LEO SUSTAINABILITY EXPRESS

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Understanding the Corporate Sustainability Reporting Directive (CSRD)

Understanding the Corporate Sustainability Due Diligence Directive (CSDDD)

Leo Green Harmony committee

ABOUT LEO SUSTAINABILITY EXPRESS

THROUCH OUR SUSTAINABILITY EXPRESS, WE AIM TO SHARE OUR SUSTAINABILITY INITIATIVES WITH OUR CLIENTS AND PAPTNERS, AND WORK HAND IN HAND TO CREATE A GREENER, MORE SUSTAINABLE FUTURE TOGETHER.

Go Green

What you should know about the EU legislation - Corporate Sustainability Reporting Directive (CSRD)

On 5 January 2023, CSRD entered into force. It modernizes and strengthens the rules concerning the social and environmental information that companies must report. It represents a significant evolution in the landscape of corporate reporting in Europe. Introduced by the European Commission, this directive aims to enhance and standardize sustainability reporting among companies, reflecting the growing importance of environmental, social, and governance (ESG) factors in business operations.

Importance of CSRD

The CSRD is crucial for several reasons. First, it addresses the increasing demand from stakeholders, including investors, consumers, and regulators, for transparent and reliable sustainability information. As climate change and social issues gain prominence, stakeholders are seeking assurance that companies are not just compliant with regulations but are actively contributing to sustainable development.

The directive aims to level the playing field across different sectors and countries by establishing standardized reporting. This standardization helps prevent "greenwashing," where companies exaggerate their sustainability efforts, thereby fostering genuine accountability.

CSRD supports the European Union's broader sustainability goals, including the European Green Deal, which aims to make Europe the first climate-neutral continent by 2050. By promoting sustainable business practices, the CSRD contributes to global efforts to combat climate change and promote social responsibility.

Standard of CSRD

The CSRD mandates that companies follow European Sustainability Reporting Standards (ESRS), which the European Financial Reporting Advisory Group (EFRAG) is developing. These standards will outline specific criteria for reporting on various sustainability issues, including such as climate change, biodiversity, workers in value chain, and business conduct, which altogether encompass 10 different ESG aspects.

The ESRS aims to ensure that sustainability reports are consistent, comparable, and reliable, allowing stakeholders to make informed decisions based on a company's sustainability performance. (To be continued)

What you should know about the EU legislation - Corporate Sustainability Due Diligence Directive (CSDDD)

The Corporate Sustainability Due Diligence Directive (CSDDD) is a significant legislative initiative proposed by the European Union aimed at fostering sustainable and responsible business practices across its member states. This directive seeks to hold companies accountable for their environmental and human rights practices throughout their supply chains, establishing a framework for due diligence in corporate operations.

Importance of CSDDD

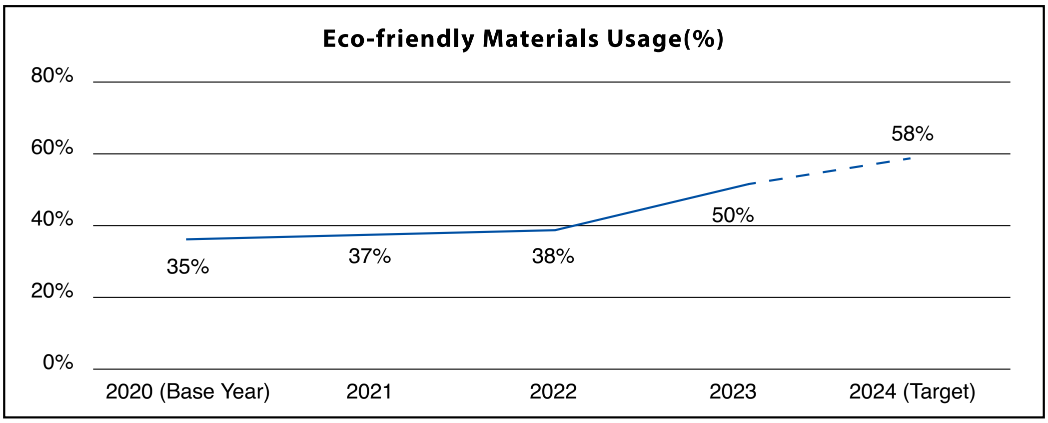
The CSDDD is crucial for several reasons. Firstly, it aims to enhance corporate responsibility by ensuring that businesses proactively identify, prevent, and mitigate adverse impacts on human rights and the environment. This shift towards sustainability is vital in a world grappling with climate change, social inequality, and human rights violations.

Secondly, the directive promotes a level playing field for companies operating within the EU. By enforcing similar standards across member states, it reduces the risk of "regulatory arbitrage," where companies might exploit less stringent regulations in certain countries. This harmonization encourages fair competition and drives companies to adopt more sustainable practices.

Moreover, the CSDDD aligns with global initiatives such as the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. By integrating sustainability into corporate governance, the directive supports the broader international agenda for a sustainable future. (To be continued)

Leo Green Harmony Committee

One of our objectives is to promote the use of green materials and products. Currently, it has promoted to use 58% in ratio of eco-friendly material, which is better than our target 50% by 2024.The eco-friendly materials include natural fiber, recycled materials, or plastic-free materials.



Over 4.89 million pieces of paper-made gems, instead of plastic, have been produced. It is estimated that we can save about 700 kg of acrylic. The other example is the replacement of synthetic satin strip by 100% wooden fiber that can be degradable.

VOC Reduction

The VOC emissions have been greatly reduced by 98% compared to the 2019 base year. Our control is based on 3 steps:

- Source: application of no/low VOC materials, such as ink, varnish and solvent.

- Process: Control of fugitive VOC emissions during transfer, use, and disposal by minimizing escape from equipment and pipelines.

- Treatment: 25 sets of treatment facilities equipped with primary and secondary honeycomb activated carbon to absorb VOCs. An online monitoring system has also been installed at each outlet for real-time surveillance.



Leo Sustainability Model

Energy and Conservation is one of the important topics of Leo Sustainability Model relates to carbon emission reduction and biodiversity aspects. In this section, we explain our solar energy generation and utilization, energy-saving facility, and our reforestation area.

Solar Energy:

The solar panel system has been fully installed since October of last year. It covers an area of 50,000 m^2 on the rooftops of different buildings. In the past ten months, it has generated over 12,700 MWh, with an average utilization rate of 82%. For the whole year of 2024, it generated about 14,000 MWh. As a result, it is expected to reduce Scope 2 carbon emissions by 20%, which is a milestone for achieving “carbon zero”.

Energy-Saving Facility:

A new system has been installed in December 2023. It is an intelligent joint control system for central air conditioning that replaces the low-efficiency manually operated cooling system. Its advantage is that it integrates outdoor and indoor air data to formulate optimal and effective cooling conditions under fully automatic operation and monitoring. This has resulted in a reduction of electricity consumption by 590 MWh, which is equivalent to about 330 MT of carbon.


Reforestation Area

The Shaoguan reforestation is a site for tree planting and in a rocky area in Northern Guangdong. A total of 198,700 trees have been planted, covering over 2,300,000 m^2. This has resulted in about 55% of the desert area turning green. Moreover, local villagers are encouraged to plant camellias, which are a source of refining edible camellia oil. This not only provides income for the villagers but also creates a carbon-sinking forest.