

DESIGN CAPITAL LIMITED

設計都會有限公司

INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY

STOCK CODE 1545

Environmental, Social and Governance Report

2024





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1. About the Report

Design Capital Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**We**”) are pleased to present the Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”), which comprehensively illustrates the ESG strategy and commitment of the Group in fulfilling corporate social responsibility and achieving sustainable development.

1.1 Scope of the Report

The ESG Report focuses primarily on the environmental and social performance of the Group’s core businesses, including (i) furniture division; (ii) interior design division; and (iii) e-commerce division. The ESG Report covers the period from 1 January 2024 to 31 December 2024 (the “**Year**”). The calculation of environmental Key Performance Indicators (“**KPIs**”) covers all offices and warehouses in Singapore, Malaysia and the United States of America (the “**U.S.**”), while the disclosure of social KPIs covers the performance of the Group.

1.2 Reporting Framework

The ESG Report is prepared in accordance with the ESG Reporting Code (the “**ESG Reporting Code**”) contained in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The report has complied with the mandatory disclosure requirements and the “comply or explain” provisions of the ESG Reporting Code. The content index for the ESG Reporting Code is set out in the Appendix section of the Report for easy reference. As for the information on the Group’s corporate governance frameworks and practices, please refer to the corporate governance report which has been included as part of the Group’s Annual Report for the Year ended 31 December 2024 (the “**Annual Report**”).

1.3 Reporting Principles

The ESG Report adheres to the ESG Reporting Principles set out in the ESG Reporting Code, including materiality, quantitative, balance and consistency. Details are illustrated as follows:

Materiality

The content of the ESG Report is determined through the stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders’ opinions, assessing the relevance and materiality of the issues, and preparing and validating the information reported. The ESG Report has covered the key issues that are of concern to different stakeholders.

Quantitative

The disclosure of ESG KPIs in the ESG Report is supported by quantitative data and measurable standards. All applicable statistics, calculation tools, methodologies, reference materials and sources of conversion factor used are disclosed when presenting the emission data whenever appropriate.

Balance

The relevant data and contents of the Group are disclosed in an objective and balanced manner.

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Consistency

In order to enhance and maintain meaningful comparability of ESG performances between the years, the Group has adopted consistent reporting and calculation methodologies where practicable. For any changes in methodologies or relevant KPIs used, the Group has presented and explained in detail in the corresponding sections.

1.4 Data Source and Reliability Statement

The data and cases in the ESG Report are mainly derived from the Group's official documents, and relevant public information where applicable. The ESG Report is prepared in English and Chinese respectively. In case of any discrepancies between the English and Chinese versions, the English version shall prevail.

1.5 Confirmation and Approval

The Group's board of directors (the "**Board**") has reviewed this ESG Report and is of the opinion that the ESG Report meets the requirements of Appendix C2 to the Listing Rules and is free from material omissions or misstatements.

1.6 Information and Feedback

The Report is available and can be downloaded from the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.designcapital.sg). Your opinions on the Group's ESG Report and sustainability performance are highly valued. Should you have any queries, comments or suggestions, please contact us at:

Email: enquiry@designcapital.sg

Address: 130 Joo Seng Road #07-05 Singapore 368357

Tel: +65 6383 2222

2. About the Group

2.1 Main Businesses

Headquartered in Singapore, the Group is a longstanding furniture seller on third-party e-commerce platforms in the U.S., a mid to high-end furniture retailer in Singapore and an integrated home design solutions provider mainly in Singapore. Founded in 1981, the Group commenced operations as an interior design solutions provider, offering interior design services for showflats and residential units. The Group expanded its business footprint into furniture retailing in 1995, deepening the Group's commitment to offering home furnishing ideas and delivering design solutions and furniture to homeowners. In 2005, the Group became involved in the online furniture sales industry in the U.S.. With over 20 years of established network and experience in furniture retailing and sourcing, the Group supplies various furniture brands targeting several different market segments through e-commerce sales platforms in the U.S. and its points of sale in Singapore. The ESG Report reports on the areas where our main operations are carried out, including Singapore, U.S. and Malaysia.

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2.2 Our ESG Mission

The Group recognises the rising significance of ESG management in recent years and places great emphasis on fulfilling its ESG responsibilities and achieving its ESG targets. The Group is committed to striking a balance between business development and ESG achievements. Additionally, the Group aims to strengthen its market position in furniture sales in Singapore and the U.S., while expanding its presence across various customer segments and upholding ESG standards. To thrive in both business and ESG domains, the Group has implemented the following strategies:

- i. Further expand its product mix and brand portfolio;
- ii. Further expand its sales and marketing network;
- iii. Enhance brand recognition; and
- iv. Maintain and attract talent to support future growth.

2.3 Board Statement

The Group believes that well-established ESG governance principles, strategies, and practices are crucial to the long-term development of its business, especially in increasing investment values and returns. To ensure the establishment of appropriate and effective ESG risk management measures and internal control systems, the Board has taken up the responsibility to govern and oversee the Group's ESG-related issues and its development. The Board is responsible for monitoring and formulating the Group's ESG strategies and reports, and will review and discuss the content and quality of ESG reports to ensure that they meet the requirements and expectations of the Board. Furthermore, the Board monitors and reviews the Group's compliance status with ESG-related laws and regulations by external regulatory bodies, such as the Stock Exchange.

During the Year, the Board has engaged third-party ESG professionals to oversee the Group's ESG performance and address the potential and material issues regarding the business and its stakeholders. As a key stakeholder, the Board also participates in materiality assessments and provides feedback on ESG issues relevant to the Group.

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3. Stakeholder Engagement

The Group believes that maintaining a positive and active interaction with stakeholders is crucial to the Group's governance management. The Group is at all times committed to disclosing and distributing all information to the public in full and in a timely and accurate manner, in accordance with the Listing Rules.

The Investor Relations Policy has been developed by the Group to ensure that all investors have access to timely information regarding the Group, covering business strategies, updates, stock and financial performance, as well as corporate management and governance.

The Group is committed to fostering ongoing dialogues with its stakeholders. The table below outlines the key requirements and expectations from stakeholders for the Group, along with the corresponding response and communication channels provided by the Group.

Stakeholders	Requirements and Expectations	Response and Communication Channels
Government and regulators	<ul style="list-style-type: none"> Compliance with national policies, laws, and regulations Tax payment in full and on time Support local economic growth Work safety 	<ul style="list-style-type: none"> Dedicated reports Regular workplace safety spot checks and workplace safety guidelines
Shareholders	<ul style="list-style-type: none"> Returns Transparency and effective communication Increase in Group value 	<ul style="list-style-type: none"> Shareholder conferences Announcements Communication and Company website
Business Partners	<ul style="list-style-type: none"> Operate with integrity Equal rivalry 	<ul style="list-style-type: none"> Business communications
Customers	<ul style="list-style-type: none"> Outstanding products and services Health and safety Operate with integrity 	<ul style="list-style-type: none"> Customer service centre and hotlines Customer communication meetings
Employees	<ul style="list-style-type: none"> Remunerations and benefits Career development Humanity cares 	<ul style="list-style-type: none"> Training and workshops Employee activities
Community and the public	<ul style="list-style-type: none"> Improve community environment Participation in charity 	<ul style="list-style-type: none"> Donations

In addition to the communication channels established for collecting stakeholders' opinions and expectations, the Group has expanded its comprehension of various ESG-related issues by utilising questionnaires to gather stakeholders' perspectives on ESG matters. Answers were collected and analysed by the third-party professionals. This method enables the Group to identify and prioritise ESG issues that are relevant to stakeholders and closely intertwined with the Group's activities.

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During the Year, the Group has identified five primary ESG-related material issues, outlined as follows:

Aspects	Material Issues
Environment	Energy Management Use of Water Resources
Labour Practices	Employee Health and Safety Employment Compliance
Operating Practices	Anti-corruption

4. Environmental Protection

The Group places great emphasis on environmental protection and strives to minimise negative environmental impacts during its operations. The Group strictly abides by applicable environmental laws and regulations, including the Environmental Protection and Management Act 1999 in Singapore, the Environmental Quality Act 1974 in Malaysia and the National Environmental Policy Act 1969 in the U.S., and has established sets of comprehensive rules and regulations clearly defining the rights and obligations of the Group.

4.1 Environmental Sustainability Policy

Environmental sustainability is a vital aspect of the Group's long-term business development and growth. As such, the Group has established the Environmental Sustainability Policy, demonstrating the Group's commitment towards environmental sustainability. The policy covers all operation sectors, laying out the Group's approach to reducing the direct and indirect environmental impacts induced by the Group's business operations. Measures of the Environmental Sustainability Policy are embedded into the Group's management practices and principles, which include:

- i. Raising awareness of environmental issues among employees;
- ii. Encouraging corporate engagement in environmental causes and contribution to raising awareness;
- iii. Encouraging employees to adopt environmentally friendly practices; and
- iv. Carrying out purchasing activities and interactions with vendors in an environmentally responsible manner.

To ensure that employees are informed and in line with the Group's Environmental Sustainability Policy, the Group's Human Resources Department will guide and lead in reducing resource consumption and increasing environmental awareness among the employees, so as to ensure that the staff upholds the Environmental Sustainability Policy standards set by the Group.

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Environmental sustainability targets set out by the Group:

Environmental Areas	Targets
Air and Greenhouse Gas Emissions Management	— Actively maintain, or gradually lower the office's carbon footprint in accordance with the Group's energy-saving initiatives.
Waste Management	— Actively maintain, or gradually reduce waste generation in accordance with the Group's reduce, reuse, and recycle methods.
Use of Resources	— Actively maintain, or gradually reduce energy and water consumption according to the resource conservation and consumption reduction measures of the Group.
Green Operations	— Develop an energy-saving strategy by analysing the energy consumption of the Group.

4.2 Air Emissions

Since the Group is not involved in manufacturing, no industrial air or water pollutants were emitted during the Year. The major emission of the Group is generated from fossil fuel combustion of vehicles, which includes the emission of nitrogen oxides, sulphur oxides, and suspended particulates.

Air pollutants generated by the Group in the Year are as follows:

Types ¹	2024	2023
Nitrogen oxides (g)	27,551	66,395
Sulphur oxides (g)	33	43
Suspended particulates (g)	110	168

Note:

1. The calculation of air pollutants takes reference from emission factors in "EMEP/EEA air pollutant emission inventory guidebook 2023 — Update Oct 2023" issued by the European Environment Agency ("EEA").

As a responsible global entity, the Group is actively engaged in the fight against climate change and places a strong emphasis on environmental sustainability. The Group's greenhouse gas emissions primarily stem from office and warehouse operations and can be categorised into three distinct scopes: (i) Scope 1: direct emissions from fuel combustion in vehicles; (ii) Scope 2: energy indirect emissions from purchased electricity and heating; and (iii) Scope 3: other indirect emissions from activities like business air travel, water and sewage treatment, and methane gas produced at landfills due to paper waste disposal.

To achieve the greenhouse gas emission reduction target, the Group advocates for the utilisation of public transportation and encourages the preference for online meetings. The Group remains committed to advancing green initiatives and supporting employees in embracing environmentally friendly practices.

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The Group's greenhouse gas emissions during the Year are as follows:

Types	2024	2023
Total greenhouse gas emission (tonnes CO ₂ e) ¹	244	315
Scope 1 — direct emissions (tonnes CO ₂ e) ²	28	41
Scope 2 — energy indirect emissions (tonnes CO ₂ e) ³	190	255
Scope 3 — other indirect emissions (tonnes CO ₂ e) ⁴	26	19
Intensity of greenhouse gas emissions (tonnes CO ₂ e/employee)	2.35	2.56

Notes:

1. The Group's greenhouse gas inventory includes carbon dioxide, methane and nitrous oxide. For ease of reading and understanding, the greenhouse gas emissions data is presented as carbon dioxide equivalent (CO₂e).
2. This is calculated based on the emission factors in the "EMEP/EEA air pollutant emission inventory guidebook 2023 — Update Oct 2023" issued by EEA.
3. This is calculated with reference to the emission factors provided by the United States Environmental Protection Agency and the Energy Market Authority ("EMA") of Singapore.
4. Scope 3 — other indirect emissions are calculated based on the International Civil Aviation Organisation Carbon Emissions Calculator, emission factors in the "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and emission factors provided by EMA of Singapore.

4.3 Waste Generation

The solid waste generated by the Group includes both hazardous and non-hazardous waste. Non-hazardous waste mainly comprises wooden product waste and general waste from daily office operations, while hazardous waste includes toner cartridges from printers. The Group aims to minimise waste generation in its operations and is working towards such a goal through the proper collection, storage, transportation, and disposal and treatment of waste. To meet the waste reduction target, the Group motivates employees to cultivate eco-conscious habits, including the use of recycled paper and the implementation of paper-saving practices like double-sided printing whenever feasible.

The amount of waste disposed by the Group during the Year is as follows:

Types	2024	2023
Total non-hazardous waste generated (tonnes) ¹	410	520
Intensity of non-hazardous waste generated (tonnes/employee)	3.94	4.23
Total hazardous waste generated (tonnes)	3	9
Intensity of hazardous waste generated (tonnes/employee)	0.03	0.07

Note:

1. Non-hazardous waste data is based on the daily estimated volume of general waste in offices and the volume-to-weight conversion factors provided by the U.S. Environmental Protection Agency.

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4.4 Use of Resources

The Group is well aware of the potential environmental impacts resulting from energy and fuel usage. Thus, the Group is committed to reducing energy consumption and emissions within its offices and warehouses. The consumption of electricity and heating, as well as the use of vehicles, are the major sources of energy consumption of the Group. To achieve the energy-saving target, the Group continues to promote and implement the Group's Environmental Sustainability Policy and help employees adopt environmental-friendly behaviours.

The energy consumption and intensity of the Group during the Year are as follows:

Types (unit)	2024	2023
Total energy consumption (MWh)	595	812
Direct Energy consumption (MWh)		
Vehicle fuel usage (MWh) ¹	107	153
Indirect Energy consumption (MWh)		
Purchased electricity (MWh)	445	618
Purchased heating (MWh)	43	41
Intensity of energy consumption (MWh/employee)	5.72	6.60

Note:

1. Energy consumption in the use of vehicles is calculated with reference to "EMEP/EEA air pollutant emission inventory guidebook 2023 — Update Oct 2023" issued by EEA.

The Group primarily uses water for daily office operations and cleaning showrooms and offices. The Group has secured a suitable water source in compliance with the relevant national environmental protection policies and regulations, with no reported issues in water sourcing. To meet the water use efficiency target, the Group persists in promoting the development of water conservation habits among employees and ensuring the proper utilisation of water resources.

The water consumption and intensity of the Group during the Year are as follows:

Types (unit)	2024	2023
Total water consumption (m ³)	272	399
Intensity of water consumption (m ³ /employee)	2.62	3.24

In the furniture retail and e-commerce operations, all furniture are properly packed before delivery using packaging materials such as plastic, styrofoam, paper and cartons for protection.

The amount of packaging materials used by the Group's operation during the Year are as follows:

Types (unit)	2024	2023
Weight (tonnes)		
Plastic	9.86	6.39
Styrofoam	0.01	0.03
Paper	0.13	0.12
Intensity (tonnes/million SGD revenue)		
Plastic	0.16	0.07
Styrofoam	0.0002	0.0003
Paper	0.0020	0.0013

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4.5 Emissions Mitigation and Resources Conservation

The Group is highly aware of its environmental impact and has implemented several measures to mitigate emissions from various sources, thereby reducing its environmental footprint.

Given that the Group's business activities do not involve direct construction processes, significant air pollutant generation that could raise environmental concerns is limited. The primary source of air pollutants within the Group is vehicle usage. Therefore, the Group's efforts are concentrated on reducing air pollutant emissions from the Group fleet. For example, we encourage our employees to contact stakeholders via telephone and email to minimise unnecessary business travel.

In daily office and warehouse operations, various measures have been implemented to decrease greenhouse gas emissions, including:

- Reuse paper or use paper on both sides, wherever possible.
- Set computers and printers to default duplex and economical modes.
- Disseminate information by electronic means wherever possible to reduce paper use.
- Use smaller font size and line spacing for documents that must be printed.
- Monitor printing volume regularly and set print quota for users as far as practicable.
- Use electronic greeting cards during holiday season.

To reduce energy consumption, electrical appliances such as lighting systems, air conditioning units, and computers are required to be switched off or put into sleep mode when not in use. Energy-efficient lighting solutions like T5 fluorescent lamps and LED lamps are installed, and measures such as zone-specific light switches, motion sensors in less frequented areas, and dimmers for light intensity adjustment are in place to optimise energy use. In terms of commuting and business travel, video conference is prioritised over unnecessary overseas business trips.

4.6 Climate Change

Climate change has become a prominent and widely discussed global issue in recent years. In response, the Group has heightened its awareness of the risks and potential impacts of climate change, identifying potential climate-related risks that could adversely affect its operations and growth.

The increasing environmental and climate awareness among the public is driving a shift towards more sustainable and environmentally friendly lifestyles. This shift in consumer preferences across various sectors may influence demand for the Group's products. Failure to adapt to these evolving preferences in a timely manner could result in reduced demand for the Group's product offerings.

Additionally, the Group acknowledges the risk of its operations being impacted by the increased severity and frequency of extreme weather events due to climate change. Events such as heavy rainfalls, snowstorms and typhoons could disrupt delivery schedules. In response, the Group is increasing its insurance coverage for the Industrial All Risk Policy and enhancing its insurance coverage for its employees. These measures are aimed at safeguarding the best interests of the Group and its employees.

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5. Employment and Labour Practices

The Group recognises that employees are the cornerstone of corporate development and growth. Therefore, it places great emphasis on human resource management to support employee development. The Group strictly abides by applicable employment and labour laws and regulations in the regions that the Group operates in, including but not limited to the Employment Act (Chapter 91) of Singapore, the Employment of Foreign Manpower Act (Chapter 91A) of Singapore and the Employment Act 1955 in Malaysia. In addition, the Group has established comprehensive employment rules and regulations that clearly define the scope and principles to protect employee rights, which are specified in the Employee Handbook.

5.1 Employment and Dismissal

The Group adheres to the principles of fairness, transparency and market competitiveness in its recruitment and promotion processes, ensuring equal opportunities for all personnel. The Group provides equal consideration for employment to candidates regardless of their age, gender, health status, marital status, family status, race, skin colour, nationality, religion, political affiliation, sexual orientation, or any other legally protected characteristic. The Group is dedicated to cultivating a diverse and inclusive workplace that provides equal opportunities for all employees.

The Group maintains a zero-tolerance policy towards forced labour and child labour, aligning with relevant laws and regulations, including but not limited to the Employment Act of Singapore (Chapter 91), Employment (Children and Young Persons) Regulations in Singapore, the Fair Labor Standards Act in the U.S., Children and Young Persons (Employment) Act 1966 and Child Employment Amendment Act 2010 in Malaysia. The identification documents (i.e., identity cards, birth certificates, driver's licenses and etc.) of candidates are thoroughly examined by our Human Resources Department to ensure compliance. Duties and responsibilities of each position are clearly stated in the employment contract to prevent forced labour and protect the rights of employees. Working hours and rest periods are in accordance with relevant employment laws and regulations, as outlined in the employment contract. While managers may request employees to work on their days off for necessary overtime, employees have the right to decline. If the employee agrees to work on a day off, they can reschedule their time off within the same month or within 30 days of the originally scheduled day off. The Group also provides compensation leave or allowances for employees who work overtime. During the Year, no child or forced labour was employed.

The Group fully respects an employee's decision to resign. Upon receiving a resignation request, the Human Resource personnel will conduct an exit interview in a private and comfortable setting with the departing employee before their last working day. To facilitate a comprehensive discussion, the Human Resource personnel will prepare a list of questions for the exit interview, covering the reasons for leaving, feedback on the job and organisation suggestions for improvement, and any unsolved issues. The Human Resource personnel ensure confidentiality and assure the departing employee that their feedback will be used constructively. The Group analyses the feedback collected during exit interviews to identify trends, highlight areas for improvement, and consider potential changes to policies or procedures. Based on the analysis, action plans may be developed to enhance employee satisfaction and retention in the future.

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As of 31 December 2024, the Group has 104 employees in total. The detailed employment status of the Group is as follows:

Indicators	2024	2023
Total number of employees (Percentage of category)		
By gender		
Male	39 (38%)	51 (41%)
Female	65 (62%)	72 (59%)
By age		
Below 30	12 (11%)	19 (15%)
30 – 50	61 (59%)	69 (56%)
Above 50	31 (30%)	35 (29%)
By geographical location		
Singapore	72 (69%)	88 (72%)
U.S.	13 (13%)	15 (12%)
Malaysia	19 (18%)	20 (16%)
By employment type		
Full-time	104 (100%)	123 (100%)
Part-time	0 (0%)	0 (0%)
Total number of employees resigned (Percentage of category)		
By gender		
Male	24 (53%)	15 (28%)
Female	22 (32%)	20 (28%)
By age		
Below 30	12 (77%)	8 (38%)
30 – 50	19 (29%)	16 (24%)
Above 50	15 (45%)	11 (29%)
By geographical location		
Singapore	40 (50%)	29 (32%)
U.S.	4 (29%)	5 (32%)
Malaysia	2 (10%)	1 (5%)

The Group's whistle-blowing policy offers employees a confidential platform to report illegal practices, with appropriate penalties applied upon confirmation of any wrongdoing. Employees involved in bankruptcy, gross misconduct, default, or violations of Group policies may face dismissal in accordance with the guidelines outlined in the organisation's policies.

5.2 Employee Benefits and Welfare

To attract, motivate, and retain talents, the Group offers a comprehensive and competitive compensation and benefits package for its employees. This package includes various forms of insurance, such as medical and travel. Additionally, eligible employees receive reimbursement and allowances for transportation, housing, medical, and dental expenses. Employees are entitled to various leaves, including paid annual leave, medical leave, hospitalisation leave, maternity leave, paternity leave, childcare leave, marriage leave, and compassionate leave. The Group recognises that fostering strong relationships and cohesion among employees is essential for its growth and success. Therefore, we regularly organise activities aimed at providing relaxation and enhancing communication and collaboration among team members.

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5.3 Employee Health and Safety

The Group places great importance on the occupational health and safety of employees. The Group strictly abides by laws and regulations regarding occupational health and safety, including but not limited to the Workplace Safety and Health Act (Chapter 354A) of Singapore, the Occupational Safety and Health Act 1970 in the U.S. and the Occupational Safety and Health Act 1994 in Malaysia. The Group has also adopted guides and regulations on workplace health and safety issued by the Workplace Safety and Health Council in Singapore, which sets out mitigation and remedial measures against workplace safety hazards. The Group has established the internal policy that prioritises occupational safety and health, ensuring that the office and working environment meet or exceed the standards set by relevant laws.

As part of our commitment to employee safety, the Group has implemented a comprehensive procedure for assessing and mitigating risks associated with the delivery of furniture and products. This includes a systematic risk assessment form that identifies potential hazards and accidents that may occur during the delivery process. The form provides a detailed list of possible risks, ensuring that employees are informed of the specific dangers they may face.

A designated department is responsible for evaluating risk control measures and determining the appropriate risk levels for each identified hazard. Through these proactive measures, the Group aims to identify potential hazards and implement effective controls to minimise the likelihood of accidents or injuries. This process reflects the Group's dedication to ensuring the safety and well-being of its employees across all operational activities.

To further safeguard the well-being and safety of both the Group and its employees, the Group provides the relevant insurance coverage for work-related injuries. For instance, in Singapore, the Group strictly adheres to the Work Injury Compensation Act ("WICA") and ensures that employees receive appropriate insurance coverage for injuries or illnesses sustained during their employment. By providing the insurance coverage, the Group aims to create a secure and protective work environment, addressing potential risks and prioritising employee welfare.

During the Year, the Group reported no work-related injuries, and therefore zero lost days. Additionally, there have been no work-related fatalities in the last three years.

5.4 Employee Development and Promotion

The Group places a strong emphasis on the development and training of its employees, recognising that their growth directly contributes to the overall success of the organisation. To facilitate this, the Group has established a Training Policy designed to ensure that all staff members acquire and enhance the necessary skills. The Training Policy outlines the procedures for developing a training schedule. Team leaders and managers are responsible for identifying the development needs of their team members and communicating these needs to management and the Human Resources Department. Proposed training initiatives are then reviewed and incorporated into the training schedule. The key objectives of this policy include assisting employees in understanding market trends and adapting to evolving responsibilities and expectations, maintaining and improving the professional skills and knowledge of employees, and ensuring compliance with relevant laws and regulations.

The Group implements annual training programs that include both internal and external opportunities, ensuring that every employee continues to acquire the skills and knowledge essential for their professional development. This tailored approach to training maximises the effectiveness of resources and provides employees with customised learning experiences. In cases where significant training gaps arise that deviate from standard business operations, the Chief Executive Officer will report to the Board and recommend necessary adjustments.

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Current training topics under this policy include:

- Industry trends in furnishing and interior design, as well as product knowledge
- Sales techniques
- Retail management
- Customer service
- Product display
- Social media management
- Campaign management
- Mental well-being
- Workplace safety and health
- Accounting standards

By investing in employee development, the Group aims to foster a skilled workforce that can effectively navigate the challenges of the industry and contribute to the Group's long-term success.

During the Year, the Group conducted a comprehensive training program that covered all divisions. The training program includes professional skills training sessions covering a range of topics such as employment laws, Human Resource Management Systems, office management, administration skills and etc.

During the Year, the training data for employees of the Group is as follows:

Indicators	2024	2023
Average training hours per employee		
(Percentage of trained employees)		
By employee category		
Senior employees	8.6 (44%)	4.6 (67%)
Intermediate employees	2.8 (24%)	5.3 (51%)
Junior employees	8.5 (39%)	5.2 (52%)
Other employees	0 (0%)	0.4 (9%)
By gender		
Male	3.7 (28%)	4.4 (37%)
Female	6.3 (31%)	5.0 (57%)

The Group upholds the values of fairness, transparency, and market competitiveness in the promotion procedures, ensuring equal opportunities for all employees. To ensure employee growth and development, the Group conducts annual performance reviews, which serve as an opportunity for employees to receive remuneration in the form of salary increases and promotions. Exceptional performers may also be eligible for out-of-cycle salary increases as a recognition of their outstanding contributions.

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In addition to salary adjustments, the Group offers performance bonuses to employees based on both the overall performance of the organisation and individual achievements. This approach allows the Group to recognise and reward employees for their valuable contributions, exceptional work performance, and demonstrated skills.

Regular performance appraisals are conducted to evaluate employees across various criteria, including job knowledge, teamwork, quality of work, productivity, communication, and dependability. These appraisals aim to provide a comprehensive assessment of employees' performance and identify potential areas for improvement.

The Group values and acknowledges the dedication and skills of its employees. The performance review process serves as a platform for fostering growth, offering constructive feedback, and identifying opportunities for further development. Through a fair and transparent performance review system, we support professional advancement, encourage a culture of continuous improvement, and ensure that rewards and recognition are aligned with individual contributions and organisational success.

6. Operating Practices

In today's rapidly evolving business landscape, the Group is increasingly prioritising operational practices and ESG-related objectives. We are dedicated to enhancing our operations through effective supply chain management, rigorous monitoring of product and service quality, genuine customer service, and ethical market conduct.

6.1 Supply Chain Management

The Group recognises the importance of reliable vendors and suppliers, as high-quality products and services are essential keys to the Group's success. It places significant emphasis on the suppliers' commitment to environmental protection. To ensure that the Group maintain high-quality products and services that meet customer expectations, clear criteria for vendor selection within our Procurement Policy is established. These criteria for furniture procurement encompass seven key aspects: (i) design capability; (ii) production lead times; (iii) factory scale; (iv) production facilities; (v) product pricing; (vi) after-sales service; and (vii) product quality.

To evaluate potential new vendors, the Group conducts thorough background checks, factory visits, and quality inspections to ensure they meet its stringent requirements. During the supplier selection process, various factors are assessed, such as product quality, delivery performance, production capacity, and compliance. Only those suppliers who meet its criteria are added to the Group's list of qualified suppliers, with considerations for health and safety performance, turnover rates, and overall stability.

To ensure our vendors maintain high standards, the Group's procurement teams conduct random annual performance reviews, focusing on delivery timeliness and product quality. Vendors who consistently fail to deliver on time or provide defective products will be reported to management for further action. For the Group's interior design division, procurement policies are designed to ensure that the gross profit margins outlined in our pricing policy are upheld. Distinct procurement policies are established based on the specific materials used by each division. Additionally, the procurement of services is a critical component of the interior design business. Therefore, interior design departments assess their subcontractors annually based on pricing, quality of work, and adherence to deadlines, with underperforming subcontractors flagged for management review.

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Beyond quality and legal compliance, the Group is aware that the environmental and social risks may pose a risk to the Group's supply chain. Hence the Group expects its suppliers to uphold fair labour practices and demonstrate environmental stewardship and social responsibility. The Group requires suppliers to provide regular environmental and social compliance reports, such as the Sedex Members Ethical Trade Audit ("SMETA") reports issued by Sedex Information Exchange Limited. These reports evaluate the suppliers' environmental and social compliance and identify potential risks. As such, the Group prioritises suppliers with good performances in the report and looks to mitigate the environmental and social risks along its own supply chain. In addition, all suppliers must ensure they are free from child labour and forced labour and that all employees are legally authorised to work. The supply chain management practices have been implemented on all suppliers and been kept monitored.

The supplier data for the Group during the Year is as follows:

Indicators	2024	2023
The number of suppliers by countries		
Singapore	236	338
China	45	51
Italy	54	61
Malaysia	29	29
Others ¹	31	44

Note:

1. The category includes suppliers from Taiwan, U.S., Spain, Vietnam, the United Kingdom, Denmark, Hong Kong, Poland, Germany, France, Greece, Australia and etc.

6.2 Product Responsibility

6.2.1 Information Security

The Group understands the importance of and highly values data and privacy protection. Thus, the Group strictly abides by laws and regulations regarding the protection of personal data, including but not limited to the Personal Data Protection Act 2012 of Singapore, the Privacy Act 1974 in the U.S. and the Personal Data Protection Act 2010 in Malaysia. Confidentiality and non-disclosure statements, which restrict the disclosure of any confidential information of the Group to external parties, are stated clearly in employees' labour contracts. During the course of business, all personnel are obligated to treat all sensitive personal information given by our clients with care. Customers' information is collected and used in a responsible and non-discriminatory manner. The Group has taken extra measures to make our database secure and to safeguard customers' information and privacy. The Board oversees the implementation of the Information Systems Policy. The Information Technology Department is responsible for reporting any violations to the finance director, who will inform the Board if necessary.

Information security of the Group is categorised into three distinct levels, each with specific access controls to protect sensitive information:

- i. High Risk — This category includes information assets subject to legal disclosure requirements, with financial penalties for unauthorised disclosure, such as payroll and financial data.
- ii. Medium Risk — This includes confidential data that could lead to organisational losses or other consequences, such as contractual documents and unpublished reports.

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- iii. Low Risk — This encompasses information that can be freely shared, including brochures, published reports, and other printed materials.

To protect corporate operational security and consumer privacy, all employees are prohibited from copying, storing, or distributing operational data outside the scope of their job responsibilities. Additionally, all computers and information systems are required to be password-protected, with passwords mandated to be changed every 90 days to prevent any potential information leaks.

During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations regarding data and privacy protection.

6.2.2 Intellectual Property Rights

The Group places a great value on intellectual property rights and carefully adheres to intellectual property laws, including but not limited to the Trade Marks Act (Chapter 332) of Singapore, the Trademark Act of 1946 in the U.S., and applicable laws and regulations in Malaysia. The Group has a standard practice in which only genuine software can be installed on computers to avoid security vulnerabilities and legal disputes arising from software copyright. Each of the software used on Group computers is properly licensed for business use.

6.2.3 Advertising and Product Labelling

Advertising and product labelling play a major role in the communication of product and service details to customers. The Group strictly abides by the laws regarding advertising and product labelling, including but not limited to the Consumer Protection (Trade Descriptions and Safety Requirements) Act (Chapter 53) of Singapore, the Trademark Act of 1946 in the U.S., and the applicable laws and regulations in Malaysia. All public sales and marketing information are checked to ensure that it complies with relevant laws and regulations, and does not provide false or misleading information to customers in any way. The Group also sets out specific requirements on advertising and product labelling designs, methods of data collection, promotion, or any matters needing attention.

During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations regarding advertising and product labelling of its products and services.

6.2.4 Complaints from Clients and Solutions to Complaints

The Group recognises the importance of effective after-sales service and accessible channels for customer complaints to ensure that any issues arising after the delivery of goods and services are addressed promptly and professionally. We strictly adhere to applicable laws and regulations and have established a comprehensive complaint handling mechanism. Customers can submit feedback or complaints via email, telephone, in person, or through our website.

Our complaint-handling mechanism outlines that sales executives and call centre representatives are responsible for resolving complaints or referring them to the store manager or head of sales for further assistance when necessary. In addressing complaints, the Group may consider offering solutions such as product repairs, exchanges, credit notes, gift vouchers, cash refunds, or replacement parts, depending on the specific nature of each complaint. Each complaint is handled on a case-by-case basis to ensure appropriate resolutions.

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6.3 Quality Control Policy and Procedures

Delivering products that meet the quality expectations of customers and end-users is fundamental to the Group's business and critical for our future growth. Therefore, we strictly comply with laws and regulations governing product quality control, especially regarding product safety, including but not limited to the Consumer Protection (Consumer Goods Safety Requirements) Regulations 2011 in Singapore, the Consumer Product Safety Act of 1972 in the U.S., and applicable laws and regulations in Malaysia.

To minimise the risk of delivering defective products and protect our reputation in the market, the Group has developed and implemented a Quality Control Policy that outlines the key procedures in the quality control process for both furniture sales and interior design. We conduct thorough testing of products before their launch, monitor and analyse customer feedback, and take swift action to address any potential quality or safety concerns.

For our furniture sales divisions and e-commerce furniture sales division, we perform various types of quality inspections based on the product's origin, ranging from packaging inspections to comprehensive assessments. If a product defect is identified upon delivery, the Group will pursue claims against our suppliers. Throughout the year, we were not aware of any products sold or shipped that were subject to recalls due to health and safety issues. Additionally, any service-related complaints received by the Group were addressed in a timely and appropriate manner. However, the Group does not currently maintain a record of customer complaints, and therefore, there is no archive of such complaints on file.

Below is a summary of the key aspects of the Quality Control Policy and Procedures for furniture sales divisions.

Quality Control Policy and Procedures

Scope	Furniture sales divisions for shipments from its new and/or underperforming suppliers in Asia
Procedures	<ol style="list-style-type: none"> 1. A random sample of approximately 2% of the completed goods shall be selected from the outgoing shipment. 2. The selected items shall be opened and inspected visually for any defects. The quality inspector shall also inspect whether the packaging materials and methods comply with our requirements. 3. At least one piece of the selected items for inspections for each model shall be assembled to ensure that it is easily assembled and that the assembled products meet our requirements. 4. If there are any major defects found in the random sample, a full-scale (100%) check will be conducted. We will then require the supplier to provide the necessary replacement parts to refine the products and provide replacement products or a credit note for all non-saleable products. 5. If there are no major defects, the products shall be released for shipment.
Reporting	The head of each division will report any underperforming suppliers to the Chief Operating Officer who will then inform the Board where necessary.

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Below is a summary of the key aspects of the Quality Control Policy and Procedures for e-commerce furniture sales division.

Quality Control Policy and Procedures

Scope	E-commerce furniture sales division for shipments out of China and other parts of Asia
Procedures	<ol style="list-style-type: none"> 1. A random sample of approximately 2% of the completed goods shall be selected from the incoming shipment. 2. The selected items shall be opened and inspected visually for any defects. The quality inspector shall also inspect whether the packaging materials and methods comply with our requirements. The inspector will also ensure that shipping marks comply with our requirements. 3. At least one piece of the selected items for inspections for each model shall be assembled to ensure that it is easily assembled and that the assembled products meet our requirements. The inspector will also open all cartons that are damaged to inspect the products. 4. If there are any major defects found in the random sample, a full-scale (100%) check will be made and we shall require the supplier to provide the necessary replacement parts to refine the products and provide replacement products or a credit note for all non-saleable products. 5. If there are no major defects, the products shall be stored. 6. From time to time, we will send our quality inspectors from our Malaysia office to perform an outgoing shipment inspection, whereby the procedure will be the same as an inspection performed at our Malaysia suppliers' factories.
Reporting	The head of each division will report any underperforming suppliers to the Chief Operating Officer who will then inform the Board where necessary.

Below is a summary of the key aspects of the Quality Control Policy and Procedures for interior design divisions.

Quality Control Policy and Procedures

Scope	Interior design divisions
Procedures	<ol style="list-style-type: none"> 1. The project managers will inspect all ongoing work sites at least once a week. 2. Any defect in the workmanship found will be marked and the subcontractor will be informed immediately either in person or by a message with photo evidence showing such defects. 3. The subcontractors will rectify any defects at the earliest possible time and revert with a photo of the rectified matter. 4. The project manager will follow up with the rectification of the defects at the site inspection in the following week. 5. Before the handover, the project manager will perform an overall inspection and require rectification of all defects.
Reporting	The head of each division will report any underperforming suppliers to the Chief Operating Officer who will then inform the Board where necessary.

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6.4 Anti-corruption

The Group maintains a strict stance against bribery, corruption, extortion, fraud, and money laundering, adhering to a zero-tolerance policy. We comply with the Prevention of Corruption Act of 1960 in Singapore, the Foreign Corrupt Practices Act of 1977 in the U.S., the Malaysian Anti-Corruption Commission Act 2009, and any relevant policies and regulations in every country where we operate. The Group's Anti-Corruption, Gifts, and Entertainment Policies are designed to ensure compliance with these laws and regulations, outlining procedures for gifts and entertainment, as well as guidelines for sponsorships and charitable contributions. The Group prioritises ethical practices and will forgo business opportunities rather than engage in bribery, fully supporting our employees in this commitment. We also provide anti-corruption training for employees and the Board, covering topics such as anti-money laundering and counter-financing terrorism.

The Group has adopted a comprehensive code of conduct that includes provisions on conflicts of interest, privacy and confidentiality, bribery, anti-corruption, and equal opportunities. The Group has also established detailed procedures and monetary thresholds for the approval and declaration of meals, gifts, entertainment, travel, accommodation, charitable contributions, and sponsorships, all of which are outlined in the Group's Code of Conduct and Ethics.

Furthermore, the Group has implemented a whistle-blowing policy to address unlawful conduct and financial malpractice. Employees are encouraged to report any concerns to the Audit Committee promptly. Reports can be made confidentially or anonymously, ensuring the protection of the whistle-blower's identity. Upon receiving reports, management, internal audit, a Board-established committee, or external parties may conduct investigations as necessary.

During the Year, the Group did not observe or receive any legal cases related to corrupt practices, bribery, conflicts of interest, extortion, fraud, or money laundering against the Group or its employees. The Group was not aware of any material non-compliance with anti-corruption laws and regulations.

7. Contribution to the Community

As a responsible corporate citizen, the Group recognises its obligation to give back to society after dedicating resources to its operations. The Group holds regular meetings to discuss opportunities for donations and support to various charities and community organisations. During the year, the Group contributed a total of SGD8,000 to several charitable organisations, supporting a range of causes, including the Roxy Foundation Charity, Singapore Red Cross Society, and hospice care. Looking ahead, the Group will continue to seek ways to give back to the community in order to share its growth and development with the community and succeed alongside it.

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Appendix: Content Index of ESG Reporting Code

Indicators	Description	Chapters	Page No.
Environmental			
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.	4. Environmental Protection	6
KPI A1.1	The types of emissions and respective emissions data.	4.2 Air Emissions	7
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2 Air Emissions	7
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3 Waste Generation	8
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3 Waste Generation	8
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	4.1 Environmental Sustainability Policy	6
		4.5 Emissions Mitigation and Resources Conservation	10
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.	4.1 Environmental Sustainability Policy	6
		4.3 Waste Generation	8

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Indicators	Description	Chapters		Page No.
A2 Use of Resources				
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	4.5	Emissions Mitigation and Resources Conservation	10
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.4	Use of Resources	9
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.4	Use of Resources	9
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1	Environmental Sustainability Policy	6
		4.5	Emissions Mitigation and Resources Conservation	10
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.	4.1	Environmental Sustainability Policy	6
		4.4	Use of Resources	9
		4.5	Emissions Mitigation and Resources Conservation	10
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, regarding per unit produced.	4.4	Use of Resources	9
A3 The Environment and Natural Resources				
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	4.5	Emissions Mitigation and Resources Conservation	10
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.5	Emissions Mitigation and Resources Conservation	10
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.	4.6	Climate Change	10
KPI A4.1	Description of the significant climate-related issues that have impacted, and those which may impact the issuer, and the actions taken to manage them.	4.6	Climate Change	10

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Indicators	Description	Chapters	Page No.
Social			
Employment and Labour Practices			
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.	5. Employment and Labour Practices	11
KPI B1.1	Total workforce by gender, employment type, (for example, full- or part-time) age group, and geographical region.	5.1 Employment and Dismissal	11
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	5.1 Employment and Dismissal	11
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.	5.3 Employee Health and Safety	13
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.3 Employee Health and Safety	13
KPI B2.2	Lost days due to work injury.	5.3 Employee Health and Safety	13
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.3 Employee Health and Safety	13
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.4 Employee Development and Promotion	13
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.4 Employee Development and Promotion	13
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.4 Employee Development and Promotion	13

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Indicators	Description	Chapters	Page No.
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.	5.1 Employment and Dismissal	11
KPI B4.1	Description of measures to review employment practices to avoid the child and forced labour.	5.1 Employment and Dismissal	11
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Employment and Dismissal	11
Operating Practices			
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.1 Supply Chain Management	15
KPI B5.1	Number of suppliers by geographical region.	6.1 Supply Chain Management	15
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	6.1 Supply Chain Management	15
		6.3 Quality Control Policy and Procedures	18
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.1 Supply Chain Management	15
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.1 Supply Chain Management	15

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Indicators	Description	Chapters		Page No.
B6 Product Responsibility				
General Disclosure	Information on:	6.2	Product Responsibility	16
	(a) the policies; and	6.3	Quality Control Policy and	18
	(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.		Procedures	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.3	Quality Control Policy and Procedures	18
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	6.3	Quality Control Policy and Procedures	18
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.2	Product Responsibility	16
KPI B6.4	Description of quality assurance process and recall procedures.	6.3	Quality Control Policy and Procedures	18
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	6.2	Product Responsibility	16
B7 Anti-corruption				
General Disclosure	Information on:	6.4	Anti-corruption	20
	(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.			
KPI B7.1	A 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.	6.4	Anti-corruption	20
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.4	Anti-corruption	20
KPI B7.3	Description of anti-corruption training provided to directors and staff.	6.4	Anti-corruption	20

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Indicators	Description	Chapters		Page No.
Community				
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.	7.	Contribution to the Community	20
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7.	Contribution to the Community	20
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	7.	Contribution to the Community	20

DESIGN CAPITAL LIMITED

設計都會有限公司