



Environmental, Social and Governance Report 2024



KPa-BM Holdings Limited
應力控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2663

* For identification purpose only

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Message from the Chairman

I am pleased to share with you our progress and works on ESG for the financial year 2024. As our business grew bigger and bigger over the past few years, the environmental and social impacts brought about by our business operations have been getting higher. Thanks to the dedication and resilience of our team who made us successful in meeting many challenges in financial and sustainability matters over the past years.

Our clients are eager to do better on sustainability and we are here to support them with a well-governed organisation committed to ESG principles. We remained committed towards driving sustainability across our value chain to support creating a better environment, better connected communities, and a better organisation for our stakeholders.

We have made big strides in improving environmental performance in the financial year 2024 as compared with 2023, and here is the highlight:

- Improved the fuel efficiency of our transportation fleet to reduce carbon emissions intensity by 10% and energy consumption intensity by 10.8%.
- Collaborated with suppliers to minimise packaging materials that the non-hazardous waste intensity had reduced by 25%.
- Less deep cleaning in the factory was required such that the water consumption intensity had reduced by 28.4%.
- Minimise packaging on our own products to reduce the packaging material intensity by 4%.

Three years ago in 2021, we made some environmental targets for ourselves to achieve in 2024. Although we were not able to meet every target, our team had made tremendous efforts to get close to the those targets that fell behind. We had made significant improvement in the reduction of GHG emissions and energy consumption intensity by 13% and 8.8% respectively, and they were quite close to our targets. For the water consumption intensity, there was not any reduction as compared with the baseline due to some change of product mix in the factory and the water usage was not as expected. However on the reduction of non-hazardous waste intensity, we were above the target by reducing 28.7% as compared with the baseline.

We have set new three-year short-term environmental targets this year for 2027 and we are formulating environmental strategies for meeting these new targets. We are also preparing for the new climate-related disclosures under the new Stock Exchange guidelines.

I would like to express my heartfelt appreciation to our team for their contribution to our sustainability development. Our team is passionately aligned with our purpose of delivering 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 C2 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 2023 to 31 March 2024 (the “**Reporting Year**”). We recognise the environmental, social and governance values and it is our commitment to create sustainable values through attending to the concerns 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) that makes 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 2023. 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 building material products	Hong Kong	✓	✓	x
Trading of building material products	Hong Kong	✓	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.

The diagram below shows the sustainability objectives that KPa-BM strives to achieve:





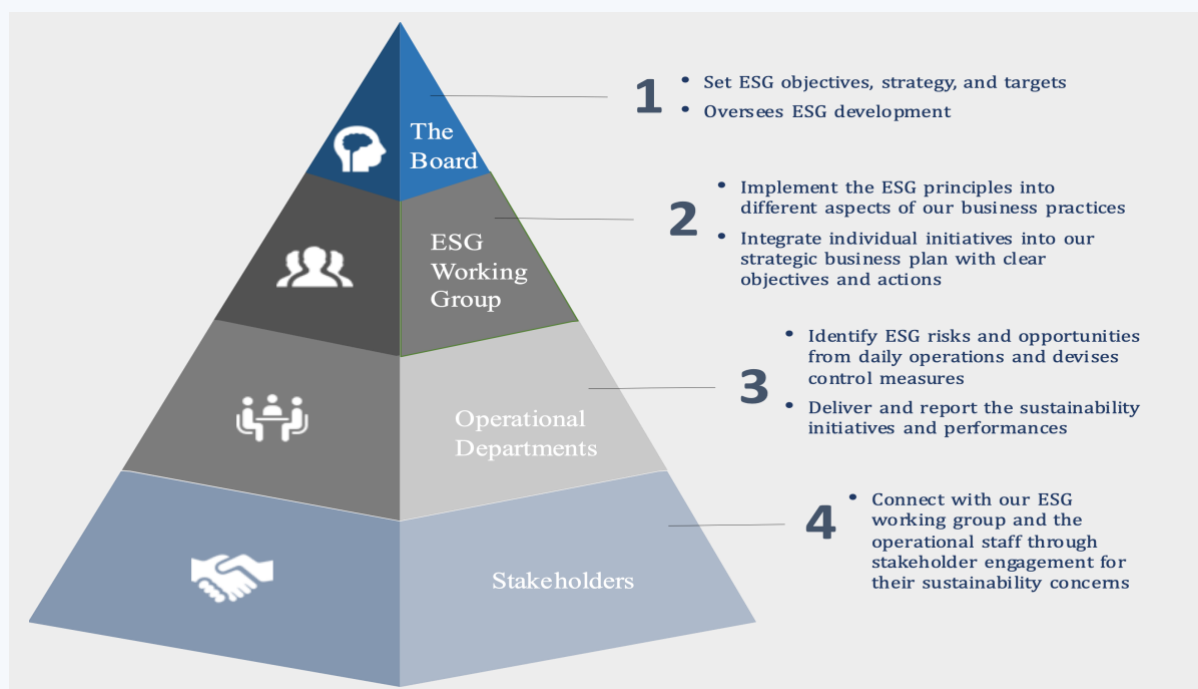
Our Approach to Sustainability

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 receives 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

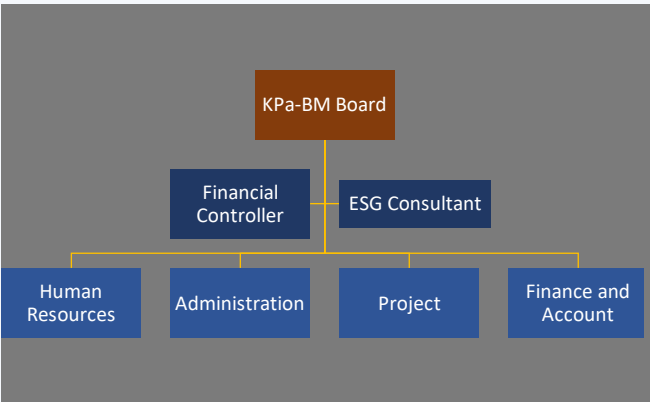
- To advise and report to the top management and the Board on ESG strategies and propose ESG initiatives for addressing the ESG risks and achieving the sustainability objectives.
- To engage stakeholders and perform materiality assessment on ESG topics for developing the ESG strategies.
- To decide and 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 issues and development.



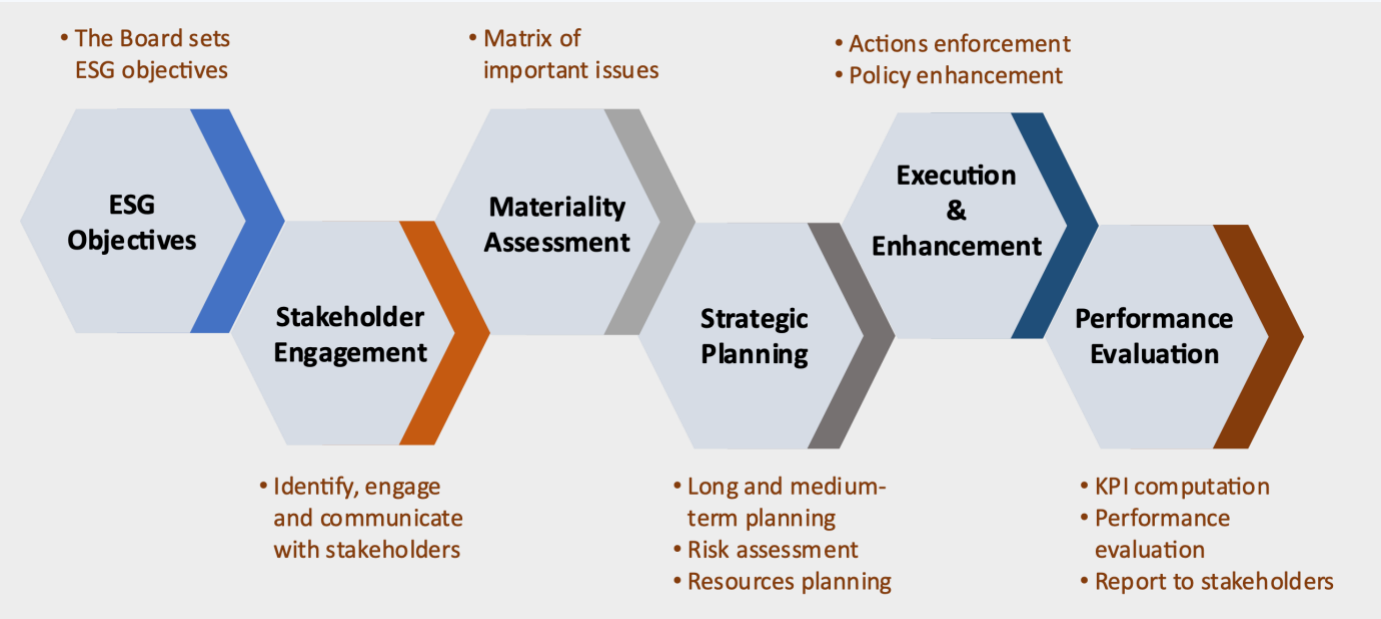
Our Sustainability Value Creation Process

Our ESG process regulates how our objectives are translated into sustainability performance. Our ESG objectives are set and continuously revised by the Board in accordance with the prevailing situation. We continuously engage relevant and key stakeholders and get understanding of their social and environmental expectations. By means of surveys collected from our stakeholders, we are able to develop a materiality matrix of ESG issues as concerned by our stakeholders and 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.

We continuously evaluate the effectiveness of our CSR plans and initiatives and where the existing policies are inadequate to meet the ESG objectives, these policies will be enhanced and improved.

ESG data are accumulated and analysed annually using the key performance indicators ("KPI") and 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 table below illustrates the external and internal stakeholders we have engaged during the Reporting Year, and summarizes the various communication channels we were using:

Stakeholders			Engagement Channels
External Stakeholders		Suppliers	<ul style="list-style-type: none">• Surveys• Physical, phone and video meetings• Seminars, industry updates, HK Façade Association updates• Phone enquiry hotline, company website• Participation in community activities, community news• Government regulations and announcements• Email, mail and fax
		customers	
		Subcontractors	
		Government & Regulators	
		Industry Association	
		Community & NGO	
Internal Stakeholders		Employees	<ul style="list-style-type: none">• Surveys• Physical, phone and video meetings, department and management meetings• Intranet and email communications• Shareholders meetings, company websites, enquiry hotline
		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. <i>Air Pollutants and Greenhouse Gas Emissions</i>	8. <i>Employment Practices – recruitment, promotion, compensation and benefits, working hours, etc.</i>	13. Human Rights and Anti-discrimination
2. Hazardous Waste and Non-hazardous Waste	9. Workforce and Employee Turnover Analysis	14. Child Labour and Forced Labour
3. Energy Consumption	10. <i>Occupational Health and Safety</i>	
4. Water Consumption and Sources	11. <i>Employee Development and Training</i>	
5. Use of Packaging Materials	12. Sex and Racial Diversity and Equal Opportunities	
6. Impacts of our Activities on Environment and Natural Resources		
7. Impacts of Climate Change on our Company		
Society	Product Responsibility	Supply Chain
15. Community Investment	18. <i>Quality Assurance, Product Health and Safety</i>	22. <i>Supplier Engagement Practices</i>
16. <i>Anti-corruption</i>	19. <i>Customer Satisfaction</i>	23. Environmental and Social Responsibility Risks along Supply Chain
17. <i>Anti-competition Behaviour</i>	20. Customer Data Privacy Protection	
	21. <i>Infringement of Intellectual Property Right</i>	

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

Managing Environmental Impacts

Climate Challenges and Resilience Actions

Environmental Management

Carbon Management

Waste Management

Conserve Natural Resources

Our Environmental Ambition

We Are Committed

Our commitment to environmental sustainability is a fundamental part of our business operations. We recognise the impact we have created by our operations on the environment and our responsibility to minimise our carbon footprint and to promote sustainable practices.

Our Environmental Management System enables us to identify and evaluate environmental impacts and risks in our business. It anchors our goal of embedding sustainability across all of our business activities, products and services.



Climate Challenges and Resilience Actions

We do not restrict our thinking on carbon reductions simply on environmental issues, we also care the vast impacts climate change can have on our operations and on the communities we serve. Extreme climate events are becoming more frequent, and the severity of such events is also on the rise. Unpredictable weather may affect our supply chains and the construction progress. It may pose potential risks to our business operations and result in possible financial loss. Taking appropriate steps to prepare for and adapt to the possible climate-related risks will be critical to our business sustainability.

We have to prepare for both the physical risks associated with climate change as well as the associated transition risks on the path to a net-zero greenhouse gas (“GHG”) emissions economy. We have conducted risk assessment to identify our Group’s potential physical risks and transition risks. We have policy to provide guidance on mitigating such potential impacts to our operations.

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



Environmental Management



We are accountable for the environmental impacts we made by our construction operations. We have been finding ways to minimise the hazards to the environment as caused by our operations, and to make our environment more sustainable.

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.

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 identify and evaluate the environmental impacts and risks in our construction activities so that mitigating actions can be taken where necessary.

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》

Enhance Environmental Sustainability

Our fundamental responsibility is to meet our clients’ environmental goals. 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 endeavour to raise awareness of environmental protection among our staff, subcontractors, and our suppliers. We are dedicated to implementing and promoting environmental protection measures and practices to ensure the sustainable development of our business.

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 emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.



Carbon Management

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.

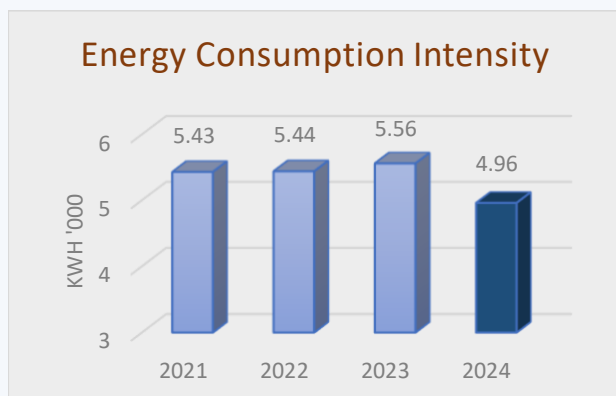
We devise electricity measures to reduce energy related GHG emissions. Our office is designed to be energy efficient that it utilises natural daylight as much as possible. LED lightings are extensively used to save energy in our offices, factory, and our PRC staff quarters. Independent temperature control 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.

The use of our motor vehicles is the other source of our GHG emissions. We are committed to minimising our carbon footprint from the use of vehicles by improving the fuel efficiency and reducing the fuel usage. We have medium to long term plan to replace our existing petrol passenger cars by hybrid and 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



Electricity plays the key part in our energy use. In this year, to cope with the Group's business growth, production of our factory had increased as compared with last year, and longer working hours were also required in the Hong Kong office to catch up with the project schedule. Accordingly, electricity consumed by our factory and Hong Kong office increased year-on-year by 9.7% and 7% respectively. The Group's total electricity consumption increased by 8.1% in the Reporting Year.

Fuel consumption is the other component of our energy use and accounted for about 46% of the Group's total energy use in 2024. Our transportation fleet consumed most of the fuel for delivering construction materials and the remaining fuel was consumed by our passenger cars.

Due to the business growth, our transportation fleet carrying construction materials travelled between our warehouses and project sites more frequently in this year and as the result, 7% more fuel was consumed as compared with last year. On the other hand, certain older and fuel-inefficient passenger cars retired and were replaced by more fuel-efficient models, the petrol used by our passenger cars had largely reduced by 15% despite the total mileage only decreased by 4%. The reduction in fuel use by passenger cars offset the impact of the increase in fuel consumption by our transportation fleet. The overall fuel usage only went up by 0.5% in this year.

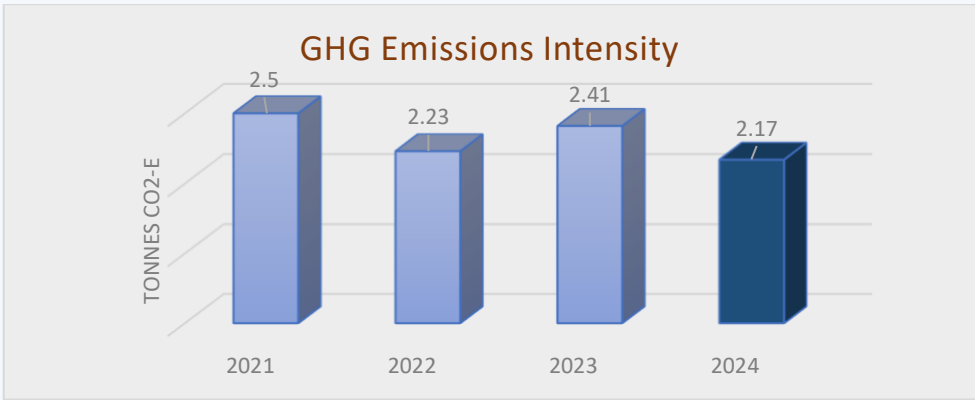
In pace with the business growth, our energy use had inevitably gone up, and so was our workforce. In this year, our average number of staff in Hong Kong and the PRC had increased by 17%. As the result, our energy consumption intensity decreased by 10.8%, despite the increase of total energy consumption.

KPI – Energy Consumption

	2024 kWh'000	2023 kWh'000	Change
Fuel	375.4	373.4	+0.5%
Electricity	449.6	415.8	+8.1%
Total energy consumption	825.0	789.2	+4.5%
Energy consumption intensity (kWh'000 /staff*)	4.96	5.56	-10.8%

* 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 installation works. Air pollutants and GHG emissions are directly or indirectly produced in our Hong Kong office operations and PRC factory.

The Group’s air emissions of nitrogen oxides (“**NOx**”), sulphur oxides (“**SOx**”) and particulate matter (“**PM**”) come from our motor vehicles. The NOx and PM emissions are related to the mileage travelled and SOx emissions is directly related to fuel combustion. More than 96% of NOx and PM emissions and nearly 70% of SOx emissions are produced by our goods vehicles.

With the growth in our business, the total mileage travelled by our goods vehicles increased by about 12% in this year. As such the NOx and PM emissions increased by more than 8% as compared with last year. With the improvement of fuel efficiency of our goods vehicles, the fuel consumption and SOx emissions only rose 7% in this year. For our passenger cars, air emissions was quite insignificant, and SOx emissions reduced substantially by 15% in this year due to less fuel was consumed by our newly replaced cars.

After offsetting the reduction of air emissions from passenger cars, the Group’s overall NOx and PM emissions increased by 7.6% and 8.4 % respectively, and the SOx emissions remained the same as last year.

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.

In the Reporting Year, our overall GHG emissions increased by 5.4%. The Scope 2 emissions had accounted for almost 70% of the total. Our Scope 2 emissions increased by 8.3% and was in line with the increase in electricity consumption.

On the other hand, despite the business growth, our Scope 1 emissions from fuel combustion remained stable in this year due to the improvement of fuel efficiency in our motor vehicles.

In the Reporting Year, we had collected 114kg of wastepaper for recycle to avoid direct disposal to landfills. Accordingly, our Scope 3 emissions also dropped by 5.9%.

Although the overall GHG emissions had increased, the GHG emissions intensity greatly dropped by 10% due to the expansion of our business and workforce during the year.

KPI – GHG Emissions and Air Emissions

		2024	2023	change
GHG Emissions**				
Scope 1 – direct from fuel	tonnes CO _{2-e}	96.68	96.39	+0.3%
Scope 2 – indirect from electricity	tonnes CO _{2-e}	249.77	230.67	+8.3%
Scope 3 – indirect from others	tonnes CO _{2-e}	14.46	15.36	-5.9%
Total GHG emissions	tonnes CO _{2-e}	360.91	342.42	+5.4%
GHG emissions intensity	tonnes CO _{2-e} /staff*	2.17	2.41	-10.0%
Air Emissions**				
NO _x	kg	224.4	208.5	+7.6%
SO _x	kg	0.563	0.563	-
PM	kg	18.58	17.14	+8.4%

* 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.

Non-hazardous waste generated by our Group was mainly packaging materials on supplies for our factory processing operations in the PRC and materials trading operations in Hong Kong.

In this year, our total amount of non-hazardous waste increased as a result of expansion in our Hong Kong trading and the PRC processing operations. We saw the non-hazardous waste intensity increased mildly for our Hong Kong operations as packaging materials could not be reduced. However, the non-hazardous waste intensity for our PRC factory dropped significantly by 28% due to the efforts of our suppliers to reduce packaging materials for our supplies.

We always liaise with our suppliers for the possibility of using less packaging materials without damaging the supplied goods. The packaging materials left after opening will be sorted for recycling where possible.

Our workplaces also produced other general non-hazardous waste, such as wastepaper, office supplies and commercial waste. However, the waste amount was insignificant and as such the relevant data are not reported. Nevertheless, we are committed to minimise our impact to the environment. In this year, we had collected 114kg of wastepaper for recycle.

We have policies and guidelines to reduce general waste in the office and the factory as follows:

- 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.
- Collect wastepaper for recycle.
- 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	Total
	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**)	Non-Hazardous Waste (tonnes)	Non-Hazardous Waste Intensity (kg/HK\$'000 trading & factory revenue***)
2024	32	0.59	22	2.85	54	0.87
2023	26	0.83	18	2.82	44	1.16
Change	+23.1%	-28.9%	+22.2%	+1.1%	+22.7%	-25%

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

** The intensity calculation is based on trading revenue of the Hong Kong operations.

*** The intensity calculation is based on revenues of the Hong Kong trading operations and the factory.

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 construction sites, water is supplied by the main contractor for our sub-contractors to use for their works, as such we do not have control over the usage nor have record on the consumption.

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

Over 97% 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.

In this year, more workers were hired in the PRC factory because of the increase in production, that the water consumption in the staff quarters was slightly increased. However, the overall water consumption in the factory had decreased by 16% mainly due to less water used for factory deep cleaning in 2024 after the pandemic was over and change in product mix that less water was required in the manufacturing process. The water consumption intensity further went down by 28.4% attributable to the increase of production.

KPI – Water Consumption

	2024 (m ³)	2023 (m ³)	change
Water consumption	3,995	4,758	-16.0%
Water consumption intensity (m ³ /staff) *	23.99	33.51	-28.4%

* 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, though we still need to use degradable 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.

In this year, the use of packaging materials increased substantially by 65.7% which was in line with the increase of production in the PRC factory. However, the intensity of packaging materials used based on the factory processing revenue had dropped by 4%. Wherever possible, we had tried our best to minimise using packaging materials as long as the products can be protected from damage during transportation.

KPI – Packaging Materials

	2024 (kg)	2023 (kg)	change
Usage of packaging materials	4,010	2,420	+65.7%
Intensity of packaging materials used (kg/HK\$m factory processing revenue) *	73.8	76.9	-4.0%

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



Our Environmental Ambition

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 baseline to anchor our strategy for environmental performance improvement.

Target Areas	2021 Baseline	2024 Result	2024 Target
GHG emissions intensity	2.5 tonnes CO _{2-e} /staff	2.17 tonnes CO _{2-e} /staff Reduce 13%	Reduce 20% to 2 tonnes CO _{2-e} /staff
Energy consumption intensity	5.43 kWh'000 /staff	4.96 kWh'000 /staff Reduce 8.8%	Reduce 10% to 4.89 kWh'000 /staff
Water consumption intensity	23.91 m ³ /staff	23.99 m ³ /staff Increase 0.3%	Reduce 10% to 21.5 m ³ /staff
Non-hazardous waste	47 tonnes	54 tonnes Increase 14.9%	Reduce 5% to 44.7 tonnes

Targets	Our Actions	The Outcome in 2024
<p>Reduce GHG emissions intensity</p> <p>Reduce Energy consumption intensity</p>	<ul style="list-style-type: none"> Encourage staff to take public transportation for site working. Use more phone and video conferencing to replace travelling. Replace electric vehicles where possible. Replace more energy-efficient appliances and equipment. Implement more power saving measures in the offices and factory. 	<ul style="list-style-type: none"> The GHG emission had reduced 13% over three years and was quite close to our 20% target, and the energy consumption had reduced 8.8% that was very close to the target. The distance of the project sites in the years of comparison was uncontrollable by us, but we have been trying hard to reduce the fuel use for our motor vehicles. Fuel consumption for our motor vehicles was affected by our motor vehicle replacement plan. Replacement of certain motor vehicles for more fuel-efficient vehicles was delayed to 2024 and beyond due to economic reasons that had affected our carbon reduction target.
Reduce Water consumption Intensity	<ul style="list-style-type: none"> Enhance awareness of our staff to conserve water usage. Improve manufacturing process in the factory for using less water. 	<ul style="list-style-type: none"> We were unable to meet the 10% reduction target and the result was about the same intensity level as the baseline. Type of products manufactured, and type of machinery used would affect the need of water during the manufacturing process that we may not be able to foresee. However, it was positive that our staff and workers were getting more awareness on preserving water.
Reduce Non-hazardous waste	<ul style="list-style-type: none"> Collaborate with the suppliers to avoid excessive packaging materials. Recycle cartoon packings where possible. 	<ul style="list-style-type: none"> Our target was to reduce the absolute amount to 44.7 tonnes from the 2021 baseline of 47 tonnes, but the result was 54 tonnes in 2024. However, we have been very successful on reducing packaging materials from suppliers through collaboration with them, taking into account that the revenue from the respective operations had increased by 61% over the past three years. The non-hazardous waste intensity in 2024 had actually reduced by 28.7% as compared with the 2021 baseline.



To continue our sustainability journey, we continuously explore ways to improve our environmental performance. We have set short-term targets by the financial year 2026/27 against the current year 2024 baseline to anchor our strategy for environmental performance improvement. The details of targets and our planned actions for achieving these targets are as follows:

Area of Improvement	2024 Baseline	2027 Target
GHG emissions intensity	2.17 tonnes CO _{2-e} /staff	Reduce 10% to 1.95 tonnes CO _{2-e} /staff
Energy consumption intensity	4.96 kWh'000 /staff	Reduce 10% to 4.46 kWh'000 /staff
Water consumption intensity	23.99 m ³ /staff	Reduce 10% to 21.59 m ³ /staff
Non-hazardous waste intensity	0.87kg/HK\$'000	Reduce 5% to 0.83kg/HK\$'000

Targets	Our Planned Actions
Reduce GHG emissions intensity	<ul style="list-style-type: none">• Encourage staff to take public transportation for site working.• Use more phone and video conferencing to replace travelling.• Replace more fuel-efficient motor vehicles and electric vehicles where possible.• Add or replace energy-efficient equipment and machinery in the factory.• Implement power saving measures in the offices and factory.
Reduce Energy consumption intensity	
Reduce Water consumption Intensity	<ul style="list-style-type: none">• Enhance awareness of our staff to conserve water usage.• Improve manufacturing process in the factory for using less water.
Reduce Non-hazardous waste Intensity	<ul style="list-style-type: none">• Collaborate with the suppliers to avoid excessive packaging materials.• Recycle cartoon packings where possible.

Social Sustainability

Value Our People
Developing Talents
Health and Work Safety
Community Engagement

We Believe

We believe our employees are the core of our business and we strive to uphold them in every way to make our business thrive and sustainable.

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 place to live.



Value Our People

The Management Approach

We value the contributions of our people. We understand that attracting and retaining best people is critical to our success. We work to foster a respectful, safe and engaging environment to enable our staff to thrive both professionally and personally. We treat every staff fairly and with respect to ensure that they can feel appreciated and have sense of belongings.

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. We are committed to following the key fundamental principles as illustrated on the right:

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.



We maintain policies in accordance with all applicable laws and regulations to protect the interests of our staff. During the Reporting Year, 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

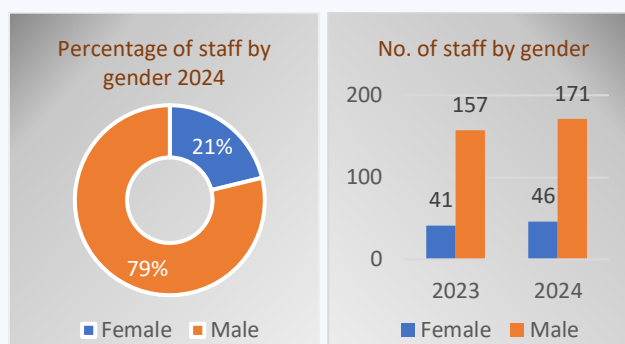
In the PRC

Labour Law 《勞動法》
Labour Contract Law 《勞動合同法》

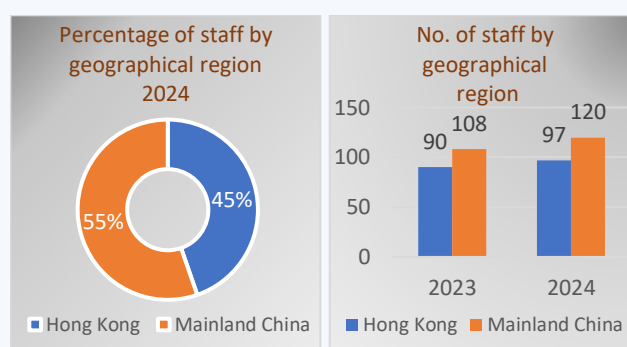
Attracting and Retaining Talents

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, etc.

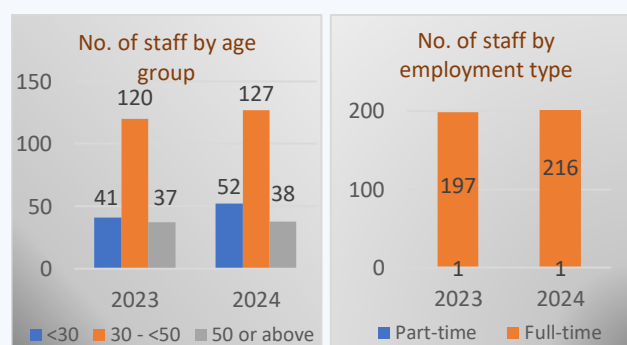
The following charts show the breakdown of employees by gender:



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

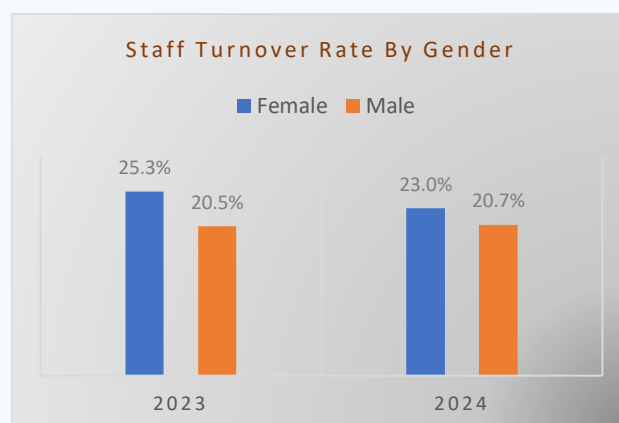
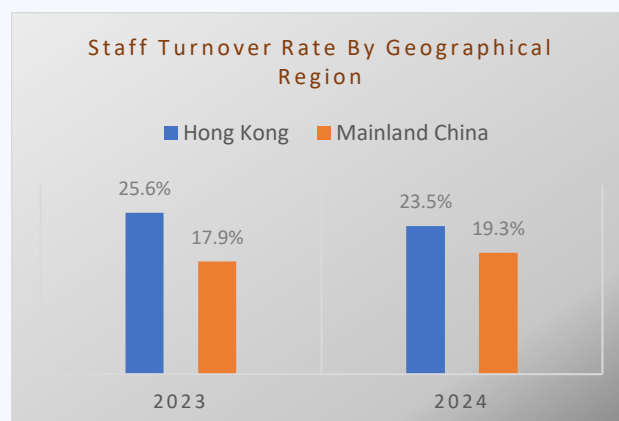
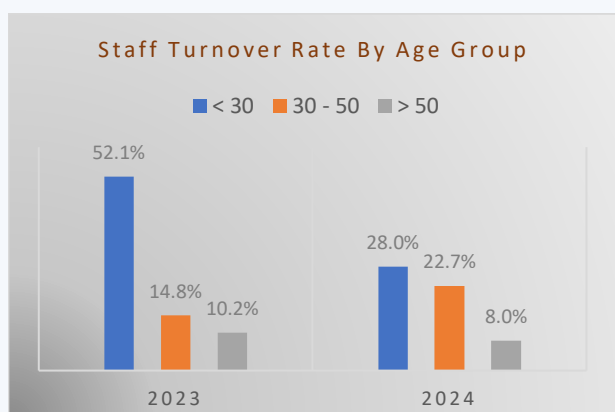


The following charts show the breakdown of employees by age and by employment type:



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, staff turnover rate was normal and similar to last year. The employee turnover rate in Hong Kong stayed moderately high at 23.5% due to competitive labour market in Hong Kong as the result of increase in government construction projects, and the impacts of brain drain. We had mitigated the risk of further deterioration of staff turnover by offering competitive remuneration and promising career development. The staff turnover rate of our PRC operations was stable at below 20%.



As of 31 March 2024, the Group employed a total of 217 (2023: 198) 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.

KPI - Staff Turnover Rate*

		2024	2023
		%	%
Total Staff Turnover Rate		21.2	21.5
By gender	Female	23.0	25.3
	Male	20.7	20.5
By age group	< 30 years old	28.0	52.1
	30 – 50 years old	22.7	14.8
	> 50 years old	8.0	10.2
By geographical region	Hong Kong	23.5	25.6
	Mainland China	19.3	17.9

* 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.



Rewarding Our People

Our human resources policy enables us 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

We are 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 staff lounge in the office where our staff can take a break at work for mental respite and rejuvenation. We are continuously working on providing more flexibility on work, more paid leaves, and extending more staff benefits across the Group.

During the year, we began to offer every staff a day of birthday paid leave for them to celebrate the special day with their best friends and family. Also, we started to give 2 days of marriage paid leaves as a compliment, and 2 days of funeral paid leave for them to mourn for their immediate family members. We also offer work from home arrangement for our office staff to cope with their personal or family needs.

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
Birthday Leave 	1 Day paid leave	Work from home 	When there is pandemic, family, or personal reasons
Festive Early Day-off 	4-5 Big festive days in a year	Flexi-hour 	Choose time to work to avoid crowds during pandemics
Marriage Leave 	2 Days paid leave	Part-time Working 	No-pay Leave without affecting employment
Funeral Leave 	2 Days paid leave	Healthcare Insurance 	Extend to All Staff

Work-life Balance – Personal Wellness

Maintaining a healthy work-life balance is important for our people to reduce stress and improve their quality of life. Moreover, this balance has positive impact to the Group since the satisfaction of our people leads to an increase in talent retention and an increase in team productivity.

To support our staff in maintaining their physical and mental wellness, we have been offering our staff a range of social activities, including short trips and outdoor recreation activities, sports activities, interest classes, handicraft workshops, charity activities, birthday parties, lunch gatherings and annual dinners.

Staff birthday party in office



Sowers Action Challenging 12km charity marathon



Staff social activity - Go-Kart racing



Celebrating 13th Anniversary of our Shenzhen factory



Resin incense holder handicraft workshop



During the year, we held regular gatherings and parties for our staff, such as festival gatherings for Christmas, Winter Solstice, and Lunar New Year, etc. We also held the Group's annual dinner in Hong Kong with lucky draw to thank the hard works of our staff, and we arranged transportation for all our PRC staff to come and join with our Hong Kong staff. Our Shenzhen factory has been established for 13 years and we held an anniversary dinner to celebrate with all the employees and to show our gratitude to the long-service staff.

We organised various recreational and interest class for our staff to relieve their pressure from work. We arranged a resin art class for our Hong Kong staff to make resin incense holder. We also arranged an indoor go-kart function for those active staff to participate. We encourage our staff to take part and volunteer themselves for charity activities. We sponsored 32 staff to participate in the 12 km race in Sowers Action Challenging 12 Hours Charity Marathon. As usual, our staff also volunteered in the J Life Foundation charitable food distribution to help the under-privileged people.



Developing Talents

Our business growth and success rely heavily on our highly qualified and skilled talents. Learning and career development continue to be an important aspect of our human resources strategy. We offer various learning opportunities to foster our people’s career and help them acquire relevant skills and professional knowledge.

To support our staff’s personal growth and career development, we conduct various training programs through both internal and external trainers. For new hires, we provide induction programmes to familiarise them with our corporate structure, culture and policies. On-the-job learning opportunities through peer coaching and collaboration are continuously available that can help our staff obtain the skills and knowledge needed for specific jobs within the workplace.

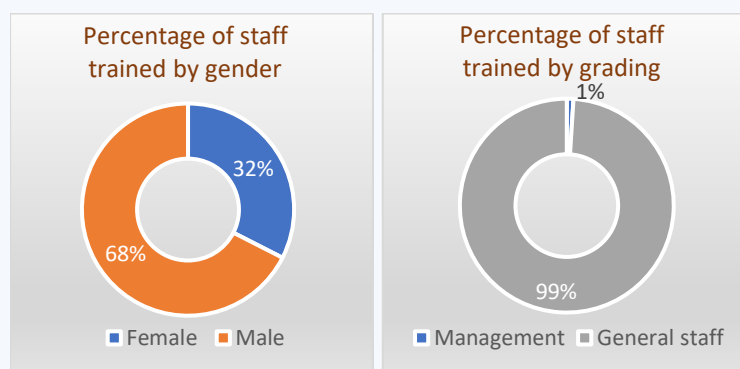
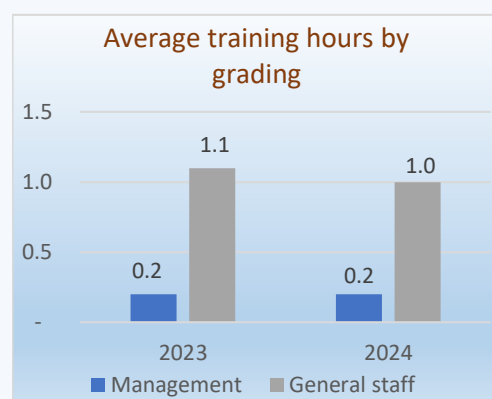
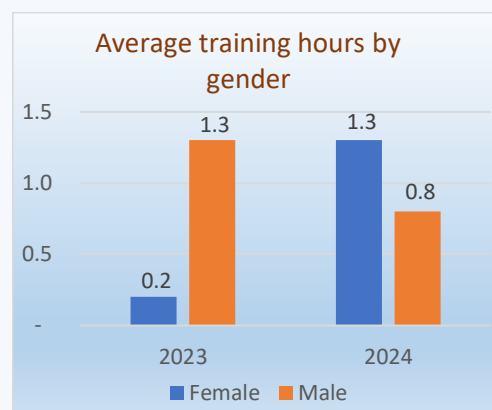
We also conduct training courses where necessary in our company by hiring professional consultants to train our staff in various business aspects and arrange various training courses outside our company to enhance their professional skills and knowledge.

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

New staff orientation	Induction programmes were specially designed for new joiners 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.
External training and education courses	<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">• Safety training course for construction workers• Curtain wall installer for skilled workers• Workshops for Registered Specialist Trade Contractors
Internal training seminars	<p>These seminars were conducted by our senior staff to share their knowledge and experiences. For example:</p> <ul style="list-style-type: none">• Contract management on construction insurance, and bonds with warranties• Contract practice for quantity surveyors and project managers

We support our staff 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.

For this year, although the percentage of total staff trained had increased to 35.5% (2023: 27.3%), average training hour remained low as last year due to the staff were required to catch up the delayed schedule caused by the pandemic in last year. We intend to increase the amount of training hours gradually in coming years.



KPI – Percentage of Staff Trained

		2024	2023
		%	%
Percentage of total staff trained		35.5	27.3
By gender	Female	32.5	16.7
	Male	67.5	83.3
By grading	Directors & management	1.3	1.9
	General staff	98.7	98.1

KPI - Average Training Hours

		2024	2023
		hours	Hours
Average number of training hours per employee		1.0	1.1
By gender	Female	1.3	0.2
	Male	0.8	1.3
By grading	Directors & management	0.2	0.2
	General staff	1.0	1.1

Health and Work Safety

Our Commitment to Safety

In our business, safety and health are our first priority. 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. For our construction projects, the Safety and Health Management Committee chaired by the executive Director is responsible for the co-ordination and implementation of the safety and health management system.

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.



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》

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 2023 and 2024.

Work Injury and Fatality

	2022	2023	2024
Number of staff injured	0	0	0
Number of staff died	0	0	0
Loss of working days	0	0	0

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

All our structural engineering operations in Hong Kong are certified to Occupational Health and Safety Management Standard ISO 45001:2018. Our Occupational Health and Safety Management System helps us identify and reduce the risks of occupational health and safety, as well as enable 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.

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

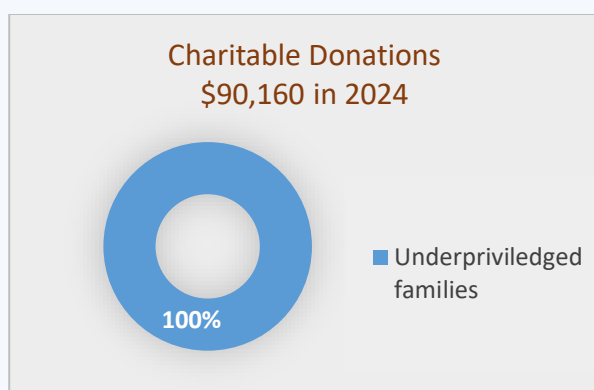
To provide a safe workplace for our PRC staff, our factory has obtained Work Safety Standardization Certificate issued from State Administration of Work Safety and it has also passed the fire protection inspection. We also have implemented safety policies and measures to enhance productivity and efficiency, as well as to ensure safety of our staff. During the Reporting Year, there has been no serious injury incurred in our PRC Factory. 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.



Community Engagement

We endeavour to make positive impact in the communities where we do business. Through long-term partnership with local communities and charity organisations that have a lasting influence in our communities, we focus our resources on helping the underprivileged to have a better life. During the Reporting Year, we had donated a total of HK\$90,160 (2023: HK\$47,600) for the underprivileged children and families.



We also encourage our staff to volunteer their time and passion for giving back to the society and to help making better communities. In this year, we continued to partner with J Life Foundation (“J Life”) to hold three food distribution events. J Life is a charity organisation that aims to help underprivileged families in local community. We supported the events by donation and our staff volunteered themselves to help packing and distributing foods to the underprivileged families and elderlies.

In addition, our staff took part in charitable fundraising sports event. We participated in the Sowers Action Challenging 12 hours Charity Marathon to raise funds for the education and welfare of the orphans and underprivileged children. A total of 32 staff in 8 teams participated in the 12km trail run to experience the hardships of students who need to walk long distance to school every day.

In recognition of our continuous contributions to the community, we were accredited the caring company for the years 2017 to 2023 and were awarded the “5 Years Plus Caring Company certificate” for three consecutive years.

Sustainable Governance

Quality and Safety

Responsible Sourcing

Ethics and Compliance

We Uphold

Integrity, pursuance of excellence, and priority of customers are some of the core values in our sustainable governance. We uphold these values to gain trust from our clients, business partners, employees, shareholders, and the public. We operate with the highest ethical and professional standards in our business.

To ensure the quality, safety, and environmental sustainability across our value chain, we select those suppliers who can uphold the quality, integrity and environmental culture as ours.

At every stage in our engineering and construction process, our people will not forget to take environmental, quality assurance, safety and reliability into account.



Quality and Safety

Our Commitment

Our commitment to quality and safety is strongly embedded within the values and principles of the Group. Our people are dedicated to providing the works and services that build on customer satisfaction. We are committed to providing effective project management and high standard of quality engineering services.

We continuously 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. Our project teams have to abide the following fundamental principles in delivering the works and products to our customers:

KPa-BM Commitments to Customers

- Putting customers first to earn the customers' satisfaction is 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 providing quality products and services to our customers. Our Quality Management System (“QMS”) ISO 9001:2015 contains all policies, procedures, and processes necessary to manage effectively in all segments of our operations for the structural engineering works, facades construction, design and installation of noise barrier, and manufacturing of building materials in our PRC factory. The success of the QMS requires teamwork, engagement, ownership, and support from all our employees. Our senior management is committed to providing the leadership and resources to meet the high-quality standards and to ensure that our QMS is understood, endorsed, and implemented by all employees at all levels of the Group.

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 completion of the projects, a defect liability period of normally one year is offered to our customers and subsequent after-sales service will be offered where required.

To ensure the quality of our building materials used in the projects, we engage with some renowned international building material suppliers as the authorized distributor of their products in Hong Kong, Macau, and the PRC. We expanded the production capacity of our PRC factory to give us more control on the quality and cost of our building materials. We set stringent quality standards on the materials and parts manufactured and processed in our factory to ensure they meet the requirements of our customers.

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 parts 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.

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 value chain. Managing them is critical to our sustainability as well as for our customers' sustainability objectives, and it also assures the quality and reliability to our products.

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 cycle.

Responsible Sourcing Initiatives

Our suppliers include those subcontractors for project installation works, and those for supplying construction 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 require them to have a QMS that meets our requirements, and we review their quality and QMS processes through frequent site visits. The suppliers are also 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 295 approved suppliers and subcontractors (328 in 2023), and they were subject to our engagement practices as described in the above paragraphs. The majority of our suppliers and subcontractors are 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.



* The number in 2023 has been restated to conform with the presentation of the 2024 KPI.

Ethics and Compliance

Fair Business - Anti-Corruption

We recognise the importance of anti-corruption and prohibit all forms of bribery and corruption in conducting our business. Honesty, integrity, and fairness are the core values of KPa-BM that must always be upheld by our directors and staff. 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, PRC and elsewhere, all directors and staff are prohibited from soliciting, accepting, or offering any bribe and are required to comply with Prevention of Bribery Ordinance in Hong Kong and 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

To ensure bribery and corrupt activities do not occur, we have been conducting periodic corruption prevention trainings to our staff. We arrange trainings for management staff to understand their role in preventing corruption and to acquire skills to identify and manage corruption risks. For general staff, trainings can raise their awareness against corruption temptations and enhance knowledge of anti-corruption law.

In this year, a total of 24 Hong Kong staff, including all new staff, had taken part in the corruption prevention seminar specific for construction industry, which was delivered by the Independent Commission Against Corruption (“ICAC”) Department.

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 respect human rights and endeavour to 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. Every staff 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 polices.

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

Non-infringement of Intellectual Property Right

Infringement of intellectual property (“IP”) right may cause serious business risks of civil or even criminal penalties. Using fake IP materials and products may result in injuries or damages on the building structure.

We have strict policy for our staff not to violate any IP rights in our business. We respect the legal rights of IP owners, and we have to obtain permission or appropriate licences from the IP owners before use. We strictly prohibit using any counterfeit materials and products that infringe the rights of the genuine IP owners. We are required to submit genuine products and materials for approval by our customers. In our offices and the factory, we only use genuine reference books and licensed software for our computers and machineries.

We emphasize great importance to the use of IP and strictly comply with all laws and regulations relating to IP, such as:

In Hong Kong
Patents Ordinance
Trademarks Ordinance
Prevention of Copyright Privacy Ordinance
Intellectual Property (Miscellaneous Amendments) Ordinance
In the PRC
Copyright Law 《著作權法》
Patent Law 《專利法》

Anti-Unfair Competition

We advocate free and open competition in doing business. Fair business competition encourages individual business to innovate and find ways to work more efficiently and lower cost. This results in lower prices, better quality products, more choice for customers, and increased prosperity in the market.

We are committed to fair trade and anti-unfair competition and strictly prohibit bid rigging. We have to abide by the Competition Ordinance in Hong Kong. In addition, we have implemented the following measures to ensure fair competition:

- We have internal guidelines for contract tendering to forbid bid rigging.
- Staff can seek advice from our top management if in doubt about whether they have committed any anti-competitive conduct.
- Our Code of Conduct requires all employees to uphold business ethics.
- Our whistle-blowing policy enables our staff to report suspected misconduct on bid rigging and other anti-competition acts confidentially and anonymously.

The Stock Exchange ESG Reporting Guide Index

Aspects	Description	Page Ref
Mandatory Disclosure Requirements		
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.	6-9
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, 10-11
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
A. Environmental		
Aspect A1: Emissions		
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.	14-19
KPI A1.1	The types of emissions and respective emissions data.	18-19
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	19
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.	20
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	22-24
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.	20, 22-24

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

Aspects	Description	Page Ref
A. Environmental		
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	14-15, 16-17, 21
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	17
KPI A2.2	Water consumption in total and intensity.	21
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	22-24
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.	21-24
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	21
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	14-15
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	14-15
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	13
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.	13
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
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.	26-32
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	27
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	28

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

Aspects	Description	Page Ref
B. Social		
Employment and Labour Practices		
Aspect B2: Health and Safety		
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.	33-34
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	33
KPI B2.2	Lost days due to work injury.	33
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	33-34
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	31-32
KPI B3.1	The percentage of employees trained by gender and employee category.	32
KPI B3.2	The average training hours completed per employee by gender and employee category.	32
Aspect B4: Labour Standards		
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.	42
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	42
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	42
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	39-40
KPI B5.1	Number of suppliers by geographical region.	40
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.	39-40
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	39-40
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	39-40

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

Aspects	Description	Page Ref
Operating Practices		
Aspect B6: Product Responsibility		
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.	37-38
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.	38
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	37-38
KPI B6.4	Description of quality assurance process and recall procedures.	37-38
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Not applicable for disclosure
Aspect B7: Anti-corruption		
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.	41
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.	41
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	41
KPI B7.3	Description of anti-corruption training provided to directors and staff.	41
Community		
Aspect B8: Community Investment		
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.	35
KPI B8.1	Focus areas of contribution.	35
KPI B8.2	Resources contributed to the focus area.	35

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 cossec@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