

 **KPa-BM Holdings Limited**
應力控股有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock code: 8141



Environmental, Social and Governance Report 2017

* For identification purpose only

Scope of Report

This report covers the operation location of the KPa-BM Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in Hong Kong until Mar 31, 2017. The report period from April 1, 2016 to March 31, 2017, which is the same as the period for the annual report of the Group.

This report has been drafted 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 Group’s first Environmental, Social, and Governance Report drafted in compliance with these guidelines, and provides general disclosure regarding the requirement “to give an explanation in the event of non-compliance” contained in those guidelines.

Communication with Stakeholders

Our Group has been in close contact with our customers, contractors and suppliers in order to understand their evolving needs and expectations. To this end, we have established a variety of channels to strengthen our communication with them, such as the directors or project managers who are responsible for the project will meet with them regularly to understand the status of the project. For a timely and effective communication, we will also conduct teleconference to communicate with them.

It is the overall responsibility of the Board to ensure that the Company continues to communicate with shareholders of the Group (the “**Shareholders**”) and provide the necessary information to the shareholders so that they can assess the operation and performance of our Group. Annual general meeting will be held to communication with shareholders. The result of the poll by the President of the meeting will also be published on our Group website and the Hong Kong Stock Exchange website on the same day. In addition, the Group’s information (including quarterly reports, interim reports and annual reports, announcements and circulars) will also be communicated to shareholders through a variety of formal channels. The latest news and group news will be available on our website (www.kpa-bm.com.hk). If the stakeholders have any queries, they could inquire via our Group e-mail address (cossec@kpa.com.hk).

A ENVIRONMENTAL

A1 Emissions

The environmental pollution caused by waste disposal becomes more and more concerned by the society. Our Group mainly adopts the strategy of reduction and separation to handle those wastes that would be produced in our construction sites. Focusing on the major source of the waste produced, the construction waste from our project sites would be classified into different types for transporting to the corresponding waste recycling processor. In addition, residue materials are stored up for future projects in order to reduce the amount of construction wastes produced.

Diversified policy is adopted by our Group in addressing the impact from greenhouse gases. Our Group intensively uses the energy labeled equipment and product to reduce the electricity consumption. In line with our contractual requirements, our Group would select local suppliers or contractors in first priority. Concerning on the delivery of our purchased material, our purchasing team would arrange a delivery schedule with minimised transportation needs. Besides, our Group broadly uses the teleconference for the meeting with our business partners so as to reduce the business travel needs. All these measures can help to reduce the overall carbon emissions into the environment. On the other hand, we actively promote the importance of reducing carbon emissions among our suppliers and contractors for the popularization of this concept in the industry.

Our Group strictly complies with the relevant Environmental Protection Laws, and there is no violation of laws in the reporting period.

A2 Use of Resources

In addition to controlling the pollution generated during the operation, the effective use of resources and energy could protect the environment from the source.

Focusing in office area, our Group advocates the electricity use zoning policy. For the zone with no people doing office work or during lunch hours, the light and air-conditioner would be switched off. Besides, office equipment would automatically switch to standby mode when it is not in use. Furthermore, electricity and water conservation is widely promoted in our office to deepen the environmental protection consciousness among our staff.

Through the reuse of materials in office and site, our Group could achieve efficient use of resources in a simple way. Our Group encourages double-sided printing and the reuse of single-sided printing paper to reduce the use of paper. Other than that, those office accessories, stationery, computer devices that could be recycled would be refilled or collected for reuse. On the other hand, the fittings used in construction, such as aluminium plate or insulated panel would be stored after the project completed and reuse in the future.

A3 The Environment and Natural Resources

Buildings greatly link to human lives. In recent years, environmental protection elements broadly permeate into construction. Our Group is principally engaged in provision of structural engineering works with focus on design and build projects in Hong Kong, we aggressively adoptes the eco-friendly materials in our design to facilitate the structuring of a community with most minimized impact on the environment. Our Group would prioritize the purchase of green building materials, such as heat-insulated aluminium plate, low-E glass.

Reduction of paper usage significantly minimizes the impact on the environment. Our Group would purchase recycled paper and FSC certified paper in our first priority for use in office and in the sites. Our Group actively promotes paperless office by adopting the e-platform for sharing our documented information instead of paper works and publishing all the bulletins and notices through the intranet

Printer cartridge as a hazardous waste, our Group agreed with the supplier to provide the replacement service on the used cartridge. Also, we greatly promote the environmental awareness in email communications.

B SOCIAL

B1 Employment

Our Group places great importance on equality of the employees. Every applicant has the same right in applying the vacancies offered by our Group. Candidates are selected based on their ability and experience to the related vacancies. Gender, age, race, marital status and physical condition are not the considerations on candidate selection and job promotion.

Employees are valuable asset of our Group, so we provide various benefits to all our employees. Our Group offers reasonable salary to the corresponding positions and the salary will be regularly adjusted. The retirement compensation would be awarded, as an appreciation for their contribution to the Group, to staffs who worked in our Group over 5 years till they retired. If our employee encountered any industrial accidents or fatal incidents, the Group's compensation would be reasonably paid according to the related labour laws for staff and their family members. And we may consider for additional compensation schemes for individual case. Our Group provides medical benefits and in-patient insurance to our employees so that they can use those services at low cost.

We encourage work-life balance. Regular activities are arranged, such as company tour. Last year, we organised a tour to Thailand, so that our staff could have an opportunity to relax and enjoy with each other and their family members.

Our Group consistently and strictly complies with the relevant employment laws, and there have been no cases of prosecution due to any violation of the relevant laws during the reporting period.

B2 Health and Safety

Protect the safety of the operation staff is the primary responsibility in the construction industry. To effectively improve the level of safety management, our Group has established the OHSAS 18001 occupational health and safety management system since 2011. Our Group has assigned designated staff to conduct occupational safety and risk assessment and inspection in the office and work sites on regular basis and strictly monitor the operations at high risk to ensure a high level of risk control and management. To fulfil the legal requirement, appropriate personal protection equipment are provided on sites for health and safety protection, including helmets, safety shoes and belts which are checked half-yearly to ensure they are in good conditions. Besides, we established the corresponding working environment management guidelines based on the job nature. We also developed this guideline for office area.

To strengthen the staff and subcontractor awareness on the occupational health and safety, our Group also provides relevant training for internal staff and subcontractors on the proper procedure of operations in office and work site.

Our Group strictly complies with the relevant safety laws, and there have been no cases of prosecution due to any violation of the relevant occupational safety laws during the reporting period.

B3 Development and Training

Enhancing the skills and knowledge of the staff is very important for the development of our Group in the long-run.

Mentoring program is implemented to provide guidance on work and experience sharing to junior employees from senior and experienced employees. Learning subsidy is provided to encourage continuing learning from employees who are willing to get improvements on job and personal development.

B4 Labour Standards

As a law abiding Group, we promise in hiring staff who ages eighteen or above. Our Group has defined particular job duties for different positions, duties which are not predetermined would not be performed without the consent of staff. We also commit not to force our staff in overtime work to embody their right in the working environment.

There have been no cases of child labour or forced labour at our Group within the reporting period.

B5 Supply Chain Management

To raise industry awareness, our Group dedicates much effort on environmental protection and social responsibility through supply chain management. Our Group has established the environmental and social responsibility practices for the compliance of suppliers. In regular supplier evaluation, environmental issues and social responsibility would be one of our assessment criteria. When selecting suppliers or contractors, our Group would first select contractors with green organization certification. Our Group would also focus on the monitoring of our supplier and contractors occupational health and safety performance in the annual performance review. Besides, our Group would also conduct survey to assess the supplier environmental and social performance about the occurrence of serious industrial accident and pollution incident, legal prosecution of environmental, health and safety.

Except those monitoring measures, our Group is actively promoting the concept of environmental protection to our suppliers and contractors, including the promotion of saving energy, reducing pollution and emission during their material production process.

B6 Product Responsibility

Our Group convinces that high-quality products could win the trust of customers, safe products could protect users. To upkeep the quality of products, all of them are subject to the relevant quality inspection according to the contractual requirements. Product design and selection of materials should be based on contractual and consequential safety and health regulations and policies. The project implementation and quality issues would then be monitored by our purchasing and testing team. The production process control of all our products should be in compliant of the established safety and environmental working instructions.

As a customer responsible organization and to take care of customer needs, quality service is crucial. All staffs are required to provide accurate and genuine information to our customer, supplier and subcontractor. Our Group would provide the warranty and after-sales service according to the contractual requirements. In case of product liability accident, on-site investigation will be carried out, according to the terms and conditions set out in the warranty, to look into the cause and take effective remedial action.

Our Group strictly complies with the relevant product responsibility laws, and there have been no cases of prosecution due to any violations of laws related to product responsibility or confidentiality.

B7 Anti-corruption

Business ethics is an important part of corporate governance and healthy development of the Group. As defined in our staff manual, all staffs are required to comply with business ethics standard and corruption or bribery are strictly prohibited. This request also enforces our suppliers and contractors to follow through strictly. To prevent money laundering and extortion, our Group establishes multiple level of monitoring. Our Group also sets up sufficient communication channel for whistle-blowing from any staff.

We require our staff to disclose their conflict of interest to the Human Resources Department. To prevent conflict of interest, all staffs should not engage in part-time job unless approved by the Group. Our Group also provides seminars to higher risk positions, such as top management and staff from purchasing department to strengthen the awareness on conflict of interest.

All service contracts shall be approved by personnel from different rankings. For large contracts, it shall be approved by the directors. To ensure the openness of the bidding process, we will invite more than one supplier to bid the tender for large contracts.

Our Group strictly complies with the relevant anti-corruption laws, and there have been no cases of prosecution due to any violations of the relevant laws within the reporting period.

B8 Community Investment

In order to create a more cohesive society, our Group has been making every endeavour to participate in charity activities. We strongly support community programs over the years, one of the subsidiaries of the Group participated in the Caring Company scheme through charitable donations on stationery and presents to non-profit organisations. Our Group also sponsored staffs by donations to the event "Race for Water" conducted by the non-profit organisation "A Drop of Life" in March 2017.

In order to improve the employees' sense of social responsibility, our Group also encourages our staff by taking an active part in charity and community services.