-being and communication with employees through activities such as the Spring Festival Visits to employees’ families, the improvement of canteen meal services, and the “520 Caring Day”, to build a harmonious and happy Leo community.

***Water-cooled Air-conditioning Systems (Hunan Astros)**

In order to provide a better working environment, Hunan Astros installed water-cooled air conditioners in the production workshops in 2021.



***Mid-Autumn Festival Celebration (Leo Packaging)**

On September 20, 2021, Leo Packaging plant held the “Happy Mid-Autumn Festival, Happy Garden” event. This included activities of fun lantern riddles, throwing hoops, game of pearl travel, and other activities. This event created a happy and harmonious festive atmosphere and enhanced the cohesion of the team.



Community Support Projects

As a responsible enterprise, our production plants have been actively participating in and supporting the development of local communities, including educational supports and agricultural supports, which have promoted the development and harmony of the local communities.

Sustainable Development Targets towards Leo's Long-term Goals

In line with our ultimate goal to achieve zero long term negative impact on environment, we have set a 5 year (by 2025) ambitious target towards different aspects of sustainable development. This will be a significant step along our sustainability pathway.

We aim to achieve:

- Reduce VOCs emissions by 80%
- Reduce hazardous waste by 60%
- Reduce carbon emissions by 25%
- Reduce industrial wastewater by 25%
- Reduce use of plastics by 25%
- Increase use of eco-friendly materials by 50%
- Increase use of paper to substitute non-environmentally-friendly materials by 25%
- Increase production of green products by 25%
- Increase service groups of community activities by Leo Volunteer Team by 25%

*Base year: 2019

External Recognitions 2021

Selected Environmental Awards/Recognitions 2021



Hong Kong Green and Sustainable Finance Awards 2021

- Awarded by the Hong Kong Quality Assurance Agency



Guangdong Cleaner Production Enterprise

- Awarded by the Department of Industry and Information Technology of Guangdong Province and the Department of Ecology and Environment of Guangdong Province



Green and Sustainable Finance Certification Scheme 2021

- Awarded by the Hong Kong Quality Assurance Agency

Selected Social Awards/Recognitions 2021



Guangdong Vocational Skill Self-Recognized Demonstration Unit

- Awarded by Guangdong Provincial Department of Human Resources and Social Security



National Ethnic Progression Demonstration Enterprise

- Awarded by National Ethnic Affairs Commission of the People's Republic of China



Guangdong Province Enterprise of Observing Contract and Valuing Credit (for 20 consecutive years)

- Awarded by the Guangdong Administration for Market Regulation

Other Selected Awards/Recognitions 2021



China Print Awards

- Awarded by the China Print Awards Committee



The 32nd Hong Kong Print Awards

- Awarded by the Graphic Arts Association of Hong Kong



Premier Print Awards

- Awarded by Printing United Alliance

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 • About Leo Paper Group • Leo mainly provides paper printing services for multinational enterprises, institutions and other customers. 	√
	102-7 Scale of the organization	<ul style="list-style-type: none"> • About Leo Paper Group • 2021 Annual Report • About 110,000 tons of products were produced in Heshan Astros in 2021. 	√
	102-8 Information on employees and other workers	<ul style="list-style-type: none"> • Social and Economic Indicators • All employees are under full-time employment. • 37% of employees came from the local community in 2021. 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 Risk Management • Leo's supply chain mainly involves suppliers who provide paper and ink. 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 102-2016: General Disclosures	102-10 Significant changes to the organization and its supply chain	None	√
	102-11 Precautionary Principle or approach	<ul style="list-style-type: none"> Environmental Research and Development Green Procurement 	√
	102-12 External initiatives	China Enterprise Anti-Corruption Alliance	√
	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 Agency for Volunteer Service 	√

Strategy

GRI 102-2016: General Disclosures	102-14 Statement from senior decision-maker	Chairman's Message	√
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Ethics and integrity

GRI 102-2016: General Disclosures	102-16 Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> Management Systems Social Responsibility Management Structure 	√
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Governance

GRI 102-2016: General Disclosures	102-18 Governance structure	<ul style="list-style-type: none"> Management Systems Social Responsibility Management Structure 	√
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Stakeholder engagement

GRI 102-2016: General Disclosures	102-40 List of stakeholder groups	Stakeholder Engagement	√
	102-41 Collective bargaining agreements	All employees covered by collective bargaining agreements.	√
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement	√
	102-43 Approach to stakeholder engagement	Stakeholder Engagement	√
	102-44 Key topics and concerns raised	Material Issues Analysis	√

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	Material Issues Analysis	√
	102-47 List of material topics	Material Issues Analysis	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 102-2016: General Disclosures	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 2021	✓
	102-52 Reporting cycle	About this Report	✓
	102-53 Contact point for questions regarding the report	EDITORIAL POSTSCRIPTS	✓
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	✓
	102-55 GRI content index	GRI Content Index	✓
	102-56 External assurance	<ul style="list-style-type: none"> Our sustainability reporting is verified by external assurance organization each year. Verification Statement is from the third party independent verifier that calls HKQAA. 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	Integrity and Anti-Corruption	✓
	103-2 The management approach and its components	Integrity and Anti-Corruption	✓
	103-3 Evaluation of the management approach	Integrity and Anti-Corruption	✓
GRI 205-2016: Anti-corruption	205-1 Operations assessed for risks related to corruption	<ul style="list-style-type: none"> Integrity and Anti-Corruption The risk assessment for corruption in operation was reviewed, in which include all operations in the company. 	✓
	205-2 Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> Integrity and Anti-Corruption All employees 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 Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
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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"> • Green Procurement • Environmental Research and Development 	✓
	103-2 The management approach and its components	<ul style="list-style-type: none"> • Green Procurement • Environmental Research and Development 	✓
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> • Green Procurement • Environmental Research and Development 	✓
GRI 301-2016: Materials	301-1 Materials used by weight or volume	<ul style="list-style-type: none"> • Green Procurement • Environmental Research and Development • Environmental Indicators • All paper used are renewable materials. • 160,786 tons of paper consumption in 2021. 	✓
	301-2 Recycled input materials used	<ul style="list-style-type: none"> • Green Procurement • Environmental Research and Development • Environmental Indicators 	✓
	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 302-2016: Energy	302-1 Energy consumption within the organization	<ul style="list-style-type: none"> • Energy Management • Environmental Indicators • GWP data from IPCC Sixth Assessment Report • No sales of electricity, heating, cooling and steam (or equivalent energy). 	✓

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 302-2016: Energy	302-2 Energy consumption outside of the organization	<ul style="list-style-type: none"> 60 tons of CO2 emissions from commercial flights in 2021. 	√
	302-3 Energy intensity	<ul style="list-style-type: none"> Environmental Indicators 0.50 tons of CO2 emissions of fuel consumption and electricity consumption within the organization per production unit in 2021. 	√
	302-4 Reduction of energy consumption	<ul style="list-style-type: none"> Energy Management 	√
	302-5 Reductions in energy requirements of products and services	<ul style="list-style-type: none"> 43.32% reduction of energy consumption per production unit in 2021 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 Sixth 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"> Wastewater 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).	√
	303-3 Water withdrawal	<ul style="list-style-type: none"> Wastewater Management Environmental Indicators All fresh water comes from municipal water. 	√
	303-4 Water discharge	<ul style="list-style-type: none"> Wastewater Management 524,743 tons of water discharged in 2021. 	√
	303-5 Water consumption	<ul style="list-style-type: none"> Environmental Indicators 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
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 Management • Waste Management 	√
	103-2 The management approach and its components	<ul style="list-style-type: none"> • Air Emissions Management • Waste Management 	√
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> • Air Emissions Management • Waste Management 	√
GRI 305-2016: Emissions	305-1 Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> • Environmental Indicators • No biogenic CO2 emissions. • Base year for the calculation is 2007 because of the available of data. • GWP data from IPCC Sixth Assessment Report • Consolidation approach for emissions: operational control. 	√
	305-2 Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> • Environmental Indicators • Base year for the calculation is 2007 because of the available of data. • GWP data from IPCC Sixth Assessment Report • Consolidation approach for emissions: operational control. 	√
	305-3 Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> • Environmental Indicators • Base year for the calculation is 2007 because of the available of data. • GWP data from IPCC Sixth Assessment Report • Consolidation approach for emissions: operational control. 	√
GRI 306-2020: Waste	306-1 Waste generation and significant waste-related impacts	<ul style="list-style-type: none"> • Waste Management • The main raw materials of Leo's products are paper, ink, etc. 	√
	306-2 Management of significant waste-related impacts	<ul style="list-style-type: none"> • Waste Management • All the waste generated is disposed by designated qualified waste disposal contractors. 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 306-2020: Waste	306-3 Waste generated	<ul style="list-style-type: none"> • Environmental Indicators • 48,036 tons of non-hazardous waste in 2021. 	√
	306-4 Waste diverted from disposal	<ul style="list-style-type: none"> • Environmental Indicators • All the waste generated is disposed by designated qualified waste disposal contractors. • 48,036 tons of non-hazardous waste in 2021. 	√
	306-5 Waste directed to disposal	<ul style="list-style-type: none"> • Environmental Indicators • Waste is disposed by designated qualified waste disposal contractors. • 48,036 tons of non-hazardous waste in 2021. 	√

GRI 400: Social Topics

Topic: Occupational Health and Safety

GRI 403-2018: Occupational Health and Safety	403-1 Occupational health and safety management system	<ul style="list-style-type: none"> • Occupational Health and Safety 	√
	403-2 Hazard identification, risk assessment, and incident investigation	<p>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, ambient 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.</p>	√
	403-3 Occupational health services	<ul style="list-style-type: none"> • Occupational Safety and Health Initiatives 	√
	403-4 Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"> • Occupational Safety and Health Initiatives 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 403-2018: Occupational Health and Safety	403-5 Worker training on occupational health and safety	• Occupational Safety and Health Initiatives	✓
	403-6 Promotion of worker health	• Occupational Safety and Health Initiatives	✓
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Occupational Health and Safety • In 2021, 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	• Social and Economic Indicators • There are totally 9 work-related injuries in 2021, 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. • 0.303 of injury rate per 1,000,000 hours worked in 2021.	✓
	403-10 Work-related ill health	None	✓

GRI 400: Social Topics

Topic: Training and Education

GRI 103-2016: Management Approach	103-1 Explanation of the material topic and its Boundary	• Training and Development	✓
	103-2 The management approach and its components	• Training and Development	✓
	103-3 Evaluation of the management approach	• Training and Development	✓
GRI 404-2016: Training and Education	404-1 Average hours of training per year per employee	• Social and Economic Indicators • Training is provided regardless of gender. Average training hours of male employees:9; Average training hours of female employees:7.	✓

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 404-2016: Training and Education	404-2 Programs for upgrading employee skills and transition assistance programs	• Training and Development	√
	404-3 Percentage of employees receiving regular performance and career development reviews	All staff members receive performance appraisal annually.	√

GRI 400: Social Topics

Topic: Local Communities

GRI 103-2016: Management Approach	103-1 Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> • Employee Communication • Employee Caring • Leisure Activities • Supports to the Community • Educational Commitment to the Community 	√
	103-2 The management approach and its components	<ul style="list-style-type: none"> • Employee Communication • Employee Caring • Leisure Activities • Supports to the Community • Educational Commitment to the Community 	√
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> • Employee Communication • Employee Caring • Leisure Activities • Supports to the Community • Educational Commitment to the Community 	√
GRI 413-2016: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> • Employee Communication • Employee Caring • Leisure Activities • Supports to the Community • Educational Commitment to the Community • All operations are implemented with local community engagement, impact assessments, and/or development programs. 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 413-2016: Local Communities	413-2 Operations with significant actual and potential negative impacts on local communities	<ul style="list-style-type: none"> • Employee Communication • Employee Caring • Leisure Activities • Supports to the Community • Educational Commitment to the Community • Air Emissions Management • Waste Management • Wastewater Management 	√

GRI 400: Social Topics

Topic: Supplier Assessment

GRI 103-2016: Management Approach	103-1 Explanation of the material topic and its Boundary	• Supplier Risk Management	√
	103-2 The management approach and its components	• Supplier Risk Management	√
	103-3 Evaluation of the management approach	• Supplier Risk Management	√
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"> • Green Procurement • Environmental Research and Development • Quality and Productivity Excellence 	√
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GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 103-2016: Management Approach	103-2 The management approach and its components	<ul style="list-style-type: none"> • Green Procurement • Environmental Research and Development • Quality and Productivity Excellence 	√
	103-3 Evaluation of the management approach	<ul style="list-style-type: none"> • Green Procurement • Environmental Research and Development • Quality and Productivity Excellence 	√
GRI 417-2016: Marketing and Labeling	417-1 Requirements for product and service information and labeling	<ul style="list-style-type: none"> • Green Procurement • Environmental Research and Development • Quality and Productivity Excellence 	√
	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.	√
	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	Environmental Indicators	✓
A1.2 Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity	Environmental Indicators	✓
A1.3 Total hazardous waste produced and, where appropriate, intensity	Environmental Indicators	✓
A1.4 Total non-hazardous waste produced and, where appropriate, intensity	<ul style="list-style-type: none"> • Environmental Indicators • 48,036 tons of non-hazardous waste in 2021. 	✓
A1.5 Emission target(s) set and steps taken to achieve them	<ul style="list-style-type: none"> • Leo Sustainable Development Goals • Green Manufacturing • Waste Management 	✓
A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	<ul style="list-style-type: none"> • Green Manufacturing • Waste Management 	✓
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 • 3.47 GJ of fuel and electricity consumption within the organization per production unit in 2021. 	✓
A2.2 Water consumption in total and intensity	<ul style="list-style-type: none"> • Environmental Indicators • 17 tons of water consumption within the organization per production unit in 2021. 	✓
A2.3 Energy use efficiency target(s) set and steps taken to achieve them	<ul style="list-style-type: none"> • Leo Sustainable Development Goals • Addressing Climate Change • Green Manufacturing • Wastewater Management 	✓
A2.4 Whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	<ul style="list-style-type: none"> • Leo Sustainable Development Goals • Green Manufacturing • Wastewater Management 	✓

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
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 were 39,665 tons in 2021.	√

A. Environmental

Aspect A3: The Environment and Natural Resources

A3.1 The significant impacts of activities on the environment and natural resources and the actions taken to manage them	<ul style="list-style-type: none"> • Addressing Climate Change • Green Manufacturing • Wastewater Management • Air Emissions Management • Waste Management • Environmental Indicators 	√
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A. Environmental

Aspect A4: Climate Change

A4.1 The significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	<ul style="list-style-type: none"> • Addressing Climate Change • Environmental Indicators 	√
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B. Social Employment and Labour Practices

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 	√
B1.2 Employee turnover rate by gender, age group and geographical region	<ul style="list-style-type: none"> • The average turnover rate of female employees was 0.79%, and that of male employees was 1.03% in 2021. • The average turnover rate of employees under the age of 30 was 1.01%, the average turnover rate of employees aged 30-50 was 0.73%, and the average turnover rate of employees over the age of 50 was 0.08% in 2021. • The average turnover rate of local employees was 0.57%. in 2021. 	√

B. Social Employment and Labour Practices

Aspect B2: Health and Safety

B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	No Fatality	√
B2.2 Lost days due to work injury	665 days lost due to industrial injury.	
B2.3 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
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B. Social Employment and Labour Practices

Aspect B3: Development and Training

B3.1 The percentage of employees trained by gender and employee category	All Workers	√
B3.2 The average training hours completed per employee by gender and employee category	<ul style="list-style-type: none"> • Social and Economic Indicators • Training is provided regardless of gender. Average training hours of male employees:9; Average training hours of female employees:7. 	√

B. Social Employment and Labour Practices

Aspect B4: Labour Standards

B4.1 Measures to review employment practices to avoid child and forced labour	<ul style="list-style-type: none"> • Labor and Human Rights • When hiring employees, Leo strictly follows the regulations and procedures of prohibition of child or forced labour. 	√
B4.2 Steps taken to eliminate such practices when discovered	<ul style="list-style-type: none"> • Labor and Human Rights • When hiring employees, Leo strictly follows the regulations and procedures of prohibition of child or forced labour. 	√

B. Social Employment and Labour Practices

Aspect B5: Supply Chain Management

B5.1 Number of suppliers by geographical region	60 major raw material suppliers were from Guangdong Province, China, and the remaining 14 major raw material suppliers were from other regions in 2021.	
B5.2 Practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	<ul style="list-style-type: none"> • Supplier Risk Management 	√
B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	<ul style="list-style-type: none"> • Supplier Risk Management 	√
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	<ul style="list-style-type: none"> • Supplier Risk Management 	√

B. Social Employment and Labour Practices

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.	√
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Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
B6.2 Number of products and service-related complaints received and how they are dealt with	<ul style="list-style-type: none"> • No incidents of non-compliance concerning product and service information and labeling. • Quality and Productivity Excellence 	√
B6.3 Practices relating to observing and protecting intellectual property rights	<ul style="list-style-type: none"> • Protection of Intellectual Property & Privacy 	√
B6.4 Quality assurance process and recall procedures	<ul style="list-style-type: none"> • Quality and Productivity Excellence 	√
B6.5 Consumer data protection and privacy policies, how they are implemented and monitored	<ul style="list-style-type: none"> • Protection of Intellectual Property & Privacy • Leo respects and protects customer data in strict accordance with the requirements of general data protection regulations (GDPR) and other applicable laws and regulations. 	√

B. Social Employment and Labour Practices

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	<ul style="list-style-type: none"> • Integrity and Anti-Corruption 	√
B7.2 Preventive measures and whistle-blowing procedures, how they are implemented and monitored	<ul style="list-style-type: none"> • Integrity and Anti-Corruption 	√
B7.3 Description of anti-corruption training provided to directors and staff	<ul style="list-style-type: none"> • Integrity and Anti-Corruption 	√

B. Social Employment and Labour Practices

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"> • Employee Caring • Supports to the Community • Educational Supports 	√
B8.2 Resources contributed (e.g. money or time) to the focus area	<ul style="list-style-type: none"> • Employee Caring • Supports to the Community • Educational Supports • Leo prepares a donation plan for education, medical care, poverty alleviation, and other areas each year. • In 2021, Leo Volunteer Team participated in 16 volunteer service events totalling 648 hours. 	√



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 2021 Sustainability Report (the Report). The Report stated the sustainability performance of Leo Paper in the period of 1st January 2021 to 31st December 2021.

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 balanced, structured, comparable and consistent manner; and
- The data and information disclosed in the Report are reliable and highly traceable.

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

Meico Cheong
Senior General Manager, Innovation Business
6 April 2022

EDITORIAL POSTSCRIPTS

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

2007 has been set as the base year for many of our sustainable indicators and objectives. This report focuses on our performance in the past year and provides figures and indicators for the recent 3 years. Information prior to 2018 can be found at our previous sustainability reports.

Our focus is on what more we can do to help and how we go the extra mile. We believe in the objective of going beyond the compliances 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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ISO 14064-1: 2018
LEO PAPER GROUP (HONG KONG) LIMITED's Greenhouse Gas Assertion for the period 1 Jan 2020 to 31 Dec 2021 has been verified by Hong Kong Quality Assurance Agency in accordance with ISO 14064-1:2018 in meeting the requirements of ISO 14064-1:2018 / Report Reference No.: 1406401-01H1



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