

# KPM HOLDING LIMITED

## 吉輝控股有限公司\*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

# 2016

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
REPORT

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1. SCOPE

KPM Holding Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) has been primarily engaged in the design, fabrication, installation and maintenance of signage and related products in the public and private sectors in Singapore. Our competitive strength is the ability to provide timely and reliable products. Over the years, our solid track record and experienced management team have established an excellent reputation within the industry.

The Company’s corporate objectives are to achieve sustainable growth in its business and financial performance, to actively expand and strengthen its market position within the public sector in Singapore, to expand its business portfolio and the scope of product offerings through the establishment of new companies and acquisitions, as well as targeting and obtaining projects unrelated to road infrastructure.

The Group’s headquarters and principal place of business are located at 424 Tagore Industrial Avenue Sindo Industrial Estate Singapore 787807, and the principal place of business in Hong Kong is located at Room A2, 15/F, Chun Wo Commercial Centre, 23-29 Wing Wo Street, Central, Hong Kong.

The reporting period of this Environmental, Social and Governance Report is from 1 January 2016 to 31 December 2016. The contents of this report are prepared in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited, and the publication frequency is once a year.

### 2. COMMUNICATION WITH STAKEHOLDERS

The Company believes that maintaining effective communication with the investment community is essential to investors’ understanding of the Group’s business and its development. To achieve this goal and to improve transparency, the Company will continue to take active measures to promote investor relations and communication. Accordingly, the Company has developed its investor relations policy to ensure that investors have fair and timely access to the information about the Group.

In order to further promote effective communication with investors, besides regularly issuing annual and interim reports, circulars, and announcements to shareholders, the Company’s shareholder meetings also provide an opportunity for the shareholders to maintain communication with the board of directors, thereby giving shareholders the opportunity to clarify and deepen their understanding of the Group’s performance and letting the Company communicate with shareholders and answer performance-related questions.

From time to time, the Company discloses the Group’s latest business information to investors and the public through the Company’s website: [www.kpmholding.com](http://www.kpmholding.com). The Company also welcomes investors and shareholders to write to the Company or send their enquiries to our website and share their views with the board of directors.

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### 3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

#### 3.1 Environmental

##### *3.1.1 Emissions*

The greenhouse effect on global climate change is increasingly evident, and the Group has implemented a number of measures to reduce greenhouse gas emissions in order to avoid accelerating global warming which will lead to further ecological disasters. The Group strictly abides by Singapore's legal requirements on environmental protection and management. The Group also encourages employees to maximize the use of electronic communication equipment and carry out general discussions and communications through long-distance telephone calls, video conferencing, or other online communication tools in order to reduce or replace non-essential business trips and avoid increasing the pollutants emitted by the use of transportation.

In addition to paying attention to the generation and emissions of greenhouse gases in our daily operations, the Group avoids using non-environmentally friendly materials in our products on the one hand, and is also committed to reducing solid waste generated by the production process on the other. We collect and sort the scrap metal, cardboard and plastic in our production and installation processes to facilitate their recycling and reuse. Resources which cannot be directly reused, are transferred to carefully selected and qualified recyclers for recycling in an effort to minimize the amount of solid waste disposal and to help alleviate the pressure placed on the environment by emissions.

During the reporting period, there were no cases of violations of environmental laws and regulations by the Group.

##### *3.1.2 Use of Resources*

The Earth's natural resources are limited. In the interest of protecting the Earth and in order to practice the effective use of precious resources, the Group is reviewing its internal production and operation process, and is seeking to implement a number of measures to enhance resource use efficiency. In our purchasing of production equipment and office equipment, we take the energy labels on the equipment in account, try to use models with higher energy efficiency, and switch to LED lighting systems or increase natural lighting, thus reducing energy consumption of every kind. The Group also reminds the employees through e-mails and bulletin boards to develop a habit of saving energy, to switch off unused electrical equipment, to use air conditioning in a reasonable manner, to regularly clean dust filters, to save water, to reduce the unnecessary use of paper, and to practice double-sided printing. We will continue to pay close attention to the state of the Group's use of natural resources in the future and to make strides toward the goal of better environmental protection.

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### ***3.1.3 Environment and Natural Resources***

In the face of increasingly serious environmental pollution problems, the Group is profoundly aware of the urgency of protecting the environment and cherishing natural resources. The Group ensures that its employees put their awareness of environmental protection into practice as they go about their daily operations. In terms of the raw materials used in our products, our product designers avoid using non-environmentally friendly materials as much as possible, to reduce damage to the environment throughout the product lifecycle. In addition to considering factors such as the quality of goods or delivery times, when selecting suppliers or service providers, the Group also tries to select green organizations as its partners, with a strong sense of responsibility for environmental protection. Where conditions permit, the Group's documents, records and archives have been switched to electronic files instead of the traditional paper, in hopes of further reducing the Group's paper consumption.

We promote our green policy on environmental protection through email and internal bulletin boards, remind employees from time to time to minimize the generation of waste at work, and actively push for the promotion of environmental awareness. We also encourage our employees to make full use of electronic means to communicate with customers or suppliers and to complete the payment process, as well as to promote environmentally friendly practices within the supply chain.

## **3.2 Society**

### ***3.2.1 Employment***

Our employees are important assets to the Group, as well as the driving force behind the Group's continued business expansion. We therefore strive to create a harmonious employment relationship in order to encourage more people to join the Group. We uphold the principle of fairness in recruitment, and our hiring criteria are built on the applicants' qualifications, abilities, experience, and technology skills. Every applicant has the same right to apply, and their treatment is not affected by gender, pregnancy, family status, marital status, race, disability, etc. The Group's existing employee teams come from different countries, including Malaysia, China, Vietnam, India, Bangladesh and other places, and a harmonious working environment has been created.

The Group is constantly improving its employment mechanism. It adheres to the principle of fairness, and provides promotion opportunities for outstanding employees. We assess employees' performance and their contribution to the Group when reviewing their compensation and benefits, in order to reflect employees' contributions to the Group and enhance the employees' sense of belonging and sense of responsibility for the Group.

The Group also organises recreational activities from time to time, such as Christmas lunch, anniversary dinner, birthday parties, and raffles, so as to facilitate communication among employees and to help colleagues balance the intense pressures of work.

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If an employee were unfortunately to suffer a work-related injury or accidental death, the Group will provide compensation for the employee in accordance with the Ministry of Manpower (Singapore) through workmen compensation insurance policy and public liability insurance policy.

During the reporting period, we received a single claim regarding the discrimination of an employee, which has been satisfactorily resolved after follow-up and investigation with the relevant employee.

### ***3.2.2 Health and Safety***

The Group's main business involves the design, fabrication, installation and maintenance of signage and related products, and the employees often need to move into and out of sites, and use large engineering tools. In order to prevent the employees from being injured at work, we pay close attention to the employees' occupational health and safety in many ways, in an effort to provide a more comfortable and safe working environment for the employees. The Group's occupational health and safety management system has successfully obtained an OHSAS 18001: 2007 certification. It has developed clear occupational health and safety policies, as well as a series of target indicators and procedural documents designed to continuously identify potential risks at the plants, to try to reduce the incidence of accidents, to observe local occupational health and safety regulations, and to ensure continuous improvement in our occupational safety and health performance.

In order to assist the employees in grasping and focusing on occupational health and safety, the Group, in addition to adding chapters to the employee handbook emphasising the importance of occupational safety and health to the employees, also provides training for every employee, with the content of the training mainly centring around occupational safety and health policies, risk management, and workplace safety. In order to strengthen the employees' response when faced with an emergency situation such as a fire or injury, we have drawn up contingency plans and regularly gather the employees to carry out drills. We have also hired qualified consultants to conduct a comprehensive safety check of the Group's operations every 3 years.

In order to further protect the operational safety of the employees at work sites, we have prepared a variety of personal protective equipment, including seat belts, safety helmets, safety shoes, masks, earmuffs, gloves, etc. to be distributed to the relevant employees. From time to time, the Group arranges for the employees to have hearing tests and physical examinations to monitor and protect the physical health of the employees.

Detailed records are kept of all the accidents or incidents at the plants, and the causes are carefully analysed to seek improvement plans in order to avoid similar incidents from happening again.

The Group did not violate any safety laws and regulations related to occupational health and safety during the reporting period.



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### ***3.2.3 Development and Training***

The establishment of a robust and competitive team of employees is an important cornerstone of the Group's continued development, and we have spared no effort to train our talents and add value for our employees. The Group arranges for welcoming and orientation activities for all new employees, allowing every new colleague to understand the Group's policies and culture and to integrate into the Group as soon as possible, and thereby nurturing a sense of belonging in the Group within the new colleagues. The Group's department heads also evaluate their subordinates' capabilities at work to understand and identify the training needs of every employee, as well as to develop training programs and policies for the coming year, in order to align these with the direction in which the Group is developing. In addition to internal training, the Group also provides training allowances to encourage our colleagues to actively participate in external training in professional skills, in an effort to enable every employee to reach their full potential within their positions and to create value for the Group.

### ***3.2.4 Labour Standards***

The Group's labour standards primarily focus on conformity with local labour laws and regulations. In our hiring process, we screen candidates in strict accordance with the minimum age limits of their respective work locations and we are committed to hiring as our employees only those over the minimum legal age in order to protect children's rights to safety and healthy development. Our internal standard on working hours is set at 8 hours per day or 44 hours per week. We never force employees to work overtime, and all overtime decisions are voluntary in nature. When employees need to work overtime, we provide reasonable overtime pay as a compensation for employees, in accordance with the Ministry of Manpower (Singapore) guidelines and the Group's compensation policy.

The Group did not employ any child or forced labour during the reporting period.

### ***3.2.5 Supply Chain Management***

The Group currently has developed a specific program for the evaluation and management of suppliers, and the selection criteria for suppliers or subcontractors are mainly based on such factors as price, delivery times, and quality of goods. We receive feedbacks from customers by sending them customer satisfaction form through email or fax of our services. Additionally, we rate our suppliers by using supplier evaluation form recorded in ISO 9001:2015 Quality Management System. The rating marks with 70% and above, we considered them as in the list of our approved supplier. Suppliers are only deemed qualified after the management's review and approval. We had a total of 174 suppliers during the reporting period. Every year, the purchasing department monitor and review the performance of every qualified supplier through email, fax or telephone, to ensure that the performance of all qualified suppliers remains in line with the requirements of the Group.

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### ***3.2.6 Product Responsibility***

All of the Group's products are inspected and tested prior to delivery to ensure that their operation and functions fully comply with the relevant product specifications and safety requirements. In terms of controlling raw materials, all materials used in our products are provided by qualified suppliers, and the materials' specifications are re-inspected prior to formal use to ensure the effectiveness of the materials. The Group assigns dedicated employees to closely follow the progress of a project throughout the entire whole process of product fabrication and construction, to ensure that the raw materials and the construction process meet the requirements of the contracts and regulations. We monitor our subcontractors' technology levels and conduct quality testing according to plan to ensure that the products meet customer requirements. As for the public signage projects, we work closely with relevant government departments to go through joint inspection in accordance with strict government standards. The Group provides product warranties ranging from 1 year to 7 years based on different products' characteristics and the agreements we have with our customers, and we provide appropriate assistance to customers throughout the warranty period.

The Group attaches great importance to the accuracy of information in its product promotion strategies, to prevent customers from being misled before they make their purchase decisions. The Group has made arrangements for employees from the sales and production departments to receive training, so that every employee has a full understanding of the features and specifications of the Group's various products, and urges employees to convey accurate and fair product information to customers.

The Group has a customer information protection specialist who is in charge of reviewing requirements and regulations concerning the protection of personal privacy at our operating locations. In strict accordance with relevant laws and regulations, we have established criteria for handling customer information and preserving customers' sensitive product design information to minimize the risk of customer information leakage.

The Group did not receive any cases of customer complaints or dissatisfaction with our products or services during the reporting period.



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### ***3.2.7 Anti-Corruption***

In order to ensure high efficiency and integrity of the Group's operations, all the Group's employees are required to strictly abide by the Prevention of Bribery Ordinance in their behaviour and are absolutely forbidden from committing any acts of bribery or accepting of bribes, etc. We have also developed a policy on reporting conflicts of interest, and employees must report to the management if there is any direct or indirect conflict of interest between an employee and the business of the Group.

As far as corporate governance is concerned, the Group's management regularly reviews regulations on the governance of publicly traded companies to ensure that all newly enacted requirements are implemented within the Group in a timely manner. Each year, the Group also hires third-party independent accountants to verify the Group's accounts so as to safeguard the interests of investors.

The Group's service and purchasing agreements must, in principle, receive the approval from the management before they are deemed valid, and the management conducts spot checks on the agreements each year to ensure that the approval process is fair and equitable. Any employee, material supplier, subcontractor, customer or other stakeholder who has any concerns regarding the corporate governance of the Group or the ethics of the employees may file a complaint with the management. The management will then conduct a thorough investigation of all matters and take the necessary improvement measures for plugging the loopholes in order to maintain the Group's integrity and reputation.

No case of violation of anti-corruption laws and regulations by the Group occurred during the reporting period.

### ***3.2.8 Community Investment***

The Group is happy to provide support to needy and underprivileged people within society, and is constantly looking for opportunities to work with community groups to contribute to the balanced development of society. During the year, the Group has made donations to several local non-profit organizations including Disabled People's Association, Children's Cancer Foundation and Ronald McDonald House Charities. We are committed to continue working closely with community groups in the coming year to explore the feasibility of cooperation, actively participate in different community care activities, and put in our best efforts to give back to society.

If any community group has any community support project or charity activity that requires assistance or has any comments on our community investment activities, they are welcome to submit them to us through our website.