



KPa-BM Holdings Limited 應力控股有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock code: 2663



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

* For identification purpose only



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Environmental, Social and Governance Report

SCOPE OF REPORT

This report covers the construction projects operation and operation of the Headquarter of KPa-BM Holdings Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) in Hong Kong as of 31 March 2018. The reporting period is from 1 April 2017 to 31 March 2018 and is consistent with the reporting period of the annual report of the Group.

This report was prepared according to Appendix 27, “Environmental, Social and Governance Reporting Guide” of the “Listing Rules of the Hong Kong Exchanges and Clearing Limited.” It is the second Environmental, Social and Governance report compiled by the Group in accordance with the guidelines.

COMMUNICATION WITH STAKEHOLDERS

The Group has been in close contact with customers, contractors and suppliers to better understand their evolving needs and expectations. To this end, we have established various channels to strengthen our communications with them. For example, the directors or project managers responsible for the project meet with them on a regular basis in order to understand the status of the project. Additionally, we conduct teleconference with them in order to make a timely and effective communication.

The overall responsibility of the board of directors is to ensure that the company continues to communicate with the shareholders of the Group (the “**Shareholders**”) and provides the shareholders with the necessary information so that they can evaluate the operation and performance of the Group. Annual general meeting is held for the purpose of communication with shareholders. The results of the poll by the President of the meeting are published on the Group website and the Hong Kong Stock Exchange website on the same day.

In addition, the Group’s information (including interim reports, annual reports, announcements and circulars) will also be communicated to shareholders through various formal channels. For the latest news and group news, they will be available on our website (www.kpa-bm.com.hk). If you have any questions, please contact us at cosec@kpa.com.hk.

A ENVIRONMENTAL

A.1 Emissions

Emissions to the atmosphere, water and soil are the major source of environmental pollution. The Group is therefore committed to lessen the current environmental problems through vigorous compliance with the legal requirements and coordination with other emission reduction measures. The Group's vehicles are predominantly engineering materials transport vehicles and heavy lifting vehicles. All vehicle types are environment-friendly Euro V vehicles, in compliance with the Government's recently implemented emission standards. At the same time, we conduct an annual review of fleet maintenance and the need for vehicles change is also considered. In order to reduce the overall carbon emissions to the environment, the Group would select local suppliers and contractors in first priority and as regards to material transportation, we rationalize the route planning with minimized transportation needs.

Regarding the disposal of waste, the Group has adopted principally two modes: lawful disposal and waste separation. The construction waste generated on site would be assigned in its entirety to the main contractor for collection and disposal, and the hazardous waste generated on site would be forwarded by the main contractor to the qualified processor for handling. In addition, office waste paper and used aluminum cans are separated and recycled to minimize the waste generation. On the other hand, used toner cartridges are collected by the supplier on a new-for-old basis.

NO_x emissions from the fleet (kg)	Emissions of suspended particles from the fleet (kg)	SO_x emissions from the fleet (kg)
161.37	12.68	0.31
		Intensity of greenhouse gas emissions (tCO₂e/staff)
		Greenhouse gas emissions in total (tCO₂e)
Headquarter Office		88.75
		1.53
		Tin Shui Wai Warehouse
Total non-hazardous waste generated (ton)		48
Intensity of non-hazardous waste generated (ton/staff)		0.83

Environmental, Social and Governance Report (Continued)

Project Sites	Tuen Mun Fu Tei Station Site	Tuen Mun Road Town Centre Site	Total
Hazardous waste generated (ton)	0.21	0.14	0.35
Intensity of hazardous waste generated (ton/staff)	—	—	0.0060

The company has strictly complied with the relevant laws and regulations on environmental protection. There have been no cases of prosecution for violations of laws and regulations related to environmental protection during the period.

A.2 Use of Resources

We are committed to reduce the consumption of energy and resources in the course of our business operations in order to contribute to environmental protection. Lighting and air-conditioning systems are the two types of facilities in office that involves heavier consumption of electricity. To this end, T5 energy-saving fluorescent tubes have been fully installed in our office; in addition, we have also implemented an electricity use zoning policy whereby all lighting and air-conditioning facilities in the unoccupied areas would be turned off. On the other hand, the Group has also implemented various measures to enhance the utilization of resources and energy efficiency in the office. These include:

- Promote the utilization of products with energy label
- Computers and office equipment would automatically switch to standby mode when idle
- Collect papers that have been printed on one side for recycling
- Promote diminish printing, double-sided printing and copying to reduce paper consumption
- Reuse office supplies such as envelopes and folders
- Stick on labels to remind employees to save water and electricity

Another important factor in the effective use of resources is the materials used in the engineering works. We collect the residual materials from the sites after completion of the project, such as iron blocks and auxiliary materials, to prepare for future use in other projects. Apart from protecting the environment, expense saving is achieved.

Headquarter Office	
Electricity consumption (kWh)	62,865
Intensity of electricity consumption (kWh/staff)	1,083.88

* No water consumption data obtained as payment for water usage included in the management fee to the landlord.

A.3 The Environment and Natural Resources

The Group aspires to share its commitment to minimize environmental impact through promotion of green building technology. The Group is mainly engaged in the design and provisions of structural engineering works such as curtain walls, glass walls and noise barriers. Buildings construction in recent years is more concerned with the concept of environmental protection. In view of this, we have introduced several environmental protection elements into our projects, such as heat-insulating aluminum plates, low-emission energy saving glass and other green building materials, so as to reduce energy consumption of buildings and provide a more comfortable environment for the occupants. On the other hand, we are actively expanding our business in environmental protection works, such as the construction of noise barriers and participation in roof greening projects that improve thermal insulation of buildings and reduction do urban heat island effect.

We have made full requisition of FSC certified paper for office use for the purpose of natural resources conservation. At the same time, we have also made the purchase of recycled paper for office and site as a top priority. In addition, the Group has adopted an electronic filing system in order to reduce paper usage. All incoming faxes received by computers would be stored in the central server. Documents received and sent out would also be stored in the central server. The central server is widely adopted for internal data sharing. In addition, the Group has obtained the ISO 14001 environmental management system certification as recognition of the effectiveness of our measures in reducing and controlling environmental impact. The system has also helped us to improve our performance in caring for the environment.

B SOCIAL

B.1 Employment

The Group's employment policy is based on equality. We emphasizes that every applicant has the same rights and would not refuse to hire the applicant due to factors such as gender and physical condition. At the same time, the Group also promotes employee diversity. Applicants who meet the requirements of the relevant positions would be considered regardless of age or race. Regarding promotion of employees, the only factors we consider are the performance, experience and capability of the employee.

The Group remunerates employees with competitive salary and benefits as we firmly believe that employees are the cornerstone of the Group's success. We pay pensions to employees who have worked for five years or more as acknowledgement of their efforts over the years. If our employee encountered any industrial accident or fatal incidents, the Group would make reasonable compensation to the employee and their family members, and in certain circumstances would be considered for additional compensation. Additionally, we hold regular entertainment activities as we value employees' work-life balance. During the period, we have organized boat cruise and held Group anniversary dinner.

Employee structure (persons)

Total number of employees	58			
Employees by gender	Male		Female	
	44		14	
Employees by age group	18–30	31–45	46–60	> 60
	14	29	14	1

Monthly Employee Turnover Rate (%)

Turnover rate by gender	Male		Female	
	2.17		0.56	
Turnover rate by age group	18–30	31–45	46–60	> 60
	2.71	1.69	1.15	0

The company has strictly complied with the relevant employment laws and regulations and has not been prosecuted for violations of employment-related laws and regulations during the period.

B.2 Health and Safety

The primary responsibility of enterprises operating in construction projects is to fully protect the safety of employees. The Group has been certified in OHSAS 18001 Occupational Health and Safety Management System to systematically upgrade our safety management standards. The Group regularly sends staff to the sites and office to conduct occupational health and safety risk assessment and inspection monitoring in order to identify areas with high risk. Corresponding measures are formulated in accordance with the legal requirements and the nature of the job so as to prevent and reduce accidents. At the same time, we also report and review the effectiveness of the improvement measures through the monthly meetings.

In order to protect the safety of employees working on sites, the Group provides them with appropriate personal protection equipment such as safety helmets, safety shoes and safety belts. In addition, we have formulated the working environment management guidelines, specifically listing the relevant occupational health rules and precautions, and conduct regular training for internal employees and contractors to raise their safety awareness.

Number of work-related fatalities	0
Lost days due to work injury	0

The company has strictly complied with the relevant safety laws and regulations and there have been no cases of prosecution for violations of laws and regulations related to occupational safety during the period.

B.3 Development and Training

We recognize that staff development and training could enhance the knowledge and skills of employees, and also facilitate the long term development of the Group.

The Group has launched a career development coaching programme. Experienced staff provides job coaching, experience sharing and expertise with junior staff to assist latter in mastering the skills needed for work and at the same time, enhance the cohesiveness of the group. In order to encourage employees to pursue further education so as to build up their knowledge of the relevant work, the Group provides a continuing education allowance to promote employees' continuous self-enhancement, so as to benefit their work performance and future career development.

B.4 Labour Standards

The Group strictly complies with the requirements of labour legislation and has established a policy to prevent child labour. We are committed to employing only persons who are 18 years of age or older. During the recruitment process, stringent screening would be carried out to eliminate candidates under the age of 18 years. We ensure that child workers would not be hired.

The Group has always respected the rights and interests of employees and committed to never forcing employees to work overtime. At the same time, department heads would assign jobs according to the workload of colleagues, so that colleagues would not need to work overtime due to heavy workload. Additionally, the Group has defined the responsibilities and scope of work for different positions, and ensured that without the consent of the employee, the staff would not be forced to engage in work outside the scope of duty.

The company has strictly complied with the relevant labour legislation, and there have been no cases of child or forced labour during the reporting period, nor has it been prosecuted for violation of the relevant legislation.

B.5 Supply Chain Management

The Group advocates interaction with the supply chain in order to enhance its attention to aspects of quality, environment and social responsibility, so as to achieve effective management thereof. In the selection and approval of suppliers or contractors, the Group has included the environmental issues and social responsibility as one of the selection criteria; in the relevant approval process, the Group focuses on the assessment of environmental management and work safety of our suppliers and contractors. Additionally, we conduct survey and send out questionnaires to suppliers and contractors annually in order to monitor closely their performance in the areas of environmental issues and occupational health and safety. At the same time, the Group requires suppliers and contractors to comply with the code of responsibility for environmental and social risks which was established by the Group. Besides, the Group hopes to enhance suppliers' awareness of environmental protection through education with promoting the concept of environmental protection to our suppliers and contractors, including the promotion of energy conservation and emission reduction during their material production process.

In order to effectively manage and monitor our suppliers and contractors, the Group assesses their previous quality and service performance, such as quality of the materials provided, level of on-time delivery, service performance when processing queries. An update approval supplier list is prepared based on the results of the assessment for future procurement consideration.

B.6 Product Responsibility

The Group has been certified by ISO 9001 quality management system. The Group strictly adheres to the contractual requirements and the standard requirements of the system whether or not it relates to product design, use of materials or the installation and inspection process. At the same time, monitoring and inspection covers from incoming materials to the final acceptance of the product. Inspection and test plans are formulated for each project, and we would ensure all the functional and safety inspections are conducted in accordance with the requirements of the plan. On completion of the project, the Group would provide the warranty. In case of product liability incident, a comprehensive follow-up would be carried out according to the terms and conditions set out in the warranty. On-site investigation would be carried out to look into the root cause of the incident and remedial actions would be formulated consequently.

Number of received complaints about products or services

0

The group is committed to ensuring that personal data and privacy of the customers are kept confidential. All sensitive information pertaining to the customers and business would be kept in a specific location in the Group server. We have set up limited access to the information to ensure that only authorized personnel can gain access in order to properly protect customers' personal information. In addition, we have established policy that all employees must provide accurate and true information to our customers, suppliers and contractors in order to defend their rights and interests.

The company has strictly complied with the relevant product responsibility legislation, and there have been no cases of prosecution due to violations of legislation related to product responsibility or confidentiality during the period.

B.7 Anti-corruption

The Group has established a series of policies to maintain the principle of fair business, including:

Prevention of corruption policy: the policy is clearly defined in the staff code of conduct, requiring all employees to comply with business ethics standard and participation in any acts of corruption and bribery are prohibited.

Whistle-blowing procedures: Reported cases are handled by the Human Resources department and details of the case and the investigation outcome would be reported to the Board of Directors. On completion of the investigation, all documents would be filed and all the information are kept confidential, only the Human Resources department and the directors are allowed access to them.

Conflict of interest reporting system: requires employees to declare to the Human Resources department in the event of incidences of conflict of interest.

Procurement contract bidding and approval system: a tiered approval system was set up for bids and contracts with different amounts. Approval by the director is required if the total amount of the contract is above one hundred thousand dollars. For large bidding projects, we would invite a number of suppliers to participate in the tender.

Policy for anti-money laundering, fraud prevention and blackmail: monitoring by personnel from different rankings to prevent incidents from happening.

The company has strictly complied with the relevant anti-corruption legislation, and there have been no cases of prosecution due to violations of the relevant legislation during the period.

B.8 Community Investment

The Group has zealously participated in various public welfare activities, and by making every effort to help charities with different needs, the Group is doing its utmost in committing to corporate social responsibility.

In May 2017, the Group and Professional and Social Services Association jointly organized “The Jockey Club Hong Chi School Thanksgiving dinner”. The event was sponsored by the Group. We hope that through the sponsorship, students from underprivileged communities were able to celebrate a pleasant and warm afternoon with their family and teaching staff, and for us to express our caring for the underprivileged youths. The Group has also been awarded the “Caring Company” logo by the Hong Kong Council of Social Service as recognition of its contribution to corporate social responsibility.

Also, the Group participated in the “Sowers Action Charity Marathon 2017” and formed a team which travelled 12 kilometers to experience the spirit and the plight of students from the remote areas of Mainland China having to travel long distances to school in quest of education. At the same time, funds were raised for education aid for underprivileged children so that they could enjoy equal opportunities in education.

In March 2018, we participated in the “Race for Water 2017” organized by A Drop of Life. Each member of the team carried 4.5 liters of water for the walk. The proceeds raised by the campaign for building water storage facilities and purifying facilities in order to bring clean and safe water to people living in the remote arid regions of China, Nepal and Kampuchea.

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