LEO SUSTAINABILITY EXPRESS

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GPSR (General Product Safety Regulation)

EUDR

Leo's Green Corner

Leo and CKS Celebrate Maiden Voyage of LNG Green Energy Vessel

Outstanding Climate Disclosure Excellence Award 2025- HKQAA

ABOUT LEO SUSTAINABILITY EXPRESS

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

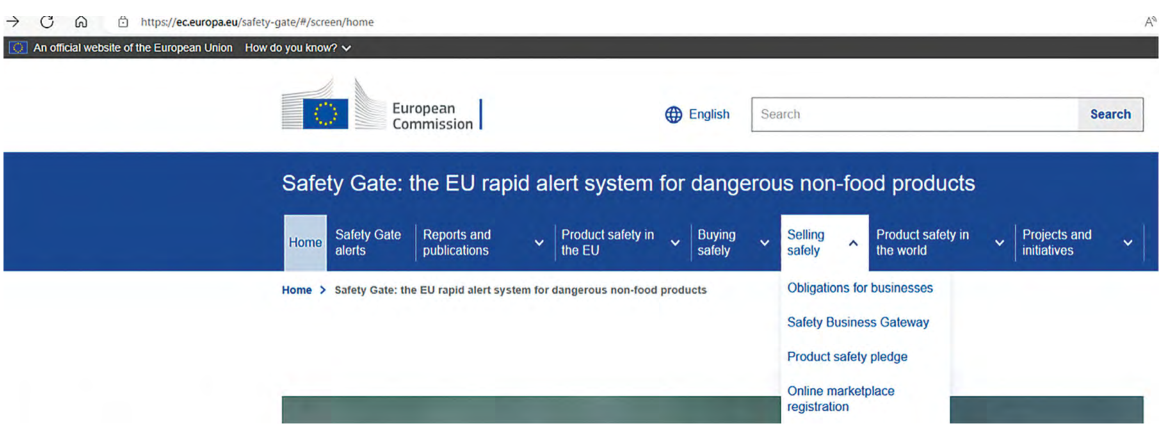
Go Green

General Product Safety Regulation (GPSR)

Market surveillance authority:

A Market Surveillance Authority is a designated body, mostly a national agency, responsible for ensuring that products comply with relevant laws and safety requirements before and after they are placed on the market. These authorities conduct checks, testing, and investigations to identify non-compliant or hazardous items and can enforce corrective actions, such as product recalls, and impose sanctions, ensuring market safety and fair competition.

The Safety Gate Rapid Alert System (formerly RAPEX), which enables the sharing of information on corrective measures taken concerning hazardous products between Member States and the European Commission and allows for almost immediate notification of products considered to pose a serious risk to consumer health and safety.



- The Safety Business Gateway, which enables economic operators and providers of online marketplaces to provide, in an easy way, market surveillance authorities and consumers with information on hazardous products and accidents;

- The Safety Gate Portal, which provides the public with free and open access to certain information, and enables consumers and other interested parties to inform the European Commission about products that may pose a risk to consumer health and safety;

- The Consumer Safety Network, an administrative cooperation network of Member States' market surveillance authorities, facilitating regular information exchange on risk assessment, hazardous products, data collection methods, and improving cooperation on the tracing, removal, and recall of dangerous products

Reporting Obligations and Recall and Corrective Measures

Economic operators must report any considerable risks identified and cooperate with authorities during investigations. Producers are required to take corrective actions, including recalls, if a product is found to be non-complient. They must inform authorities and consumers.

Penalties for Non-Compliance

Failing to comply with the GPSR, the economic may result in severe penalties, including:

- Product recalls. If the product is found to be non-compliant or unsafe, authorities can force the removal of the item from the market.

- Fines. Regulatory bodies can impose significant financial penalties for non-compliance.

- Sales bans. If the requirements are not met, the organization may be barred from offering products in the EU/NI.

Other notes on GPSR

The GPSR does not require the CE mark to be affixed to products. However, if any function of the product is covered by a directive or a regulation, for example, Directive 2009/48/EC, the Toy Safety Directive (TSD), then CE marking requirements will still be applicable.

If books are sold through platforms like Amazon or eBay, those platforms must display the product's compliance information, including details about the EU Responsible party and the manufacturer.

Actions in Leo to Fulfill GPSR Compliance

At Leo we have established a comprehensive standard procedure that embeds product safety throughout the entire production cycle — from material selection to final manufacturing. This procedure is anchored by a structured risk assessment methodology, supported by a centralized Material Safety Database.

Oversight is provided by Leo's dedicated Product Safety Committee, which collaborates closely with the Design and Engineering teams. These teams operate under a "Safety-First" principle, ensuring that every product meets the stringent requirements of the General Product Safety Regulation (GPSR).

Leo enforces rigorous material and production controls, verifying that all components align with the Safety Materials Database and Guidelines developed in accordance with GPSR standards. Core actions include:

• Conducting thorough product safety risk analyses and assessments

• Provide supporting documents to assist clients with technical documentation compliance

• Operating a traceable documentation control system to ensure regulatory alignment

During the order confirmation phase, materials are validated against the safety database and, when necessary, tested by Leo MTS or certified third-party laboratories. This integrated approach ensures that safety is not only prioritized—but built into every product Leo delivers.

Understanding the EU Deforestation Regulation (EUDR): A New Era of Sustainable Trade

The EU Deforestation Regulation (EUDR), represents a landmark shift in global trade and environmental governance. Adopted by the European Union in June 2023, the EUDR aims to curb deforestation and forest degradation linked to the production and trade of certain commodities. It is part of the EU's broader sustainability agenda, aligning with the European Green Deal and complementing other initiatives such as the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD). The regulation will become enforceable on December 30, 2025 for large companies, and on June 30, 2026 for small and micro-enterprises. Its core objective is to ensure that products entering or leaving the EU market are deforestation-free, legally produced, and traceable to their origin.

Why the EUDR Matters?

Deforestation is a major contributor to climate change, biodiversity loss, and human rights violations. According to WWF, the EU was responsible for 16% of global deforestation in 2017 due to international trade. The EUDR seeks to address this by regulating the trade of commodities most associated with deforestation, thereby promoting responsible sourcing and sustainable supply chains.

The regulation applies to both operators (entities placing products on the EU market or exporting them) and traders (entities distributing products within the EU). These businesses must ensure that their products comply with the EUDR before they are traded.

Products and Commodities Covered

The EUDR targets seven high-risk commodities and their derived products, and wood (timber, pulp, paper, furniture) is one of the targeted items. This category was selected based on their significant links to deforestation and their relevance to the EU market. Products are identified using Combined Nomenclature (CN) codes listed in Annex I of the regulation. Certain items—such as recycled goods, packaging materials, and product samples—may be exempt under the proposed Scoping Regulation.

Key Compliance Requirements

To place or export any regulated product, companies must meet three core legal conditions:

1) Deforestation-Free: Products must not originate from land deforested or degraded after December 31, 2020.

2) Legally Produced: Products must comply with all applicable laws in the country of origin, including environmental, labor, and human rights regulations.

3) Due Diligence Statement: A formal declaration must be submitted via the EU's centralized information system before the product is traded

Failure to meet any of these conditions renders the product ineligible for trade within the EU.

Due Diligence: The Backbone of EUDR

Due diligence is a mandatory process under the EUDR. Companies must:

• Collect detailed supply chain data, including geolocation of production plots.

• Assess the risk of deforestation or legal non-compliance.

• Implement mitigation measures if risks are identified.

• Submit due diligence statements for each product batch.

• Retain documentation for at least five years.

Geolocation data is particularly critical. Companies must provide GPS coordinates in WGS84 format for every plot of land involved in production. This enables satellite verification by EU authorities to confirm compliance with the deforestation cut-off date. (To be continued)

Green Corner

We are thrilled to announce the launch of the "Green Corner" in our Hong Kong sample room – a dedicated space showcasing Leo's sustainability achievements and eco-friendly solutions.

Objectives of "Green Corner"

- ❖ To strengthen our corporate sustainability leadership
- ❖ To enhance client engagement through shared environmental values
- ❖ To educate Leonians, partners and other stakeholders on green initiatives

Green Corner

Key Features in Green Corner

Highlighting the green efforts of Leo

1. Environmental Materials

- 97% of paper products from sustainable materials (FSC-certified)

2. Green Operations

- On-site wastewater treatment plant (since 1993)

- 22% water consumption from recycled wastewater (since 2016)

3. Laboratory and Research

- Accredited in-house laboratory (since 2009)

- To promote green materials and technologies

4. Eco-friendly Solutions

- To minimize/eliminate the use of conventional plastics and other production materials that have a negative impact on the environment

- To offer a wide range of innovative eco materials, e.g. Water-based Matt Varnish, Mica Pearl, Plastic-free Stickers and other eco-friendly solutions

5. Community Engagement

- 2,508,000 m^2 of desert afforested (since 2008)

6. Recognized Excellence - Awards and Certifications

- ESG Achievement Awards 2022/2023 - Outstanding ESG Awards (Non-Listed Company)

- UNSDGAA Hong Kong 2022 - Sustainable Organisation Gold Award

- HKQAA Green and Sustainability Contribution Awards 2024 - Outstanding Climate Disclosure Contribution Award

- HKQAA - Green and Sustainable Finance Certification

- SGS - EUDR – DDS Verification

- HK Q-Mark Council Federation - Hong Kong Green Mark Certification

- WWF Low Carbon Office Operation Program - LOOP Platinum

Leo and CKS Celebrate Maiden Voyage of LNG Green Energy Vessel at Heshan Port

On September 5, Leo Paper Group, in partnership with Chu Kong Shipping Enterprises (Group) Company Limited (CKS), hosted a landmark ceremony at Heshan Port to mark the maiden voyage of their LNG green energy vessel.

The event brought together Leo and CKS leaders and government officials, all united by a common goal: advancing sustainable and low-carbon supply chains.

A New Era for Green Shipping

Themed "Building a Green Low-Carbon Supply Chain, Advancing Sustainable Development", the ceremony emphasized the importance of innovation in maritime logistics. LNG (liquefied natural gas) vessels represent a significant leap forward in reducing the environmental footprint of shipping operations. Compared to conventional diesel-powered ships, LNG vessels can reduce CO_2 emissions by up to 25%, while also dramatically lowering emissions of sulfur oxides (SO_X) and nitrogen oxides (NO_X). This transition is a tangible step towards cleaner air and a healthier ecosystem along the Pearl River and beyond.

Industry and Government Collaboration

The ceremony featured speeches from Mr. Liu Wuwei, Executive Director and Deputy General Manager of CKS and Mr. Simon Fung, Managing Director of Heshan Astros, each reaffirming their commitment to green development and continued adoption of cleaner technologies and closer collaboration to build a truly sustainable supply chain.

Looking Ahead

The launch of the LNG green energy vessel at Heshan Port marks a new chapter in the region's maritime history. It is not only a testament to Leo Paper Group and CKS's strategic vision but also a call to action for the industry to embrace low-carbon solutions. As the green fleet sets sail, all partners are united in their commitment to driving sustainable growth and protecting the pristine waters of the Pearl River for generations to come.

Leo Paper Group remains dedicated to pioneering responsible sourcing and logistics, ensuring that every step of the supply chain contributes to a cleaner, greener future.

Outstanding Climate Disclosure Excellence Award 2025 - HKQAA

We are honored to have been invited to attend the "Hong Kong Green and Sustainable Contribution Awards 2025" ceremony hosted by the Hong Kong Quality Assurance Agency, where we were awarded the "Outstanding Climate Disclosure Excellence Award 2025." This prestigious recognition recognizes organizations that actively promote a low-carbon economy, advance ESG initiatives, and contribute to sustainable community development. Notably, Leo is the first company in the printing industry to receive this honor.

Following being awarded "Outstanding Climate Disclosure Award 2024" last year, We raised our standards by aligning with international financial reporting principles. We committed to climate risk management and transparent disclosure of related information, adopting the IFRS Sustainability Framework and specifically IFRS S2 "Climate-related Disclosures" to report climate risk data. As per the Hong Kong Stock Exchange's listing regulations, listed companies in Hong Kong are required to disclose such information in accordance with these standards.

Leo remains steadfast in its commitment to environmental responsibility, actively pursuing its four key sustainability indicators: reducing emissions, lowering carbon output, minimizing waste, and contributing to global green and sustainable development.