

2022 SUSTAINABILITY REPORT

- 
- Integrated Sustainability Management
 - Committed to Green and Low Carbon Development
 - Dedicated to Happy and Harmonious Leo Community
 - Committed to Business Excellence

About this Report

Editor's Remark

This is our 14th environmental and social sustainability report. This report gives detail introduction to the sustainability initiatives performed by Leo Paper Group over one year. The report has been prepared based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards and Hong Kong Exchanges (HKEX) Environmental, Social and Governance Reporting Guide (ESG). Data in the report has been reviewed by an independent 3rd party (Hong Kong Quality Assurance Agency, HKQAA) to provide assurance on the accuracy of 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 2022 to 31st December 2022.

Frequency of Reporting

Annual

Reporting Organizations

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). Except where specifically noted otherwise, the figures in this report are for Heshan Astros printing plant, which is the main plant.

Publication

April 2023

Reference

Global Reporting Initiative (GRI*) Sustainability reporting standards

ISO 26000:2010 Guidelines for Social Responsibility

United Nations Global Compact Principles

AA1000 Account Ability Principles Standard 2008

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

Report of the Working Group on Climate-related Financial Disclosure Recommendations

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



CONTENTS

02 Chairman's Message

04 About Leo Paper Group

Integrated Sustainability Management

- 07 Sustainable Management Philosophy
- 07 Management Structure
- 08 Integrated Management System
- 08 Sustainable Development Goals
- 11 Stakeholder Engagement and Assessment of Material
- 15 Risk Management
- 17 Business Ethics
- 19 Supplier Management

Committed to Green and Low Carbon Development

- 21 Tackling Climate Change
- 24 Green Procurement and R&D
- 26 Wastewater, Air Emissions, and Waste
- 28 Environmental Promotion and Communication
- 29 Leo Agriculture and Forestry Project
- 30 Environmental Indicators

Dedicated to Happy and Harmonious Leo Community

- 33 Occupational Health and Safety
- 36 Training and Development
- 39 Caring for Employees
- 41 Leisure Activities
- 42 Committed to Community Development
- 44 Social and Economic Indicators

Committed to Business Excellence

- 47 Leo's Management Model of Green, LEAN, and Smart Printing
- 49 Quality Assurance and Product Safety
- 49 Quality Improvement and Enhancement
- 50 Research & Development
- 52 Communication with Customers
- 52 Sustainable Development Targets 2022
- 55 External Recognitions 2022**
- 60 GRI Content Index**
- 71 HKEX ESG Guide Index**
- 76 EDITORIAL POSTSCRIPTS**



Chairman's Message

World Environmental Day 2022 focuses on Living Sustainably in Harmony with Nature. At Leo, we have been dedicated to create a harmonious community and build a sustainable harmony between the community and nature.

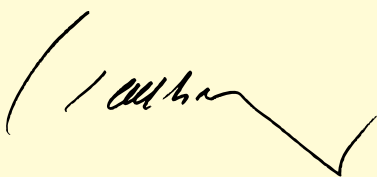
During 2022, Leo celebrated its 40th anniversary which was another chapter of our commitment to sustainability. At the starting point of this era, we face unprecedented environmental challenges. We adhere to our own vision, mission and values. We give great importance to the practice of social responsibility, quality development, innovation, green and low-carbon development and integrate comprehensive social responsibility management into our enterprise development strategy.

Over the years, there had been a number of milestones at our journey of sustainable development such as the development of LEAN Manufacturing Management System in 2007, establishment of the green and harmonious environmental management mechanism in 2010, the automation research and development center in 2014 and the smart and green factory project in 2018.

Leo's unremitting efforts have been well recognized. In 2022, we were honored to receive the "HKMA Quality Award", "Jiangmen Quality Award", and "United Nations Sustainable Development Goals Achievement Awards Hong Kong".

Also In 2022, we strengthened our sustainability management by developing the the Leo Green, LEAN, Smart (GLS) sustainability management model. Through the integration of our three management models, Green Harmony Management System, LEAN 4P Manufacturing Management System and Smart Factory Management System, we updated our sustainability management for a better future and enhanced environmental, productivity and innovation performance.

As a corporate social citizen, Leo is well aware of the importance of sustainable development. Through transformation and upgrading our management systems and practices, we will do all possible to contribute and better the environment.



Samuel Leung

Chairman of Leo Paper Group



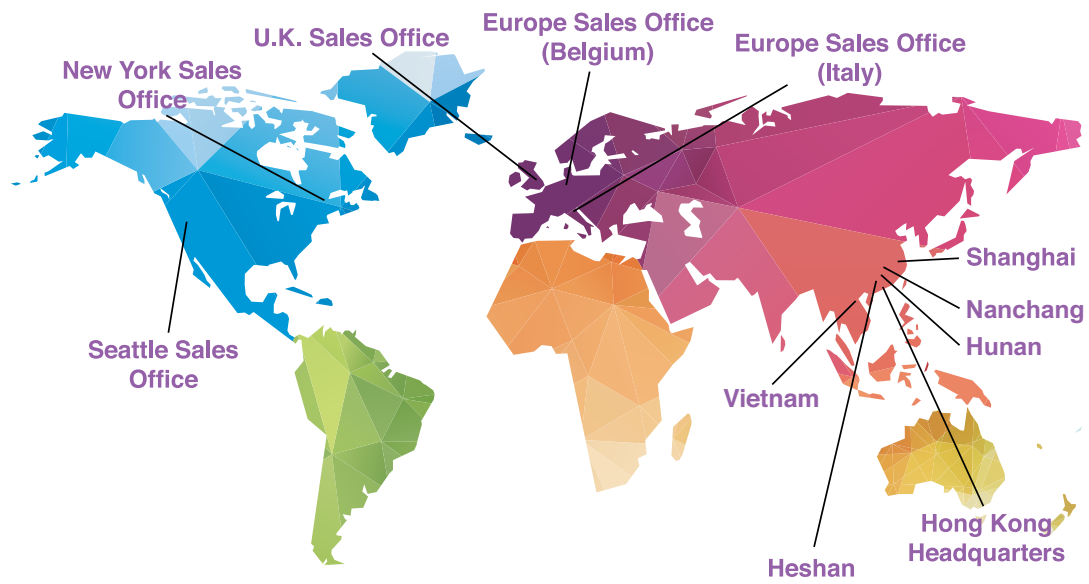
About Leo Paper Group

As a leading global printing communications company, Leo adheres to the policy of “ Keep Improving, and Green Printing for a Better Future ”.

By implementing our sustainability initiatives and to better meet and exceed the changing needs of the market and stakeholders, we are committed to achieve management excellence in all aspects of our operations.

Year of Establishment	1982
Ownership and Legal Form	Private
Headquarters	Hong Kong
Manufacturing Plants	Main Production Plant: <ul style="list-style-type: none"> • Heshan Astros Other Production Plants: <ul style="list-style-type: none"> • Leo Packaging & Printing • Leo United Paper Products • Hunan Astros • Leo Paper Products (Vietnam)
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.
Manpower	10,000+
Manufacturing and Warehouse Space	5.7 million square feet
Subsidiaries that Support Sustainability Solutions	<ul style="list-style-type: none"> • Heshan Leo Metrology and Testing Services Co. Ltd.: An independently accredited and fire walled laboratory that provides comprehensive testing services for our clients and suppliers. • Leo Agroforestry Product Development Limited: Reforest Project on stony desert areas in Shaoguan to restore the land by planting and producing tea seed oil to promote local ecological sustainability.

Global Distribution: (11 locations worldwide)





- Sustainable Management Philosophy
- Management Structure
- Integrated Management System
- Sustainable Development Goals
- Stakeholder Engagement and Assessment of Material
- Risk Management
- Business Ethics
- Supplier Management

Leo gives great importance to the sustainable development of the enterprise and is committed to embed sustainable development management into the entire process of daily operations in a systematic approach.

Sustainable Management Philosophy

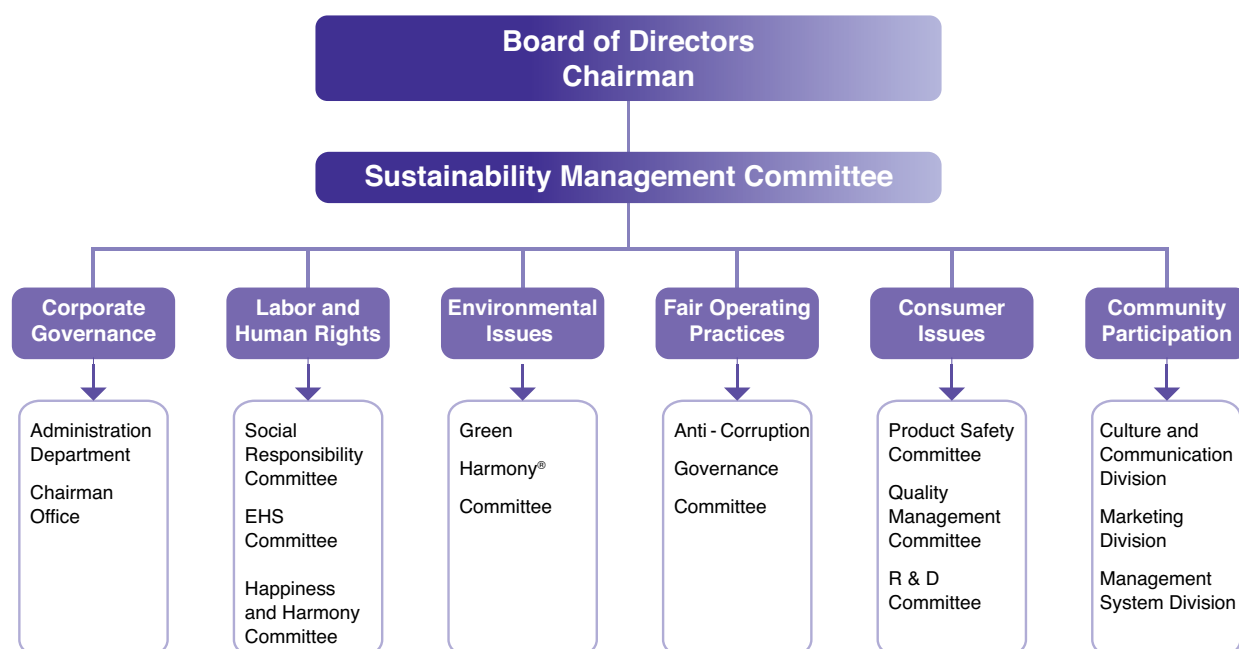
In response to the changing economic and social environment, we conducted an in-depth review of our management policy in 2022. While retaining the existing excellent corporate management elements we are introducing new ideas to drive the whole enterprise towards a sustainable development pathway and excellence.



Management Structure

Sustainability management is integrated into Leo's governance structure. Leo's Board of Directors is responsible for determining ESG strategies and regularly oversees the implementation of sustainability initiatives.

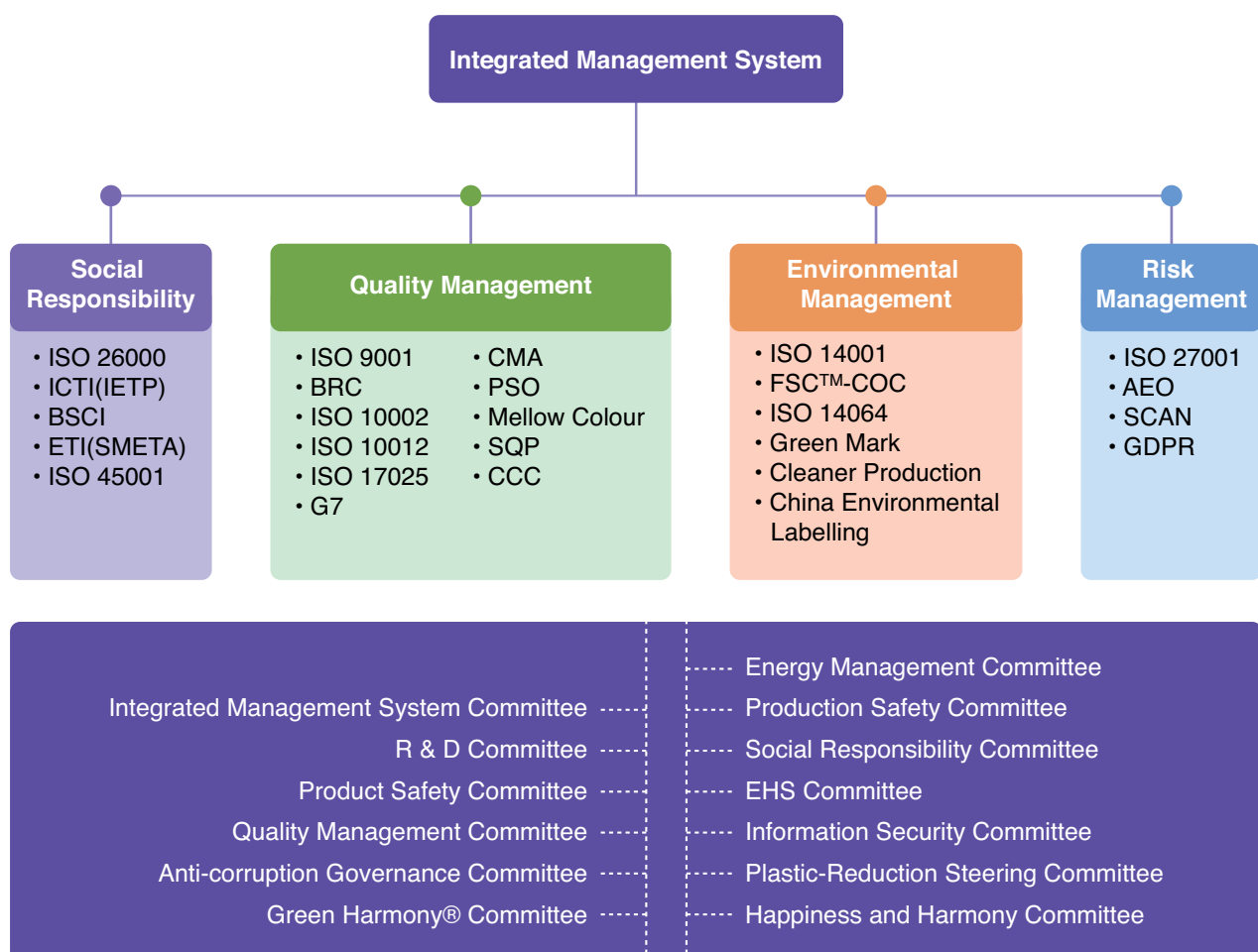
In order to fully implement the sustainable management plan, the Leo Board of Directors has set up a Sustainable Management Committee to plan and coordinate sustainability initiatives. The committee also has established sub-committees in different areas such as the Green Harmony®, Social Responsibility, and the Anti-Corruption Governance Committee to supervise and manage the tasks in their specific areas that include but not limited to corporate governance, employee caring, environmental protection, human rights and labor.



Integrated Management System

Leo recognizes the importance of systematic management. By introducing and implementing different management systems that comply with international and domestic standards, we have established an integrated management system that drive Leo towards management excellence and sustainability performance.

Our management system is divided into four modules: social responsibility, quality management, environmental management and risk management. There are 26 management systems. These management systems are implemented and overseen by 13 committees.



Sustainable Development Goals

Leo's philosophy of sustainability is aligned with the United Nations' Sustainable Development Goals. As a responsible enterprise, Leo integrates the elaboration of the United Nations Sustainable Development Goals into operation processes and actively takes action in the areas of environmental, social responsibility and governance. We support the United Nations Sustainable Development Goals implementation.

Support the United Nations Sustainable Development Goals

Taking into account the impact of our operations on the environment and communities and the need for future development strategies, we have selected the following 8 UN Sustainable Development Goals (SDGs) and have taken corresponding actions or measures to achieve the sustainable blueprint.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Achieve sustainable management and efficient use of resources; significantly reduce waste generation through prevention, reuse, reduction, and recycling; promote sustainable procurement practices in accordance.

Actions taken:

- Ensure product safety
- Emissions and waste control
- Paper procurement
- Plastic reduction action

3 GOOD HEALTH AND WELL-BEING



Eliminate the spread of epidemics/infectious diseases through prevention, treatment and promotion of physical and mental health; achieve good health and well-being.

Actions taken:

- Organize cultural and sports events
- Provide medical services
- Epidemic management and control
- Provide psychological counseling services

7 AFFORDABLE AND CLEAN ENERGY



Affordable, reliable, sustainable and modern energy.

Actions taken:

- Development of renewable energy
- Air compressor waste heat recovery system
- Upgrade equipment/improve machine performance

6 CLEAN WATER AND SANITATION



Improve water quality: reduce pollution, eliminate dumping, minimize the discharge of hazardous chemicals and materials, and halve the proportion of untreated wastewater; significantly improve water efficiency, recycling, and ensure sustainable access to and supply of fresh water.

Actions taken:

- Wastewater management
- Reclaimed water recycling
- Water-saving facilities

4 QUALITY EDUCATION



Ensure that Children have access to quality early childhood development, care and pre-primary education; ensure equal access for all women and men to affordable, quality technical, vocational and tertiary education, and substantially increase the acquisition of relevant skills for employment, decent work and entrepreneurship.

Actions taken:

- Established “Jiangmen Astros Vocational and Technical School” and “Jiangmen Branch of Jinan University Extension School”
- Support lifelong learning and training

8 DECENT WORK AND ECONOMIC GROWTH



Achieve higher levels of economic productivity through diversification, technological upgrading and innovation; full and productive employment and decent work for all women and men, including youth and persons with disabilities; protect labour rights and promote a safe and secure working environment for all workers.

Actions taken:

- Enhance employee benefits and rights
- Maintain a safe and secure work environment
- Caring Workshop

5 GENDER EQUALITY



Ensure the full and effective participation of women in decision-making at all levels; promote gender equality and empower women and girls at all levels.

Actions taken:

- Through training and effective management, we prevent discrimination and harassment
- Establishment of childcare facilities

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Prevent corruption and bribery in all its forms.

Actions taken:

- Provide channels for reporting and complaints, with effective follow-up and handling procedures
- Anti-corruption measures and integrity guidelines and training

11 SUSTAINABLE CITIES AND COMMUNITIES



Significantly increase the number of cities and human settlements that adopt and implement policies and programs to build inclusive, resource-efficient, climate-resilient and resilient cities and human settlements and establish and implement comprehensive disaster risk management.

Actions taken:

- Disaster prevention measures are in place
- Participate in food recovery programs

15 LIFE ON LAND



Combating desertification, restoring degraded lands and soils, including lands affected by desertification, drought and floods, and working towards a world free of land degradation; mobilize and substantially increase financial resources from all sources for the conservation and sustainable use of ecosystems.

Actions taken:

- Implementation of Leo Agriculture and Forestry project
- Afforestation of rocky desertification areas

1 NO POVERTY



Implement appropriate social protection system for all people including those at the lower economic levels, the poor and vulnerable.

Actions taken:

- Establish dormitory to provide employees with an affordable and comfortable living environment
- Enhance staff training and skills to improve quality of life
- Provide childcare services for employees
- Provide employees with a better standard of living

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE

Support technology development, research and innovation in developing countries for industrial diversification and value added to commodities.

Actions taken:

- Research and development of innovative technologies and processes
- R&D projects and various patents

10 REDUCED
INEQUALITIES

Ensure equal opportunities and reduce inequalities of incomes.

Actions taken:

- A fair and open recruitment process
- All employees participate in induction training and establish complaint and reporting channels

17 PARTNERSHIPS
FOR THE GOALS

Enhance global cooperation on sustainable development through multi-stakeholder partnerships to support the achievement of the Sustainable Development Goals.

Actions taken:

- Develop and share information on sustainable development

Stakeholder Engagement and Assessment of Material

In order to achieve better sustainable development results, Leo identifies material issues by addressing stakeholder concerns and expectations, conducts material issue assessments and formulates sustainable development strategies to reduce the negative impact of material with possible problems.

Stakeholder Engagement

Stakeholder engagement helps us to identify the concerns and expectations of stakeholders and create long-term value to achieve successful and sustainable development plans.

Stakeholders of Leo mainly include customers, employees, suppliers, governments, NGOs and local communities. Leo has established different communication channels to learn the stakeholder expectations. The table below outlines the ways in which each stakeholder engages as well as concerns and expectations.

Stakeholders	Approach to Stakeholder Engagement	Concerns and Expectations
Customers	<ul style="list-style-type: none"> • Manuals/documents or emails provided by customers • Regular newsletters/e-news • Annual customer survey • Customer meetings or visits • Industry exhibitions and forums • Participate in seminars/events held by customers • Visit to Leo's production plants • Conduct customer reviews 	<ul style="list-style-type: none"> • Quality products and services • Delivery of products • Financial performance • Code of conduct management • Environmental performance • Risk management • Sustainable development planning
Employees	<ul style="list-style-type: none"> • Internal employee meetings • Employee representative meetings • Employee satisfaction surveys • Corporate news publishment • Suggestion boxes, emails, bulletin boards and telephone hotlines • Skill-based and professional training • Occupational health and safety training • Employee caring activities • Corporate policy meeting 	<ul style="list-style-type: none"> • Personal growth and development • Occupational health and safety • Environmental performance • Working benefits • Employee communication and engagement • Employee performance appraisal
Suppliers	<ul style="list-style-type: none"> • Supplier meetings • Key supplier assessments and audits • Supplier questionnaires • Supplier visits • Provide guidance for process improvement • Supplier Guidelines 	<ul style="list-style-type: none"> • Product and service quality • Compliance to Leo's requirements • Sustainable development in operational, environmental and code of conduct management
Government/ Agencies	<ul style="list-style-type: none"> • Participation in events organized by local authorities • Communicate directly with local authorities • Participation in workshops organized by local, regional and global organizations • Invite local authorities to provide training/presentations • Visit to Leo plants 	<ul style="list-style-type: none"> • Support community/social development • Promote industrial development • Support sustainable development

Stakeholders	Approach to Stakeholder Engagement	Concerns and Expectations
Non-Governmental Organizations (NGOs)	<ul style="list-style-type: none"> • Participation in seminars organized by non-governmental organizations • NGOs are invited to provide training/ presentations to Leo • Meetings with NGOs 	<ul style="list-style-type: none"> • Promote environmental and socially responsible practices in the industry • Support for vulnerable groups
Community	<ul style="list-style-type: none"> • Participate in the development of national/ international standards • Organize events and volunteer services with the local community • Speak at the seminar and share Leo's sustainable development philosophy and experience with the public • Activities designed to promote community inclusion • Website communication in the local language • Communicate via email and telephone hotline 	<ul style="list-style-type: none"> • Support community/social development • Environmental protection

Assessment of Material

Leo has identified material issues through assessment and analysis of the external environment and the context of Leo and have formulated corresponding countermeasures.

(1) Identification

Leo identifies risks and opportunities by assessing and analysing the following issues:

- Concerns and expectations of stakeholders
- Domestic and international policies, regulations and standard requirements
- Performance of environmental, social responsibility and corporate governance
- Analysis of the status and trends of the business environment (such as domestic and foreign economic development, the impact of the epidemic, consumer expectations)

(2) Impact and Materiality Assessment

We screened and identified material issues and assessed the materiality based on the likelihood of occurrence and the degree of impact on stakeholders and Leo's business activities. We screen out material issues that could have significant impact.

(3) Follow-up of Topics with Significant Impact

Material issues with significant impact are submitted to the management representative for review and confirmation.

According to the analysis of material issues on stakeholders and corporate operating activities and the possibility of occurrence, the risk matrix of material issues was established, and 13 important issues were screened and summarized.

The table below demonstrates our material issues and the corresponding response, and also the boundaries of each material topic.

Important Material Issues	Response to Material Issues	Boundary	
		Leo	Outside Leo
Environmental Protection	• Wastewater, Air Emissions, and Waste	√	√
Eco-friendly Design and Materials	• Green Procurement and R&D	√	√
Carbon Reduction	• Tackling Climate Change	√	√
Occupational Health and Safety	• Occupational Health and Safety	√	√
Employee Training and Development	• Training and Development	√	
Employee Caring	• Caring for Employees • Leisure Activities	√	√
Emergency Response	• Emergency Preparedness and Drills	√	√
Business Ethics	• Business Ethics	√	√
Supply Chain Management	• Supplier Management	√	√
Information Security	• Information Security • Protection of Intellectual Property	√	√
Lean Production	• Quality Improvement and Enhancement	√	
Independent Innovation	• Green Procurement and R&D • Research & Development	√	√
Product Safety and Quality	• Quality Assurance and Product Safety • Quality Improvement and Enhancement	√	√

Risk Management

Risk management is an integral part of our operations. Leo has established comprehensive risk management and internal control system to reduce and eliminate the adverse impacts of unpredictable events.

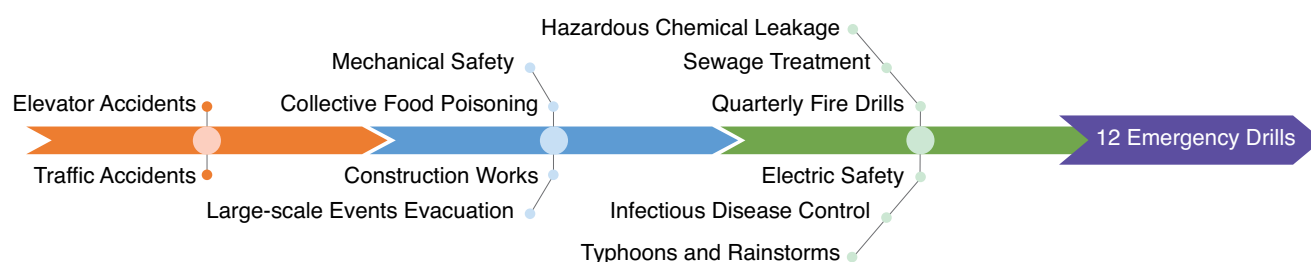
Internal Audit Mechanisms

We have our Internal Audit Division for carrying out internal audits. The internal audit team conducts audit to evaluate the implementation of various initiatives for social responsibility, quality, occupational health and safety, environmental performance, information security and all related matters.

In 2022, the internal audit team carried out a total of 26 internal system reviews mainly including quality management, environmental management, occupational health and safety management, information security management, metrology, supply chain security, Mellow Colour, BRC, and such. The team also conducted 93 special reviews, which mainly covered requirements in quality, information security, occupational health and safety, equipment management and tendering. All review findings were followed up in an effective and timely manner.

Emergency Preparedness and Drills

In order to exercise emergency rescue and organizational coordination capabilities, Leo annually organizes 12 categories of emergency drills. Through the exercises, the emergency rescue team's capabilities are enhanced. The allocation of rescue personnel and rescue equipment are further evaluated and optimized for emergency preparedness.



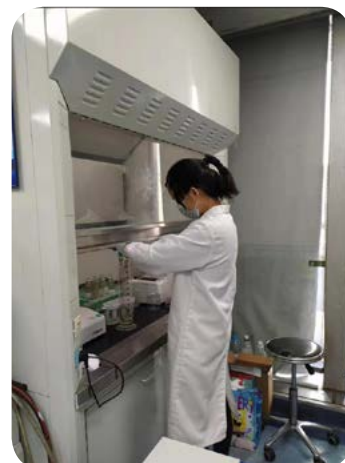
Fire Drills

In 2022, we organized 4 all-staff fire drills to test our ability to respond to fires. The exercise included simulating the evacuation of personnel in the event of a fire, fire control and extinguishing and rescue of Injured personnel. Through this exercise, the fire safety awareness of all employees was further enhanced, the self-rescue ability of them and the organization ability of managers at all levels were improved.



Sewage Treatment Exercises

In order to reduce the pollution caused by accidents of sewage treatment operations, on 20 Oct 2022, we organized the annual sewage treatment control exercise. The exercise carried out the emergency procedures by simulating five emergency scenarios at the sewage treatment station, such as on-site sudden leakage incidents, system failures and catchment pond water depth reaching the warning line. Through this exercise, we learned more and our emergency response capabilities were further enhanced.



Elevator Emergency Drill

On May 20, we jointly organized an elevator emergency drill with elevator suppliers at our production plant. The exercise was unplanned and unannounced.

The drill examined the effectiveness of existing procedures and methods to handle elevator accidents. There was good communication and cooperation among different parties during the drill.

Information Security

Leo established the Information Security Committee and implemented ISO 27001 Information Security Management System. A designated team has been assigned to put in place and supervise the implementation of the information security system. Risk control measures such as user rights management, special area access control, data storage and security protection, information backup and recovery are carried on.

We also understand the importance of privacy to our stakeholders. Therefore, we have established and implemented a Privacy Policy in accordance with different data/privacy protection requirements such as the General Data Protection Regulation (GDPR) and other applicable laws and regulations. Such policy includes data collection, purpose of use, data sharing and protection. We do our utmost to protect the privacy of customers, suppliers, service providers and employees.



Protection of Intellectual Property

The protection of intellectual property rights is of great significance to the development of enterprises and the maintenance of competitive advantage. In order to protect its own intellectual property rights and ensure that it does not infringe the rights of others, Leo has established a series of intellectual property protection procedures and has a dedicated working team responsible for the implementation of intellectual property management.

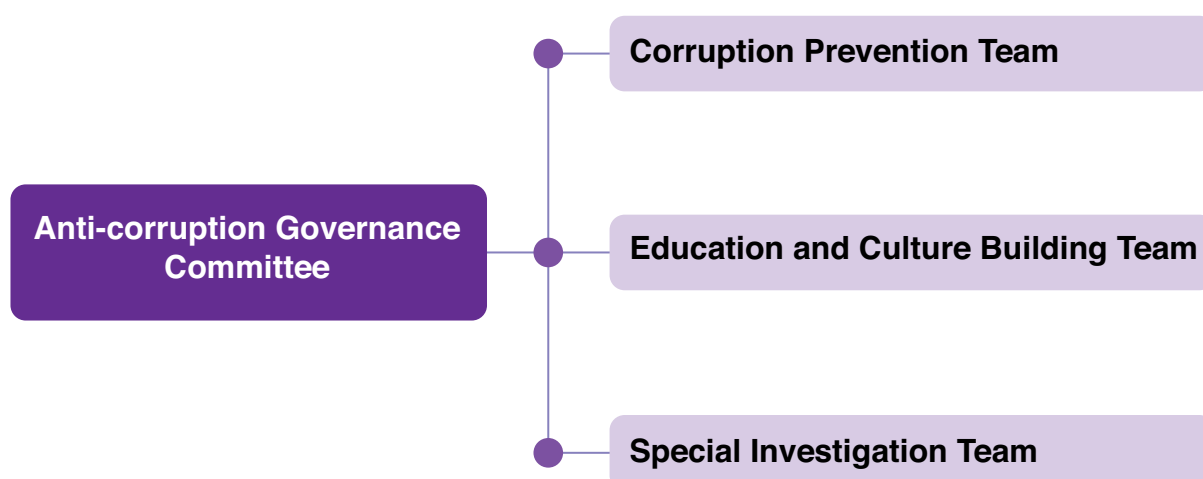
Business Ethics

Business ethics is the foundation for establishing a fair and healthy environment for the development of enterprises. To enhance the fairness and transparency of our operations and safeguard the rights of our employees and stakeholders, Leo adheres to the highest standards of business ethics in its dealings with governments, customers, suppliers, employees, non-profit organizations, and communities.

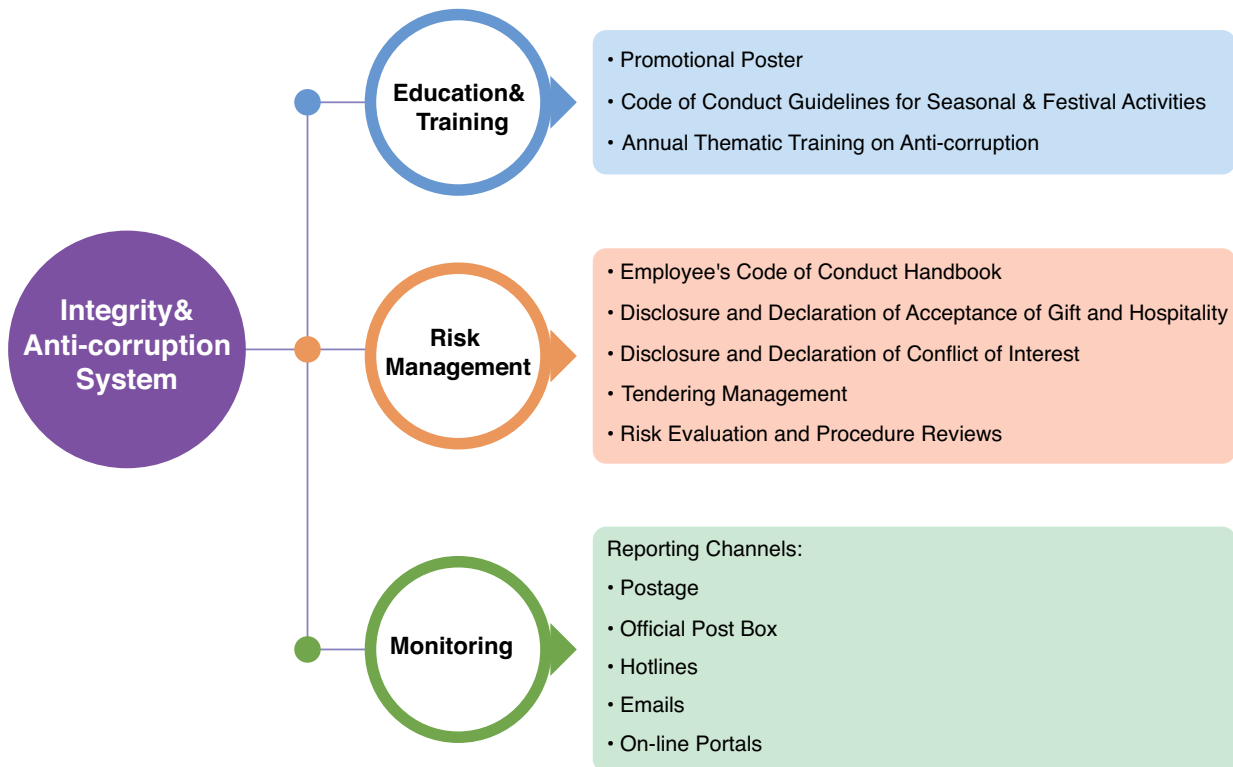
Integrity and Anti-corruption

Leo's Anti-corruption Governance Committee was established in 2009 to develop and implement a system that integrates integrity protection, integrity promotion and special monitoring. The Committee has facilitated Leo to maintain high ethical standards of business conduct, strengthen internal controls and self-discipline mechanisms and extends this value to employees, suppliers and other partners.

Leo's Anti-corruption Governance Committee



Leo's Integrity and Anti-corruption System



Code of Ethics for Employees

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

- 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

Promotion and Training

(1) Integrity Training

On January 16, we invited the integrity officer from the Jiangmen People's Procuratorate to provide integrity training. A total of 370 staff members from Hong Kong office, Heshan Astros, Hunan Astros, and Heshan Leo Packaging, attended the training.



(2) Integrity Promotion

The Anti-corruption Governance Committee has published a series of promotion materials to promote integrity and anti-corruption over the year.

Bidding Center

In order to create and maintain a fair, just and open platform, Leo has set up a Bidding Center and developed procedures for the Bidding Center to manage the bidding projects of procurement, engineering and service items. A special team has been established for tender evaluation and supervision to ensure that the bidding process is fair, just, open and transparent.

In 2022, the bidding center completed total of 26 tender projects in procurement, engineering, services and related matters. The total amount of tender projects increased by 135% compared with that of 2021.



Code of Conduct

As a responsible corporate citizen, we actively respond to international initiatives and standards such as the ICTI Ethical Toy Program (IETP), Ethical Trade Initiative (ETI), and the Business Social Compliance Initiative (BSCI). We follow the requirements of the Code of Conduct in the areas of equal opportunity, freedom of association, prohibition of child and anti-forced labor and establish specific policies to safeguard the rights and interests of employees and the business. We have regular 3rd party audits to ensure that we conduct code of conduct management in accordance with regulatory and standard requirements.



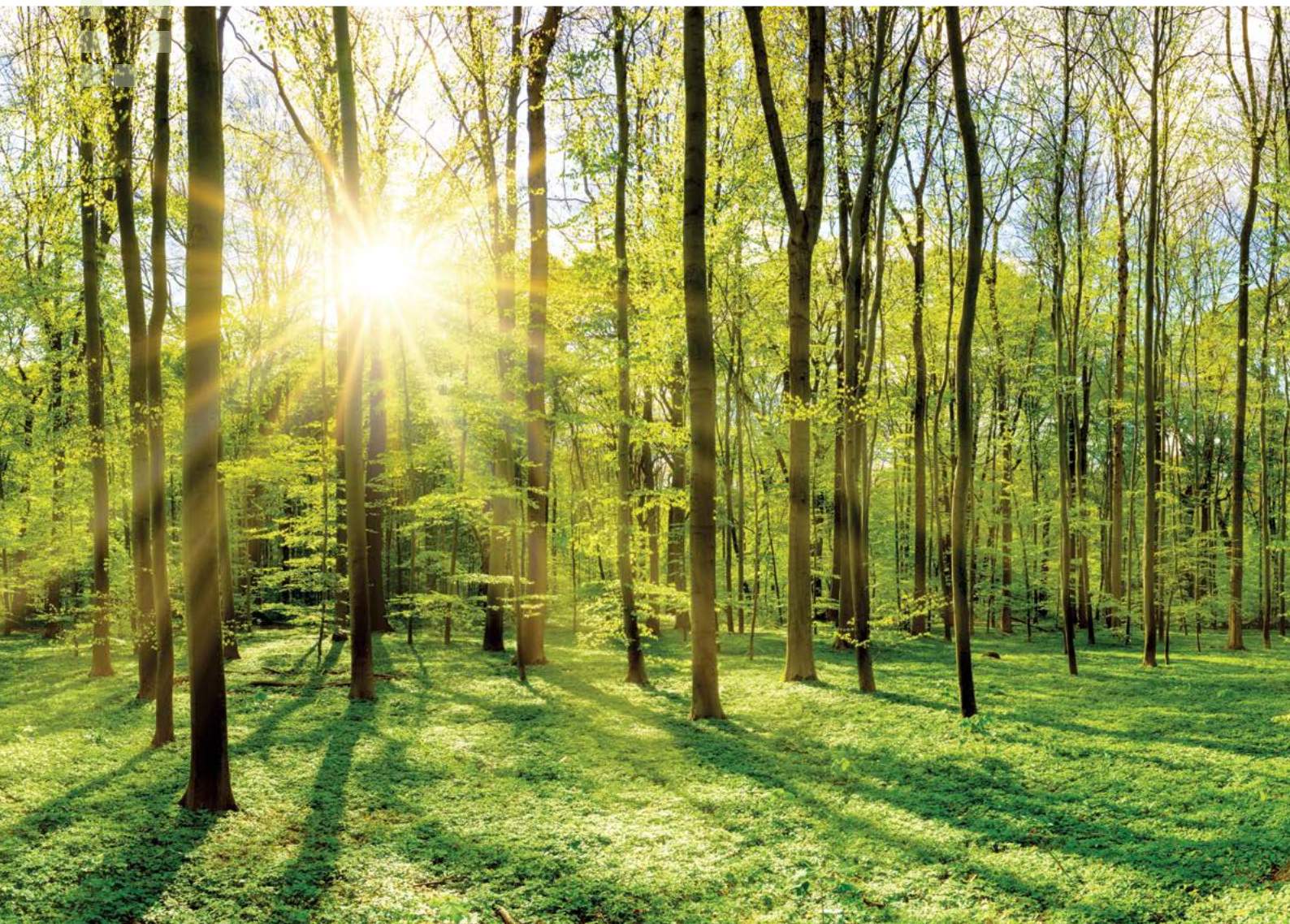
Supplier Management

Potential social responsibility risks related to the supply chain could adversely affect Leo's operations. When selecting suppliers, suppliers' performance in environmental protection, health and safety and business ethics is one of the critical criteria.

We have established supplier evaluation standards and comprehensively evaluate the performance of suppliers in the areas of environmental protection, health and safety, business ethics, quality and all important areas of concern and promote and ask for continuous improvement. In 2022, we conducted 45 supplier audits to ensure supplier compliance with environmental protection, health and safety, business ethics, quality and other social responsibility requirements.

Committed to Green and Low Carbon Development

- Tackling Climate Change
- Green Procurement and R&D
- Wastewater, Air Emissions, and Waste
- Environmental Promotion and Communication
- Leo Agriculture and Forestry Project
- Environmental Indicators



“Making good use of resources and caring for the environment” is the core value of Leo’s environmental management. To maintain the harmonious relationship with the ecological environment, Leo takes environmental initiatives through adopting green and low-carbon smart technology, introduction of green processes/materials, energy-saving, carbon-reduction technologies and equipment and improving the utilization rate of resources.

Tackling Climate Change

Climate change has become a global concern. As a responsible enterprise, Leo works towards the reduction of greenhouse gas emissions and continuously reduces the adverse impact of its operations on climate change by introducing energy-saving and carbon-reduction technologies with aim to achieve the ambitious goal of “carbon neutrality” by 2050.

Climate Risk Analysis

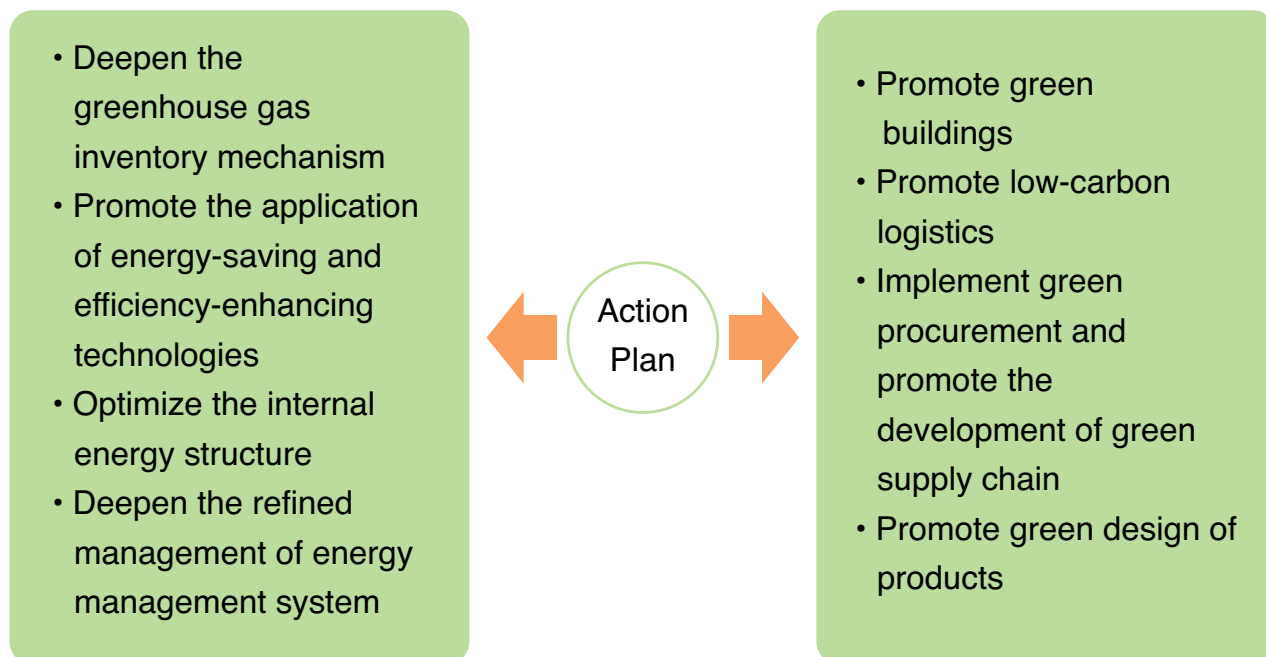
Leo is committed to address the risks associated with climate change. To reduce the adverse impacts of climate change, Leo identifies the effects of climate change on our operations and supply chain and takes into account our products and services and geographic locations for developing preventive measures.

Physical Risk	Potential Financial Impact	Precautions
Extreme Weather (Heavy Rain, Typhoons, Flooding)	<ul style="list-style-type: none"> • Increase the spending on extreme weather mitigation measures, such as placing sandbags for flood control • Increase expenditure on infrastructure, equipment, transportation and transportation equipment maintenance • Manage economic losses from reduced capacity and disruptions to supply chain products or services • Increase the insurance coverage • Reduce the employee health and safety risks 	<ul style="list-style-type: none"> • Formulate emergency prevention and control measures to ensure protection in the event that disasters occur • Increase resilience to extreme weather, including resources training, and more • Strengthen communication and cooperation with local authorities to prepare for extreme weather in advance
Extreme Heat	<ul style="list-style-type: none"> • Increase the budget for energy and water consumption • Increase the budget for environmental improvement at production plants • Reduce employee health and safety risks • Manage the economic losses caused by the decline in production capacity 	<ul style="list-style-type: none"> • Develop extreme heat and cooling protocols to ensure the correct use of equipment and protect health and safety of employees • Strengthen the maintenance of refrigeration equipment and improve the cooling efficiency of cooling towers • Promote the use of renewable energy

Leo has recognized the importance of addressing climate risks and has been working on opportunities for low-carbon development and integrated the risks posed by climate change. We will continue to optimize the climate change risk assessment mechanism and work with the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework.

Reduce Greenhouse Gas Emissions

In order to better understand and analyze our greenhouse gas emissions, Leo has been carrying out greenhouse gas emission accounting in accordance with the standards and specifications of the International Standards Organization (ISO). We formulate actions to reduce greenhouse gas emissions based on the accounting results.



According to the results of the greenhouse gas emission accounting, electricity consumption is Leo's main source of greenhouse gas emission. We have been committed to energy conservation and carbon reduction in various areas such as technology/equipment, process control, and energy recovery.

Improve the Energy Inspection System

In 2022, we further improved the energy inspection system to ensure implementation of energy conservation measures such as refining power-saving guidelines, special training on power-saving supervision and arranging an energy-saving supervision team to conduct on-site inspections at production plant.



Energy-saving Technological Transformation

In 2022, we implemented a series of energy-saving and carbon-reduction technology/equipment and upgrading projects including introduction of intelligent joint control system of air compressor, energy consumption improvement of production equipment, waste heat recovery system and replacement of energy-saving pumps. Such projects can contribute to reduction of CO2 emissions by 842 tons per year. Details are as follows:

*Introduction of Intelligent Joint Control System of Air Compressor

The electricity consumption of the air compressor accounts for significant amount of electricity consumption of our production plant. In order to realize the automatic control of the entire air compressor room and reduce the energy waste of the air compressor, we built a new AI intelligent joint control system (2022), which integrated real-time monitoring of equipment operation and intelligent control of air compressor operation. This system can result in reduction of 496 tons of carbon dioxide emissions every year.



*Optimization of Production Equipment

Equipment energy efficiency has become one of our focus areas. In order to improve the energy efficiency of our automatic equipment, we have designated a working team to monitor and improve the energy efficiency of production equipment. In 2022, we improved the blowing device at automatic puncher and the automatic production line of card book and reduced the energy waste in blowing equipment which resulted in 183 tons of CO2 emissions reduction per year.

*Air Compressor Waste Heat Recovery

In February 2022, we replaced 11 waste heat recovery units at Phase 5-7 of Astros production plant. This reduces CO2 emissions by 112 tons per year.



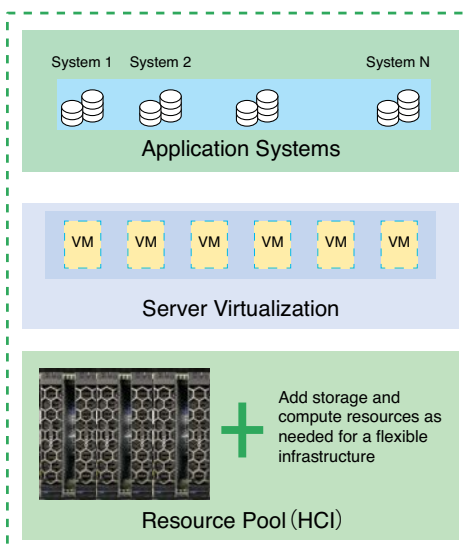
*Energy-saving Pump

Because of seasonal variations in electricity demand from the air conditioner, waste of energy occurs at the cooling tower water pump. After comprehensive analysis, we replaced the water pump at Phase 5 production workshop with a 37 KW energy-saving water pump which will meet the requirement of air conditioner while at the same time will be reducing the electricity consumption. This project facilitates reduction of 51 tons of CO2 emissions every year.

Low-carbon Office

In addition to energy conservation and carbon reduction at production workshops, we have also launched a green and low-carbon office program through green IT technology and management. In 2022, the following green and low-carbon office projects have been implemented.

- (1) By Continuing to promote the application of virtual server during virtual desktop architecture to reduce the use of physical servers and traditional computer hosts, thereby saving energy consumption of office equipment. In 2022, such initiative resulted in 91 tons of CO2 emissions per year.
- (2) Continue to promote the application of mini program tools to work towards the paperless office or reducing the use of paper, so that we can improve office efficiency and promote the development of intelligent office.
- (3) Improve the dormitory air-conditioning electricity management system.



Green Procurement and R&D

The use of green materials can minimize the pollution generated by the production process and reduce the solid waste pollution. Therefore, Leo has always place great efforts on the procurement of green materials and has had a special team to develop green materials.

Green Procurement

We actively promote the use of environmentally conscious materials. In 2022, 97.53% of the total amount of paper used was certified green paper and recycled paper.

As a responsible printer, we have established procedures to trace the legality of paper sources. We have set up a paper source due diligence system which is a dedicated working team responsible for regularly reviewing international forest laws and policies such as the Lacey Act in the U.S., EU Timber Regulation, Australian Illegal Logging Prohibition Act, and other requirements regarding paper source.



In addition, in order to ensure that the other raw materials we use are in compliance with

the green procurement requirements stipulated by various regulations and specifications, we have formulated our “Green Procurement Technical Specifications”. This is a dedicated team responsible for updating and reviewing the specification. We also actively promote the application of environmentally friendly materials such as vegetable-based ink, alcohol-free dampening solution, water-based glue, and low-VOCs thinning water to further enhance green printing capabilities.

Green R&D

Green R&D plays a key role in future environmental improvement. Leo’s R&D team was established in 2009. Since then, we have been searching for and exploring new green materials, green products and ultimately green growth of Leo.

Green Product and Production Process

Plastic reduction has become a global goal, and more and more countries and regions have put in place plastic restriction or banning actions. Leo actively responds to the call for “deplasticization” to reduce the plastics use in products and operations. This is done through green design, technological breakthroughs and process improvement.

*Replacing Use of Plastic Material with Promoting Green Designs

In 2022, we worked on deplasticization at the product design stage, and reduced the use of plastic parts and packaging by replacing plastic parts and packaging with products made with paper.

Replacing Plastic Hooks with Paper Hooks:



Before Improvement:
Use of Plastic

Replaced 8,710,000
Plastic Hanging Hooks



After Improvement:
No Plastic is Used

***Reduction of Plastic Wrap through Optimization of Production Line layout and Process Planning**

To transport semi-finished products among different work stations, traditionally we used plastic wrap to hold the products on pallets which it generated a high volume of plastic waste. In 2022, we developed direct link among different work stations and eliminated the use of plastic wrap. These initiative result in reduction of 7 tons of plastic each year.

R&D of Green Materials

The development and adoption of environmentally friendly materials can effectively promote the green printing. Leo has set up a special R&D team dedicated to R&D of green material. This team also collaborates with external research institutions and suppliers.

During 2020-2022, we successfully developed 14 new materials with lower content of volatile organic compounds including but not limited to washing cloth, all-purpose adhesives, white glue and cleaning.

Wastewater, Air Emissions, and Waste

Wastewater, air emissions, and waste are the three key source of pollutants generated at our production plants. We have developed and optimized solutions to manage such pollutants. We also comply with relevant regulations and specification regarding wastewater discharge, noise, air emissions and waste.

Wastewater Management

In order to manage the generated wastewater, each production site of Leo is equipped with wastewater treatment systems. We ensure that the wastewater in the factory is effectively treated before discharge. In 2022, the wastewater of all Leo production sites exceeded the discharge standards set by the local government.

To elaborate more, Leo's largest production site, Heshan Astros, operates three sewage treatment plants and has established a reclaimed water reuse system to reduce the demand of fresh water. An online wastewater monitoring system is in place to monitor the discharge of wastewater in real time and report the data to the local authorities for real-time monitoring by the local government. This meets the requirements for environmental protection information disclosure.



Air Emissions Management

VOCs emission is one of the key air emissions issues at our production site. We have developed and applied low-VOCs materials at the source, strengthen the control of the use and storage and scrapping process of VOCs-containing materials and have optimized the front-end collection and end-of-line treatment system.

At our production plant of Heshan Astros, 25 sets of VOCs treatment facilities are in place at the 9 air emissions outlets to effectively collect and treat the emissions generated by printing, gluing and screen printing, and further reduce VOCs emissions. An online monitoring system is in place at each exhaust outlet since 2020 to realize real-time monitoring.



Waste Management

In order to reduce the impact of solid waste on the environment, we have established the “Waste Management Procedure” and “Waste Treatment Working Guidelines”. A dedicated team manages the whole process of solid waste handling. Also to make sure that all solid waste is properly recycled and disposed of, we have established a waste separation and recycling system and multiple waste paper recycling stations to increase the recycling rate of waste paper and send solid waste to qualified recyclers.



In addition, we have also set up a special team to conduct research in reducing hazardous waste. Through such research and introduction of new technologies for hazardous waste handling, we developed new solutions such as the sludge drying system, extrusion ink bag, automatic ink supply system. We have also set strict requirements for the management and reduction of hazardous waste.

Waste Developer Solution Drying System

In 2022, we introduced a waste developer solution drying system. With this system, through low-temperature distillation technology, the evaporation temperature of water is reduced. The water in the waste developer is evaporated to achieve the separation of harmful substances of waste developer from water. It is expected that the waste developer solution will be reduced by 77.8%.



Environmental Promotion and Communication

Environmental Promotion

Tree Planting

Due to the wildfire that burned a large area of trees in Luk Chau Shan, Hong Kong in early 2020, Leo has continued the restoration of the mountain forest for 3 consecutive years and had a dedicated day on September 15, 2022. This day of activities raised participants' awareness of ecological protection.



Coastal Cleaning

To participate in the protection of Hong Kong's marine environment, Leo launched a coastal clean-up activity at Sha Lan Villas, Tai Po in Hong Kong on 2 December 2022. The activity aimed to raise the awareness of the community to work together to protect the beautiful ocean.



Green Run Campaign

Carbon emissions from human activities accelerate climate change with greenhouse gas emissions from transportation being one of the most important factors. Therefore, in 2022, Leo participated in the "Green Run" campaign organized by the Green Council in Hong Kong. This activity encouraged everyone to replace the use of motorized vehicles with use of human powered vehicles or walking / running in their daily life to promote low-carbon lifestyle.

Reduction of Food Waste

To reduce food waste, In Aug 2022, Leo launched the Green Mid-Autumn Festival campaign. We donate surplus food to deserving families and make sure to recycle the packaging and boxes to promote reduction of waste. We also signed the "Mid-Autumn Festival Food Wise Charter" with the environmental organization of Food Wise Hong Kong to encourage direct funding the purchase of mooncakes to charities.



In October 2022, we participated in vegetable recycling activities along some of our

clients. This activity was designed to collect the unsold food from the market and transfer it to the environmental organization of “Food Grace” for screening, sorting and re-packaging. The fresh part of the food will be distributed between families in need free of charge.



Environmental Communication

Environmental Information Sessions

In order to enhance employees' awareness of ecological and environmental protection, on June 6, 2022, Heshan Environmental Protection Bureau gave a lecture at our production plant of Heshan Astros to introduce the requirements of the Regulations on the Prevention and Control of Water Pollution in Guangdong Province and to share the topic of “Climate Economy and Human Future”.



Green Supply Chain Seminar

In order to promote the development of green supply chain, we organized the Leo Green Supply Chain Seminar on December 22, 2022. This seminar mainly introduced Leo's environmental philosophy, experience, and supplier collaboration.



Low Carbon Behavior Guidelines

In order to encourage Leonians to lead a low-carbon life, Leo published the “Leo Low Carbon Behavior Guide” in August 2022 which was released to all employees to encourage all Leonians to practice low-carbon lifestyle.



Communication on Energy Conservation and Carbon Reduction

To enhance Leonians' awareness of energy conservation and carbon reduction, during 2022, Leo released a series of promotion and communication materials on energy saving and carbon reduction.

Leo Agriculture and Forestry Project

In 2008, Leo initiated the Leo Agriculture and Forestry project in the desert area of northern Guangdong in Shaoguan. We worked with the local government to develop afforestation in rocky desert area and took effective ecological control measures and promoted the development of local agricultural economy through the planting of Camellia oleifera.

Rocky Desertification Control

Every year, Leo works with the local government to carry out ecological forest planting in accordance with the “rocky desertification” treatment plan. So far, we have planted more than 118,500 trees which is covering about 600 acres of rocky desert area. Forests have covered more than 53% of the land in the region which successfully have improved the local rocky desert environment. Within two years (2020 – 2022) the tree covered area has increased by about 4%.



Promotion of Agricultural Economy

In addition to implementing rocky desertification control measures, we have also developed new agricultural economy in the region through planting of *Camellia oleifera*, which from we can extract edible oil. This has improved the local rural economic development.

So far, we have planted nearly 330 acres of *Camellia oleifera*. In comparison to 2020, the *Camellia oleifera* planted area has increased by nearly 220 acres.

Environmental Indicators

(Heshan Astros Printing Plant)

Water Consumption and Recycling

Water Consumption	2020	2021	2022
Fresh Water (Tons)	1,792,538	2,002,500	1,975,867
Reclaimed Water (Tons)	529,630	765,714	629,601
Total Water (Tons)	2,322,168	2,768,214	2,605,468
Reclaimed Water (%)	22.81	27.66	24.16

Waste Generation and Reduction

Indicator	Units	2020	2021	2022
Total Waste Generation	Tons	48,619	49,042	44,586
	Improvement Since 2007 (%)	11.42	10.65	18.76%
Hazardous Waste Generation	Tons	1,072	1,006	820
	Improvement Since 2007 (%)	53.51	56.37	64.44%

Recycled Paper and Paper from Certified Well-Managed Forests

Green Paper	2020	2021	2022
Total (%)	93.84	94.00	97.53

Energy Consumption

Indicator	2020	2021	2022
Total fuel consumption within the organization (GJ):	10,949	14,234	10,297
Total electricity consumption within the organization (GJ):	396,389	389,267	353,058

Greenhouse Gas (GHG) Emissions

Indicator	2020	2021	2022
Direct Carbon Dioxide Equivalent (CO ₂ e) Emissions (Fuel, LPG, Waste Water Treatment Plant, etc.) (Tons):	7,030	3,933	3,583
Indirect Carbon Dioxide Equivalent (CO ₂ e) Emissions (Purchased Electricity Consumed) (Tons):	58,103	57,059	55,899
Indirect Carbon Dioxide Equivalent (CO ₂ e) Emissions (Air Travel) (Tons):	68	60	13
Total(Tons):	65,201	61,052	59,496
GHG Emissions Improvement Since 2007 (%)	43	47	48



Dedicated to Happy and Harmonious Leo Community

- Occupational Health and Safety
- Training and Development
- Caring for Employees
- Leisure Activities
- Committed to Community Development
- Social and Economic Indicators

One of the most important visions of Leo is to build harmony between the employees and the enterprise. We protect the rights and interests of employees, enhance the quality of working and living environment, emphasize on the care and development of employees and promote building a happy and harmonious community.

In 2022, Leo continued to work on the community building activities and promote the establishment of harmonious and cohesive relationships between employees, enterprise and the communities through social activities such as care for employees, support for education and training, helping vulnerable groups and optimizing occupational health and safety management systems.

Occupational Health and Safety

Leo has implemented an occupational health and safety management system and has implemented employee health and safety management in strict accordance with regulations, international standards and customer requirements. Improvement measures are carried out each year for continuous optimization of the occupational health and safety management system.

Epidemic Prevention and Control

In 2022, we continued to improve the epidemic control procedures. Such improvement projects include the following:

Establishment of Logistics Transfer Stations

Epidemic prevention and control measure were implemented for all foreign freight vehicles and personnel including:

- (1) Upon arrival of freight vehicles at the factory gate, scan the QR code of “Truck Loading and Unloading Registration” .
- (2) Established fixed point for unloading.

Emergency Response Mechanisms

In order to cope with the spread of the epidemic and to ensure that the production and living environment return to normal quickly and in an organized manner, in May 2022 we developed and implemented new epidemic management measures:

- Organized to carry out nucleic acid testing.
- Distributed anti-epidemic materials to employees.
- Carried out comprehensive epidemic management



with accurate prevention digital health code. Designated digital codes were assigned for work stations, dining and riding at production plant.

- Set up designated dormitories for close contacts and positive cases.
- Established an epidemic emergency plan and practiced epidemic emergency drills.

The New Phase of Epidemic Management

In December 2022, with the local epidemic development, we entered new phase of pandemic response. The objective was to ensure prevention of large-scale infection and to protect the normal factory operation.

Occupational Safety and Health Program

Optimization of Fire Services System

In order to improve firefighting capabilities, in addition to acquiring sufficient firefighting equipment and establishing firefighting teams, we continue with improvement of the fire services system of the whole plant(2019-2022). We have invested in automatic fire alarm system and fire sprinkler systems in major sections of the production plant.



Training on Electricity Safety

In order to ensure the safety of electricity use in the factory and to prevent electricity accidents, on March 15, 2022, we invited Heshan Power Supply Bureau to perform on-site training on electricity at our factory location. Topics of the training included safe use of electricity, emergency response and related matters.



Occupational Safety and Health Training Program

Occupational health and safety training is of great significance to us. In order to further enhance the safety awareness of employees and promote safe production, we arrange series of occupational health and safety training each year.

In 2022, we organized 62 occupational health and safety training courses. More than 4,471 staff members participated in the occupational health and safety training program. Topics of the training courses included elevator safety, hazardous chemical safety, fire safety, traffic safety and all other safety related matters.

Training Course	Participants	Number of Training Sessions	Number of Trainees
Safety Management and Use of Gas Cylinders	Gas Cylinder Users and Management Staff	1	11
Fire and Dust Explosion	Workers in Dusty Areas	2	52
Machinery Safety	1. Equipment Management Staff/ Maintenance Staff/ EHS Representatives of Various Departments 2. Equipment Design and Manufacturing Staff in the R&D Centre 3. Equipment Procurement Staff	1	83
Safety of Confined Space Operations	Confined Space Operators, Firefighters, Safety Officers	1	27
Traffic Safety	1. Drivers and Management Staff from Logistics Service Center 2. Drivers and Management Staff from Material Distribution Division 3. Drivers and Management Staff from Logistics Management Division 4. Emergency Management Center Managers	1	39
Safety of Hazardous Chemicals	1. Personnel using hazardous chemicals, or personnel in positions exposed to hazardous chemicals 2. Management personnel responsible for hazardous chemicals in each department/workshop 3. EHS Representatives of Each Department	2	129
Elevator Safety	Elevator Operators and Management Personnel	2	34
Special Vehicle Safety	Drivers and Managers of Special Vehicles (Forklifts, Stackers, Tractors)	4	328
Firefighter Training for Workshop Fire Hazard Inspection	Firefighters	1	13
Workshop Equipment Inspection and Installation Standards	Firefighters	1	13
Operation and Maintenance of Fire Alarm System	Firefighters	3	13

Training Course	Participants	Number of Training Sessions	Number of Trainees
Fire Emergency Response	Production Safety Inspection Team	2	8
Volunteer Firefighter Training	Volunteer Firefighters	32	2400
General Fire Safety Training 2022	New Enrollees 2022	1	915
HFC-227 Fire Suppression System	Printing Workshop Workers	8	406
Total		62	4,471

Work-related Accidents

Leo is committed to achieve the ultimate goal of zero safety accidents and continues to promote and optimize safety production management, enhance employees' awareness of production safety and reduce the occurrence of hazardous situations and accidents. In 2022, eight work-related incidents were reported without any major injuries and casualties.

Indicator	2020	2021	2022
Annual Injury Case	8	9	8
Incident Case per 1000 Employees	0.80	0.94	0.91

Training and Development

We encourage employees to actively participate in various trainings to improve personal skills, consolidate personal advantages, and take job specifications, professional knowledge and professional ability as important goals of training, so as to effectively enhance personal competence and growth.

Orientation Training

In order to facilitate new employees to understand the corporate culture and product production operations, Leo provides them with comprehensive induction training, including: workplace etiquette, work reporting, interpersonal and vocational skills training, lean production basic theory, product production process and front-line production site learning.



In addition, team building activities are also arranged to strengthen communication between employees through self-introduction, cooperative games, competitions, and so on.

Lean Manufacturing Training

Lean Dojo Training

To further learn the practice of Toyota's Lean Production System and promote Lean Production culture to all employees, we established Dojo in 2018. We offer elementary, intermediate and advanced Dojo trainings which integrate the principles of knowledge learning, on-site training and practical application.



So far, we have conducted a total of 60 Lean Dojo trainings for 2,148 participants. Through the training, it is expected that participants will become more focused and committed and learn complex skills and practices. In 2022, 10 Lean Dojo trainings were carried out for 343 participants.

Lean Manufacturing Knowledge Competition

In order to further promote Leo's lean manufacturing culture, we organized a Lean Manufacturing Knowledge Competition in 2022. Competition topics including corporate lean manufacturing standard terms, how to analyze the six key points of "maintaining" and "management" in daily production, the primary stage and design stage, and so on.

Lean Skills Competition

In order to promote the skill of technicians and build an interactive platform for skills exchange, sharing and improvement among technicians, we held the "2022 Lean Skills Competition". Participants were from workshops of forklifts, printing, cutting machines, and so on. It is expected that this activity would further enhance the culture of continuous improvement, and build a platform for mutual study and spreading the spirit of craftsmanship.



Internal Trainer

In order to better manage corporate professional knowledge and provide sufficient support for the knowledge transfer of various departments, we established an internal

trainer team in 2016. So far we have recruited 59 internal trainers and provided them with internal trainer training courses, such as teaching skills, curriculum development, PPT reinforcement, structured thinking and other courses to enhance their training skills.

In 2022, the internal trainer team launched two open courses for all Leonians, namely Energy Saving and Business Insight, which aimed at enhancing Leonians' awareness of energy conservation, and improving their communication skills.



Craftsman's Workshop

In order to create a platform for employees to shine, during 2022, we established the "Craftsman's Workshop". Leo Craftsman's Workshop is a skill-sharing platform which brings together technical elites of various fields for professional seminars and technical exchanges. This is of great significance in solving existing technical issues, researching new technologies and innovation. Participants are encouraged to pursue exquisite craftsmanship and excellent performance with the spirit of craftsmanship.



Innovation and Creativity Training

To further develop creative skills and enhance the innovative thinking ability, starting December 2021, we have implemented the "Innovation and Creativity" training program. The program continued in 2022 which aims to enhance creative performance of the participants and further develop their craft.



Caring for Employees

At Leo, we always put our employees first. In addition to maintaining a safe working environment, we are also committed to caring for employees from various aspects to enhance cohesion within the company. In 2022, we continued promoting the “Caring for Employees” culture, and enhancing the sense of achievement and happiness of Leonians through various activities.

Soul Health Centre

To assist our employees effectively solve various mental, psychological and behavioral challenges and to cope with life, work and interpersonal relationship pressures, Leo has established a “Soul Health Centre” and recruited a team of professional volunteers to provide free psychological counseling and mental health support. This team also provides training for employees for occupational mental health and helps to improve the self-health management ability of all employees of the company.



Psychological Training

As of 2022, we have had 56 volunteers. In order to further enhance the team’s competence in psychological consulting services, 4 sessions of psychological service training have been organized by the volunteer team. Training topics included EAP psychology, subconscious image card and psychological assessments.

Painting Art Therapy

During 2022, in addition to regular employee mental health counseling services, career personality assessment and new employee’s assistance, the Volunteer Team also invited external professionals to provide the “Painting Art Therapy” psychological activity. This activity mainly aims to understand inner self through the process of painting which helps us learn to release stress, improve interpersonal relationships and achieve work-life balance.

Caring Workshop

In order to support the employment of vulnerable groups in the community, Leo established the Leo Caring Workshop in 2015. We also built supporting facilities for employees that work at the workshops such as dormitory for the disabled, barrier-free toilets, bathrooms and corridors. Job responsibilities have been assigned based on personal capabilities.



Festival Activities

Chinese New Year Greetings

On January 18, 2022, the chairman of Heshan Astros printing plant and the leaders of Heshan City hosted the 2022 New Year greetings activity. We sent greetings to 55 impoverished families in Shuanghe Town and Gulao Town, and 715 elderly people, and distributed gift items.

Since 2005, the Leo Chinese New Year greetings campaign has funded more than 3 million dollars. The event has supported more than 8,000 people in total.



New Year Homecoming Bus

To help employees to return to their hometowns during Chinese New Year for reunion with their families, we have arranged inter-provincial bus to transport Leonians and their families back to their hometowns. More than 530 employees and their families took advantage of this service and returned to their hometowns using our busses this year.



For employees who stayed in Heshan during the festival, we organized a series of fun and celebrative activities.

Women Caring

More than half of Leo's employees are women who often need to create a balance between work and care of their families. To demonstrate our supports of the female employees, we have set up the "Women Caring Month". During this month, we have a series of activities such as Lantern Festival parent-child activities, providing gifts for the March 8th Festival, providing free door-to-door medical examination services and more.



In addition, Leo has also established a "Loving Mother Cabin" for female employees who have just given birth to children, providing a more comfortable breastfeeding environment.

520 Leo Caring Day

This year's 520 Leo Caring Day focused on Care and Health Companionship. We had a series of activities including the launch of the "Leo Aerobics" training, "Health Pass" greeting expression and "520" birthday parties. Such events have created a great working environment and improved workplace cohesion.



Volunteer Activities

Heshan Astros has set up a volunteer team. So far, we have a total of 152 volunteers in the team. In 2022, the volunteer team finished 907.5 service hours, participating in volunteer activities such as Lantern Festival parent-child activities, railing renovation activities marathon / long-distance running activities and many more.



Leisure Activities

At Leo, we organize various activities to enrich Leonians' leisure time. Activities include but not limited to festival like celebrations, sports activities and dance competitions.

Leo Paper Group 40th Anniversary Series

In 2022, Leo celebrates its 40th anniversary. To celebrate the anniversary, we have held a series of activities such as Leo Aerobics Competition, Essay Competition, 3x3 Basketball Tournament, Fun Games, and more which reinforced Leo culture and values and recognized the efforts of all Leonians.



Leonians Talent Show

In order to build a platform for Leonians to perform arts, the Leonians Talent Show contest was kicked off in October 2021. The final was held in 2022 at the Cultural Performing Arts Center of Heshan Astros, and the online live broadcast was carried out simultaneously to enhance



the interaction. This event not only enriched the amateur cultural life of Leonians, but also brought great experience to the performers.

Interest Club

In order to further enrich the leisure life of Leonians, we re-organized the interest clubs in May 2022. The clubs include the basketball club, football club, badminton club, table tennis club, running group, and square dance club. We also set up a “little Leonian” basketball training class which is aimed at children of employees’ so they can enjoy the joy brought by sports while enhancing their interest in sports and physical fitness.



Committed to Community Development

During 2022, Leo continued to actively participate in community development activities, support education and economic development, and strengthen communication with the community.

Greater Bay Area Youth Club

As a city in the Greater Bay Area, Heshan/Jiangmen is integrated into the economic development of the area. In 2022, the Heshan Astros Greater Bay Area Youth Club was established to provide internship, job recommendation, career development guidance and other services for trainees from Hong Kong and Macao. It is also to promote employment and entrepreneurship among young people in the city, and attracting more young people from Hong Kong and Macao to study, work and live in the local area. The establishment of the Greater Bay Area Youth Club marks the first demonstration unit in Jiangmen to launch the “Greater Bay Area Workplace Mentor Program”, which significantly supports the youth from Hong Kong and Macao for career development in the Guangdong-Hong Kong-Macao Greater Bay Area.



Supports to Community Activities

Leo is committed to serving and helping those in need in our community. In 2022, we participated in various activities organized by The Community Chest in Hong Kong, including the “Green Low Carbon Day”, “Love Teeth Day”, “Skip Lunch Day”, to help people in need in a healthy way, and to encourage community members to actively support such initiatives.

Educational Supports

Making good use of our advantage as a leading printer, we have successfully established and run vocational school to cultivate comprehensive talents for the industry and the community.



We established the Jiangmen Astros Vocational and Technical School in 2010. Joining hands with Jinan University, we established The Education Institute of Jinan University (Jiangmen Campus) in 2021. This is a joint tertiary institute by Heshan Astros, Jinan University and Hanyuan Education Group.

With the development of the Guangdong-Hong Kong-Macao Greater Bay Area, Jiangmen Astros Vocational and Technical School cultivates talents that best meet the requirements of economic development in the region.

Children’s Day

Leo established the “Greenfield Kindergarten” in 2008 at Heshan Astros production plant to provide employee’s children education services. On the Children’s Day of 2022, representatives of Heshan Astros visited the Kindergarten and Longxi Primary School to participate in Children’s Day celebration activities, and expressed greetings to the teachers and staff.



Teachers' Day

On the Teachers' Day 2022, representatives of Heshan Astros top management visited Greenfield Kindergarten to send greetings to the teachers on this special day.

Gratitude was also sent to Leo's internal trainers who have been imparting knowledge and experience to Leonians.



Social and Economic Indicators

(Heshan Astros Printing Plant)

Employment

Indicator	Average Number of Employee		
	2020	2021	2022
Male	5,522	5,268	4,765
Female	4,510	4,338	3,989
Total	10,032	9,606	8,754

Indicator	Age Group 2022		
	Below 30	30-50	50 and above
Number	2,263	5,685	806
Percentage	26%	65%	9%

Occupational Health and Safety

Indicator	2020	2021	2022
Annual Injury Case	8	9	8
Injury Case per 1000 Employees	0.80	0.94	0.91

Market Presence

Indicator	Proportion of Senior Management Hired from the Local Community		
	2020	2021	2022
Local	51%	51%	52%

*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		
	2020	2021	2022
Male	64%	62%	61%
Female	36%	38%	39%

Training and Education

Employee Category	Average Training Hours per Employee		
	2020	2021	2022
Frontline Staff/ Workers	9	7	6
Management (Grade 1-4)	18	12	9
Management (Grade 5-6)	25	13	14
Management (Grade 7-8)	30	11	19
Senior Management/Top Management	29	5	10

#Including all employees of Heshan Astros Printing Plant and Hong Kong Headquarters.



Committed to Business Excellence

- Leo's Management Model of Green, LEAN, and Smart Printing
 - Quality Assurance and Product Safety
 - Quality Improvement and Enhancement
 - Research & Development
 - Communication with Customers
 - Sustainable Development Targets 2022
- 



Leo is committed to management excellence and implementation of forward-looking practices. Leo has also been making continuous improvement in manufacturing high-quality products, services and have been implementing lean manufacturing. We also have enhanced our R&D capabilities to adapt to the latest market demands.

Leo's Management Model of Green, LEAN, and Smart Printing

Through the comprehensive integration of the three management models (Green Harmony Management System, LEAN 4P Manufacturing Management System and Smart Factory Management System), we have formulated the “GLS” management model as our latest sustainable printing plan.

“Green, LEAN, Smart” Integrated Quality Management Model Based on Customer Needs Seeking Continuous Improvement, Printing a Green Future



“GLS” Management Model Components:

- (1) Top: The corporate policy of “Seeking Continuous Improvement, Printing a Green Future”, and the vision of “To be the global leader in the printing communications industry”, lead Leo the way on sustainable development and business excellence.
- (2) Both sides: Customer requirement/customer satisfaction, representing input and output. Input drives development. Output tracks quality goals.
- (3) Middle: Big disc is the core to achieve development excellence, consisting of three components (Green Harmony Management System, LEAN 4P Manufacturing Management System and Smart Factory Management System), Leo’s 9 distinguished areas (technology, research and development, education, measurement and testing,

innovation, environmental protection and safety, automation, industry-university research) and 3 basic systems (Establishment of Unique Quality Culture System, LEAN Talents Nurturing and Management System and Establishment of Integrated, Unified System).

Through the comprehensive implementation of the “GLS” integrated management model, Leo not only concentrates on innovation and quality performance, but also improves production efficiency.

HKMA Quality Award

Leo was honored to receive the 2022 HKMA Quality Award – Outstanding Award. The HKMA Quality Award is one of the highest-level management awards in Hong Kong. Its judging criteria cover seven assessment categories including leadership, strategy, customers, measurement/analysis/ knowledge management, workforce, operations and results. It emphasizes that the success of an enterprise requires not only high-quality products, but also high-quality management. This is also the philosophy that Leo has held for 40 years since its establishment.



Jiangmen Quality Award

Leo has always been dedicated to excellence in management performance, promoting quality, fulfilling social responsibilities and implementing green and low-carbon practices.

For our good management and quality practice which are quality excellence, innovative development, brand influence, organizational efficiency, social responsibility, green and low-carbon and other achievements, we were honored with the management reward of Jiangmen Quality Award 2022.

Such official recognition of our management and quality performance encourages us to strive for more improvements and promote good management practices in the region.



Quality Assurance and Product Safety

Leo has comprehensive and systematic quality management system and ensures that the production materials and products meet the customers', local, and international requirements through the establishment of laboratories, implementation of lean manufacturing, sustainable procurement measures, rigorous raw material and product inspection.

In-house Independent Laboratory

In 2009, Leo established an independent metrology and inspection testing laboratory to provide professional industrial calibration, product and raw material testing and inspection and technical consulting services for our partners over the supply chain. It has been equipped with constant temperature and humidity testing laboratory, a variety of measurement calibration equipment and material testing equipment to meet the diversified testing needs of the market and customers.



The laboratory has been accredited by the China National Accreditation Service for Conformity Assessment (CNAS) and the International Safe Transit Association (ISTA) and is fully qualified to issue third-party testing reports. In 2022, the laboratory successfully passed the annual review of the U.S. Consumer Product Safety Commission (CPSC) and the annual review and expansion review of the China National Accreditation Service for Conformity Assessment (CNAS).



Quality Improvement and Enhancement

Leo has been implementing LEAN Manufacturing Management System since 2007 to continuously improve quality and operation efficiency. From 2018, we further optimized the LEAN Manufacturing Management System by introducing new management tools such as Dojo training, QCC, KYT, and similar. In 2021, we established the "LEAN Manufacturing Research Office" to promote participation in lean manufacturing improvement to all Leonians.

QCC Improvement Activities

In order to enhance the management skills of front-line management personnel and improve the quality awareness and problem-solving skills of employees, we have implemented QCC improvement activities at Heshan Astros. Prior to 2023, we had launched the fourth round of QCC activities to facilitate quality and efficiency improvement.



During the fourth round of QCC improvement activities, we promoted the participation of all employees in equipment maintenance and improvement. Through this activity, 329 units of key equipment and 397 sets of associated equipment were maintained. 58 new instructions were prepared to standardize equipment maintenance which would reduce equipment downtime and improve equipment production efficiency.

Independent Research Activities

To encourage participation of problem-solving process, effective 2019, we have promoted independent research activities among Leonians. This initiative promotes improvement in logistics and transportation, equipment capacity, energy saving through cross-functional on-site investigations, problem identification and development of long-term solutions.



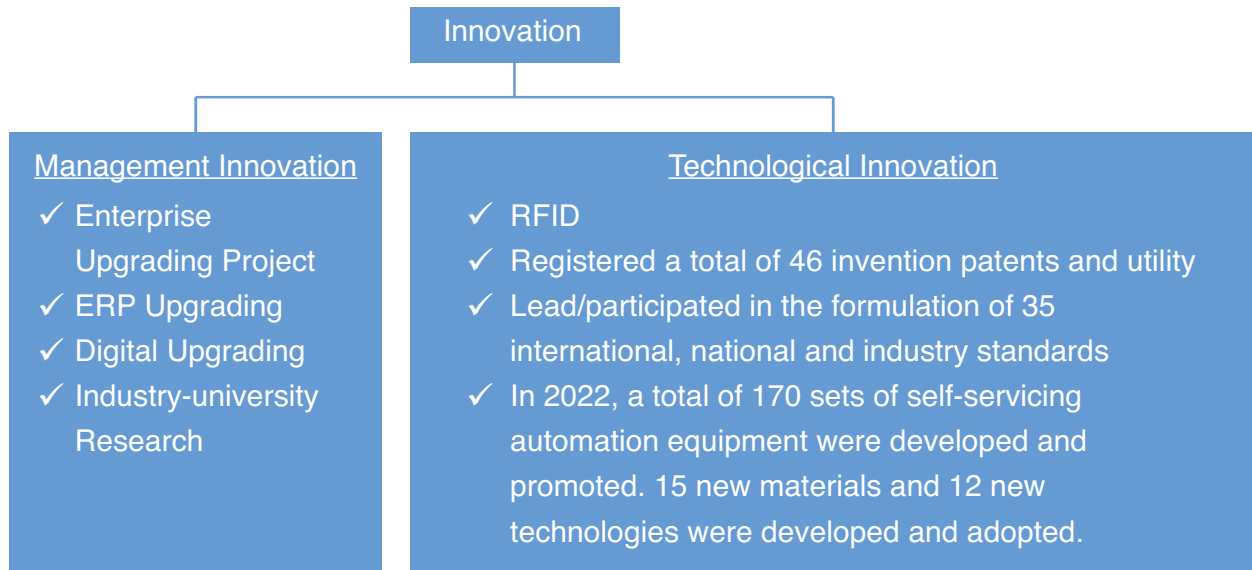
Up to 2022, we had carried out 9 rounds of cross-functional independent research activities and 22 functional independent research activities, with a total of 357 participants and had finished 30 cross-departmental improvement projects and 16 departmental improvement projects in the following areas:

- Cross-departmental improvement projects: quality assurance, production cycle, logistics, in-depth SMED.
- Department improvement projects: equipment maintenance, equipment capacity, equipment research and development cycle.

Research & Development

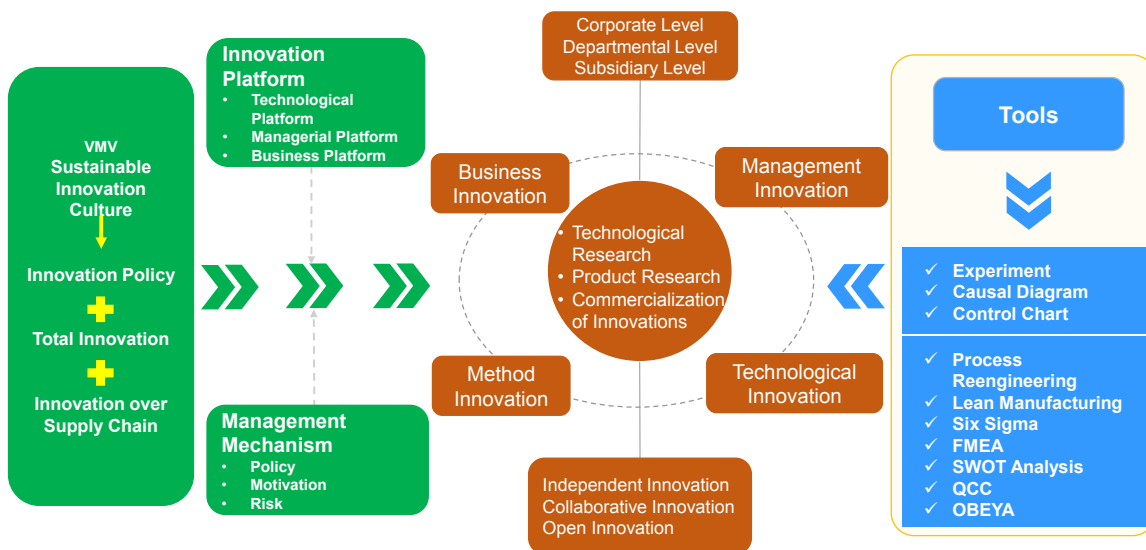
Leo developed and implemented an innovative research management system in 2020, and organized an innovative technology R&D committee that facilitates research and development process systematically.

Our research and development projects cover management model upgrading and technological innovation.



Our research & development process is implemented systematically per the following:

R&D Process Management



Material and Process Innovation

Leo established the Innovative Technology Centre in 2009 to develop and promote the application of new technologies and materials and develop innovative solutions in the fields of product safety and quality, occupational health and safety and environmental protection.

In 2022, Leo's R&D team successfully developed and applied 15 new materials and 12 new technologies which helped to improve product quality, reduce environmental impact and maximize efficiency and effectiveness.

Research and Development of Automation Equipment

Leo has been upgrading its production line by developing and adoption of automatic equipment. Since the establishment of the Automation R&D Center, we have developed thousands of new equipment achieving a 45% increase in production capacity and efficiency.

In 2022, we developed and promoted the application of 170 sets of self-servicing automatic equipment which can significantly improve production efficiency.

Communication with Customers

In 2022, Leo strengthened communication and sharing with our customers through workshops, roadshows, online conferences, trade fairs and other forms, such as inviting 160 customers to participate in the Paris Roadshow. Through communication with customers, we shared our practice in quality, process technology, automated production, green material application environmental protection, social responsibility and related subjects.

At the same time, we also implemented new sustainability initiatives, taking into consideration the customers' expectations, availability of technologies and the result of feasibility studies. The photovoltaic power generation project 2023 is an example that helps improving our environmental performance and respond to customers' expectations.

Sustainable Development Targets 2022

In line with our long-term sustainable development goals, we set yearly targets for various aspects of sustainable development in January 2022[#]. We have achieved all the 2022 targets as illustrated in below tables.

Waste Reduction

Hazardous Waste

Indicator	2019	2020	2021	2022
Generation (MT)	1,497	1,072	1,006	820
Generation (MT/Mil HKD Sales of Leo) [#]	0.37	0.31	0.25	0.21
% Improvement 2021 vs. 2022 (MT/Mil HKD Sales of Leo)	/	/	/	16.0%

Target reduction in 2022 was more than 6.25% in comparison to 2021. The actual improvement was 16%. The target was achieved.

[#]The 2021 sales turnover was based on best estimation in January 2022.

Major improvement initiatives performed to reduce hazardous waste in 2022:

1. Reduction in generating waste developer.
2. Reduction in generating plastic printing film.
3. Reduction in generating the wastewater sludge.

Total Waste

Indicator	2019	2020	2021	2022
Generation (MT)	52,148	48,619	49,042	44,586
Generation (MT/Mil HKD Sales of Leo) [#]	12.98	13.93	12.17	11.68
Improvement (%) 2021 vs. 2022 (MT/Mil HKD Sales of Leo)	--	--	--	4.03%

Target reduction in 2022 was more than 3.12% in comparison to 2021. The actual improvement was 4.03%. The target was achieved.

Major improvement initiatives to reduce total waste in 2022:

1. Reduction in generating scrap papers.
2. Reduction in generating electronic and electric waste.

Reduction of Green House Gas Emission (Scope 1 and Scope 2)

Indicator	2019 (base year)	2020	2021	2022
Generation (MT)	66,932	65,133	60,992	55,248
Generation (MT/Mil HKD Sales of Leo) [#]	16.65	18.66	15.13	14.47
Improvement (%) Compared to Base Year 2019 (MT/Mil HKD Sales of Leo)	--	+12.03%	-9.13%	-13.11%

**The above table is based on emission factor: Southern China Power Grid 0.5271 kgCo2e/kWh.*

Target reduction in 2022 was 5% compared to base year of 2019. The actual improvement was 13.11%. The target was achieved.

Indicator	2019 (base year)	2020	2021	2022
Generation (MT)	72,039	69,895	65,668	59,482
Generation (MT/Mil HKD Sales of Leo)#	17.92	20.02	16.29	15.58
Improvement (%) Compared to base year 2019 (MT/Mil HKD Sales of Leo)	--	+11.7%	-9.10%	-13.08%

*The above table is based on new emission factor in 2023: National Power Grid 0.5703 kgCo2e/kWh. (GHG emission data was recalculated for 2019-2022 with the new emission factor)

Target reduction in 2022 is 5% compared to base year of 2019. The actual improvement is 13.08%. The target was achieved.

Use of Renewable Energy

Use renewable energy generated from solar panels installed at the factory to substitute electricity purchased from power grid (i.e. electricity generated by fossil fuel).

In 2022, we have completed installation of solar panel for 100% of street lamps in cultural square of Heshan Astros, as well as 87% of traffic lights. In 2023, use of renewable energy will be further promoted.



Information Security

There was no information security data breaching incident in 2022.

Major actions to strengthen our information security:

1. Upgraded operating system and timely renewed system patch.
2. Upgraded the software for critical servers to promote further system protection.
3. Secure mobile devices information protection.
4. Information security training was provided to 590 staff members.
5. Email filtering.

External Recognitions 2022

Selected Environmental Awards/Recognitions 2022



Hong Kong – Guangdong Cleaner Production Excellent Partner(Manufacturing)

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



Leading Green Enterprise

- Awarded by CEC



BOCHK Corporate Environmental Leadership Awards-EcoPartner

- Awarded by Federation of Hong Kong Industries and Bank of China(Hong Kong)



Recognition Awards for Organisations-Management Excellence Award for ESG Contribution (Printing Industry)

- Awarded by the Hong Kong Quality Assurance Agency



Recognition Awards for Organisations-Pioneering Organisation in Net-Zero Contribution

- Awarded by the Hong Kong Quality Assurance Agency



Hong Kong Green and Sustainable Finance Awards

- Awarded by the Hong Kong Quality Assurance Agency

Selected Social Awards/Recognitions 2022



United Nations Sustainable Development Goals Achievement Awards Hong Kong

- Awarded by Green Council



National Harmonious Labour Relations Demonstration Enterprise

- Awarded by Ministry of Human Resources and Social Security of the P.R.C., All-China Federation of Trade Unions, China Enterprise Confederation / China Enterprise Directors Association and All-China Federation of Industry and Commerce



Social Capital Builder Awards

- Awarded by Home and Youth Affairs Bureau



15+ years Caring Company Award

- Awarded by the Hong Kong Council of Social Service

Other Selected Awards/Recognitions 2022



HKMA Quality Award

- Awarded by the Hong Kong Management Association



Jiangmen Enterprise Quality Upgrading and Innovation Centre

- Awarded by Jiangmen Administration for Market Regulation



Jiangmen Quality Award

- Awarded by Jiangmen Government



Hong Kong Awards for Industries-『Upgrading And Transformation Award』

- Awarded by Hong Kong Federation of Youth Groups



Market Leadership Award

- Awarded by Hong Kong Institute of Marketing



The 33rd Hong Kong Print Awards

- Awarded by the Graphic Arts Association of Hong Kong

Other Prestigious Awards/ Recognitions in Recent Years



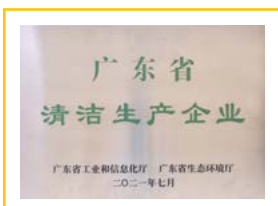
National Printing Standardization R&D Base for Packaging Printing

- Awarded by The National Technical Committee 170 on Printing of Standardization Administration of China



National Green Factory

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



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



National Ethnic Progression Demonstration Enterprise

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



Pioneering Enterprise of Employee Affairs

- Presented by All-China Federation of Trade Unions

GRI Content Index

Statement of use	Leo Paper Group has reported in accordance with the GRI Standards for the period from 1st January 2022 to 31st December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No Applicable GRI Sector Standard(s)

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
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General disclosures

The organization and its reporting practices

GRI 2: General Disclosures 2021	2-1 Organizational details	• About Leo Paper Group	✓
	2-2 Entities included in the organization's sustainability reporting	• About Leo Paper Group	✓
	2-3 Reporting period, frequency and contact point	• About this Report • EDITORIAL POSTSCRIPTS	✓
	2-4 Restatements of information	No Information Restatement	✓
	2-5 External assurance	• About Leo Paper Group • Verification Statement	✓

Activities and workers

GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	• About Leo Paper Group	✓
	2-7 Employees	• About Leo Paper Group	✓
	2-8 Workers who are not employees	All employees are under full-time employment.	✓

Governance

GRI 2: General Disclosures 2021	2-9 Governance structure and composition	• Annual Report • Management Structure	✓
	2-10 Nomination and selection of the highest governance body	The information is classified as confidential as per specification of our ISO 27001 information security management system, and thus not to disclose.	✓
	2-11 Chair of the highest governance body	• Annual Report	✓

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> • Annual Report • Management Structure • Sustainable Management Philosophy • Stakeholder Engagement 	✓
	2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> • Management Structure 	✓
	2-14 Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> • Annual Report • Management Structure • Assessment of Material 	✓
	2-15 Conflicts of interest	<ul style="list-style-type: none"> • Integrity and Anti-corruption 	✓
	2-16 Communication of critical concerns	<ul style="list-style-type: none"> • Stakeholder Engagement • Management Structure 	✓
	2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> • LEO provides professional training courses for senior management, and senior management acts as a mentor to organize technical and professional training courses for staff. • Social and Economic Indicators 	✓
	2-18 Evaluation of the performance of the highest governance body	The information is classified as confidential as per specification of our ISO 27001 information security management system, and thus not to disclose.	✓
	2-19 Remuneration policies		✓
	2-20 Process to determine remuneration		✓
	2-21 Annual total compensation ratio		✓

Strategy, policies and practices

GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> • Sustainable Management Philosophy 	✓
	2-23 Policy commitments	<ul style="list-style-type: none"> • Business Ethics • Internal Audit Mechanisms 	✓
	2-24 Embedding policy commitments	<ul style="list-style-type: none"> • Business Ethics 	✓

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	• Business Ethics	✓
	2-26 Mechanisms for seeking advice and raising concerns	• Business Ethics	✓
	2-27 Compliance with laws and regulations	No violation of laws and regulations.	✓
	2-28 Membership 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 	✓

Stakeholder engagement

GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	• Stakeholder Engagement	✓
	2-30 Collective bargaining agreements	All employees covered by collective bargaining agreements.	✓

Material topics

GRI 3: Material Topics 2021	3-1 Process to determine material topics	• Stakeholder Engagement and Assessment of Material	✓
	3-2 List of material topics	• Stakeholder Engagement and Assessment of Material	✓

Topic: Anti-corruption

GRI 3: Material Topics 2021	3-3 Management of material topics	• Integrity and Anti-Corruption	✓
GRI 205: Anti-corruption 2016	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 anticorruption policies and procedures. • All employees have received training on anti-corruption. 	✓

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	None	√

Topic:Materials

GRI 301: Materials 2016	3-3 Management of material topics	<ul style="list-style-type: none"> • Green Procurement • Green R & D 	√
	301-1 Materials used by weight or volume	<ul style="list-style-type: none"> • Green Procurement • Green R & D • Environmental Indicators • All paper used are renewable materials. • 154,651 tons of paper consumption in 2022. 	√
	301-2 Recycled input materials used	<ul style="list-style-type: none"> • Green Procurement • Green R & D • Environmental Indicators 	√
	301-3 Reclaimed products and their packaging materials	No reclaimed products and their packaging materials from our customers.	√

Topic:Energy

GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Reduce Greenhouse Gas Emissions 	√
GRI 302: Energy 2016	302-1 Energy consumption within the organization	<ul style="list-style-type: none"> • Reduce Greenhouse Gas Emissions • Environmental Indicators • GWP data from IPCC Sixth Assessment Report • No sales of electricity, heating, cooling and steam (or equivalent energy). 	√
	302-2 Energy consumption outside of the organization	<ul style="list-style-type: none"> • 13 tons of CO2 emissions from commercial flights in 2022. 	√
	302-3 Energy intensity	<ul style="list-style-type: none"> • Environmental Indicators • 0.52 tons of CO2 emissions of fuel consumption and electricity consumption within the organization per production unit in 2022. 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
	302-4 Reduction of energy consumption	<ul style="list-style-type: none"> Reduce Greenhouse Gas Emissions 	√
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	<ul style="list-style-type: none"> 40.98% reduction of energy consumption per production unit in 2022 compared with that of the base year. Base year for the calculation of direct and energy indirect greenhouse gas emissions is 2007 because of the available data and information on relevant activities. GWP data from IPCC Sixth Assessment Report 	√

Topic:Water and effluents

GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> Wastewater Management 	√
GRI 303: Water and Effluents 2018	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 510,886 tons of water discharged in 2022. 	√
	303-5 Water consumption	<ul style="list-style-type: none"> Environmental Indicators. 	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
Topic:Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Air Emissions Management • Tackling Climate Change 	√
GRI 305: Emissions 2016	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 2022 because of the available of data. • GWP data from IPCC Sixth Assessment Report • Consolidation approach for emissions: operational control. 	√
	305-4 GHG emissions intensity	<ul style="list-style-type: none"> • 0.55 tons of CO2 emissions the direct and energy indirect greenhouse gas emissions within the organization per production unit in 2022. 	√
	305-5 Reduction of GHG emissions	<ul style="list-style-type: none"> • Reduce Greenhouse Gas Emissions 	√
	305-6 Emissions of ozone-depleting substances (ODS)	None	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	• Air Emissions Management	√

Topic:Waste

GRI 3: Material Topics 2021	3-3 Management of material topics	• Waste Management	√
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	• Waste Management • The main raw materials of Leo's products are paper, ink, etc.	√
	306-2 Management of significant waste-related impacts	• Waste Management • All the waste generated is disposed by designated qualified waste disposal contractors.	√
	306-3 Waste generated	• Environmental Indicators • 43,766 tons of non-hazardous waste in 2022.	√
	306-4 Waste diverted from disposal	• Environmental Indicators • All the waste generated is disposed by designated qualified waste disposal contractors. • 43,766 tons of non-hazardous waste in 2022.	√
	306-5 Waste directed to disposal	• Environmental Indicators • All the waste generated is disposed by designated qualified waste disposal contractors. • 43,766 tons of non-hazardous waste in 2022.	√

Topic:Occupational health and safety

GRI 3: Material Topics 2021	3-3 Management of material topics	• Occupational Health and Safety • Risk Management	√
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	• Integrated Management System • Occupational Health and Safety	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	External specialists are invited to conduct identification, monitoring, and evaluation of health hazards at workplaces. The assessment includes VOCs (Benzene, Toluene, and Ethylbenzene, n-hexane, styrene), dust, noise, 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.	√
	403-3 Occupational health services	• Occupational Health and Safety	√
	403-4 Worker participation, consultation, and communication on occupational health and safety	• Occupational Health and Safety	√
	403-5 Worker training on occupational health and safety	• Occupational Health and Safety	√
	403-6 Promotion of worker health	• Occupational Health and Safety	√
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Occupational Health and Safety • Risk Management • In 2022, 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	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	<ul style="list-style-type: none"> • Social and Economic Indicators • There are totally 8 work-related injuries in 2022, 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. • 0.316 of injury rate per 1,000,000 hours worked in 2022. 	√
	403-10 Work-related ill health	None	√

Topic: Training and education

GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Training and Development 	√
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	<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:6. 	√
	404-2 Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> • Training and Development 	√
	404-3 Percentage of employees receiving regular performance and career development reviews	All staff members receive performance appraisal annually.	√

Topic: Local communities

GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Caring for Employees • Leisure Activities • Committed to Community Development 	√
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GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> • Caring for Employees • Leisure Activities • Committed to Community Development • All operations are implemented with local community engagement, impact assessments, and/or development programs. 	√
	413-2 Operations with significant actual and potential negative impacts on local communities	<ul style="list-style-type: none"> • Caring for Employees • Leisure Activities • Committed to Community Development • Air Emissions Management • Waste Management • Wastewater Management 	√

Topic: Supplier assessment

GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Supplier Management 	√
GRI 308: Supplier Environmental Assessment 2016	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: Supplier Social Assessment 2016	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 Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
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Topic:Marketing and labeling

GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Green Procurement • Green R & D • Quality Assurance and Product Safety • Quality Improvement and Enhancement 	√
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	<ul style="list-style-type: none"> • Green Procurement • Green R & D • Quality Assurance and Product Safety • Quality Improvement and Enhancement 	√
	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.	√

Topic:Customer privacy

GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Information Security 	√
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> • Information Security • No incidents of customer privacy and losses of customer data. 	√

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 • 43,766 tons of non-hazardous waste in 2022. 	✓
A1.5 Emission target(s) set and steps taken to achieve them	<ul style="list-style-type: none"> • Reduction 25% in greenhouse gas emissions perunit output 2025 compared with 2020. • Reduction 25% in hazardous waste perunit output 2025 compared with 2020. • Tackling Climate Change • 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"> • Tackling Climate Change • 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 • 3.33 GJ of fuel and electricity consumption within the organization per production unit in 2022. 	✓
A2.2 Water consumption in total and intensity	<ul style="list-style-type: none"> • Environmental Indicators • 18 tons of water consumption within the organization per production unit in 2022. 	✓
A2.3 Energy use efficiency target(s) set and steps taken to achieve them	<ul style="list-style-type: none"> • Reduction 20% in energy consumption perunit output 2025 compared with 2020. • Tackling Climate Change • Wastewater Management 	✓

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
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"> • Reduction 20% in freshwater consumption per unit output 2025 compared with 2020. • Tackling Climate Change • Wastewater Management 	√
A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced	Total packaging materials used for finished products were 37,295 tons in 2022.	√

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"> • Tackling Climate Change • 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"> • Tackling 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 0.72%, and that of male employees was 0.95% in 2022. • The average turnover rate of employees under the age of 30 was 0.84%, the average turnover rate of employees aged 30-50 was 0.64%, and the average turnover rate of employees over the age of 50 was 0.19% in 2022. • The average turnover rate of local employees was 0.45% in 2022. 	√

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
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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	409 days lost due to industrial injury.	✓
B2.3 Occupational health and safety measures adopted, how they are implemented and monitored	Occupational Health and Safety	✓

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 was provided regardless of gender. Average training hours of male employees:9; Average training hours of female employees:6. 	✓

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"> • Code of Conduct • 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"> • Code of Conduct • 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 regio	52 major raw material suppliers were from Guangdong Province, China, and the remaining 13 major raw material suppliers were from other regions in 2022.	✓
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Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
B5.2 Practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	• Supplier Management	✓
B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• Supplier Management	✓
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	• Supplier 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.	✓
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 Assurance and Product Safety • Quality Improvement and Enhancement 	✓
B6.3 Practices relating to observing and protecting intellectual property rights	• Protection of Intellectual Property	✓
B6.4 Quality assurance process and recall procedures	<ul style="list-style-type: none"> • Quality Assurance and Product Safety • Quality Improvement and Enhancement 	✓
B6.5 Consumer data protection and privacy policies, how they are implemented and monitored	<ul style="list-style-type: none"> • Protection of Intellectual Property • 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	• Integrity and Anti-corruption	✓
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Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
B7.2 Preventive measures and whistle-blowing procedures, how they are implemented and monitored	• Integrity and Anti-corruption	✓
B7.3 Description of anti-corruption training provided to directors and staff	• 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"> • Caring for Employees • Committed to Community Development 	✓
B8.2 Resources contributed (e.g. money or time) to the focus area	<ul style="list-style-type: none"> • Caring for Employees • Committed to Community Development 	✓

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 2022 Sustainability Report (the Report). The Report stated the sustainability performance of Leo Paper in the period of 1st January 2022 to 31st December 2022.

The aim of this verification is to provide a reasonable assurance on the reliability of the report contents. The Report has been prepared in accordance with the Global Reporting Initiative 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 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 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

Assistant Director, Innovation Business

28th March 2023

EDITORIAL POSTSCRIPTS



On the cover: the different leaves represent our initiatives in the 3 areas of our GLS (Green, LEAN, Smart) sustainability management model, namely, Green Harmony Management System, LEAN 4P Manufacturing Management System and Smart Factory Management System. The circuit leaf veins integrate " Green, LEAN, Smart " to Leo's intelligent green factory operation.

The Leo GLS sustainability management model has facilitated identification for what comes next at Leo for our sustainable development. It has made us more agile to cope with the emerging trends. It also drives all Leonians to develop concrete sustainable goals that will lead to continued excellence as a global printer.

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

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For online feedback or inquiries, please send us a message at:
<http://www.leo.com.hk/contact.html>

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2022 SUSTAINABILITY REPORT



ISO 14064-1: 2018

LEO PAPER GROUP (HONG KONG) LIMITED's Greenhouse Gas Assertion for the period 1 Jan 2021 to 31 Dec 2021 has been verified by Hong Kong Quality Assurance Agency in accordance with ISO 14064-1:2018 as meeting the requirements of ISO 14064-1:2018. Report Reference No.: 14020401-01701



ISO 9001•ISO 14001
ISO 45001•ISO/IEC 27001



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