

2023 SUSTAINABILITY REPORT

- Committed to Green Development
- Dedicated to Happy and Harmonious Leo Community
- Committed to Business Excellence
- Climate-related Disclosures



About this Report

Editor's Remark

This is our 15th environmental and social sustainability report. This report introduces the sustainability actions taken by Leo Paper Group during 2023. The report has been prepared based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards, Recommendations of Task Force on Climate-Related Financial Disclosures (TCFD), 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.

This is our first report with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as we are dedicated to effective climate-related disclosures, and taking actions to tackle climate change.

Reporting Period

This report covers the performance of Leo Paper Group from 1st January 2023 to 31st December 2023.

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 2024

Reference

Global Reporting Initiative (GRI*) Sustainability Reporting Standards
Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
Hong Kong Exchanges (HKEX) Environmental, Social and Governance Reporting Guide (ESG)
ISO 26000:2010 Guidelines for Social Responsibility
United Nations Global Compact Principles
AA1000 Account Ability Principles Standard 2008

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

CONTENTS

Chairman's Message About Leo Paper Group

Sustainability Management

Management Philosophy	02
Management Structure	04
Integrated Management System	07
Stakeholder Engagement and Material Issues Analysis	07
Risk Management	08
Business Ethics	09
Supplier Management	13

Committed to Green Development

Climate-related Disclosures	15
Green Procurement and R&D	17
Energy Management	20
Wastewater Management	29
Air Emissions Management	31
Waste Management	33
Leo Shaoguan Agriculture and Forestry Project	33
Environmental Communication	34
Environmental Promotion	35
Environmental Indicators	36

Dedicated to Happy and Harmonious Leo Community

Occupational Health and Safety	41
Training and Development	43
Employee Caring	46
Leisure Activities	49
Committed to Community Development	50
Social and Economic Indicators	52

Committed to Business Excellence

LEAN Enhancement Programs	55
Innovation and R&D	55
Digital Intelligence	56
Sustainable Development Targets 2023	57

External Recognitions 2023	60
GRI Content Index	63
HKEX ESG Guide Index	76
TCFD Index	84
Verification Statement	86

Chairman's Message

Despite many challenges in 2023, Leo firmly adhered to the policy of green development and stayed committed to corporate social responsibilities to achieve sustainable success and excellence.

Over the past year, Leo further integrated the sustainability in corporate governance and seized the opportunities for continuous improvement. In 2023, Leo made an important milestone for the use of cleaner energy and low-carbon development through launching of large-scale solar energy generation project at the production plant of Heshan Astros. Leo also took the lead in promoting green supply chain development through organizing large-scale environmental seminars with partners and suppliers.

Leo's "People-oriented" policy promotes education of Leonians which is an important factor in achieving environmental, social and economic objectives. Since inception, Leonians have not only received training, but have also been encouraged to go through education programs by receiving access to high quality education. In 2023, Leo collaborated with few institutes and universities, such as Beijing Institute of Graphic Communication and Xi'An University of Technology to provide much deserved education to our new talents.

Leo has implemented a full range of sustainability initiatives to achieve ambitious and transformational sustainability goals. Our transformation to digital and intelligent operations are important steps towards productivity optimization.

As taking actions to combat climate change becomes urgent, Leo is working hard to transition to low-carbon operations. Starting from 2023, we have been sharing our strategies and initiatives in tackling climate change with our global partners and will work collaboratively with them to achieve these important goals.



Samuel Leung

Chairman of Leo Paper Group



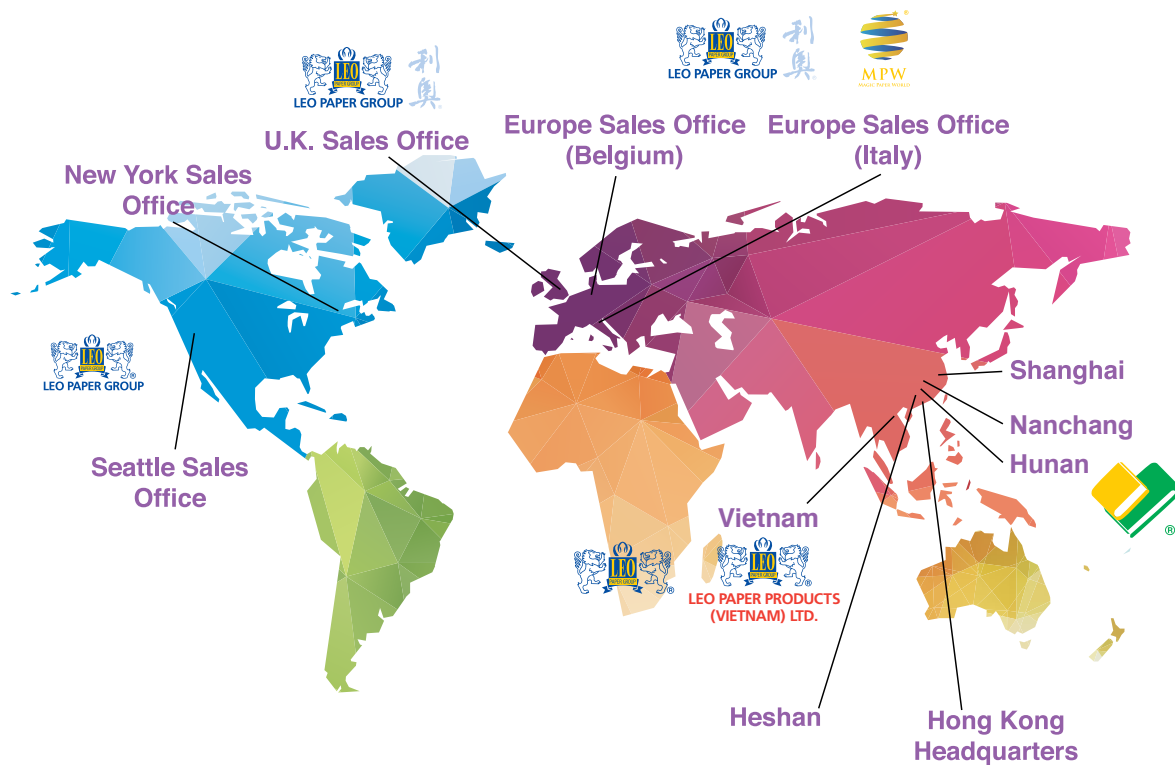
About Leo Paper Group

Leo Paper is committed to responsible and low-carbon operation. Each year, we have developed and implemented a full range of sustainability initiatives through our systematic and comprehensive sustainability management.

We are dedicated to continuous improvement and are striving to be the global leader in the printing communications industry.

Year of Establishment	1982
Ownership and Legal Form	Private
Headquarters	Hong Kong
Manufacturing Plants	Main Manufacturing Plant: <ul style="list-style-type: none">• Heshan Astros Other Manufacturing 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 laboratory that provides comprehensive testing services for our clients and suppliers.• Leo Agroforestry Product Development Limited: Reforest Project on stony desert areas in Shaoguan restores the land by planting and producing tea seed oil to promote local ecological sustainability.

Global Distribution (11 worldwide locations) and Registered Trademarks in the Relevant Countries/Regions:





Sustainability Management

- Management Philosophy
- Management Structure
- Integrated Management System
- Stakeholder Engagement and Material Issues Analysis
- Risk Management
- Business Ethics
- Supplier Management



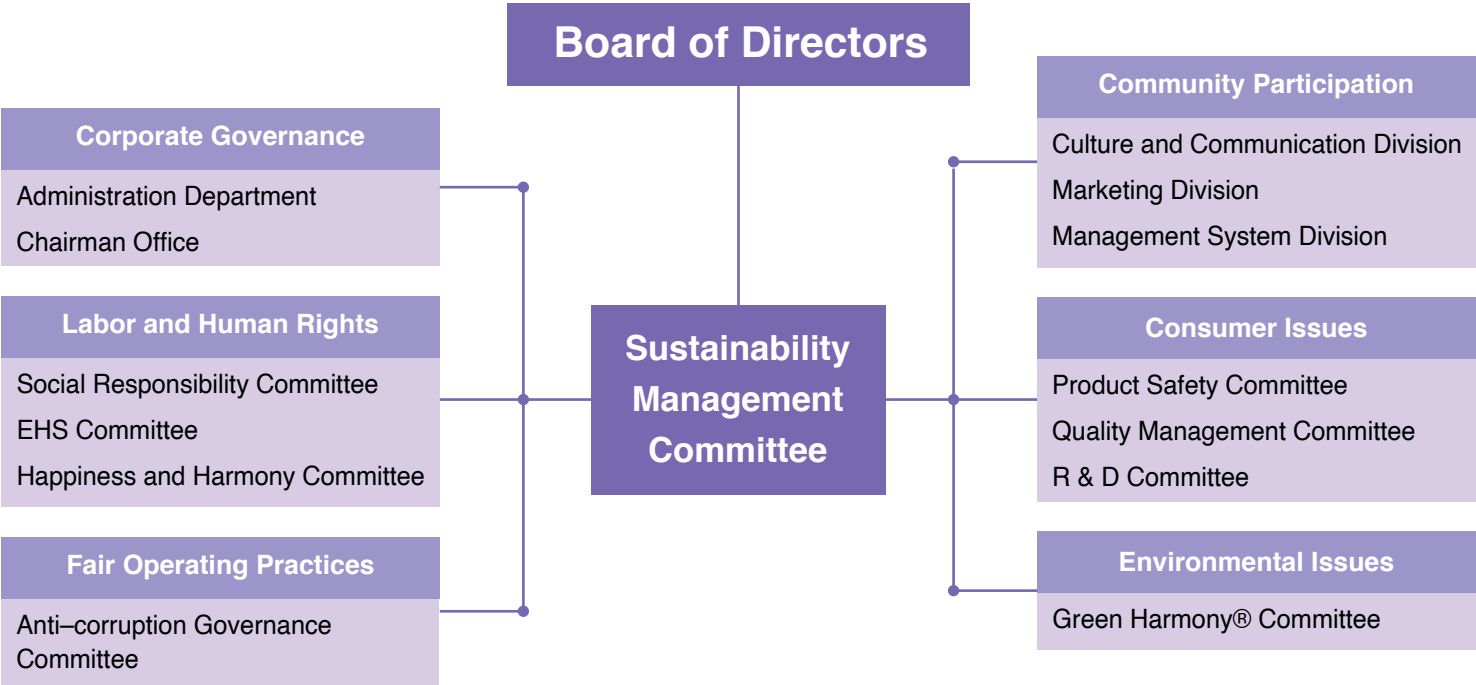
Management Philosophy

To enrich and nurture people life through state-of-the-art, sustainable print communication media with superior quality and inspiring products, services that create values for our customers.

Management Structure

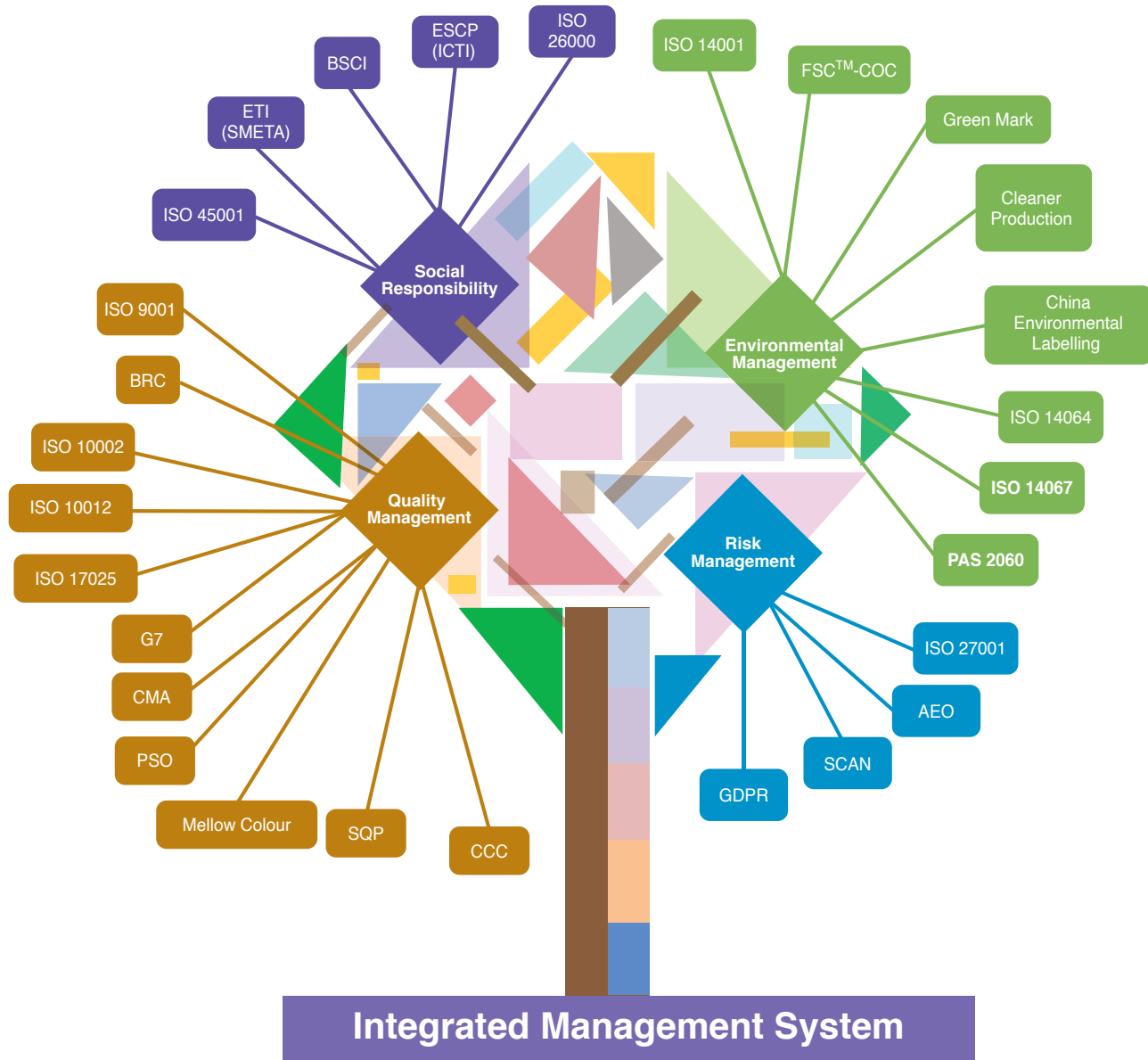
We have comprehensively integrated sustainability into our corporate management. Leo's Board of Directors is responsible for decision-making and overseeing the implementation of sustainability initiatives. The Board of Directors established a Sustainability Management Committee, which is responsible for planning and coordinating the management of various sustainability issues.

The Sustainability Management Committee is composed of various committees, such as the Green Harmony® Committee, the Social Responsibility Committee, the Anti-corruption Governance Committee, and more to plan and implement sustainability projects in different areas like the corporate governance, environment, employee development and social support.



Integrated Management System

Leo's integrated management system integrates elements of different management system standards. The integrated management system is divided into four modules: Quality Management, Social Responsibility, Environmental Management and Risk Management, with a total of 28 management systems.





Stakeholder Engagement and Material Issues Analysis

By identifying our impacts on the economy, environment and people, we assess and prioritize the topics that represent most significant impacts (material issues). We engage our stakeholders for managing our impacts/materials issues.

Stakeholder Engagement

The concerns and expectations of our stakeholders are the basis to improve our sustainability management. We gather the concerns and expectations of our stakeholders through different channels such as questionnaires, customer meetings, and workshops.

Our stakeholders include customers, employees, suppliers, governments, NGOs and local communities. The table below summarizes the ways in which each stakeholder is engaged as well as the 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 • Customer meetings or visits • Customers visit to Leo’s production plants • Industry exhibitions and forums • Participate in seminars/events held by customers • Regular newsletters/e-news • Annual customer survey • Conduct customer reviews 	<ul style="list-style-type: none"> • Quality products and services • Delivery of products • Code of conduct management • Environmental performance • Risk management • Financial performance • Sustainable development planning

Stakeholders	Approach to Stakeholder Engagement	Concerns and Expectations
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"> • Occupational health and safety • Personal growth and development • Environmental performance • Working benefits • Employee communication and engagement
Suppliers	<ul style="list-style-type: none"> • Seminars for suppliers • 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 • 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 environmentally 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 • Website communication in the local language • Communicate via email and telephone hotline • Activities designed to promote community inclusion 	<ul style="list-style-type: none"> • Support community / social development • Environmental protection • Low-carbon development

Assessment of the Significance of the Impacts

Through the analysis and evaluation of our impacts on the economy, environment and people, we identify significant impacts and take prioritized actions to address those impacts.

(1) Identification

We consider the following factors to assess the potential risks and opportunities, and determine the relevant material issues:

- Issues/concern to internal and external stakeholders
- Sustainability standards and regulations
- Trends in sustainable development

(2) Impact and Materiality Assessment

Based on the likelihood of occurrence and the degree of impact on stakeholders and Leo's business activities, we have identified 18 material issues that could have a significant impact.

(3) Follow-up of Topics with Significant Impact

The management representative is responsible for reviewing the material issues and corresponding response. The table below shows Leo's material issues and the boundaries of each material issue.

Important Material Issues	Response to Material Issues	Boundary	
		Leo	Outside Leo
Environmental Protection	<ul style="list-style-type: none"> • Wastewater Management • Air Emissions Management • Waste Management 	√	√
Eco-friendly Design and Materials	<ul style="list-style-type: none"> • Green Procurement and R&D 	√	√
Carbon Reduction	<ul style="list-style-type: none"> • Climate-related Disclosures 	√	√
Occupational Health and Safety	<ul style="list-style-type: none"> • Occupational Health and Safety 	√	√
Employee Training and Development	<ul style="list-style-type: none"> • Training and Development 	√	
Employee Caring	<ul style="list-style-type: none"> • Employee Caring • Leisure Activities 	√	√



Important Material Issues	Response to Material Issues	Boundary	
		Leo	Outside Leo
Emergency Response	• Emergency Preparedness and Drills	✓	✓
Business Ethics	• Business Ethics	✓	✓
Supply Chain Management	• Supplier Management	✓	✓
Information Security	• Information Security • Protection of Intellectual Property	✓	✓
Independent Innovation	• Green Procurement and R&D • Research & Development	✓	✓
Product Safety and Quality	• LEAN Enhancement Programs	✓	✓

Risk Management

Leo has implemented a series of measures and mechanisms to strengthen risk control and management.

Internal Audit Mechanisms

Our Internal Audit & Risk Control Division conducts annual internal system reviews and special reviews in the areas of social responsibility, quality, occupational health and safety, environment, and information security and continuously optimizes operation processes and managements.

In 2023, we conducted a total of 20 internal system reviews and 55 special reviews.

Emergency Preparedness and Drills

During 2023, we organized 12 categories of emergency drills to exercise our emergency rescue and organizational coordination capabilities. Through the exercises, we improved the risk awareness and emergency response capabilities of all the participants.

12 Emergency Drills

- Fire Drills
- Blackout
- Sewage Treatment
- Mechanical Safety
- Confined Space
- Traffic Accidents
- Elevator Accidents
- Collective Food Poisoning
- Infectious Disease Control
- Large-scale Events Evacuation
- Hazardous Chemical Leakage
- Typhoon, Rainstorms and Extreme Weather



Traffic Emergency Drill

Information Security

In order to effectively manage information security, in 2005 we introduced the ISO 27001 information security management system. Information security is continuously optimized through the use of security tools, personnel management, authority management and other control measures.

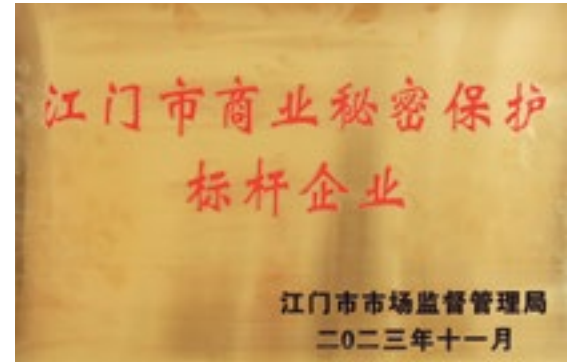
In order to enhance the information security awareness, we carried out series of information security awareness training in 2023. We had about 890 participants joining the training.



Protection of Intellectual Property

Leo has established its intellectual property protection system. A special team is responsible for the implementation of management of intellectual property.

In November 2023, we were awarded with the title of “The Jiangmen Trade Secret Protection Benchmarking Enterprises” for our performance in the development and implementation of a system for trade confidentiality.



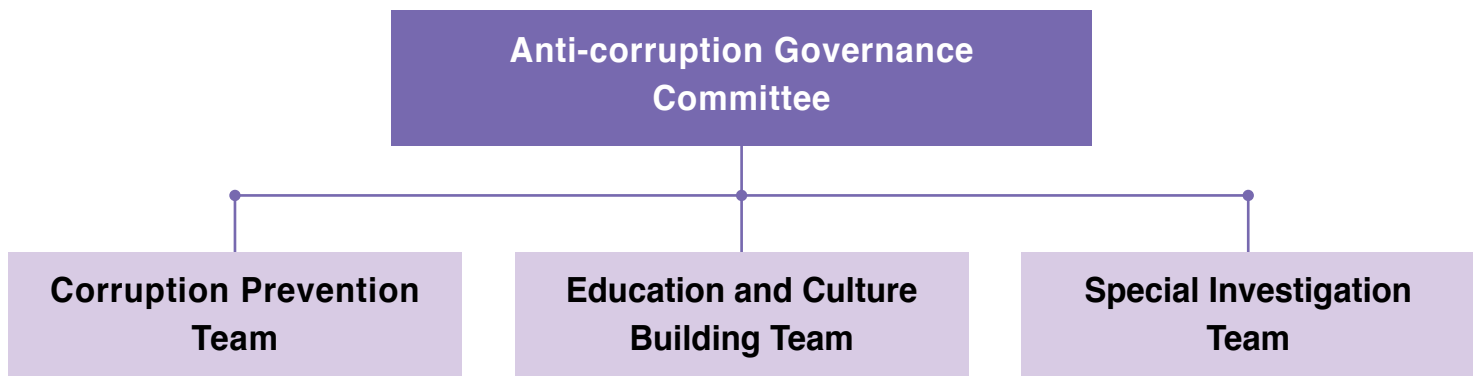
Business Ethics

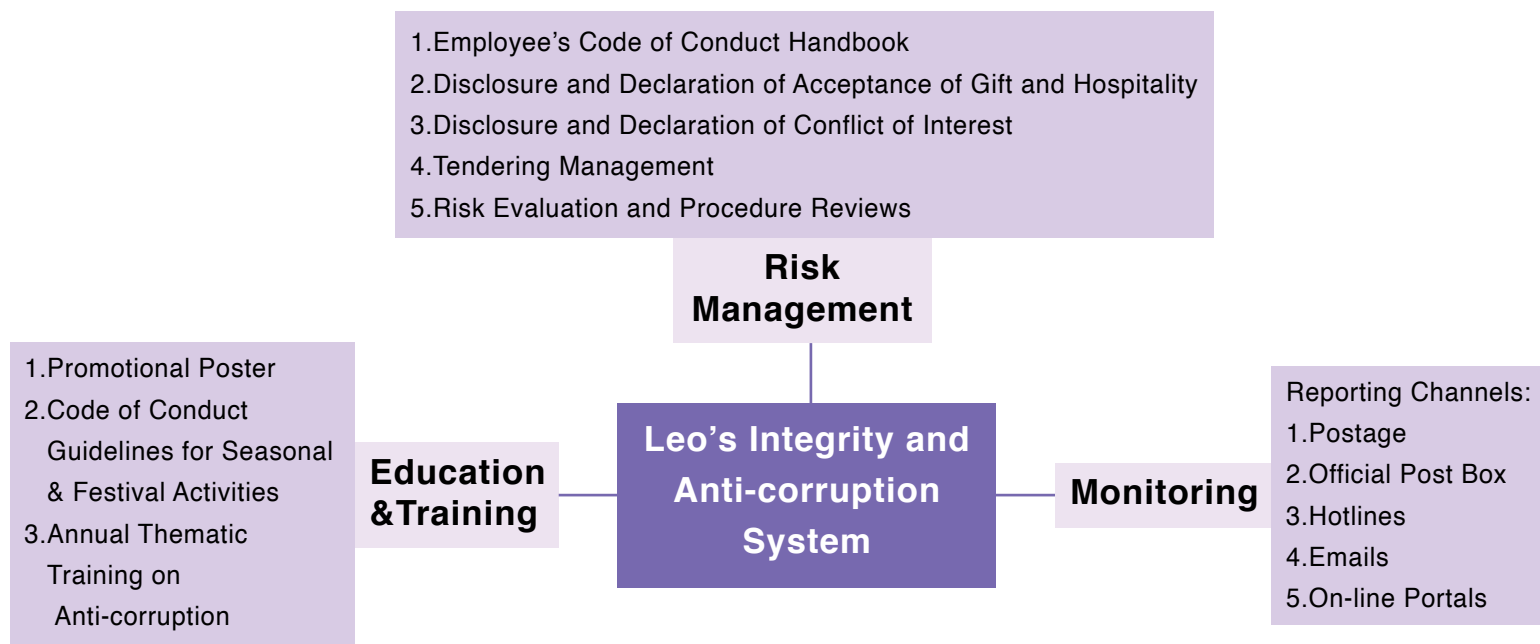
Leo has implements high standards of business ethics. We have established an internal system to ensure fairness and transparency of our operations and safeguard the rights of our stakeholders.

Integrity and Anti-corruption

Since 2009, our Anti-corruption Governance Committee has continuously monitored and improved the implementation of the business ethics mechanism to ensure that Leo maintains high ethical standards of business conduct.

Leo's Anti-corruption Governance Committee





Special Education on Integrity and Morality

Ongoing integrity training was provided to our employees over the year. In March 2023, we organized a visit to the Heshan Anti-corruption Education Base and performed special training on anti-corruption, to further enhance everyone's awareness.



Bidding Center

Our Bidding Center is responsible to manage bidding projects according to designated bidding procedures and to maintain a fair, just and open platform of procurement.

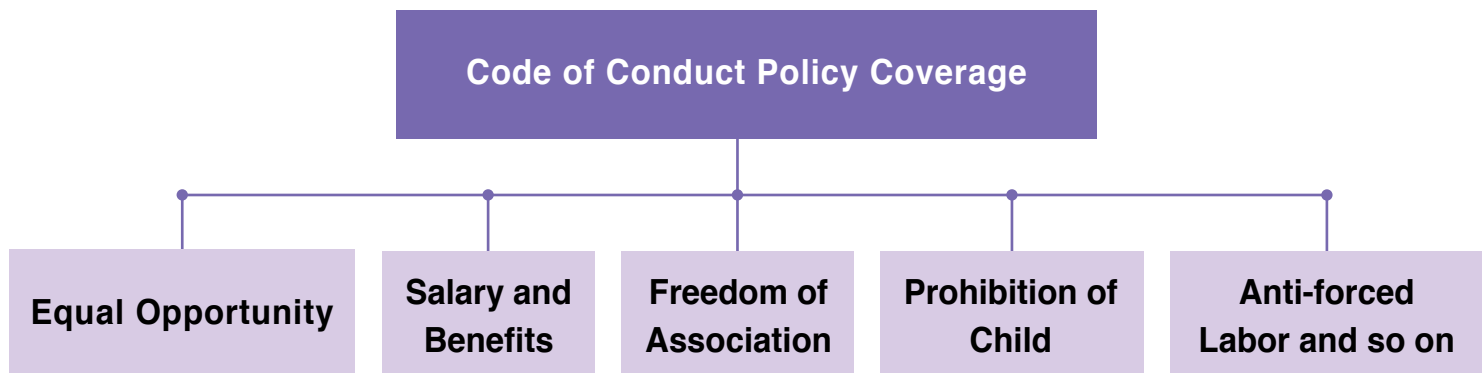
In 2023, the Tendering Center completed total of 29 bidding projects of engineering and services items. This was performed under the supervision of our independent special team.



Code of Conduct

We actively respond to international social/code of conduct initiatives and standards such as the Ethical Supply Chain Program(ESCP), Ethical Trade Initiative (ETI), and the Business Social Compliance Initiative (BSCI).

As a responsible corporate citizen, we follow the requirements of the Code of Conduct in the areas of equal opportunity, salary and benefits, freedom of association, prohibition of child, anti-forced labor, and so on. We have established policies and procedures 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 other requirements.



Supplier Management

Leo implements comprehensive supplier management mechanism to ensure product quality and compliance and management of supply chain risks and performance. Each year, we evaluate suppliers' compliance with Leo's supplier performance standards.

In 2023, we conducted total of 41 supplier reviews to ensure that suppliers comply with quality, code of conduct, environmental protection, health and safety, integrity, and other requirements.



Committed to Green Development

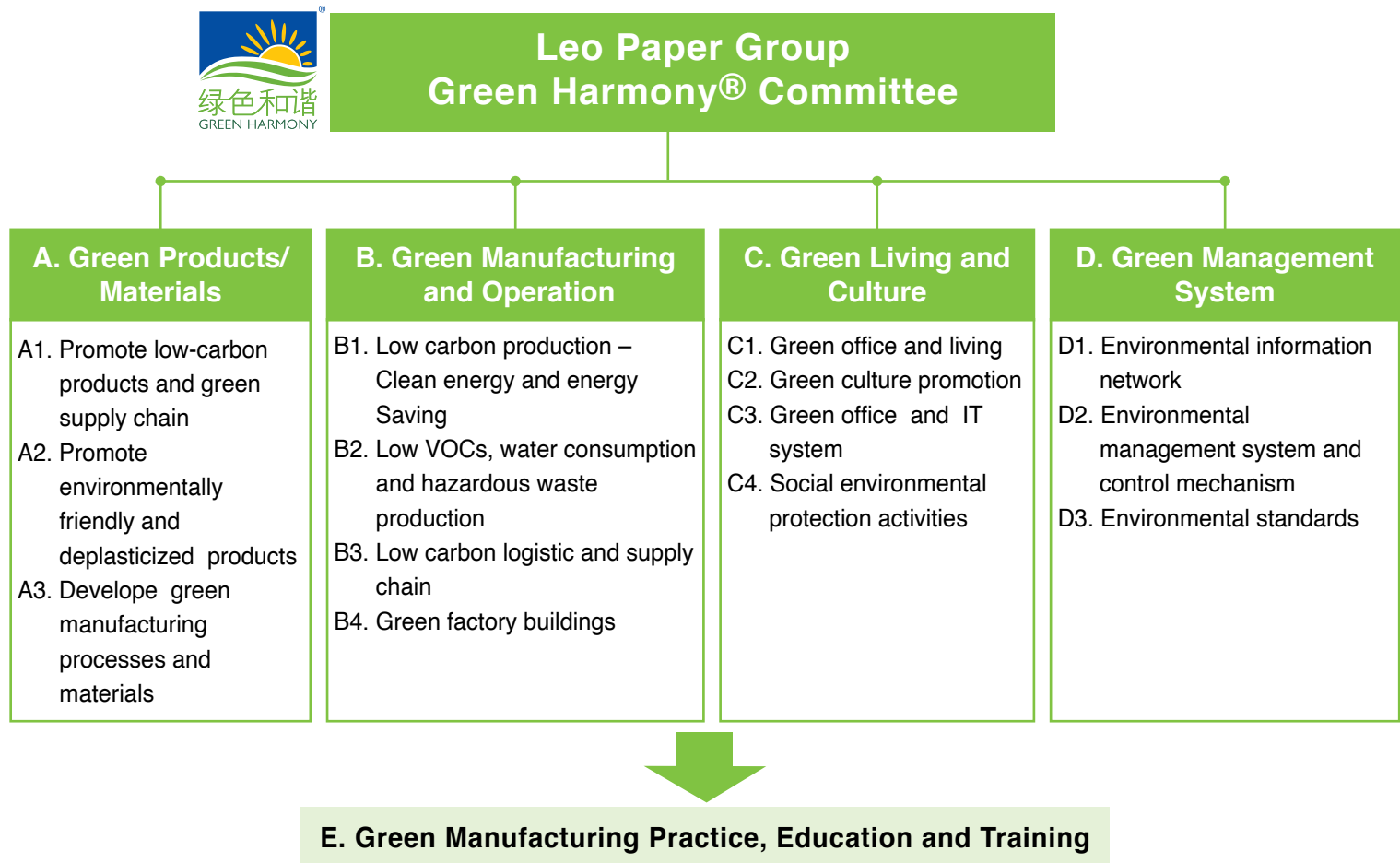
- Climate-related Disclosures
- Green Procurement and R&D
- Energy Management
- Wastewater Management
- Air Emissions Management
- Waste Management
- Leo Shaoguan Agriculture and Forestry Project
- Environmental Communication
- Environmental Promotion
- Environmental Indicators



Leo is committed to become a fully green company and throughout the years has followed the path towards this goal.

During 2023, multiple environmental projects were carried out including energy efficiency improvement and application of renewable energy, research and development of green materials / products, strengthening green production, enhancement of ecological protection and natural resources utilization and promoting green and low-carbon development of the industry.

Leo's environmental management is governed by our Green Harmony[®] Committee, which was established in 2010. Our Green Harmony[®] initiatives have been focused on 5 main aspects.



Climate-related Disclosures

With decades of dedication to sustainability and its development, Leo Paper acknowledges the challenges posed by climate change and is committed to the global efforts in working together to mitigate the climate change effects. Leo Paper supports the target of the Paris Agreement.

The report consists of four major chapters with the pillars of the TCFD recommendations, namely Governance, Strategy, Risk Management and Metrics and Targets.

It outlines our approach to identifying and addressing key climate-related risks and opportunities, developing response measures, improving the management of metrics and targets, and building long-term climate resilience.



Governance

Board's Oversight

Leo's Board of Directors has established a Green Harmony® Committee to develop and review climate-related strategies and management practices, oversee climate-related issues and coordinate and support climate-related efforts.



The Green Harmony Committee is responsible for monitoring the climate-related issues, and the corresponding working teams are responsible for providing analysis, assessment, management and supervision of relevant climate issues and taking necessary actions to deal with climate-related risks and opportunities.

Strategy

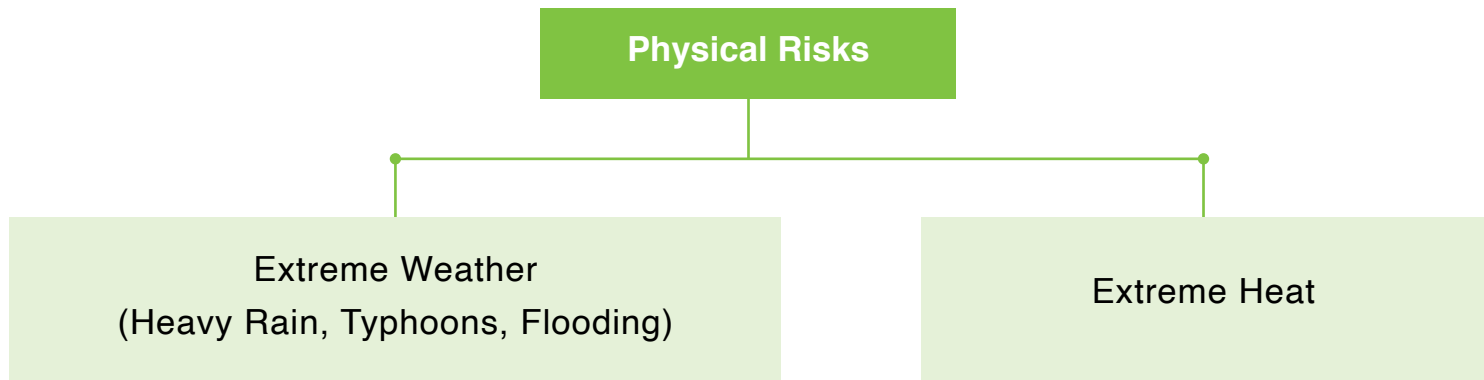
Climate Change Risks and Opportunities

Leo has recognized the importance of addressing climate change risks and seizing climate change opportunities for low-carbon development and has included the risks posed by climate change into existing risk management mechanisms. Leo also has assessed the physical / entity and transition risks and opportunities associated with operating its business under different climate scenarios.

Through analysis and assessment of the impact of physical and transitional risks, we outline a list of major risks based on the degree of impact and likelihood of occurrence and develop corresponding response strategies.

Physical Risks

Climate change can lead to different physical risks, including extreme weather and extreme heat. We identify such risks and develop our mitigation response.



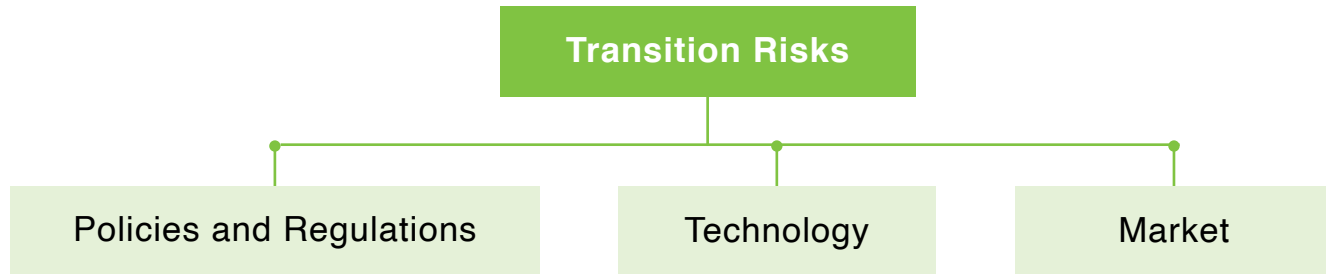
Risk	Potential Consequences	Period*	Degree of Impact	Counter-risk Measures
Extreme Weather (Heavy Rain, Typhoons, Flooding)	<ul style="list-style-type: none"> • Increase the spending on extreme weather mitigation measures, such as placing sandbags for flood control. • Increase expenditure on infrastructure, equipment, transportation and transportation equipment maintenance. • Increase economic losses from reduced capacity and disruptions to supply chain products or services. • Increase the cost of insurance premiums. • Increase employee health and safety risks. 	Medium Term	★ ★ ★	<ul style="list-style-type: none"> • Formulate emergency prevention and control measures for extreme weather, and simulate drills every year to ensure that protection can be provided in time and losses can be minimized in the event of extreme weather. • Increase resilience to extreme weather, including defense resources (e.g., sandbags and pumps), training, and more. • Strengthen communication and cooperation with local governments to prepare for extreme weather in advance.
Extreme Heat	<ul style="list-style-type: none"> • Increase the cost of energy and water consumption. • Increase the cost of environmental improvement on the factory site. • Increase employee health and safety risks. • Increase the economic losses caused by the decline in production capacity. 	Long-term	★ ★	<ul style="list-style-type: none"> • Develop extreme heat cooling protocols to ensure the use of equipment and the health and safety of employees. • Strengthen the maintenance of refrigeration equipment and improve the cooling efficiency of cooling towers.

* Short Term(0-3 years), Medium Term(3-10 years) and Long-term(over 10 years).



Transition Risks

Transition risk scenarios are identified, which facilitate the development of decarbonization plans, including policy and regulatory changes, technology, and market changes.



Risk	Potential Consequences	Period*	Degree of Impact	Counter-risk Measures
Policies and Regulations	• Carbon taxes or carbon trading schemes leads to increased operating costs.	Medium Term	★ ★ ★	• Regularly collect and understand the latest carbon tax rates and carbon trading market information, and continue to carry out carbon emission reduction and carbon neutrality to reduce operating costs.
	• Increased reporting obligations for greenhouse gas emissions and environmental violations leads to increased compliance costs.	Short Term	★ ★	• Continuously collect and understand the latest laws and policies, and update internal management systems in a timely manner to ensure compliance with disclosure and compliance requirements.
Technology	• Increase capital investment in new technologies for energy conservation and carbon reduction.	Long-term	★ ★	• Adopt efficient and low-carbon production equipment, technology and process to improve the effective use of energy and resources.

Risk	Potential Consequences	Period*	Degree of Impact	Counter-risk Measures
Technology	<ul style="list-style-type: none"> • Increase R&D expenses to explore environmental protection solutions. 	Long-term	★ ★	<ul style="list-style-type: none"> • Support independent research and development and innovation of green and low-carbon solutions.
Market	<ul style="list-style-type: none"> • Higher fuel and energy costs led to higher raw material procurement and operating cost. 	Long-term	★ ★ ★	<ul style="list-style-type: none"> • Promote the use of renewable or low-emission energy sources to reduce the risk of future fuel and energy price fluctuations.
	<ul style="list-style-type: none"> • Changes in consumer preferences affect the competitiveness and share of product markets. 	Medium Term	★ ★	<ul style="list-style-type: none"> • Maintain close communication with stakeholders to keep abreast of their needs and expectations. • Accelerate the research and development of green and low-carbon solutions, enhance market competitiveness, and meet the needs and expectations of stakeholders.

* Short Term(0-3 years), Medium Term(3-10 years) and Long-term(over 10 years).

Opportunities

Decarbonization and transition to low-carbon economy present us opportunities to further optimize and enhance our operations.

(1) Transitioning to Low-carbon Economy



Low-carbon Office

Through green IT technology and management, we have implemented low-carbon office programs at both our headquarter and Heshan Astros production plant to reduce energy consumption and consequently carbon emissions as well as reducing consumption of office utilities.



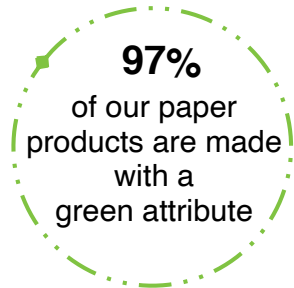
Green Products

Leo has been searching for, exploring and developing new green materials and products to meet the consumer demands and needs. Our designated R&D team is responsible for developing green materials and products. We are committed to promoting the use of environmentally conscious materials.

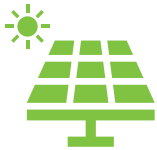


Collaboration and Partnership

Leo will further work with customers, suppliers, governmental organizations and other interested organizations for transitioning to low-carbon economy.



(2) Decarbonization of Our Operations



Renewal Energy

Renewal energy is an important step in our carbon reduction efforts. In 2023 we installed solar panels at Heshan Astros Plant. The solar panels installed at our plant are expected to generate millions of kilowatt-hours of clean electricity each year when operating at full-scale.



Energy-saving Technological Transformation

We explore opportunities to reduce energy consumption and GHG emissions in our operations in continues bases. In the past 2 years, we have implemented a number of energy-saving and carbon-reduction technology projects including intelligent joint control system of air compressor and waste heat recovery system.

Renewal energy is an important step of our decarbonization initiatives.

Picture of our newly installed rooftop solar panels at our Heshan Astros Plant.

Decarbonization Action Plan

To reach the ambitious goal of carbon neutrality by 2050, we have developed Leo's climate change action plan and its path to carbon neutrality. We must mitigate the operational impacts of climate change.

(1) Enhancing the Carbon Emission Mechanism

-
- ① Promoting the optimization of the carbon inventory mechanism of enterprises, such as enhancement of ISO 14064 greenhouse gas quantification and reporting management system.
 - ② Promoting the improvement of the product carbon footprint accounting mechanism, such as the introduction of the ISO 14067 product carbon footprint certification system.
-



(2) Promoting the Application of Energy-saving and Efficiency-enhancing Technologies

-
- ① Energy conservation and emission reduction: energy-saving technological transformation and elimination of high-energy-consuming equipment.
 - ② Improving quality and efficiency: improve equipment production efficiency, resource/energy recovery.
-



(3) Optimizing the Energy Structure

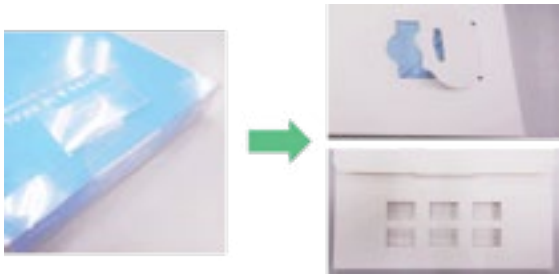
-
- ① Replacing traditional oil/coal energy with new energy sources.
 - ② Developing and utilizing clean energy.
-





(4) Promoting Green Operations

- ① Promoting low-carbon logistics and transportation.
- ② Promoting the construction of green supply chain and achieving green procurement.
- ③ Promoting green product design.



Scenario Analysis

To effectively identify and combat the potential impact of climate-related risks on our business performance, we have been identifying the climate change scenarios in our risk assessment process and will further analyze and reduce our climate-related risks.

Based on the recommendations of the Task Force on Climate-related Financial risks, we selected two scenarios (SDS and RCP 8.5) to simulate the potential changes in case of major climate hazards. The scenarios, (2030 and 2050) mainly focus on operations of Heshan Astros plant.

Indicator	Low-emission Scenarios	High Emission Scenarios
Reference Model	IEA’s Sustainable Development Scenario (SDS)	The Intergovernmental Panel on Climate Change (“IPCC”) represents Concentration Pathway (RCP) 8.5
Illustrate	Choosing SDS to assess the impact of transition risks as we move towards a low-carbon economy helps assess our plan of contribution to achieve our commitment to zero emissions.	RCP 8.5 was chosen to assess the impact of physical risks under a high emission scenario, helping to measure our resilience to the severe consequences of climate change.

Indicator	Low-emission Scenarios	High Emission Scenarios
Hypothesis	Achieve emissions reduction with effective management systems and more energy and carbon reduction, and fully meet all current net-zero commitments. By 2100, the global average temperature will not rise by more than 2 degrees Celsius.	By 2100, the global average temperature will rise by about 4 degrees Celsius, and the frequency and intensity of extreme weather events will be high.

Risk Management

Leo Paper is aware that climate-related risks can have a potential impact on our assets, operations, and supply chain. We have established a comprehensive risk management system and have implemented policies and procedures to mitigate the risks. We integrate climate change into our sustainability development strategy.

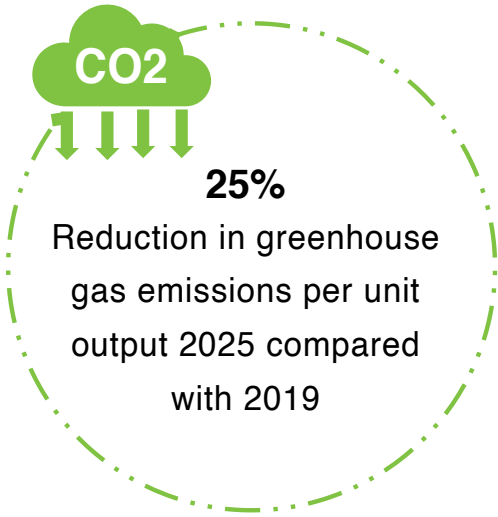
Climate-related risks are identified and assessed, with development of control and response measures. The Green Harmony Committee oversees the climate risk management system, where correspondent working teams report to the committee with the evaluation and implementation of climate risk management. The Board is responsible for making decisions about the risks that will be accepted or transferred so we can achieve effective risk management.

We internally audit and verify that management strategies of climate-related risks are effectively implemented. This method is integrated into our overall risk management program.

Metrics and Targets

Leo has developed metrics and targets in line with the Paris Agreement pathway. We also support the United Nations Sustainable Development Goals implementation.

We have set up metrics and targets to assess climate-related risks and opportunities in line with our strategy and risk management process. Our climate-related goal is to achieve net-zero emissions by 2050.



Here below the carbon emissions of our Heshan Astros Production Plant:

Indicator	2023
Direct (Scope 1) Carbon Dioxide Equivalent (CO2e) Emissions (Tons):	3,740
Indirect (Scope 2) Carbon Dioxide Equivalent (CO2e) Emissions (Tons):	52,090
Indirect Carbon Dioxide Equivalent (CO2e) Emissions (Air Travel) (Tons):	22
Total	55,852

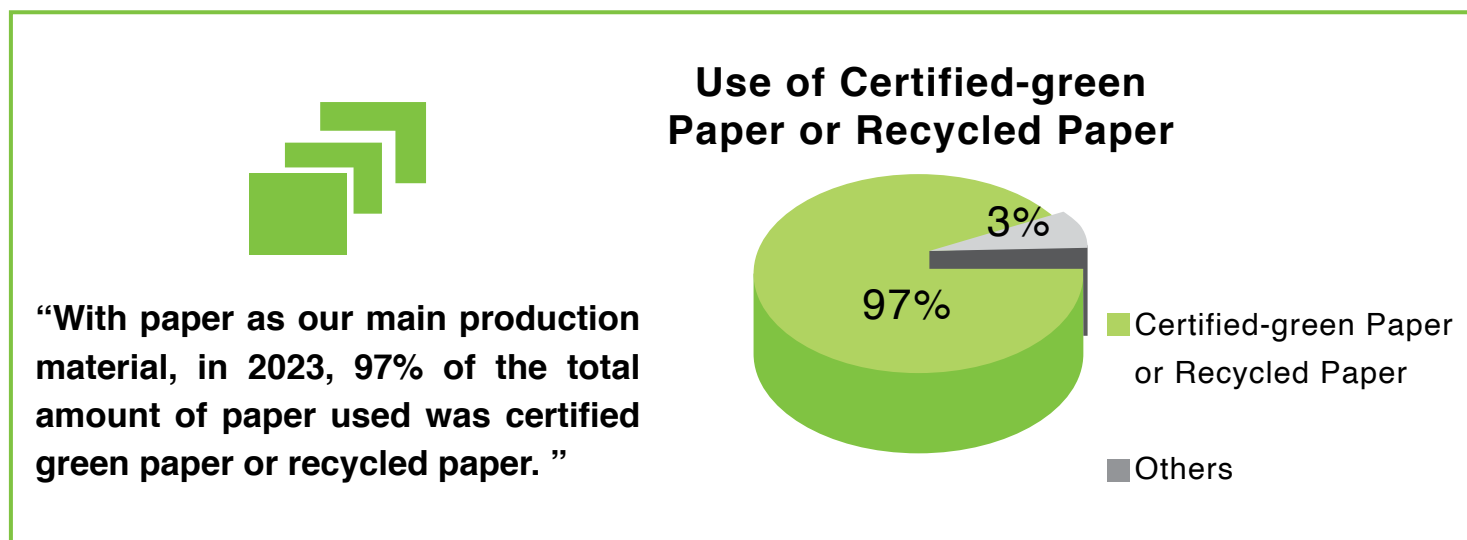
Green Procurement and R&D

The use of green materials is one of the core elements of our green manufacturing system. It is achieved through our green procurement methods and our research and development of green materials.

Green Procurement

Leo has implemented a green procurement management system giving priority to the selection of green materials with less pollution, lower energy consumption and higher recyclability. We promote the use of environmentally friendly materials, such as certified-green paper and recycled paper, vegetable ink, alcohol-free solution, water-based glue, low-VOCs thinner, and so on.





In addition, we have implemented the internal due diligence system for paper sources tracing the legality of the source of the paper and ensuring that the paper we use complies with relevant forestry regulations and policies such as the Lacey Act in the U.S., EU Deforestation Regulation(EUDR), Australian Illegal Logging Prohibition Act, and similar regulations.

Green R&D

Leo has a dedicated R&D team for exploring the design of green products and research and development of green materials. Their mission is to minimize the impact of materials and products on the environment.

Green Products and Production Process

To reduce the impact of plastic to environment, we promote reducing the use of plastic components for our products. We also are replacing plastic parts and packaging with paper product components and packaging.

In 2023, our plastic reduction initiative has facilitated reduction of significant amounts of plastic parts/components/products. The detail of these reductions is as follows:





- 1 We replaced plastic bags with paper bags:

10,000 plastic bags reduction
- 2 We replaced the self sealing plastic bags with adhesive stickers:

20,000 plastic bags reduction
- 3 We replaced blister packaging with paper packaging:

57,600 plastic blisters reduction

R&D of Green Materials

Leo has a designated material research and development team. Their job is to develop materials that enhance environmental and quality performance of products. The team also works with external organizations such as academic institutions and suppliers.

In 2023, Leo successfully developed 12 new materials with low VOCs content, including but not limited to eco-friendly detergent, fountain solution and detergent for ink rollers and blanket.

Energy Management

Energy-saving Projects

In 2023, we continued to carry out energy-saving and carbon-reduction projects including the introduction of an intelligent central air-conditioning integrated control system and the upgrade of the ice tank in the central air-conditioning machine room to further reduce energy consumption.

Intelligent Joint Control System of Central Air Conditioning

Monitored and intelligently controlled the operation of the central air conditioning in real time, thereby reducing the energy consumption.



530,000 kWh

reduction of electricity consumption
every year.

Identification of Low-efficient Ice Storage Air-conditioning Unit

Our ice storage central air-conditioning unit had been found to be low-efficiency because of the corroded ice tank, and cause energy waste.



480,000 kWh

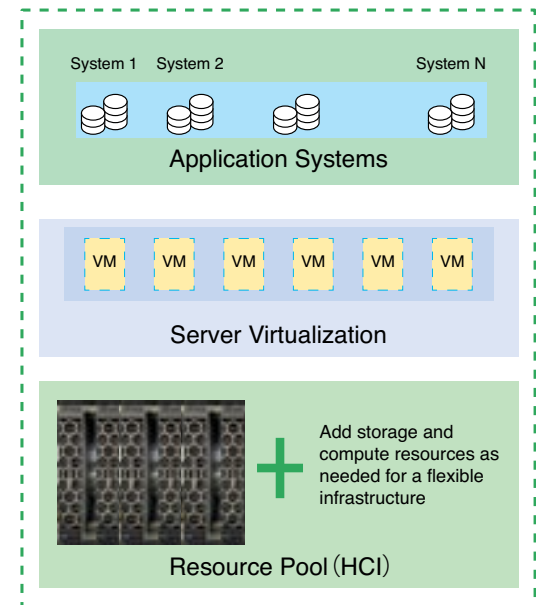
reduction of electricity consumption every
year after correcting the problem.

Green IT

Another important one of our environmental initiatives is creation of Green IT. Our goal is to optimize our IT equipment's energy usage.

To reduce energy consumption of IT equipment, we have been promoting the application of Hyperconverged Infrastructure (HCI) and Virtual Desktop Infrastructure (VDI).

In 2023, we continued to apply Hyperconverged Infrastructure (HCI) to consolidate virtualized computing and storage into the same system platform, thereby reducing hardware infrastructure and thus energy consumption. In 2023, we used HCI to integrate 6 old servers, saving about 30,000 kWh of electricity per year.





Wastewater Management

Each of Leo's production sites is equipped with corresponding sewage treatment systems and effectively collects and treats the wastewater in the plants to ensure that 100% of the treated water meets the national/local discharge standards and reduces the impact on the environment.

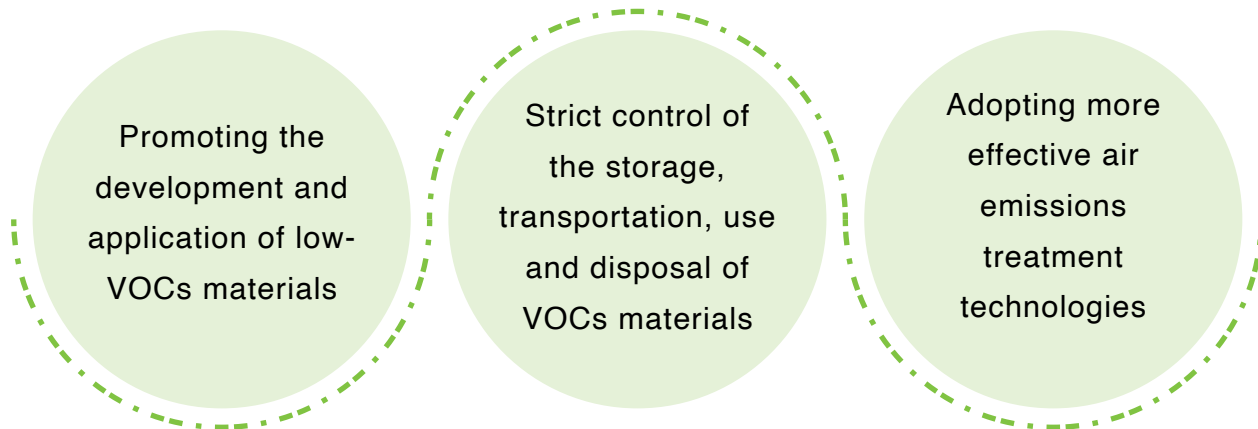
Among them, Leo's largest production site, Heshan Astros, has built three sewage treatment plants in the early stage of its construction, and has established a reclaimed water system to promote the use of reclaimed water for irrigation, flushing and other non-potable purposes. This assures the reduction in consumption of fresh water.

In 2023, the use of reclaimed water from wastewater treatment plants counted for 18.01% of the total water consumption at Heshan Astros.



Air Emissions Management

Leo is dedicated to reducing air emissions. Our air emissions control strategies include:



At our production site of Heshan Astros, we have installed and operated 25 sets of VOCs treatment facilities. In addition, we have installed an online monitoring system at each exhaust outlet to monitor the air emissions in real time.

In 2023, we comprehensively upgraded the VOCs treatment facilities to greatly enhance the air emissions treatment performance by:

1

Installing “Primary Activated Carbon Adsorption + Secondary Activated Carbon Adsorption” VOCs Treatment System



2

Using of “Honeycomb Activated Carbon”

Waste Management

Leo has a dedicated team to manage and monitor the entire process of waste classification, storage, transportation, and disposal.

In addition, we have been continuously practicing waste reduction programs which are in accordance with the “5R Waste Principle”, including:

(1) Improve the Efficiency of Resource Utilization

- Implementation of Waste Classification and Recycling Systems;
- Establishment of Waste Paper Recycling Stations;
- Garbage Sorting Bins;
-



(2) Introduce New Technologies and Equipments

- Sludge Drying Systems;
- Extruded Ink Bags;
- Automatic Ink Supply Systems;
- Waste Developer Drying Systems;
-





Leo Shaoguan Agriculture and Forestry Project

We have been active in the Leo Shaoguan Agriculture and Forestry project in the desert area of northern Guangdong since 2008. We carried out rocky desertification control by growing trees in the desert area.

So far, more than 178,900 trees have been planted, and 55% of the desert have been turned into forest.



More than
178,900 trees
have been planted.



55%
Turning Desert into Forest



Environmental Communication

Environmental Workshops for Leo’s Suppliers

To establish a green supply chain and to motivate our suppliers to take the initiative to give priority to environmental projects, Leo held two green supply chain seminars in 2023.

<div>①</div> <div>“Green Business Opportunities, Win-win Future” Seminar</div> <div><ul style="list-style-type: none">• Sharing Leo’s sustainable development initiatives, latest environmental trends and win-win environmental strategies.• 120 suppliers and a total of 181 guests attended the event.</div>	<div>②</div> <div>“Green Traceability, Low-carbon Future” Seminar</div> <div><ul style="list-style-type: none">• Sharing the EUDR (EU Deforestation Regulation) and carbon emissions management.• About 60 suppliers attended the event.</div>
--	---

Lectures on Green Certificates, Green Electricity and Carbon Trading

Carbon trading is an important mechanism to respond to global climate change and reduce carbon emissions. In order to enhance the understanding of the carbon trading mechanism, we organized a seminar on “Green Certificates, Green Electricity and Carbon Trading” in 2023.

The lecture mainly focused on climate change actions, green equity, carbon credits, green certificates and green power trading, carbon market and green power market.



Environmental Promotion

“Leo in Action” Series of Environmental Activities

In order to encourage all Leonians to participate in the “carbon reduction” initiatives, Leo did



a series of environmental promotion activities in 2023 which includes but not limited to environmental protection and carbon reduction promotion and Shaoguan agriculture and forestry field. On March 11, 2023, nearly 100 Leonians participated in the Shaoguan agriculture and forestry planting activity and planted about 100 trees.



Tree Planting Activities in Hong Kong

On June 30, 2023, for the third consecutive year, Leo collaborated with business partners and participated in tree planting campaign in order to restore the native forests in the Luchao Mountain area of Ma On Shan, Hong Kong. A total of 20 volunteers were present in the event.



During the day, we also checked the growth of last year's plantation and found that the saplings have grown into strong trees, adding new strength to the local ecology and proving that our efforts pay off. So far, we have planted about 150 trees and we will continue our efforts to contribute to the vibrant local nature conservation process.

Green Office Waste Reduction and Recycling Activities

In 2023, Leo held a three-month Zero Waste Recycling Campaign. In three months, we recovered a total of 180 kilograms waste. Among the various types of recovered items, waste paper and plastic were the most popular, reaching 48.7 kg and 40.6 kg respectively.

Through this activity, the recycling facilities in the offices were improved, and it is expected that more staff would participate in supporting waste reduction and recycling in their daily lives and develop green living habits.



180 kilograms waste
had recovered.

Environmental Indicators

(Heshan Astros Printing Plant)

Water Consumption and Recycling

Water Consumption	2021	2022	2023
Fresh Water (Tons)	2,002,500	1,975,867	2,056,240
Reclaimed Water (Tons)	765,714	629,601	451,562
Total Water (Tons)	2,768,214	2,605,468	2,507,802
Reclaimed Water (%)	27.66	24.16	18.01

Waste Generation and Reduction

Indicator	Units	2021	2022	2023
Total Waste Generation	Tons	49,042	44,586	38,726
	Improvement Since 2007 (%)	10.65	18.76	29.44
Hazardous Waste Generation	Tons	1,006	820	837
	Improvement Since 2007 (%)	56.37	64.44	63.72

Recycled Paper and Paper from Certified Well-managed Forests

Indicator	2021	2022	2023
Percentage of Recycled Paper and Paper from Certified Well-managed Forests (%)	94.00	97.53	97.32



Energy Consumption

Indicator	2021	2022	2023
Total Fuel Consumption within the Organization (GJ):	14,234	10,297	10,644
Total Electricity Consumption within the Organization (GJ):	389,267	353,058	329,002

Greenhouse Gas (GHG) Emissions

Indicator	2021	2022	2023
Direct Carbon Dioxide Equivalent (CO₂e) Emissions (Fuel, LPG, Waste Water Treatment Plant, etc.) (Tons):	3,933	3,583	3,740
Indirect Carbon Dioxide Equivalent (CO₂e) Emissions (Purchased Electricity Consumed) (Tons):	57,059	55,899	52,090
Indirect Carbon Dioxide Equivalent (CO₂e) Emissions (Air Travel) (Tons):	60	13	22
Total(Tons):	61,052	59,495	55,852
GHG Emissions Improvement Since 2007 (%)	47	48	51



Dedicated to Happy and Harmonious Leo Community

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



Leo has always been a “People-oriented” corporation. We have always concentrated on enhancing the health and safety of our members, cared for all Leonians wellbeing and their growth and development so we can work together to build a happy and harmonious Leo community.

In 2023, Leo continued to improve the quality of the working and living environment for Leonians through a series of initiatives, such as special care for employees, supporting education and training, helping vulnerable groups and optimizing the occupational health and safety management systems.

Occupational Health and Safety

Leo has always followed strict occupational health and safety management standards. In 2023, we continued in the path through enhancing the occupational health management mechanism and improving employees’ awareness of production safety.

“Safety Production Month” Series of Activities

In 2023, Leo established and implemented a safety production responsibility system for all employees and organized a series of measures such as “On-site Safety Knowledge Prize Quiz”, “Looking for Potential Safety Hazards” and “Safety Competition” to increase employees’ awareness of safety production and reduce the occurrence of incidents.

01

Implement the
Safety Production
Responsibility
System



02

“Everyone is Looking
for Potential Safety
Hazards” Activity



Occupational Safety and Health Training Program

To enhance employees’ safety knowledge and awareness, occupational health and safety training is organized every year.

In 2023, we held 67 occupational health and safety training courses and 5,923 staff members participated in the training programs. Topics covered in the training program include:





67

Occupational Health and Safety Training Courses



5,923

Staff Members Participated in the Training Programs

Work-related Accidents

Leo has always had an annual goal of zero work-related accidents. In 2023, a total of 4 work-related minor incidents were reported, halving the number of incidents compared to the previous year.

Indicator	2021	2022	2023
Annual Injury Case	9	8	4
Incident Case per 1000 Employees	0.94	0.91	0.52



Training and Development

At Leo, we encourage our employees to participate in various trainings to strengthen their professional knowledge and ability and enhance personal capabilities and personal growth.

New Onboarding Training

In order to facilitate new employees to have a deeper understanding of the company's operations, systems, culture, and master the knowledge of lean manufacturing, production safety and management systems, Leo provides a comprehensive induction training.



New Onboarding Training Programs

- | | |
|---|--|
| 1. System Awareness Training | 5. On-site Learning of Front-line Production |
| 2. Information Security | 6. Workplace Etiquette |
| 3. Introduction to Lean Practices | 7. Work Reporting |
| 4. Introduction to Product Production Process | 8. Interpersonal Relationships |

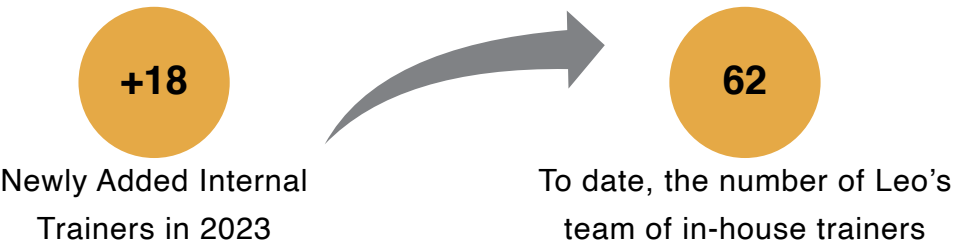
Internal Trainer

In-house knowledge/know-how is very important resource and asset. In 2016, we set up a team of internal trainers to encourage experienced colleagues in various departments to teach and share their knowledge and skills.

In-house Trainer Team

Since its establishment, the company's internal trainer team has played an important role in sharing the company's internal knowledge. In 2023, we recruited new trainers to join and expand the team of internal trainers.

After series of assessment which was done during a three-month period, 18 newcomers successfully passed. To date, Leo’s team of in-house trainers has grown to 62.



Honorary Internal Trainer

In order to further promote a culture of succession and share management experience and professional knowledge, Leo has set up a “Senior Management Lecture Hall” and invited Leo’s executives to serve as “Honorary Internal Trainers”.

So far, we have organized two “Executive Lectures” to share the topics of “**Cultivating Entrepreneurial Thinking**” and “**Customer-centric**”, in which the senior management shared their experiences with the audience, hoping to inspire innovation and promote corporate culture.



LEAN Manufacturing Training

In order to grow together with suppliers and other business partners, in 2023, our Lean & TPM Dojo team organized public training activities with the theme of “Lean Production - Promoting Enterprise Cost Reduction and Efficiency Increase” and “Public Lean Production Training Camp for the Community” , which aim to further promote lean production over the supply chain.



Public Lean Production Training Camp for the Community

- Organized 2 “Lean Production Training Camps – Beginner Class” training activities.
- Training course topics : the principles and processes of lean production, tools and techniques as well as practical applications for businesses.
- Open to the public with participants from all over the country.
- More than 40 trainers participated in the training.



Lean Production Training over the Supply Chain

- Organized 2 “Lean Production - Promoting Enterprise Cost Reduction and Efficiency Increase” training activities.
- Training course topics : the study of lean production mode, master the profit model and lean production 4S tool and identification of on-site waste.
- Open to the public with participants from our suppliers.
- More than 70 trainers participated in the training.



Craftsman’s Workshop

In order to bring together the company’s technical elites in various fields and discuss technical problem solving and to build a skill-sharing platform, Leo established the “Leo Craftsman Workshop” in 2022. This workshop has 10 expert members.

In 2023, senior technical masters of Leo Craftsman Workshop conduct two “Craftsman Hall” knowledge sharing sessions for all Leonians, and set up interactive exchange sessions on site to answer the questions raised by the audience.

Ph.D. Workstation

From 6th to 8th December, the 2023 Postdoctoral Empowerment of Manufacturing High-quality Development Academic Activity was held in Jiangmen City, Guangdong. During this event, Heshan Astros was awarded with the title of “Guangdong Doctoral Workstation”.

This was to promote the innovation and development of local industries through talent recruitment which facilitates postdoctoral young talents to solve scientific and technological problems for local enterprises and institutions.



Employee Caring

At Leo, we focus on maintaining a safe working environment as our Leonians are the back bone of our company and we are committed to continuing to provide utmost care for all.

Volunteer Activities

Heshan Astros has established its own team of volunteers. So far, the team has had a total of 142 volunteers. In 2023, our volunteer team completed a total of 1,311 hours of service, and actively participated in various activities.



142
Volunteers



1,311 Hours
Volunteer Service

Volunteer Activities

- Lantern Festival,
- Shaoguan Agriculture and Forestry Tree, Planting Activities,
- Caring Day Culture in the Community,
- Mid-Autumn Festival Celebration,
- Red Cross Training,
-



Soul Health Centre

In order to help employees maintain their psychological health, Leo has set up a “Psychological Station” and recruited a team of professional volunteers to provide psychological counseling and mental health screening services, to enhance the occupational mental health of Leonians. So far, we have a total of 58 volunteers at our Soul Health Centre.



Invited External Professionals to Provide Psychological Exercises



Factory-wide Psychological Services Training

Employee Greetings

In order to gain an in-depth understanding of the life dynamics of employees and help employees overcome the daily life obstacles, in 2023 the company's senior management and heads of various departments formed a caring group to regularly send intimate greetings to employees, including visiting to employees on Mid-Autumn Festival and dormitory visits.



Family-friendly Spaces Program

In 2023, Leo worked with the Ethical Supply Chain Program (referred to as ESCP) to launch the “Family-friendly Spaces Program”. With the guidance and help of ESCP and the strong support of Leo's senior management, total of 50 children of employees from different departments in the factory were selected to participate in this event.

From July 19th to August 18th, participating children learned and socialized together. The “ Family-friendly Spaces Program” fully embodied the company's “People-oriented” vision.



Caring Workshop

Leo is an Equal Opportunity employer. Disabilities of our employees have not deter Leo from offering employment to our colleagues with special needs. With that, we have created a welcoming, user friendly and caring environment.

We also continue to innovate and improve the facilities and accommodate the needs of our team members whom may have disabilities or special needs.



Leisure Activities

At Leo, we organize a variety of activities to enrich the daily life of Leonians. We celebrate all traditional festivals, sports activities, and all important holidays. We promote traditional culture and enhance the cohesion of Leonians.



Lantern Festival Activities

In 2023, we held the theme activity of “Tasting Lantern Festival, Guessing Lantern Riddles” and Handmade Lantern Festival making.

Badminton Team Championships

In 2023, we organized the Leo Badminton Team Championships. More than 80 Leonians participated in these competitions.



Committed to Community Development

During 2023, Leo continued to participate in community development and supporting educational and other related activities to promote harmonious community relations.

Volunteer Work in the Community

In 2023, Leo continued to serve and help those in need in the community and participated in activities such as meals preparation by Food Angel, “Community Soup” by Food Grace, visiting to elderly’s home and UNICEF Charity Run.



Food Angel



“Community Soup”
by Food Grace



UNICEF Charity Run

Educational Supports

Leo has long recognized the importance of developing technical talents.



2008

Established Greenfield
Kindergarten



2010

Established Jiangmen
Astros Vocational and
Technical School



2021

Established Jiangmen
Branch of Jinan Extension
School

In 2023, we continued our dedication to support educational development through collaboration with different academic institutions.



Postgraduate Research Base

In 2023, Beijing Institute of Graphic Communication and Xi'an University of Technology kicked off the program of the “Postgraduate Joint Training Base” with our production plant of Heshan Astros.

Heshan Astros maintains close cooperation with colleges and universities to achieve resource sharing, and thus development of outstanding talents and technological excellence.



Beijing Institute of Graphic Communication and Heshan Astros kicked off the program of the “Postgraduate Joint Training Base”.



Xi'an University of Technology and Heshan Astros kicked off the program of the “Postgraduate Joint Training Base”.

Social and Economic Indicators

(Heshan Astros Printing Plant)

Employment

Indicator	Average Number of Employee		
	2021	2022	2023
Male	5,268	4,765	4,136
Female	4,338	3,989	3,589
Total	9,606	8,754	7,725

Indicator	Age Group 2023		
	Below 30	30-50	50 and above
Number	1,657	5,218	851
Percentage	21%	68%	11%

Occupational Health and Safety

Indicator	2021	2022	2023
Annual Injury Case	9	8	4
Injury Case per 1000 Employees	0.94	0.91	0.52



Market Presence

Indicator	Proportion of Senior Management Hired from the Local Community		
	2021	2022	2023
Local	51%	52%	53%

* 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		
	2021	2022	2023
Male	62%	61%	61%
Female	38%	39%	39%

Training and Education

Employee Category	Average Training Hours per Employee#		
	2021	2022	2023
Frontline Staff / Workers	7	6	4
Management (Grade 1-4)	12	9	18
Management (Grade 5-6)	13	14	19
Management (Grade 7-8)	11	19	22
Senior Management / Top Management	5	10	8

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



Committed to Business Excellence

- LEAN Enhancement Programs
- Innovation and R&D
- Digital Intelligence
- Sustainable Development Targets 2023



Committed to being a sustainability leader in the industry, Leo has actively and on continues basis promoted improvements to achieve the far reaching goals. Improvement initiatives include LEAN enhancement programs, innovation and R&D activities, and transformation of digital intelligence and automation.

LEAN Enhancement Programs

During 2023, we continued to implement various Kaizen activities for improvements. The improvement proposal program has been a great success and total of 7,206 proposals were collected.

Improvement proposals mainly focus on 3 areas: quality, efficiency and cost. It includes departmental and cross-departmental improvement suggestions. During the program, improvement case sharing was conducted. Improvement tools such as RPA, Power Automate were introduced to drive the participants to conduct systematic and comprehensive analysis and propose effective and feasible solutions.

Innovation and R&D

Innovation and R&D are the core driving force for the sustainable development and the key factors to promote the progress. At Leo, we set up an R&D team and an innovation management system to promote the innovation and R&D of materials and automation equipment.

R&D of Material and Process Innovation

Leo Innovative Technology Centre is responsible for the research and development of materials, technology, and process innovation.

In 2023, Leo's R&D team successfully developed and applied 22 new materials and 12 new technologies. Through the development and application of new technologies and materials, we can meet the changing needs of customers and also realize the green and low-carbon production, improve production efficiency and promote the sustainable development of the industry.



R&D of Automatic Equipment

Over the years, Leo has realized the transformation from labor-intensive manufacturing to automated manufacturing and has greatly improved production efficiency.

In 2023, we developed and applied total of 57 tailor-made automatic machinery and 73 low-cost automatic equipment such as lean trolleys, feeding devices and book dispensers which have improved production efficiency and quality.

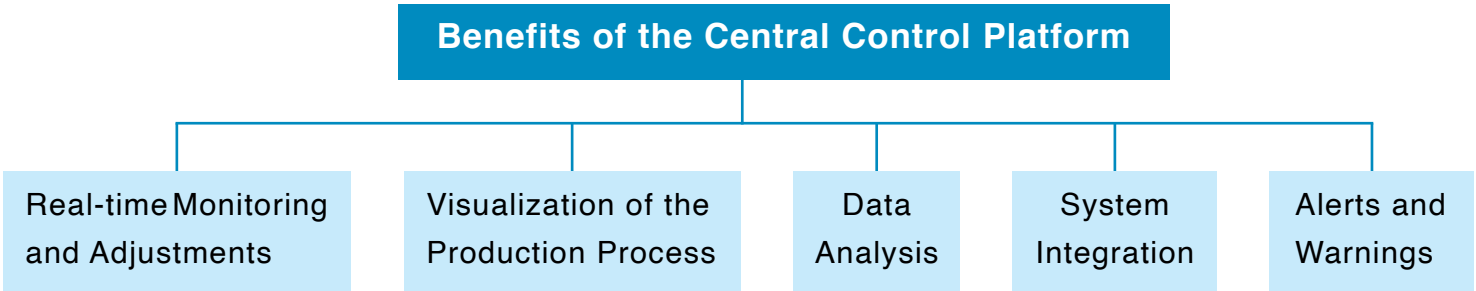
Digital Intelligence

In 2023, Leo continued to optimize internal management efficiency and promoted the intelligent and digital development by building a central control platform which introduced AGV and improved data quality.

Central Control Platform

We established a central control center at the production site of Heshan Astros. It is a data platform for centralized monitoring and control of the entire production process. The central control center realizes data visualization through information integration.

The central control center can automatically alert any abnormalities to relevant front-line operators in real time and according to the three-level mechanism. Operators can view and feedback through the mobile devices and quickly and effectively solve the problem.





Automatically Guided Vehicles

In 2023, Leo introduced the Automatic Guided Vehicles (AGV). Under the command of the control system, the unmanned guided vehicles can automatically complete the whole process of picking, placing and horizontal movement of goods, thereby reducing labor intensity and improving transportation efficiency.



Sustainable Development Targets 2023

In August of 2023, we participated in and successfully passed the Sustainability Performance Linked Loan (SLL) Program, securing HKD 400 million sustainable development funds from eight leading banks to support the Group's development of green and environmentally-friendly projects. We are proud to be the first private enterprise to receive the Green and Sustainable Finance of Pre-Issuance Stage Certificate issued by the Hong Kong Quality Assurance Agency ("HKQAA"), setting a precedent in the industry. In the same month, we held a grand signing ceremony which the senior executives of the Group and representatives from the banks attended.



We have been upholding the United Nations Sustainable Development Goals (UNSDGs) as the framework for our daily business practices and have been integrating and activating action plans for all internal sustainable development initiatives. In line with this, we have developed the SLL proposal based on these Goals, formulating 3 ambitious and market-leading sustainable development objectives, namely carbon reduction, renewable energy utilization, and zero data breaching incident in information security aspects.

Looking ahead, we will continue to implement more green and environmentally friendly initiatives with greater determination and efforts striving to promote the establishment of a low-carbon supply chain to achieve the long-term objective of carbon neutrality, driving the development of the Group's business.

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

Indicator	2019 (base year)	2020	2021	2022	2023
Generation (MT)	66,932	65,133	60,992	55,248	42,397*
Generation (MT/Mil HKD Sales of Leo)#	16.65	18.66	15.13	14.47	13.53
Improvement (%) Compared to Base Year 2019 (MT/Mil HKD Sales of Leo)	--	+12.03%	-9.13%	-13.11%	-18.74%

*The above table is based on emission factor: Southern China Power Grid 0.5271 kgCO₂e/kWh.

*The carbon emission improvement included iREC bought in 2023 with 18,000,000kWh.

Target reduction in 2023 was 10% compared to base year of 2019. The actual improvement was 18.74 %. The target was achieved.

Indicator	2019 (base year)	2020	2021	2022	2023
Generation (MT)	72,039	69,895	65,668	59,482	45,565*
Generation (MT/Mil HKD Sales of Leo)#	17.92	20.02	16.29	15.58	14.53
Improvement (%) Compared to Base Year 2019 (MT/Mil HKD Sales of Leo)	--	+11.7%	-9.10%	-13.08%	-18.91%

*The above table is based on emission factor in 2023: National Power Grid 0.5703 kgCO₂e/kWh. (GHG emission data was recalculated for 2019-2022 with the emission factor)

*The carbon emission improvement included iREC bought in 2023 with 18,000,000kWh.

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



Target reduction in 2023 was 10% compared to base year of 2019. The actual improvement was 18.91 %. The target was achieved.

Use of Renewable Energy

Renewable energy generated from solar panels installed in factory areas is to substitute electricity purchased from power grid under the boundary of Heshan Astros Printing Ltd. By 2023, the factory had installed solar panels and generated over 860,000kWh. The utilization rate was 98%. Although the generation of renewable energy did not reach our target (due to weather and construction delay), the capacity will be promoted in 2024.



Information Security

There was no information security data breach during 2023 and there has been no client complaint and audit findings.

Major actions to strengthen our information security:

1. Upgraded the firewall and anti-virus softwares for critical servers to promote further system protection.
2. Secure mobile devices information protection.
3. Information security training was provided to 890 staff members during the 2,500 training hours.
4. Strengthened servers and operational technology (OT) based production machine protection to prevent from hacking.
5. Joined professional IT institutions or server provider to share latest information security measures.

External Recognitions 2023

Selected Environmental Awards / Recognitions 2023



Green Brand Exemplary Award

- Awarded by the Guangdong Cleaner Production Association and Green Brand Development Committee



Zero Waste Enterprise Award

- Awarded by the Jiangmen Zero Waste City Development General Office



Green and Sustainable Finance Awards

- Awarded by the Hong Kong Quality Assurance Agency

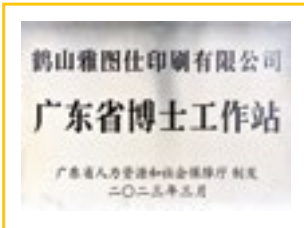


Selected Social Awards / Recognitions 2023



Platinum Award - Outstanding ESG Awards (Non - Listed Company)

- Awarded by the Institute of ESG & Benchmark (IESGB)



Guangdong Doctoral Workstation

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

Other Selected Awards / Recognitions 2023



National Printing Enterprise Exemplary Award (Intelligent Manufacturing)

- Awarded by National Press and Publication Administration



China Print Awards

- Awarded by the China Print Awards Committee



The 34th Hong Kong Print Awards

- Awarded by the Graphic Arts Association of Hong Kong



Market Leadership in Printing

- Awarded by Hong Kong Institute of Marketing



GRI Content Index

Statement of use	Leo Paper Group has reported in accordance with the GRI Standards for the period from 1 st January 2023 to 31 st December 2023.
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
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 this Report	✓
	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 this Report • 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.	✓

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
Governance			
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Annual Report 	√
	2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> • Annual Report • Management Structure • Stakeholder Engagement and Material Issues Analysis 	√
	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 • Stakeholder Engagement and Material Issues Analysis 	√
	2-15 Conflicts of interest	<ul style="list-style-type: none"> • Business Ethics 	√
	2-16 Communication of critical concerns	<ul style="list-style-type: none"> • Stakeholder Engagement and Material Issues Analysis • 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 	√



GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 2: General Disclosures 2021	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	• Sustainability Management	√
	2-23 Policy commitments	• Internal Audit Mechanisms • Business Ethics	√
	2-24 Embedding policy commitments	• Business Ethics	√
	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	• 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	√

GRI Standards Disclosures

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

Stakeholder engagement

GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	• Stakeholder Engagement and Material Issues Analysis	✓
	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 Material Issues Analysis	✓
	3-2 List of material topics	• Stakeholder Engagement and Material Issues Analysis	✓

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	• 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	• Integrity and Anti-corruption • All employees have been presented with Leo's anticorruption policies and procedures. • All employees have received training on anti-corruption.	✓
	205-3 Confirmed incidents of corruption and actions taken	None	✓



GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
Topic:Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Green Procurement • Green R & D 	✓
GRI 301: Materials 2016	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. • 128,119 tons of paper consumption in 2023. 	✓
	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"> • Energy Management • Climate-related Disclosures 	✓
GRI 302: Energy 2016	302-1 Energy consumption within the organization	<ul style="list-style-type: none"> • Energy Management • Climate-related Disclosures • 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"> • 22 tons of CO2 emissions from commercial flights in 2023. 	✓

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 302: Energy 2016	302-3 Energy intensity	<ul style="list-style-type: none"> Environmental Indicators 0.56 tons of CO2 emissions of fuel consumption and electricity consumption within the organization per production unit in 2023. 	√
	302-4 Reduction of energy consumption	<ul style="list-style-type: none"> Energy Management Climate-related Disclosures 	√
	302-5 Reductions in energy requirements of products and services	<ul style="list-style-type: none"> 36.68% reduction of energy consumption per production unit in 2023 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	<p>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).</p>	√

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 303: Water and Effluents 2018	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 • 545,420 tons of water discharged in 2023. 	✓
	303-5 Water consumption	<ul style="list-style-type: none"> • Environmental Indicators 	✓

Topic:Emissions

GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Air Emissions Management • Energy Management • Climate-related Disclosures 	✓
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. 	✓

GRI Standards Disclosures

GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 305: Emissions 2016	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	• 0.59 tons of CO2 emissions of the direct and energy indirect greenhouse gas emissions within the organization per production unit in 2023.	✓
	305-5 Reduction of GHG emissions	<ul style="list-style-type: none"> • Energy Management • Climate-related Disclosures 	✓
	305-6 Emissions of ozone-depleting substances (ODS)	None	✓
	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	<ul style="list-style-type: none"> • Waste Management • The main raw materials of Leo's products are paper, ink, etc. 	✓
	306-2 Management of significant waste-related impacts	<ul style="list-style-type: none"> • Waste Management • All the waste generated is disposed by designated qualified waste disposal contractors. 	✓



GRI Standards Disclosures			
GRI Standards	Disclosures	Cross-reference/Comments	External Assurance
GRI 306: Waste 2020	306-3 Waste generated	<ul style="list-style-type: none"> • Environmental Indicators • 37,889 tons of non-hazardous waste in 2023. 	√
	306-4 Waste diverted from disposal	<ul style="list-style-type: none"> • Environmental Indicators • All the waste generated is disposed by designated qualified waste disposal contractors. • 37,889 tons of non-hazardous waste in 2023. 	√
	306-5 Waste directed to disposal	<ul style="list-style-type: none"> • Environmental Indicators • All the waste generated is disposed by designated qualified waste disposal contractors. • 37,889 tons of non-hazardous waste in 2023. 	√

Topic:Occupational health and safety

GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Occupational Health and Safety • Risk Management 	√
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	<ul style="list-style-type: none"> • Sustainability Management • 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, ambiance environments and others. Based on the assessment results, hazards are identified, with risk assessed. Immediate 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 2023, 4 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 4 work-related injuries in 2023, 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. • 0.176 of injury rate per 1,000,000 hours worked in 2023. 	√
	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: 6; average training hours of female employees: 8. 	√
	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"> • Employee Caring • Leisure Activities • Committed to Community Development 	√
-----------------------------	-----------------------------------	---	---

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"> • Employee Caring • 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"> • Employee Caring • 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
---------------	-------------	--------------------------	--------------------

Topic:Marketing and labeling

GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Green Procurement and R&D • 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 and R&D • 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		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	<ul style="list-style-type: none"> • Climate-related Disclosures • Wastewater Management • Air Emissions Management • Waste Management • No violation of laws and regulations. 	√
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 • 37,889 tons of non-hazardous waste in 2023. 	√
A1.5 Emission target(s) set and steps taken to achieve them	<ul style="list-style-type: none"> • Reduction 25% in greenhouse gas emissions per unit output 2025 compared with 2020. • Reduction 25% in hazardous waste per unit output 2025 compared with 2020. • Climate-related Disclosures • Waste Management 	√

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	<ul style="list-style-type: none"> • Climate-related Disclosures • Waste Management 	√

A. Environmental

Aspect A2: Use of Resources

General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials	<ul style="list-style-type: none"> • Climate-related Disclosures • Green Procurement and R&D • Energy Management • Wastewater Management • Waste Management 	√
A2.1 Direct and / or indirect energy consumption by type in total and intensity	<ul style="list-style-type: none"> • Environmental Indicators • 3.58 GJ of fuel and electricity consumption within the organization per production unit in 2023. 	√
A2.2 Water consumption in total and intensity	<ul style="list-style-type: none"> • Environmental Indicators • 22 tons of fresh water consumption within the organization per production unit in 2023. 	√
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. • Climate-related Disclosures • Wastewater Management 	√
A2.4 Whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	<ul style="list-style-type: none"> • Reduction 20% in freshwater consumption perunit output 2025 compared with 2020. • Climate-related Disclosures • 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 35,721 tons in 2023.	√

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
------	--------------------------	--------------------

A. Environmental

Aspect A3: The Environment and Natural Resources

General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources	<ul style="list-style-type: none"> • Climate-related Disclosures • Wastewater Management • Air Emissions Management • Waste Management 	√
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"> • Climate-related Disclosures • Wastewater Management • Air Emissions Management • Waste Management • Environmental Indicators 	√

A. Environmental

Aspect A4: Climate Change

General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	<ul style="list-style-type: none"> • Climate-related Disclosures 	√
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"> • Climate-related Disclosures • Environmental Indicators 	√

B. Social Employment and Labour Practices

Aspect B1: Employment

General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	<ul style="list-style-type: none"> • Code of Conduct • No violation of laws and regulations. 	√
--	--	---



Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
B1.1 Total workforce by gender, employment type, age group and geographical region	• 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 1.26%, and that of male employees was 1.5% in 2023. • The average turnover rate of employees under the age of 30 was 4.27%, the average turnover rate of employees aged 30-50 was 0.80%, and the average turnover rate of employees over the age of 50 was 1.41% in 2023. • The average turnover rate of local employees was 0.90% in 2023. 	✓

B. Social Employment and Labour Practices

Aspect B2: Health and Safety

General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	<ul style="list-style-type: none"> • Occupational Health and Safety • No violation of laws and regulations. 	✓
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	253 man-days lost due to industrial injury.	✓
B2.3 Occupational health and safety measures adopted, how they are implemented and monitored	Occupational Health and Safety	✓

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
------	--------------------------	--------------------

B. Social Employment and Labour Practices

Aspect B3: Development and Training

General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	• Training and Development	√
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: 6; average training hours of female employees: 8. 	√

B. Social Employment and Labour Practices

Aspect B4: Labour standards

General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	<ul style="list-style-type: none"> • Code of Conduct • No violation of laws and regulations. 	√
B4.1 Measures to review employment practices to avoid child and forced labour	• 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	• When hiring employees, Leo strictly follows the regulations and procedures of prohibition of child or forced labour.	√

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
------	--------------------------	--------------------

B. Social Employment and Labour Practices

Aspect B5: Supply Chain Management

General Disclosure Policies on managing environmental and social risks of the supply chain	• Supplier Management	✓
B5.1 Number of suppliers by geographical region	42 major raw material suppliers were from Guangdong Province, China, and the remaining 9 major raw material suppliers were from other regions in 2023.	✓
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

General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	<ul style="list-style-type: none"> • LEAN Enhancement Programs • Protection of Intellectual Property • Green Procurement and R&D • No violation of laws and regulations. 	✓
---	--	---

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
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. • LEAN Enhancement Programs 	√
B6.3 Practices relating to observing and protecting intellectual property rights	<ul style="list-style-type: none"> • Protection of Intellectual Property 	√
B6.4 Quality assurance process and recall procedures	<ul style="list-style-type: none"> • LEAN Enhancement Programs 	√
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

<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p>	<ul style="list-style-type: none"> • Integrity and Anti-corruption • No violation of laws and regulations. 	√
---	--	---

Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Cross-reference/Comments	External Assurance
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	• Integrity and Anti-corruption	✓
B7.2 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

General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	• Employee Caring • Committed to Community Development	✓
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	• Employee Caring • Committed to Community Development	✓
B8.2 Resources contributed (e.g. money or time) to the focus area	• Employee Caring • Committed to Community Development	✓

TCFD Index

TCFD Recommendations	Cross-reference/Comments	External Assurance
Governance Disclose the organization’s governance around climate-related risks and opportunities.		
a) Describe the board’s oversight of climate-related risks and opportunities.	• Governance	√
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	• Governance	√
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	• Climate Change Risks and Opportunities	√
b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	• Climate Change Risks and Opportunities	√
c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• Climate Change Risks and Opportunities • Scenario Analysis	√
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.		
a) Describe the organization’s processes for identifying and assessing climate-related risks.	• Climate Change Risks and Opportunities	√



TCFD Recommendations	Cross-reference/Comments	External Assurance
b) Describe the organization's processes for managing climate-related risks.	<ul style="list-style-type: none"> • Climate Change Risks and Opportunities • Risk Management • We regularly review potential risks and the Group's business and sustainability risk management. 	√
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<ul style="list-style-type: none"> • Climate Change Risks and Opportunities • Risk Management • Climate-related risks are taken into account throughout the company-wide risk identification, assessment and management process. 	√

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> • Climate Change Risks and Opportunities • Risk Management • Metrics and Targets • 36.68% reduction of energy consumption per production unit in 2023 compared with that of the base year. 	√
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	<ul style="list-style-type: none"> • Metrics and Targets 	√
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> • Metrics and Targets • 36.68% reduction of energy consumption per production unit in 2023 compared with that of the base year. 	√

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 2023 Sustainability Report (the Report). The Report stated the sustainability performance of Leo Paper in the period of 1st January 2023 to 31st December 2023.

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 the Global Reporting Initiative's ("GRI") Standards 2021 and the Appendix C2 "Environmental, Social and Governance Reporting Guide" ("ESG Reporting Guide") of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited ("HKEx").

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion and the extent of this verification process undertaken was provided for the GRI Standards and the ESG Reporting 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 2021 and the ESG Reporting 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



K T Ting
Chief Operating Officer
26 March 2024

VERIFICATION STATEMENT

Scope and Objective of Verification

Hong Kong Quality Assurance Agency (HKQAA) has been engaged by the Leo Paper Group (Leo Paper) to undertake an independent verification of its 'Leo Paper's 2023 Climate-related Disclosure report' ("Report") to be published by Leo Paper in March 2024.

The aim of this verification is to provide reasonable assurance of the reliability of the contents of the Report. The Report has been prepared with reference to 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021)' and 'Guidance on Metrics, Targets, and Transition Plans (October 2021)'.

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board. Our evidence-gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion and the extent of this verification process undertaken was provided for the Core Elements of Task Force on Climate-Related Financial Disclosures.

HKQAA's verification procedure covered verifying the framework for disclosures, mechanisms for collecting and analyzing relevant information, and internal controls of reporting and reviewing of supporting evidence pertaining to the Report. In addition, interviewing responsible personnel with accountability for preparing the disclosed contents and verifying the selected representative sample of data and information were covered. Raw data and supporting evidence of the selected samples were also examined during the verification process.

Independence

Leo Paper was responsible for the collection and presentation of the information presented. HKQAA did not involve establishing the disclosure framework, analysis of scenarios and risks, formulation of action plans and measurements as well as compiling or in developing the Report. Our verification activities were 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 with reference to the recommendations of TCFD;
- The Report illustrates the Governance, Strategy, Risk management and Metrics and Targets of Leo Paper to address climate risks in a structured, clear and consistent manner; and
- The data and information disclosed in the Report are reliable and complete.

Nothing has come to HKQAA's attention that the selected disclosed contents contained in the Report have 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



K T Ting
Chief Operating Officer
25 March 2024

EDITORIAL POSTSCRIPTS

This report focuses on our performance during the past year and provides figures and indicators for the recent 3 years. Looking forward, we will continue our efforts in diversified aspects of sustainable development. Specially, we will expand the use of renewable energy, implementation of climate-related initiatives and strengthen and enhance our productivity through LEAN and intelligent manufacturing practices and management.

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

Feedback or inquiries on this report:

Chairman Office

Tel: +852-2884-1374

Email: info@leo.com.hk

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

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

Date of Issue: April 2024 © Leo Paper Group 2024

Group Head Office:

LEO PAPER GROUP (HONG KONG) LTD.

Email: info@leo.com.hk

U.S.A. Head Office:

LEO PAPER USA, Seattle

Email: info@leousa.com

Europe Sales Office:

LEO PAPER PRODUCTS (EUROPE) B.V.

Antwerp, Belgium:

Email: leo@leo-europe.com

U.K. Sales Office:

LEO PAPER PRODUCTS (UK) LTD.

Email: info@leouk.com

U.S.A New York Office:

LEO PAPER USA, New York

Email: info@leousanewyork.com

Bologna, Italy:

Email: leo@leo-europe.com

2023 SUSTAINABILITY REPORT



ISO 14064-1: 2018

LEO PAPER GROUP (HONG KONG) LIMITED's Greenhouse Gas Emissions for the period 1 Jan 2023 to 31 Dec 2023 have 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.: 14306123-0716)



ISO 9001: ISO 14001
ISO 45001: ISO/IEC 27001



中国认可
国际互认
测试
CNAS L3791



C000168



GB / T19022
(ISO 10012)



HKQAA CSR INDEX



Paper | Supporting
responsible forestry
FSC® C020056

