

# Environmental, Social and Governance Report 2023



# Contents

<b>Message from the Chairman</b>	<b>2</b>
<b>About this Report</b>	<b>3</b>
Basis of Reporting	3
Scope and Boundary	4
<b>Sustainability Overview</b>	<b>5</b>
Our Commitment to Sustainability	5
Our ESG Strategic Objectives	5
<b>Our Approach to Sustainability</b>	<b>6</b>
Board Oversight	6
Sustainability Governance	6
Our Sustainability Value Creation Process	8
Stakeholder Engagement and Communication	9
Identify Priorities	10
<b>Managing Environmental Impacts</b>	<b>11</b>
Environmental Management	12
Climate-Resilient Actions	14
Minimise Carbon Footprint	15
Waste Management	18
Conserve Natural Resources	19
Environmental Targets	20
<b>Social Sustainability</b>	<b>21</b>
Value Our People	22
Developing Talents	27
Health and Work Safety	29
Community Engagement	32
<b>Sustainable Governance</b>	<b>33</b>
Quality and Safety	34
Responsible Sourcing	35
Ethics and Compliance	37
<b>The Stock Exchange ESG Reporting Guide Index</b>	<b>39</b>
<b>Contact Us</b>	<b>43</b>

# Message from the Chairman

I am pleased to share KPa-BM's 2023 Environmental, Social and Governance ("ESG") Report for our progress and works in our sustainability journey to deliver a better world. The business and social environment has largely been back to normal towards the end of FY2023 following the lifting of all pandemic restrictions in the PRC and Hong Kong. I am glad to see our team has remained dedicated to pushing their limits and continuing to deliver for our clients and communities, and they have made our business and sustainability development resilient in challenging time.

We have embedded ESG principles into our business operations and partnered with our clients and communities to solve their challenges. ESG is a top priority for nearly all of our clients and they are looking at ways to minimise their impacts on the environment, to adapt to climate change and to advance economic prosperity. They need trusted partners like us to help them advance these initiatives.

I believe our Company is stronger today because of the adversity we overcame during FY2023. The resiliency of our people, our agility and adaptability, and the indispensable partnership we have forged with our clients through the pandemic crisis have set us a solid path for sustainable growth.

There is considerable growth in our business turnover and expansion in our PRC factory operations in FY2023. It was challenging for us to keep reducing the environmental impacts from our operations. The following is the highlight on our environmental efforts during the year despite considerable expansions in our operations:

- Keep minimal increase in energy consumption intensity by 2% and carbon emissions intensity by 8%.
- Air pollutants reduced by 4% to 22%.
- Collaborated with suppliers to reduce their packaging materials and the total non-hazardous waste reduced by 19%.
- Reduced packaging on our own products to reduce the packaging material intensity by 3%.
- Water consumption intensity inevitably increased by 72% due to intensive use of water in new factory machine operations.

We will continue to stay true to our company values and continue our emphasis on sustainable development. I would like to express my heartfelt appreciation to all our people for their dedication and resilience. Our teams are passionately aligned in purpose to deliver a better world.

**Yip Pak Hung**  
*Chairman and Executive Director*



## About this Report

### Basis of Reporting

#### Reporting Standards

We are pleased to present our annual Environmental, Social and Governance (“ESG”) report (the “**Report**”) for KPa-BM Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**KPa-BM**”). This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**Guide**”) in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and has complied with all mandatory and the “comply or explain” provisions of the Guide. The Guide encourages a listing company to identify and disclose ESG information that is material and relevant to both its business and its stakeholders.

#### Reporting Principles

We have applied the reporting principles of the Guide to define our report contents and ensure the quality of this Report. We embed the principles of **materiality**, **quantitative**, **balance** and **consistency** in presenting the ESG information in a way that can meet better the expectation of our stakeholders.

We determine the topics to be included in this Report through a materiality assessment as elaborated in the session of “Our Approach to Sustainability”. We have set environmental targets to help evaluate our ambitions and performance over time and we report our plans and progress towards these targets. Performance data for the latest two to three years are presented with explanatory notes for easy comparison.

We try our best to provide an unbiased picture of our performance that allows stakeholders to see positive and negative results of our performance, and areas for improvements such as adverse progress in targets and complaints received. We employ consistent methodologies to allow for meaningful comparison of data over time and any material changes in methodology are illustrated and explained. Prior year adjustments will be made where necessary for a consistent comparison of data.

## Scope and Boundary

This Report covers the reporting year from 1 April 2022 to 31 March 2023 (the “**Reporting Year**”). We recognise the environmental, social and governance values and it is our commitment to create sustainable values through taking care of our stakeholders. This Report aims to provide an annual update of our sustainability performance, and it discloses KPa-BM’s policies, guidelines, actions, and performance over the past year on various sustainability issues in a transparent manner.

This Report covers all our main operations in Hong Kong and the PRC offices, as well as the PRC factory (including warehouse and staff quarters) manufacturing building material products for the Hong Kong operations. The reporting boundary is determined by the materiality of each business operations to the Group’s overall business, as well as the impact on sustainability. There is no significant change in the scope of this Report from that of 2022. The following is a summary of the operations under the scope of this Report.

Business Operations	Customers	Hong Kong Office	PRC factory	PRC Office
Provision of one-stop structural engineering design and build solutions for podium façade, roof, structural steelwork, and noise barriers	Hong Kong	✓	✓	✓
Supply and installation of flagpoles and related services	Hong Kong	✓	✓	X
Trading of building material products	Hong Kong & PRC	✓	X	X

# Sustainability Overview

## Our Commitment to Sustainability





KPa-BM is committed to contributing to the development of a more sustainable future. To achieve this mission, we are committed to:

- Recognising the impact of our operations on the environment and our responsibility to protect it.
- Promoting the health, safety, and well-being of our people.
- Fostering the professional development of our people.
- Using sustainable practices to manage our operations, produce materials, and deliver our construction projects.
- Maintaining the highest ethics standards to work with honesty and integrity.
- Championing the needs of the communities where we serve.
- Implementing the ESG risk management and internal control systems in our operations to reveal the climate change risks and opportunities and to meet our sustainability objectives.

## Our ESG Strategic Objectives

Our ESG strategy is formulated by the top management with endorsement from the board of directors of the Company (the “**Board**”). The strategy is developed for aligning the Group’s philosophy and objectives of creating long-term value for our stakeholders and giving back to the society. The Board concerns very much the sustainability of our business operations and evaluates the ESG risks before making business decisions.

KPa-BM strives to achieve the sustainability objectives in the following areas:

	<p><b>Managing Environmental Impacts</b></p> <p>Be responsible for the environmental protection by managing our environmental impacts, reducing our carbon footprint, preserving natural resources, minimising the amount of waste generated by us, and reducing the impacts of climate change to us.</p>
	<p><b>Social Responsibility</b></p> <p>Value our people and uphold human rights and equality. Take care of the communities where we operate by implementing socially responsible business practices and engaging in charitable activities.</p>
	<p><b>Sustainable Governance</b></p> <p>Maintain reliable governance structure that promotes accountability for sustainable performance, uphold the highest ethics standards to do business with our clients and business partners, and communicate our sustainability efforts effectively by transparent reporting.</p>
	<p><b>Enhancing Long-Term Business Values</b></p> <p>Align the sustainable strategic objectives with the Group’s long-term goals and vision to create long-term value by reducing costs, mitigating risks, building reputation, and creating new business opportunities in the growing sustainable economy.</p>



## Our Approach to Sustainability

### Board Oversight

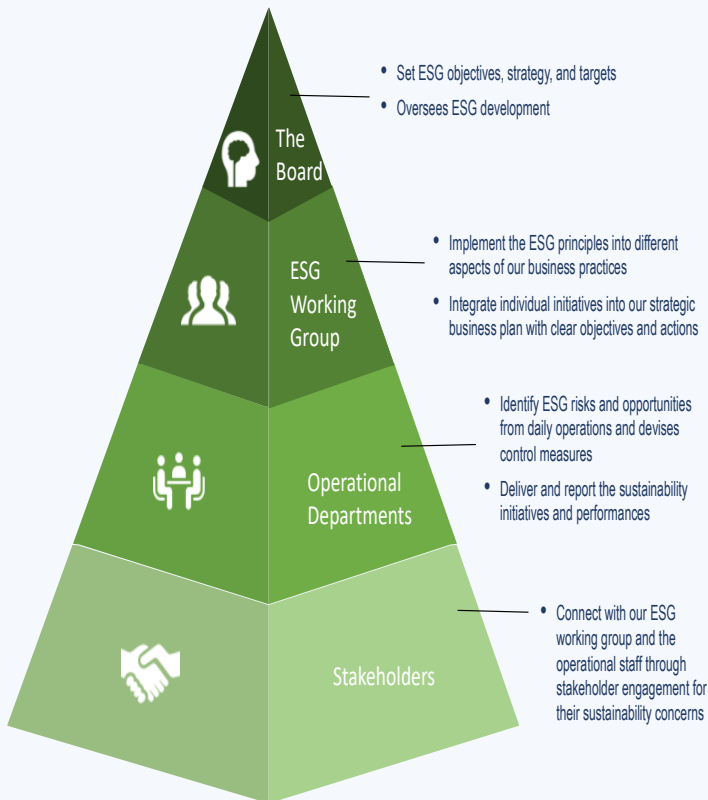
The Group maintains a robust governance structure for effective management of sustainability across operations. The Board is the highest governing body in the Group, and it oversees the Group's strategies and development, including risk management, corporate governance, sustainability, and climate-related strategies and initiatives. It holds overall responsibility on sustainability matters despite the day-to-day management of the ESG matters is delegated to the senior management and the ESG working group.

The Board sets the sustainability objectives, direction, and strategy for the Group. It regularly reviews the sustainability risks and opportunities, progress, and performance to ensure the sustainability objectives can be met. The Board has formulated medium term environmental targets aligning with our long-term mission of "Build for better lives". It continuously reviews the progress of the targets and action plans will be revised where necessary to ensure the targets are on track.

### Sustainability Governance

#### The structure

KPa-BM's ESG strategies are formulated by the top management with endorsement from the Board. The strategies are developed with the objectives of aligning the Group's philosophy and objectives of creating long-term value for our stakeholders and to bring "better lives" to the society. The Board has delegated the day-to-day execution of all ESG related responsibilities to the ESG working group, through the responsible Financial Controller. The ESG working group serves as the centre of communication and execution for the Board, the operational departments, and the stakeholders.



### The Board

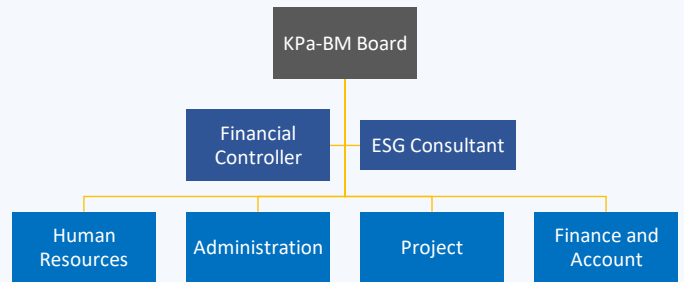
The Board sets ESG objectives, targets, and strategies for the Group. It holds overall responsibility on ESG risks and performances although the day-to-day management and execution of the ESG matters are delegated to the senior management and the ESG working group. The Board ensures the ESG objectives are well received by the operational departments, and it has regular feed backs on the ESG result and performance for revising the strategies where necessary.

### The ESG Working Group

The ESG working group was formed since 2016 and currently it composes of the Financial Controller and the department heads from major operational departments in KPa-BM. With the assistance from the external ESG consultant, the ESG objectives and directions of the Board are effectively communicated to the ESG working group through the Financial Controller.

### Functions of The ESG Working Group

- To advise and report to the top management and the Board on ESG strategies and propose ESG initiatives for addressing the ESG risks and achieving the sustainability objectives.
- To engage stakeholders and perform materiality assessment on ESG topics for developing the ESG strategies.
- To decide and put into practice the underlying values of sustainable development into various aspects of business.
- To determine the Key Performance Indicators (“KPI”) and subsequent measurement of performance and action plans.
- To co-ordinate with all staff for delivery of the sustainability initiatives.
- To monitor the ESG related activities for on-going development and improvement.



### Operational Departments

The operational department staff are key to carry out the ESG initiatives and to deliver the desired results that we want under our objectives and plans. They are required to identify and assess the ESG risks and opportunities within their working perimeter. They are also responsible for maintaining an effective internal control system and advising mitigation measures to minimise the effects of their own risks. They are required to capture the necessary data and information for reporting to the ESG working group.

### Stakeholders

The ESG working group and the operational departments that have direct contact with our stakeholders continuously keep in touch with those engaged stakeholders to listen to their interests and concerns about our sustainability performance and development.

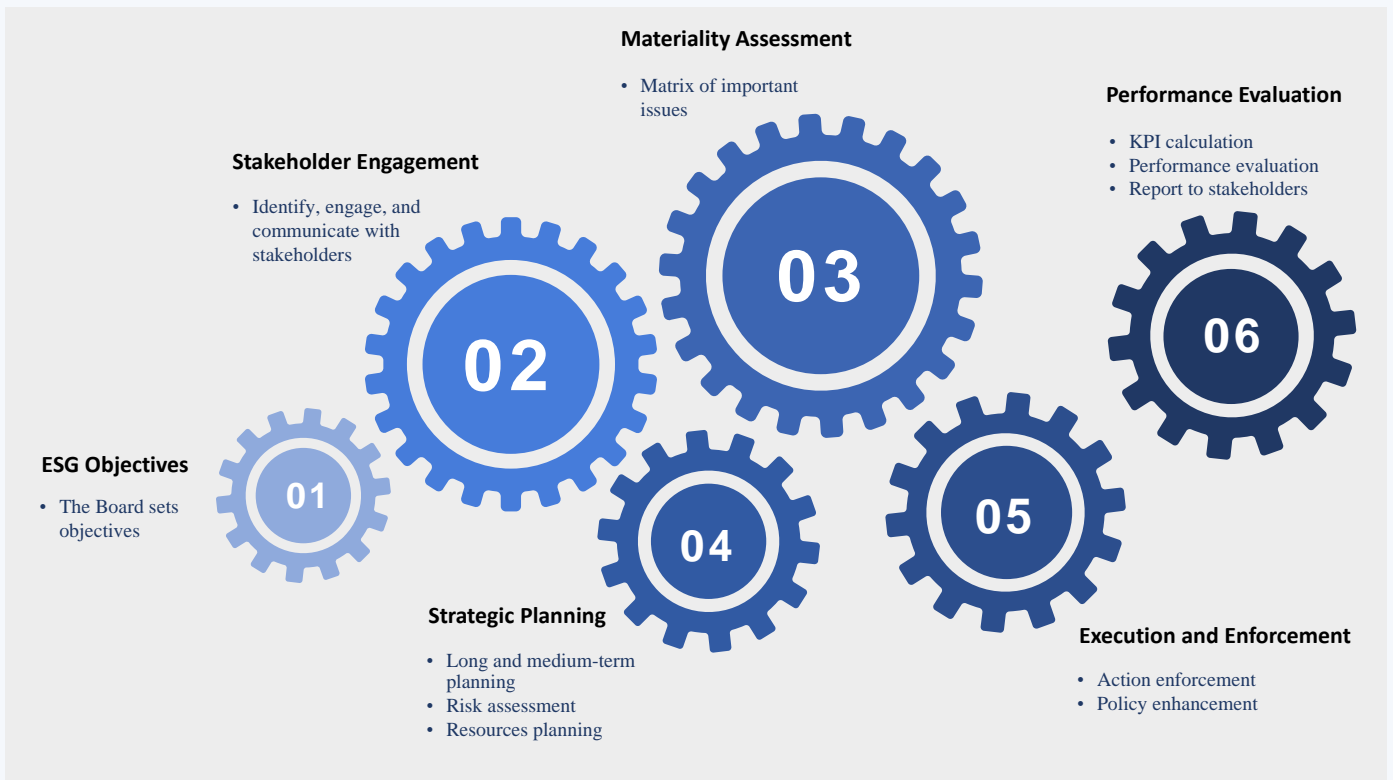


## Our Sustainability Value Creation Process

The Board is responsible for setting ESG objectives and direction, and it oversees the ESG development. We continuously engage key stakeholders and understand their expectations from us. By means of conducting surveys to our stakeholders, we develop a materiality matrix of ESG issues as concerned by our stakeholders and by our management. The material ESG issues and the respective risks associated in our operations are then identified.

ESG strategies and plans are developed, and we ensure adequate manpower and financial resources are available to meet the strategic plans. Policies are enhanced and developed where they are inadequate to meet the ESG objectives. The ESG working group devises ESG initiatives for achieving the ESG objectives, and ensures the initiatives and actions are properly executed by relevant staff.

The ESG performance is reported to the stakeholders for evaluation of the sustainability performance annually. The ESG performance are fed back to the Board regularly for evaluation to see if the ESG objectives and strategic plans are needed to revise and improve. The ESG process will be revisited periodically to reflect what we have learned during the process and to align with the changes of the stakeholder expectations over time.

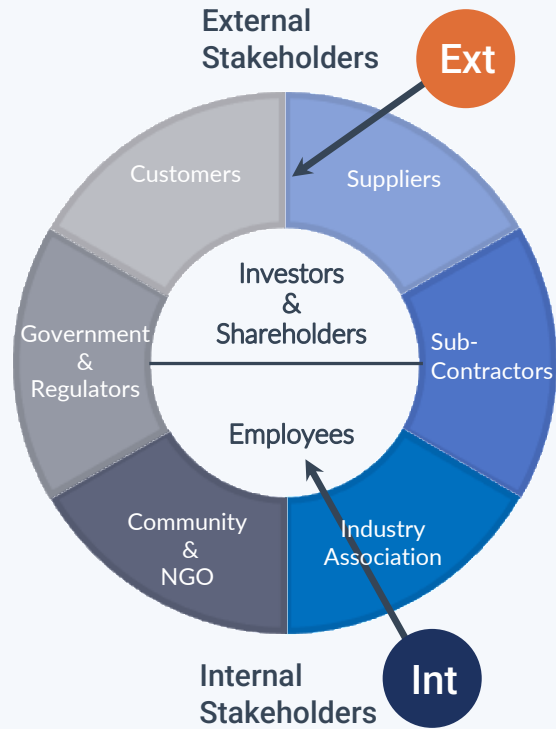


## Stakeholder Engagement and Communication

Stakeholder engagement is essential for identifying the material ESG issues in our operations and is important for the sustainable development and value creation in our Group. We identify stakeholders as we interact with, who are influenced by our operations or who express interests in our Group. We engage key stakeholders to understand their concerns over our sustainability development and it is crucial for us to assess the priority in developing our ESG strategies. We use formal and informal communication channels to communicate with the stakeholders continuously.

As a result, we not only can identify opportunities and challenges for developing our business strategies, but also can enhance our corporate social responsibilities as our continuous commitment to behave ethically and to contribute to the society at large, and at the same time to improve the quality of life of our employees and their families.

The diagram and table below illustrate the external and internal stakeholders we have engaged during the Reporting Year, and the various communication channels we were using:

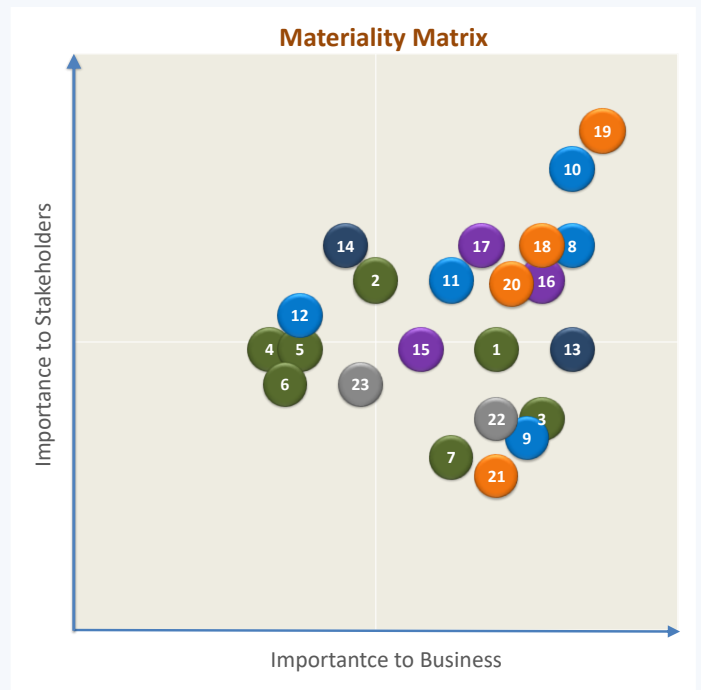


Stakeholders		Engagement Channels
External Stakeholders	Suppliers	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Physical, phone and video meetings</li> <li>• Seminars, industry updates, HK Façade Association updates</li> <li>• Phone enquiry hotline, company website</li> <li>• Participation in community activities, community news</li> <li>• Government regulations and announcements</li> <li>• Email, mail and fax</li> </ul>
	customers	
	Subcontractors	
	Government & Regulators	
	Industry Association	
Community & NGO		
Internal Stakeholders	Employees	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Physical, phone and video meetings, department and management meetings</li> <li>• Intranet and email communications</li> <li>• Shareholders meetings, company websites, enquiry hotline</li> </ul>
	Investors & Shareholders	

## Identify Priorities

Materiality assessment on ESG issues is the key to prioritise the material issues and then focus these in the medium and long-term planning. ESG issues of what are important to business as visualised by the top management, and what are important to the stakeholders are identified through plotting on a matrix of importance. During the Reporting Year, we engaged a sustainability consultant to formulate questionnaire on a broad range of ESG issues and distributed the survey to our significant stakeholders to obtain their views on our ESG issues. The survey was analysed, and a materiality matrix was developed.

Based on the assessment result, we understand and identify the material ESG issues, and the respective risks and opportunities associated in our operations. The respective importance of ESG issues is illustrated in the matrix and the top 10 most important ESG issues are highlighted in red colour on the table below of material ESG issues.



Environment	Workplace Practice	Human Rights
1. <b>Air Pollutants and Greenhouse Gas Emissions</b> 2. Hazardous Waste and Non-hazardous Waste 3. Energy Consumption 4. Water Consumption and Sources 5. Use of Packaging Materials 6. Impacts of our Activities on Environment and Natural Resources 7. Impacts of Climate Change on our Company	8. <b>Employment Practices – recruitment, promotion, compensation and benefits, working hours, etc.</b> 9. Workforce and Employee Turnover Analysis 10. <b>Occupational Health and Safety</b> 11. <b>Employee Development and Training</b> 12. Sex and Racial Diversity and Equal Opportunities	13. <b>Human Rights and Anti-discrimination</b> 14. Child Labour and Forced Labour
Society	Product Responsibility	Supply Chain
15. Community Investment 16. <b>Anti-corruption</b> 17. <b>Anti-competition Behaviour</b>	18. <b>Quality Assurance, Product Health and Safety</b> 19. <b>Customer Satisfaction</b> 20. <b>Customer Data Privacy Protection</b> 21. Infringement of Intellectual Property Right	22. Supplier Engagement Practices 23. Environmental and Social Responsibility Risks along Supply Chain

\* Top 10 ESG issues are highlighted in red colour in the above tables.

# Managing Environmental Impacts

## Our Commitment

Our commitment to sustainability is illustrated by the key objectives of our environmental policies to: comply with the environmental laws and regulations; reduce environmental impacts to water, air, and land; and conserve natural resources.

Our fundamental responsibilities are to meet our clients' environmental goals, manage environmental and climate change risks and opportunities, and build our reputation as an environmental responsible construction and engineering company.

## 2023 Performance Highlight

### Energy Consumption Intensity



▲ 2%

### GHG Emission Intensity



▲ 8%

### Air Emissions



NO<sub>x</sub> ▼ 22%

SO<sub>x</sub> ▼ 4%

PM ▼ 22%

### Water Consumption Intensity



▲ 72%

### Total Non-Hazardous Waste



▼ 19%



## Environmental Management

We are well aware of the impacts that the construction business has on the environment including climate change, air and water pollution, and landfill waste. We are committed to be environmentally responsible in construction activities on sites. We strive to reduce such environmental impacts and to integrate environmental considerations into our strategic business planning and project planning processes.

We have been following the Environmental Management System ISO 14001:2015 (“EMS”) for our business activities in Hong Kong. The EMS in our operations helps us to identify and evaluate the environmental impacts and risks in our construction activities so that mitigating actions can be taken where necessary. We aim to operate at environmentally sustainable business practices and manage our environmental risks.

We are committed to continuously improving our environmental protection practices. We always focus on the following objectives in our business operations:

- Meet the requirements of applicable environmental laws and regulations.
- Meet or exceed our client’s environmental goals.
- Reduce environmental impacts.
- Avoid pollution.
- Reduce our carbon footprint.
- Conserve natural resources.

Before commencement of each project, our project manager within the project team would perform environmental impact assessments first. We would incorporate as many environmental considerations as possible into the project in accordance with our policies on environmental protection.

As most of our installation works in the construction sites are carried out by subcontractors, we require our subcontractors to strictly comply with all the relevant environmental laws and regulations and to take mitigation measures and work procedures to reduce adverse impacts to the environment. Our project managers would monitor closely to ensure our subcontractors have fully complied with the relevant environmental laws and regulations.

In our PRC factory, we have obtained permits from relevant authorities that we have complied with the relevant provisions in the Environmental Protection Law 《中華人民共和國環境保護法》 on noise control, air emissions control, waste water discharge control and solid waste control.

Our construction sites in Hong Kong and our factory in the PRC are subject to relevant laws and regulations on environmental protection. We have complied with the following laws and regulations during the year:

In Hong Kong
Air Pollution Control Ordinance
Noise Control Ordinance
Waste Disposal Ordinance
Public Health and Municipal Services Ordinance
In the PRC
Environmental Protection Law of the PRC 《中華人民共和國環境保護法》

During the Reporting Year, we were not aware of any non-compliance with relevant laws and regulations that had significant impact on the Group relating to air emissions and greenhouse gas (“GHG”) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

## Enhance Environmental Sustainability

Our fundamental responsibility is to meet our clients’ environmental goals that are essential in the construction industry. We help our clients address their challenges by evaluating ways to make their projects more sustainable through our expertise on engineering, architecture, and project management services. We advise our clients to use green building materials as much as possible, such as heat-insulation aluminium plates, low-emission energy saving glass, etc. in our construction projects to help reducing energy consumption of the buildings.

To further enhance environmental sustainability, we have policies and work procedures on environmental protection for our staff and subcontractors to follow, such as the erection of hoarding along the site boundary with effective dust screens, sheeting or netting to avoid dispersion of construction dust out of the site areas, use noise barrier or enclosure when applying noisy plant and equipment. We try our best to collect and reuse those construction and demolition materials for our other projects to reduce waste. In our offices, we take initiatives to procure green FSC certified paper for office use and install energy saving lighting to lower the impact to the natural resources.

We are dedicated to implementing and promoting environmental protection measures and practices to ensure the sustainable development for our business and to make our future better.



## Climate-Resilient Actions

Climate change is a major threat to humanity and the health of the planet. It may cause adverse impacts to our business, our customers, and our supply chains. We recognise that extreme weather events brought from climate change may pose potential risks to our business operations and result in possible financial loss. We have climate change policy to provide guidance on mitigating such potential impacts to our operations. We continue to explore climate-related opportunities and to increase our resilience and adaptability in our business.

We are aware of the Paris Agreement on global warming initiatives to reduce the global greenhouse gas emissions to limit the temperature increase in this century by 1.5°C. Countries are making collaborative efforts to achieve “net zero” carbon emissions by 2050 to avoid the worst outcome from climate change. We are formulating plans to contribute our efforts in carbon reduction by enhancing energy efficiency and reducing energy use. The following is a summary of climate related physical and transition risks identified and the mitigation measures adopted, and our climate-related opportunities:

Physical Risks	Potential Impacts	Mitigation Measures
Increased in severity of extreme weather events, e.g., super typhoons, heavy rainstorms, floods	<ul style="list-style-type: none"> <li>• Increase in capital costs due to damage to facilities.</li> <li>• Increase in operating costs due to supply chain interruptions, and rescheduling recovery plan.</li> <li>• Increase in labour costs due to disruption of normal service and additional safety measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Safekeep machineries before bad weather comes and have adequate insurance cover.</li> <li>• Better work force planning in advance of the peril.</li> <li>• Closely communicate with subcontractors to re-arrange workers’ schedule to meet project progress.</li> </ul>
Sustained higher temperatures	<ul style="list-style-type: none"> <li>• Loss of working days due to heat stress illness.</li> <li>• Reduction of outdoor productivity.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide temporary shelters to workers working outdoor for rest.</li> <li>• Provide drinking facilities to workers.</li> </ul>
Transition Risks	Potential Impacts	Mitigation Measures
Potential climate-related regulation and policy changes	<ul style="list-style-type: none"> <li>• Additional legal risks and compliance requirements may increase operational costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide staff training to update their knowledge on the latest development of climate-related laws and regulations.</li> <li>• Communicate with suppliers and subcontractors to ensure their compliance with the relevant climate-related laws and regulations.</li> </ul>
Opportunities	Possible Impacts	
Sustainable products and construction processes, and new markets	<ul style="list-style-type: none"> <li>• Develop new technology and manufacturing processes to save energy in the assembly parts and construction process.</li> <li>• More sustainable operations to meet clients’ requirements that will improve market competitiveness.</li> <li>• Access new markets by collaborating with the government to shift to a lower carbon economy.</li> </ul>	



## Minimise Carbon Footprint

Energy consumption is the key contributor to our carbon emissions. We endeavour to enhance our energy efficiency by adopting green management policies and procedures on consuming energy.

We devise electricity measures to reduce energy related GHG emissions. Our office is designed to be energy efficient that it utilises natural daylight as much as possible. LED lightings are extensively used to save energy in our offices, factory, and our PRC staff quarters. Independent temperature control for air conditioning is installed in every room and in different zones of the office to enable setting of appropriate temperature for different areas. Indoor temperature is set at 24°C to 26°C during the summer. Air conditioners in the factory and staff quarters are set with optimal power saving temperature and will be switched off when not in use.

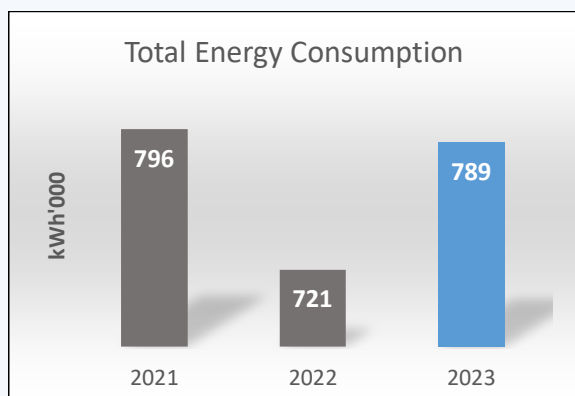
In the factory, machineries will be cleaned and maintained regularly to keep their power efficiency and will be turned off immediately when works are finished. We require our staff to switch off electrical equipment, such as air-conditioning, computer, printer, photocopier, lighting, etc., whenever they are away from the office for longer period.

We also strive to minimise fuel consumption to reduce GHG emissions. We have medium to long term plan to replace our existing petrol passenger cars by electric cars, which are much more energy efficient. To minimise fuel consumption of our passenger cars, we monitor through checking the travel logs to avoid unnecessary usage. Carpool is arranged as far as possible for our staff to visit construction sites. We also encourage our staff to take public transportation to construction sites and other workplaces where feasible. Other initiatives for reducing GHG and air emissions from our fleet includes:

- Regular check and maintenance to maintain fuel efficiency and to reduce pollutant emissions.
- Plan the transportation routes in advance to avoid unnecessary mileage incurred.
- Select more fuel-efficient vehicles or transition to hybrid and electric vehicles when we need to purchase new vehicles for our business.



## Energy Consumption



In the Reporting Year, our energy consumption was driven predominately by electricity consumption in our operations which accounted for about 53%, and the rest is the fuel consumption for our motor vehicles. In this year, our offices only consumed 1.6% more electricity. However, the electricity usage in our PRC processing operations had increased by 35%. The main reason for the increase was addition of new machineries in our factory and an additional staff quarter for the larger workforce. To cope with the demand from our Hong Kong operations, we acquired several large machineries during the year. The factory was operated for longer hours daily in the second half of 2022 and additional workers were recruited in the production. As a result, the electricity consumption for the whole group increased by 25%.

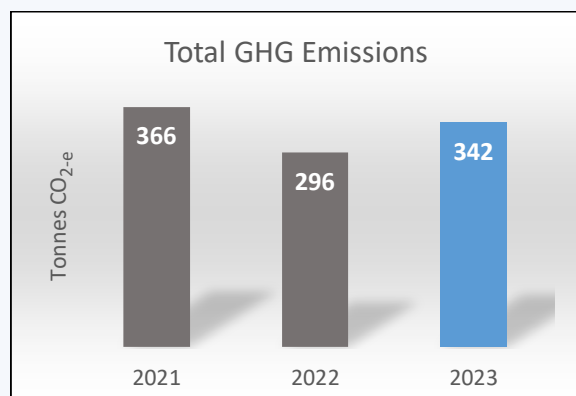
On the other hand, our fuel consumption slightly reduced by 3.9% as compared with last year. In this year, our transportation fleet for construction materials consumed most of our fuel consumption, although they used 7% less fuel than last year. Despite our PRC factory production increased, we used less goods vehicles because most of our products were delivered to Hong Kong by sea freight. In addition, fewer fuel was needed as a remote location construction project in Hong Kong had been completed in 2022. The petrol used for our passenger cars had slightly increased by 3.7% in this year.

Due to the increase in electricity consumption, the total energy consumption of the Group had increased by 9.4% in the Reporting Year. The energy consumption intensity slightly increased by 2.2% as there was increase in the workforce during the year.

KPI – Energy Consumption			
	2023	2022	change
	kWh'000	kWh'000	
Fuel	<b>373.4</b>	388.4	<b>-3.9%</b>
Electricity	<b>415.8</b>	332.7	<b>+25.0%</b>
Total energy consumption	<b>789.2</b>	721.1	<b>+9.4%</b>
Energy consumption intensity (kWh'000 /staff*)	<b>5.56</b>	5.44	<b>+2.2%</b>

\* The intensity calculation is based on the average total number of staff of Hong Kong operations and the PRC factory operations.

## GHG and Air Emissions



Our construction operations do not directly generate air pollutants and GHG emissions in the construction sites as we usually engage subcontractors to carry out the installation works. Air pollutants and GHG emissions are directly or indirectly produced in our Hong Kong office and PRC factory.

Our operational activities that give rise to GHG emissions during the Reporting Year were identified as follows:

Scope 1: Direct emissions from the fuel combustion of our motor vehicles.

Scope 2: Indirect emissions from the consumption of purchased electricity by our offices, factory, warehouses, and staff quarters.

Scope 3: Other indirect emissions from our paper waste.

As our electricity consumption was increased by 25%, the GHG emissions from purchased electricity also increased by 27.9% in this year. Direct GHG emissions attributable to fuel consumption was reduced by 3.9% as a result of decrease in fuel consumption. The scope 3 GHG emissions was relatively insignificant. The total GHG emissions increased by 15.7% and because there was increase in workforce, the intensity only increased by 8.1%.

The use of motor vehicles for transportation is the main source of air emissions in our Group. During the Reporting Year, due to the decrease in the usage of our goods vehicles, the mileage and fuel consumption of our vehicles also decreased. As a result, the Group's emissions of nitrogen oxides ("NO<sub>x</sub>") and particulate matter ("PM") was reduced by about 22% and sulphur oxides ("SO<sub>x</sub>") was reduced by 3.9%.

KPI – GHG Emissions and Air Emissions				
		2023	2022	change
GHG Emissions**				
Scope 1 – direct from fuel	tonnes CO <sub>2-e</sub>	96.39	100.28	-3.9%
Scope 2 – indirect from electricity	tonnes CO <sub>2-e</sub>	230.67	180.32	+27.9%
Scope 3 – indirect from others	tonnes CO <sub>2-e</sub>	15.36	15.35	-
Total GHG emissions	tonnes CO <sub>2-e</sub>	342.42	295.95	+15.7%
GHG emissions intensity	tonnes CO <sub>2-e</sub> /staff*	2.41	2.23	+8.1%
Air Emissions**				
NO <sub>x</sub>	kg	208.5	266.0	-21.6%
SO <sub>x</sub>	kg	0.563	0.586	-3.9%
PM	kg	17.14	22.02	-22.2%

\* The intensity calculation is based on the average total number of staff of our Hong Kong operations and the PRC factory operations.

\*\* The emissions factors for the calculation of air emissions and GHG emissions are obtained from the CLP Sustainability Report, The Ministry of Ecology and Environment of People's Republic of China (2019) and Hong Kong Exchange Reporting Guidance on Environmental KPIs.



## Waste Management

Our business does not directly produce hazardous waste. Our subcontractors are responsible for collecting hazardous waste to dispose to spots designated by the main contractor for special treatments. To reduce construction waste and to lessen the impact to the environment, we collect the useful residual materials, such as iron blocks and auxiliary materials, from construction sites and reuse for other projects.

The Group's non-hazardous waste mainly comes from packaging materials on supplies in our PRC factory and trading operations in Hong Kong, and general waste from the PRC factory and Hong Kong office such as wastepaper, office supplies and commercial waste. We always liaise with our suppliers for the possibility of using less packaging materials without damaging the supplied products. The packaging materials left after opening will be sorted for recycling where possible.

Our suppliers have been using less packaging materials as a collaborate effort to protect the environment. In this year, the total non-hazardous waste from packaging materials reduced by 18.5%.

Our workplaces produce only insignificant amount of general non-hazardous waste and as such the relevant data are not reported. However, we do have policies to reduce general waste despite they are insignificant:

- We promote “reduce, reuse and recycle” to cut down the amount of waste produced.
- Electronic documents are used for meetings and electronic files are used for storage to save paper.
- Wastepaper is reused for printing draft documents.
- Used computer consumables such as ink and toner cartridges are collected and recycled by recycling companies.

KPI – Non-Hazardous Waste					
	PRC Factory Operations		HK Material Trading Operations		Total Non-Hazardous Waste (tonnes)
	Non-Hazardous Waste (tonnes)	Non-Hazardous** Waste Intensity (kg/HK\$'000 factory processing revenue*)	Non-Hazardous Waste (tonnes)	Non-Hazardous Waste Intensity (kg/HK\$'000 trading revenue)	
2023	26	0.83	18	2.82	44
2022	32	1.18	22	2.34	54
Change	-18.8%	-29.7%	-18.2%	+20.5%	-18.5%

\* The intensity calculation is based on the processing revenue of the PRC factory operations.

\*\* The basis of calculation was changed to reflect a more meaningful comparison.

## Conserve Natural Resources

### Water Consumption

Water is a precious natural resource. We continue to promote water conservation concept to our staff although our business activities do not require large amount of water. In the construction sites, water is supplied by the main contractor and our sub-contractors use water for their works, as such we do not have control over the usage nor have record on the consumption.

Over 90% of our water is consumed by our factory and staff quarters in the PRC. In the factory, water is mainly used for production and for cleaning purpose on products and factory premise. Water usage for the offices is relatively insignificant as compared with the factory operations. To avoid wasting water, conservation signage and notices are posted in prominent places to remind our staff to conserve water.

Water supply and drainage facilities for our HK and the PRC operations are managed by the respective property management company and the local water authorities where we locate, hence we do not encounter any issue in sourcing water for our business operations.

In this year, water used by the factory operations surged nearly 80% as a result of the new and additional manufacturing processes we employed in the factory, such as metal drilling, and the increase in production. Additional staff recruited to cope with the production also increased the water usage in staff quarters. In overall, our total water consumption increased significantly by 83.8%, while water consumption intensity per staff also increased by 71.5% accordingly.

KPI – Water Consumption			
	2023 (m <sup>3</sup> )	2022 (m <sup>3</sup> )	change
Water consumption	<b>4,758</b>	2,589	<b>+83.8%</b>
Water consumption intensity (m <sup>3</sup> /staff*)	<b>33.51</b>	19.54	<b>+71.5%</b>

\* The intensity calculation is based on the average number of staff of our Hong Kong operations and the PRC factory operations.

### Minimise Packaging Materials

Use of packaging materials is not considered to be a material issue for our Group. We use plastic wraps and cartoon boxes to protect the building materials manufactured by our PRC factory and for easy transportation to our customers or to our project construction sites in Hong Kong. We try our best to minimise using packaging materials as long as the products can be protected from damage during transportation.

In this year, the use of packaging materials had increased by 12.5% due to the increase in production volume of the PRC factory. However, the intensity of packaging materials used based on the factory processing revenue decreased by 2.9%, reflecting our efforts to reduce packaging materials.

KPI – Packaging Materials			
	2023 (kg)	2022 (kg)	change
Usage of packaging materials	<b>2,420</b>	2,151	<b>+12.5%</b>
Intensity of packaging materials used ** (kg/HK\$m factory processing revenue*)	<b>76.9</b>	79.2	<b>-2.9%</b>

\* The intensity calculation is based on the processing revenue of the PRC factory operations.

\*\* The basis of calculation was changed to reflect a more meaningful comparison.

## Environmental Targets

### Our 2024 Environmental Targets

To help building a better future, we continuously explore ways to improve our environmental performance. We have set short-term targets by the financial year 2023/24 against the 2021 based line to anchor our strategy for environmental performance improvement.

Area of Improvement	2021 Baseline	2024 Target
GHG emissions intensity	2.5 tonnes CO <sub>2-e</sub> /staff	Reduce 20% to 2 tonnes CO <sub>2-e</sub> /staff
Energy consumption intensity	5.43 kWh'000 /staff	Reduce 10% to 4.89 kWh'000 /staff
Water consumption Intensity	23.91 m <sup>3</sup> /staff	Reduce 10% to 21.5 m <sup>3</sup> /staff
Non-hazardous waste	47 tonnes	Reduce 5% to 44.7 tonnes

Targets	Our Actions	Our Progress in 2023
Reduce GHG emissions intensity  Reduce Energy consumption intensity	<ul style="list-style-type: none"> <li>Encourage staff to take public transportation for site working.</li> <li>Use more phone and video conferencing to replace travelling.</li> <li>Replace electric vehicles where possible.</li> <li>Replace more energy-efficient appliances and equipment.</li> <li>Implement more power saving measures in the offices and factory.</li> </ul>	<ul style="list-style-type: none"> <li>Less fuel was used in 2023 as certain distant construction projects had been completed, and more sea-freights were used.</li> <li>Energy consumption reduced 1% and energy intensity increased by 2.4% as compared with the baseline. More electricity was needed for the increased production in the factory.</li> <li>GHG intensity reduced by 3.4% up to 2023 as compare with the baseline.</li> </ul>
Reduce Water consumption Intensity	<ul style="list-style-type: none"> <li>Enhance awareness of our staff to conserve water usage.</li> <li>Improve manufacturing process in the factory for using less water.</li> </ul>	<ul style="list-style-type: none"> <li>Water consumption intensity increased 65% as compare with the baseline. Unavoidable as new machineries and processing works, and additional staff quarters needed more water in the factory.</li> </ul>
Reduce Non-hazardous waste	<ul style="list-style-type: none"> <li>Collaborate with the suppliers to avoid excessive packaging materials.</li> <li>Recycle cartoon packings where possible.</li> </ul>	<ul style="list-style-type: none"> <li>Waste has been reduced by 6.4% as compared with the baseline. Amount of Packaging materials for our supplies has been reduced despite our revenue has increased by more than 20% as compared with 2021.</li> </ul>

An aerial photograph of a large, circular building with a green roof. The roof is covered in solar panels and has a curved, ribbed structure. The building is surrounded by a paved area and some trees. The text "Social Sustainability" is overlaid on the image.

## Social Sustainability

### Our Belief

We believe our most important asset is our people and we strive to uphold them every day. Our commitment to equity, diversity and inclusion makes us anticipate better our clients' needs, drive innovation to benefit our business and the industry, understand the needs of the communities we serve, and focus on our vision of making a better world.



## Value Our People

### Attracting, Rewarding and Retaining Our Talents

Our people are our greatest asset and the keys to our success. We are committed to recruiting, supporting, and rewarding the best people. We strive to provide our people with a positive workplace climate, the opportunities to develop their capabilities and careers, and work-life balance. We treat every staff fairly and with respect to ensure that they come to work with a sense of pride and passion to keep our business sustainable.

#### The Management Approach

We provide equal opportunities to competent people who want to work for us. We have implemented comprehensive human resources policies to enhance the quality and stability of our workforce. These policies aim at fostering a dynamic and collaborative team-working environment with opportunity for challenges and creativity. The key fundamental principles outlined below illustrate the way such working environment is created:

#### KPa-BM Fundamental Human Resources Principles

- Respect each employee's human rights and legally protected privacy.
- Treat each individual employee in a fair and impartial manner. No discrimination against the employees on their nationality, race, religion, age, gender, physical or mental disability.
- Provide workplaces where they can seek a good balance between their private and work lives, while accomplishing their work tasks with satisfaction and pride.
- Comply with all applicable laws and regulations concerning the employment of our staff.
- Maintain a human resources system that is most reasonable and persuasive to the employees, and such system has to be open and clearly explained as far as practicable.
- No child labour or forced labour.
- Offer to our employees those terms and conditions for employment that are sufficiently competitive in the regions we operate.

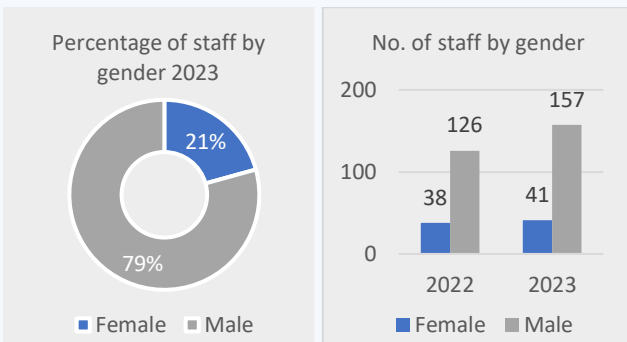
To protect the legitimate rights and interests of our employees, we have strictly complied with the following laws and regulations in Hong Kong and the PRC relating to staff and labour employment:

In Hong Kong	
Employment Ordinance	
Employees' Compensation Ordinance	
Minimum Wage Ordinance	
Sex Discrimination Ordinance	
Disability Discrimination Ordinance	
Family Status Discrimination Ordinance	
Race Discrimination Ordinance	
Mandatory Provident Fund Schemes Ordinance	
In the PRC	
Labour Law 《勞動法》	
Labour Contract Law 《勞動合同法》	

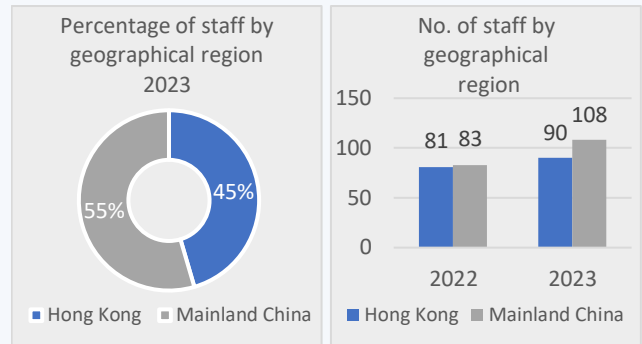
### Attracting Talents

To maintain competitive in the market, we offer competitive compensation and benefits to our staff, based on their roles and responsibility, performance, and qualification. We benchmark our salary compensation to industry data. Our benefits include healthcare and travel insurance, company contribution in MPF retirement plan for all salary levels in Hong Kong, paid and unpaid leaves, and employee stock option plan.

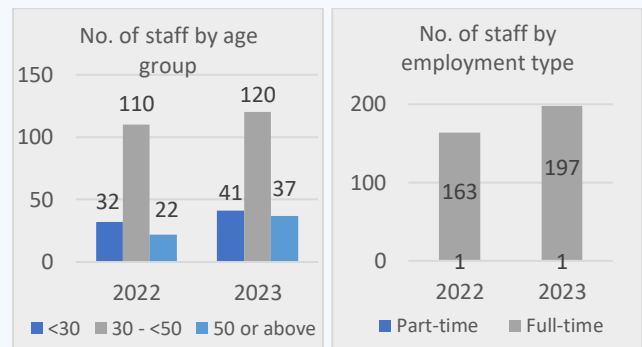
The following charts show the breakdown of employees by gender:



The following charts show the breakdown of employees by geographical region:



The following charts show the breakdown of employees by age and by employment type:



As of 31 March 2023, the Group employed a total of 198 (2022: 164) staff. During the Reporting Year, we were not aware of any non-compliance with relevant laws and regulations that had a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.





## Rewarding Our People

We have established policy and mechanism to reward our people in accordance with their individual qualification, working experience, and work performance. We adopt a reward-for-performance approach that our people are compensated in a fair and objective manner. High performers are rewarded with more annual bonus, higher salary increment, and better chance for job promotion. Biannual performance appraisal is conducted through review meetings between the staff and the respective department heads, and the results are calibrated at company-wide level by the human resources department and the top management. The performance review is conducted to evaluate the performances and contributions of our talents. Discretionary bonus is granted biannually accordingly. When we have job vacancies, we would first consider promoting internally the right people before looking for the external sources.

### Work-life Balance – Flexibility and Inclusiveness at Work

A healthy balance on work-life is indispensable in maximising the potential of our people’s abilities, their motivation and passion. We believe by providing our people with quality time with their friends and family, they would be more motivated to perform at work. We make every effort to ensure our people work and simultaneously enjoy happy and fulfilled lives.

KPa-BM is committed to fostering an engaging and inclusive workplace that make our people feel respected and valued. In our Hong Kong office, there is a private and comfortable breastfeeding room for our new mothers to nurse their babies. We also have a well-designed office pantry with sittings where our staff can enjoy a cosy and welcoming space to have their meals and to take a break at work for mental respite and rejuvenation.

We are working on providing more flexibility on work, more paid leaves, and extending more staff benefits across the Group. The table below highlights some of our comprehensive benefits and working flexibilities that are above the statutory obligation:

Annual Leave 	10 Days paid leave when joining	Early off-work 	When there is public transportation issue
Exam Leave 	Up to Half Day paid leave upon request	Work from home 	When there is pandemic out-break
Festive Early Day-off 	4-5 Big festive days in a year	Flexi-hour 	Choose time to work to avoid crowds during pandemics
Part-time Working 	No-pay Leave without affecting employment	Healthcare Insurance 	Extend to All Staff

**Work-life Balance – Personal Wellness**

We care about the personal wellness and healthy lifestyle of our staff. We have been offering a range of social activities, such as short trips and outdoor recreation activities, sports activities, interest classes and handicraft workshops, charity activities, birthday parties, lunch gatherings and annual dinners, to our staff, not only to enhance their working relationship and team spirit, but also to help them relieve work pressure beyond the normal working time and maintain mental and physical health.

As affected by COVID-19 pandemic in the first half of the reporting year, we usually held regular gatherings and parties in our office for our staff to celebrate birthdays, festival celebration gatherings for Christmas, Winter Solstice, and Lunar New Year, etc. With the gradual relaxation of pandemic control measures later in the year, we organised more staff activities outside, such as annual dinners with lucky draw to express our gratitude for our staff’s contributions to the Company. We also organised interest classes for our staff to participate, such as neon light board making and fabric tie-dyeing workshops. We also encourage our staff to take part and volunteer themselves for charity activities such as food distribution to the under-privileged people.



Annual Dinner Party



KPa Birthday Cake for Birthday party in office



Our staff at the neon light board making workshop



Christmas party lunch buffet in office



Our volunteers at charity food distribution event

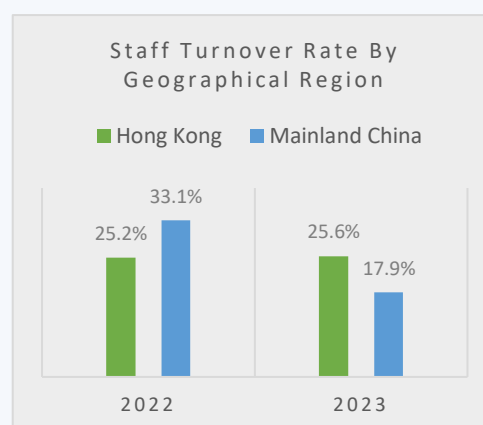
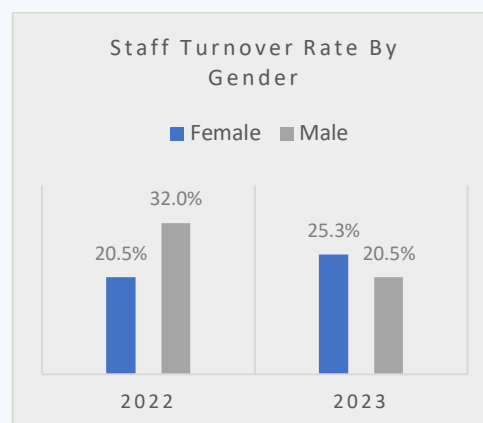
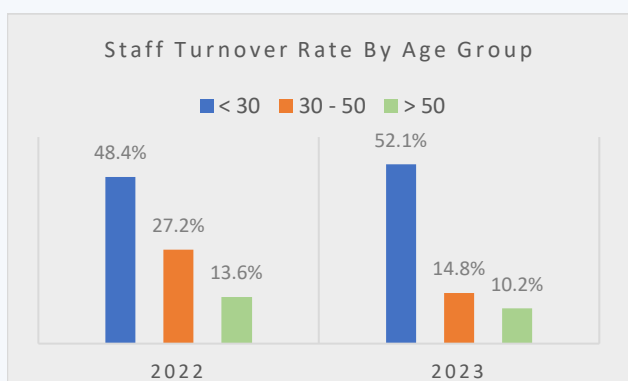


Our staff at the tie-dye workshop

## Retaining Our People

We strive to retain the best people by properly rewarding and developing them to keep our business growing. We would accept normal staff turnover rate and allow those employees not contributing to our business development to pursue their own careers.

In this year, following the improvement in COVID-19 situation in Mainland China, staff turnover rate for our mainland China operations dropped from 33% in 2022 to 18%. The staff turnover rate in Hong Kong operations remained steady but still stayed high due to competitive labour market within our industry. We have tried our best to recruit and fill up the vacancy, and to adjust our reward structures where necessary.



KPI - Staff Turnover Rate*			
		2023	2022
		%	%
Total Staff Turnover Rate		21.5	29.3
By gender	Female	25.3	20.5
	Male	20.5	32.0
By age group	< 30 years old	52.1	48.4
	30 – 50 years old	14.8	27.2
	> 50 years old	10.2	13.6
By geographical region	Hong Kong	25.6	25.2
	Mainland China	17.9	33.1

\* The staff turnover rate is the number of staff in the specified category who left during the year divided by the average total number of staff in the specified category.



## Developing Talents

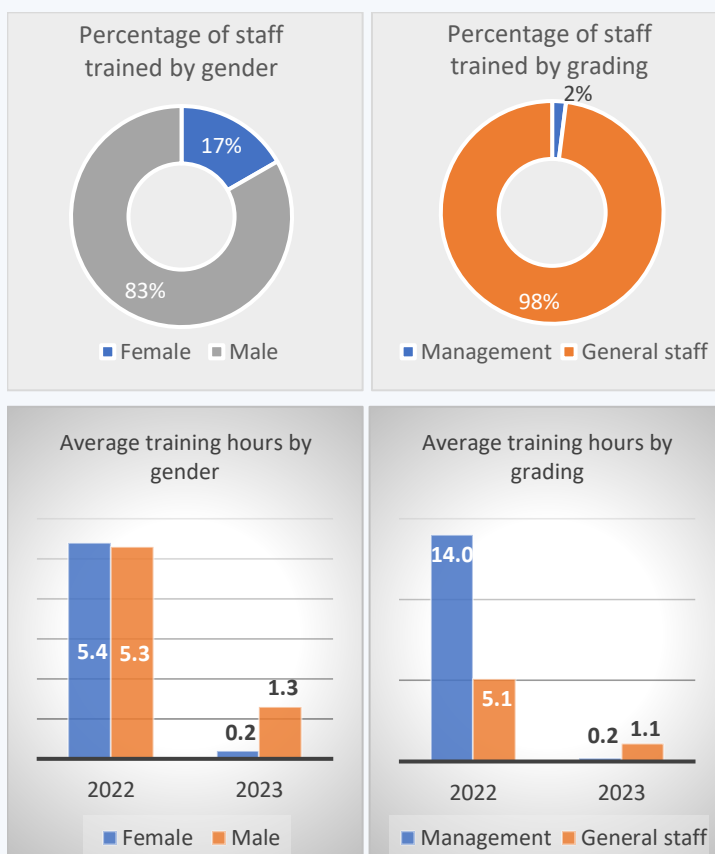
To remain competitive in the industry, professional competence and development of our people are essential to our business. By offering trainings to our staff, we enable them to reach their full potential. Also, we believe trainings have positive impact on the staff satisfaction, performance, and retention. We support our talent’s personal growth and career development through on-the-job training and a series of professional training courses.

On-the-job learning opportunities through peer coaching and collaboration are continuously available that can help our talents to obtain the skills and knowledge needed for specific jobs within the workplace. We will conduct training courses where necessary in our company by hiring professional consultants to train our talents in various business aspects. We also arrange various training courses outside our company to our talents to enhance their professional skills and knowledge.

During the Reporting Year, we had offered the following training and development programmes to our talents:

<p>New staff orientation</p>	<p>Induction programmes were specially designed for new joiners of the Group to enable them to get familiar with the Group policies and the working environment, so as to make them fit into our environment as quickly as possible.</p>
<p>External training and education courses</p>	<p>These courses were intended to upgrade the knowledge and skills of our staff for empowering them to take up future challenges in new capacities. For example:</p> <ul style="list-style-type: none"> <li>• Environmental Protection Course of Environmental Supervisors</li> <li>• Curtain wall installer for skilled workers</li> <li>• Computer knowledge in façade design and installation</li> </ul>

We support our talents to pursue continual education and training, we have policy to subsidise them for taking vocational training courses organised by qualified organisations and colleges. Upon satisfactory completion of the training courses that are recognised and approved by us, they can obtain the continuing education allowance for the courses they have taken. In the Reporting Year, due to some courses with high attendance rate, such as language course, had been completed in last year and these courses were not repeated in this year, the training hours taken by our talents were much fewer than last year.



KPI – Percentage of Staff Trained			
		2023	2022
		%	%
Percentage of total staff trained		<b>27.3</b>	27.4
By gender	Female	<b>16.7</b>	17.8
	Male	<b>83.3</b>	82.2
By grading	Directors & management	<b>1.9</b>	11.1
	General staff	<b>98.1</b>	88.9

KPI - Average Training Hours			
		2023	2022
		hours	hours
Average number of training hours per employee		<b>1.1</b>	5.4
By gender	Female	<b>0.2</b>	5.4
	Male	<b>1.3</b>	5.3
By grading	Directors & management	<b>0.2</b>	14.0
	General staff	<b>1.1</b>	5.1

## Health and Work Safety

### Our Commitment to Safety

Safety and health is the first priority of our business. We strive to ensure that all people working for KPa-BM or in our projects, or anyone who are exposed and affected by our business activities, including subcontractors and the public where appropriate, do not suffer from any injury or ill health. We treat health and safety at work as an integral part of our business performance. We have set out work safety policies, procedures and measures to minimise potential occupational health and safety hazards in order to provide our staff with a safe and healthy working environment.

Including the Reporting Year, the Group did not have work-related fatalities on our staff in the past three years. There was also no serious work-related injury on our staff that resulted in loss of working days in both financial years 2022 and 2023.

Work Injury and Fatality			
	2021	2022	2023
Number of staff injured	0	0	0
Number of staff died	0	0	0
Loss of working days	0	0	0

We have complied with the following laws and regulations:

In Hong Kong	
Occupational Safety and Health Ordinance	
Factories and Industrial Undertakings Ordinance	
Construction Sites (Safety) Regulation	
In the PRC	
Work Safety Law 《安全生產法》	
Prevention and Control of Occupational Diseases Law 《職業病防治法》	

### Our Management Approach

KPa-BM has a set of guidelines for maintaining our high standard on health and safety, and our top management will ensure they are continuously executed:

#### KPa-BM Fundamental Health and Safety Guidelines

- Observe the laws and regulations relating to occupational safety and health.
- Set up initiatives based on KPa-BM's occupational safety and health policies, review their progress and endeavour to improve and enhance occupational safety and health activities.
- Carry out occupational safety and health activities in both KPa-BM and its business partners on a full participation basis and keep good communication with stakeholders.
- Identify and evaluate the risks for occupational safety and health of a workplace and take appropriate actions accordingly.
- Actively promote employees' healthcare management.
- Actively promote education, training, and qualification acquisition necessary for employees' occupational safety and health activities.

During the Reporting Year, we were not aware of any non-compliance with relevant laws and regulations that had a significant impact on the Group relating to providing a safe working environment and protecting staff from occupational hazards.

## Site Health and Safety

For our structural engineering business in Hong Kong, we have implemented ISO 45001:2018 Occupational Health and Safety Management Systems to identify and reduce the risks of occupational health and safety. The system enables us to use systematic methods to proactively prevent work-related injuries and risks.

For each of our construction project, a safety supervisor is assigned to carry out regular site safety inspection and to ensure that the safety rules and measures are in place. Our staff and our subcontractor’s workers working in the construction sites are required to attend onsite safety training courses organised by the main contractor. We are required to observe the occupational health and safety measures and policies posted up at the worksites. Our directors, safety supervisor, project managers, and site foreman hold regular meetings to identify occupational health and safety risks and deficiencies and will impose mitigation measures where necessary.

To ensure safety in our construction sites, our project managers and site foremen closely monitor and inspect the work-in-progress of the subcontractors and ensure that they have met the safety requirements of the construction sites. We also require them to abide all safety laws, rules, regulations, measures, and procedures as well as all safety requirements relating to their works. Warning letter will be issued to subcontractor for any non-compliance of safety requirements. Project manager is responsible for carrying out regular evaluation on the safety performance of subcontractors to justify that these subcontractors can be qualified as Approved Subcontractor.



During the Reporting Year, we had conducted safety audits on the safety management system to ensure the safety measures are well implemented to meet the safety standards in the construction sites. The satisfactory results of the safety audits demonstrate our safety management system is working well in our construction sites.

## Office Health and Safety

We are also committed to providing safe and quality workplaces for our staff in Hong Kong and the PRC. Safety policies and procedures are in place to protect our staff from injury in our offices. Smoking is prohibited in our workplaces, and regular office cleaning is carried out to maintain the office hygiene. We strictly comply with the fire safety and fire escape regulations in our offices and regular examination of fire extinction devices are carried out.

## Safety at the Factory

In our PRC factory, we have implemented safety policies and measures and there was no serious injury incurred during the Reporting Year. Major measures we have taken include:

- Keep the factory workplaces as tidy as possible and prevent falling objects from storage area.
- Keep aisles clear and clean to prevent slips and trips.
- Constantly inspect and clean the equipment to make sure they are safe.
- Appropriate personal protective equipment must be worn in working area.
- Make sure there are sufficient emergency escapes, and the emergency exits are clear.
- Extra care in handling and storing combustible materials.
- Proper training on lifting heavy objects.

## Protecting our People from COVID-19

During the Reporting Year, with the ease of COVID-19, the social distancing restrictions were progressively relaxed. Our business activities and social activities were also resume normal gradually. However, we continued to take all necessary precautionary measures to keep our people safe. We still pay close attention to the latest development of the pandemic to make appropriate responsive actions. To mitigate the risks of infecting the virus, we arranged regular professional cleaning and sanitization services for our offices to ensure they had safe and clean working environment. We also encouraged our staff to take COVID-19 vaccination for extra protection, we granted one day pay leave to every staff taking the vaccination on the injection day.



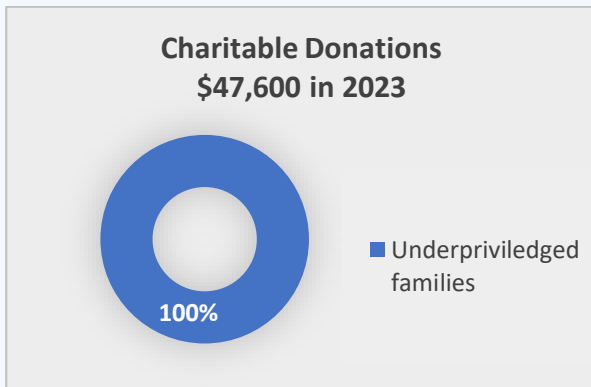


## Community Engagement

We are committed to supporting our communities and making positive difference in the communities. Our aim is to engage in long-term partnership with local communities and charity organisations to make a positive change in the communities where we live and work. We leverage our resources to help local charity organisations serve the communities and we have always been supporting charity organisations which can help the underprivileged and benefit the society.

Our connection with the communities not only comes from our financial contribution to charity organisations, but also from our people. Our people volunteer their time and passion to impact our communities and create healthy, positive, and resilient communities that make Hong Kong a better place to live.

During the Reporting Year, we had donated a total of HK\$47,600 (2022: HK\$147,000) to help the underprivileged children and families.



### Helping the underprivileged

We continue to support J Life Foundation (“J Life”) to relief poverty by providing tangible and intangible aids to under-privileged children and families in Hong Kong. During the Reporting Year, we partnered with J Life to hold three food distribution events for the benefit of low-income families. We bought frozen foods for the events and our staff volunteered themselves to help distributing the foods to the underprivileged families and elderlies.

### Supporting sports development in our communities

We also support the development of sports and wellness activities in our communities. Since 2022, we are the sponsor of Kai Tak Sports Initiative (“KTSI”) Sponsorship Programme for promoting “Sport for All”. KTSI is a charitable foundation and is partnering with non-profit organisations to provide opportunities and resources to people of all ages, abilities, skill levels, and backgrounds, to empower individuals with physical and mental fitness, and to promote sustainable community development.



# Sustainable Governance

## Our Values

We always operate to the highest ethical and professional standards that is open, honest and responsible. We uphold our values to gain the trust of clients, employees, business partners, shareholders and the public. Further we respect and protect their privacy. We realise that our supply chain decisions can influence positive change and we leverage these decisions to encourage sustainable business practices.

## Quality And Safety

### Our Commitment

We are dedicated to providing total satisfaction to customers with effective project management and high standard of quality engineering services. Our commitment to quality and safety is encapsulated within our business core values. We put our customers at the top priority and endeavour to meet our customers' requirements and to provide works and products with high quality, safety, and reliability.

Our people work very hard to improve our operating processes in project planning, design, manufacturing, fulfilment, after-sale service to bring safer and more reliable products and works to our clients. When our people fulfil the works and products to our clients, they have to abide the following fundamental principles:

#### KPa-BM Commitments to Customers

- Putting customers first to earn the customers' satisfaction is the fundamental to the job and responsibility of every employee.
- Complying with international quality standards and legal requirements to provide products with safety and reliability.
- Providing products and services that incorporate proper consideration for environmental conservation.
- Providing products and services that are innovative and beneficial to the customers.
- Give customers the comfort of safety, assurance, satisfaction, and the ability to use the product for many years to come.

### Quality Assurance

We are committed to provide quality products and services to our customers. We have adopted quality management system ISO 9001: 2015 in our structural engineering works in Hong Kong, the manufacturing of building materials in the PRC factory, and as well as the design and installation of noise barrier system. All employees from project planning to sourcing, manufacturing, project delivery, and after-sales service have the same attitude and collaborate to deliver safe, reliable and high quality projects works.

Our quality assurance process starts from the project planning and design stage. Project proposals are submitted to customers and the Building Department, if necessary, for approval. We assign a project manager to each project. During the project period, our project managers closely communicate with customers to ensure that our project works are complied with the requirements and the expectations of the customers. If non-conformities are identified or customer complaints are received, our senior management and project managers will examine the nature of problems and take necessary actions to remedy. After project completion, a defect liability period of normally one year is offered to our customers and subsequent after-sales service will be offer where required.

To ensure the quality of our building materials used in the projects, we engage with renowned international building material suppliers as the authorized distributor of their products in Hong Kong, Macau, and the PRC. We strictly forbid to use any counterfeit materials infringing the intellectual property rights of the genuine brands. Materials samples are submitted to customers for approval before using in construction projects. The project management team and procurement department are responsible for ensuring proper materials are used for the projects. Sample inspection and testing will be carried out on the purchased materials and products to ensure their safety and reliability. We may also engage external testing laboratories to perform onsite inspection to the products on the request of our customers. We have set stringent quality standards on the materials and products that are further processed in our factory to ensure these materials can meet our customers' requirements.

## Product Safety

We are responsible to deliver works that are safe to use not only by our main contractors or customers but also by the general public. To bring the best value to our customers, we rely on the innovative ideas of our engineers and architects to design a project that is both safe and economical. On top of meeting all latest standards, like ISO 9001:2015 QMS, and laws and regulations, such as Building Ordinance, safety features are incorporated by our staff as the top considerations.

During the Reporting Year, we had not experienced any serious complaints and material claims by our customers in respect of the projects completed by us. We also did not have to rework our projects due to safety and health reasons. We strictly complied with the relevant laws and regulations that would have significant impact on the Group relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided.

## Responsible Sourcing

### Our Management Approach

Our suppliers and subcontractors are integral to how we drive sustainability across our business. Managing them is critical to our sustainability and our commitment of quality and reliability to our customers. It is also critical for meeting the sustainability requirement of our customers.

On top of meeting our quality and reliability requirements, we strive to ensure as far as possible that our suppliers and subcontractors uphold the integrity value as ours. They are required to provide goods and services ethically that have complied with the relevant laws and regulations, ethical and environmental requirements throughout their sourcing and production life cycle.

### Responsible Sourcing Initiatives

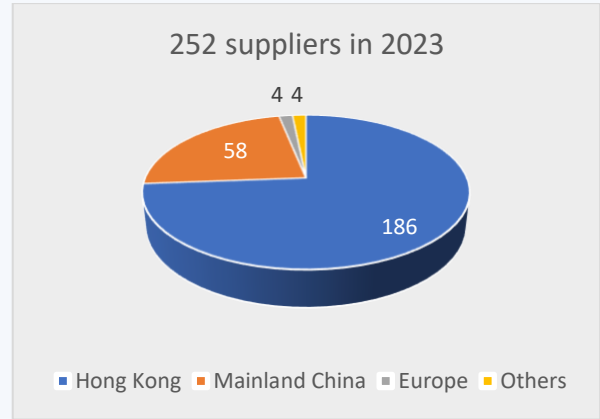
Our suppliers include those subcontractors for project installation works, and those for supplying materials, equipment, and other consumables. We have established policy and procedures on selecting subcontractors and suppliers to ensure the safety, reliability, and sustainability of our project works.

Our purchasing staff continuously source and identify new suppliers and subcontractors to meet our quality, sustainability and price requirements. We carry out assessments on their company background, reputation, technical ability, quality, price, as well as their ethical, environmental, and safety compliance for admitting to the approved supplier and subcontractor list. They are subject to appropriate quality assurance inspection and testing subsequently for us to monitor the quality of their services and products.

Our suppliers and subcontractors for the engineering projects are required to prove that they have complied with the applicable laws and regulations in relation to employment or labour laws, occupational health and safety laws, and environmental protection regulations. For those significant and important suppliers, we frequently visit their factories and workplaces, and the suppliers are required to provide document evidence on their compliance on environmental protection and product safety. If there is any non-compliance on the quality standards, and relevant laws and regulations, those suppliers and subcontractors will be removed from the approved suppliers list.

We have priority on sourcing from those subcontractors and suppliers who can demonstrate that they have the integrated quality assurance system in place, they have obtained the quality, environmental, health and safety accreditation in their operations, and their products and materials are made from sustainable or recycled sources.

To minimise the supply chain risks on the disruption of business, we have been maintaining an approved list of qualified subcontractors and suppliers that meet our standard and sustainability requirements. In this year, we had a total of 252 approved suppliers and subcontractors (267 in 2022), and they were subject to our engagement practices as described in the above paragraphs. Most of our suppliers and subcontractors is located in Hong Kong.



By building long-term collaborative partnership with our subcontractors and suppliers, we support and influence our suppliers and subcontractors to extend our values on sustainable procurement throughout their own supply chain management.

## Ethics and Compliance

### Fair Business - Anti-Corruption

Integrity, honesty, and fairness are the core values of KPa-BM that must always be upheld by all staff. We prohibit all forms of bribery and corruption. To ensure our business and workplace operate in a fair and transparent manner, the following policies and practices are in place:

- In conducting our business operations in Hong Kong, the PRC or elsewhere, all directors and staff are prohibited from soliciting, accepting, or offering any bribe and are required to comply with the respective local bribery prevention regulations.
- Policies and guidelines on accepting advantages such as entertainment and gifts, and handling conflict of interests are set out in the Code of Conduct of the Group.
- Whistleblowing policy has been established to encourage our staff or other stakeholders to report suspected misconduct, malpractices, or fraudulent activities. Cases reported are followed up independently and kept confidential.

Disciplinary actions are taken when misconduct is proven. In cases of suspected corruption or other criminal offences, they will be reported to the appropriate authority.



*Anti-corruption seminar delivered by ICAC in our office*

Anti-corruption training specific to our industry was provided to our staff to enhance their awareness of integrity and knowledge of anti-corruption law. We arranged the Independent Commission Against Corruption (“ICAC”) Department to deliver a seminar on the areas of identifying and managing corruption risks, managing staff integrity, understanding corruption loopholes, and promoting good practices in preventing corruption. A total of 12 staff joined the seminar, including 2 management staff and 10 general staff.

During the Reporting Year, there was no concluded legal case regarding corrupt practices brought against the Group or our staff. We were not aware of any breach of laws and regulations relating to bribery, extortion, fraud, and money laundering that have a significant impact on the Group.

## Upholding Labour Standard

We endeavour to protect human rights and create a workplace of respect, sincerity, and fairness for our staff. We are fully aware that child labour and forced labour violate fundamental human rights and they pose threat to sustainable social and economic development. We strictly comply with the Employment Ordinance in Hong Kong, and the Labour Law, Labour Contract Law, and the Provision on Prohibition of Using Child Labour in the PRC on this issue.

We have established policies and procedures for preventing the employment of children and ensuring there is no forced labour in our workplaces. We implement stringent checks on the candidates' identity documents and interview candidates to verify their age during recruitment. On employing staff, terms of employment are clearly set in the employment contracts and are strictly followed by the Group. Any staff will have the right to terminate the employment contract as long as it complies with the terms of employment in the contract, the relevant laws, and the Group policies.

During the Reporting Year, we did not experience any case on illegal child employment and forced labour.

## The Stock Exchange ESG Reporting Guide Index

Aspects	Description	Page Ref
<b>Mandatory Disclosure Requirements</b>		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they related to the issuer's businesses.	6-8
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:  Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.  Quantitative: Information on the standards, methodologies, assumptions and/ or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.  Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	3, 9-10
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	4
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
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.	12-13, 15-19
KPI A1.1	The types of emissions and respective emissions data.	17
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	17
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Not applicable for disclosure
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	18
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	20
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	18, 20



## The Stock Exchange ESG Reporting Guide Index (cont'd)

Aspects	Description	Page Ref
<b>A. Environmental</b>		
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	15-19
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	16
KPI A2.2	Water consumption in total and intensity.	19
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	20
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	19-20
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	19
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	12-13
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	12-13
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	14
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	14
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
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.	22-26
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	23
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	26

## The Stock Exchange ESG Reporting Guide Index (cont'd)

Aspects	Description	Page Ref
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B2: Health and Safety</b>		
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.	29-31
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	29
KPI B2.2	Lost days due to work injury.	29
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	30-31
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	27-28
KPI B3.1	The percentage of employees trained by gender and employee category.	28
KPI B3.2	The average training hours completed per employee by gender and employee category.	28
<b>Aspect B4: Labour Standards</b>		
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.	38
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	38
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	38
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	35-36
KPI B5.1	Number of suppliers by geographical region.	36
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	35-36
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	35-36
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	35-36

## The Stock Exchange ESG Reporting Guide Index (cont'd)

Aspects	Description	Page Ref
<b>Operating Practices</b>		
<b>Aspect B6: Product Responsibility</b>		
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.	34-35
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable for disclosure
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	35
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	34-35
KPI B6.4	Description of quality assurance process and recall procedures.	34-35
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Not applicable for disclosure
<b>Aspect B7: Anti-corruption</b>		
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 bribery, extortion, fraud and money laundering.	37
KPI 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.	37
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	37
KPI B7.3	Description of anti-corruption training provided to directors and staff.	37
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
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.	32
KPI B8.1	Focus areas of contribution.	32
KPI B8.2	Resources contributed to the focus area.	32

## Contact Us

We welcome your comments and suggestions on our ESG initiatives, performances, and reporting for enhancing our sustainability values. Please share your views with us via email at [cosec@kpa.com.hk](mailto:cosec@kpa.com.hk).

### **KPa-BM Holdings Limited**

27/F, The Octagon,  
6 Sha Tsui Road, Tsuen Wan,  
New Territories, H.K.

TEL: +852 2401 2747

FAX: +852 2494 8440