

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



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1 OVERVIEW OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

1.1 ABOUT THE ESG REPORT

This ESG Report describes the environmental, social and governance performance of Design Capital Limited (“Design Capital”, and together with its subsidiaries, the “Group”). This ESG Report illustrates the principles of the Group in fulfilling its corporate social responsibility (“CSR”), and also illustrates the vision and commitments for its CSR.

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), as well as the Hong Kong Code of Corporate Governance.

This ESG Report covers the time period between 1 January 2018 and 31 December 2018 (“Year of 2018”). The contents of this ESG Report mainly focuses on the core businesses of the Group, its sustainable development practices and overall performance in fulfilling CSR.

1.2 MAIN BUSINESSES AND MISSION OF THE GROUP

1.2.1 *Main Businesses*

Headquartered in Singapore, the Group is a longstanding furniture seller on third party e-commerce platforms in the United States of America (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, mainly offering interior design services for show flats and residential units. Focusing on the commitment to offering home furnishing ideas and delivering design solutions and furniture to homeowners, the Group expanded its business footprint into furniture retailing in 1995. As at 31 December 2018, the Group operates six points of sale in Singapore and plans to open two new points of sale mainly using the net proceeds from the Share Offer in the fourth quarter of 2019 and the fourth quarter of 2020. The Group became involved in the furniture online sales industry in the U.S. in 2005. With its established network in furniture retailing and sourcing and over 20 years experience, the Group supplies various furniture brands targeting a number of different market segments through e-commerce sales platforms in the U.S. and through its points of sale in Singapore.



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1.2.2 Our ESG Mission

The Group intends to continue solidifying its market position in the furniture sales markets in the U.S. and Singapore and enhancing its market penetration into different customer segments. In order to attain business growth and improve its financial performance, the Group intends to deploy the following strategies: (1) further expand its product mix and brand portfolio; (2) further expand its sales and marketing network; (3) strengthen its brand recognition; and (4) continue to retain and recruit talent to support future growth. In seeking to achieve its business objectives, the Group attaches importance to balancing the needs of business development with fulfilling its ESG responsibilities.

The Group welcomes any comments and suggestions you may have on this Report. Comments and suggestions regarding the Group's CSR performance are also welcome and can be sent to ben.how@designcapital.sg.

1.3 INVESTOR RELATIONSHIP MANAGEMENT

The Group pays great importance to the management of investor relations, since maintaining a positive interaction with investors 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 stipulated by the Stock Exchange of Hong Kong Limited ("HKEX").

The Group formulated its *Investor Relations Policy* to ensure that all investors are able to access the Group's information, which includes the Group's business strategies and updates, stock and financial performance, corporate management and governance, in a timely manner. In addition, the Group has assigned spokespersons to answer queries made by investors or the media; the Group will only communicate through its officially-nominated spokespersons.

The Group maintains ongoing dialogues with its investors and shareholders. For details, please refer to the section "Communication with Shareholders and Investor Relations" on page 12 of the Corporate Governance Report in the Group's Annual Report 2018.



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2 OPERATING PRACTICES

2.1 CORPORATE SOCIAL RESPONSIBILITY

As a corporate citizen in the society, the Group actively fulfils its social responsibilities. The Group looks into utilising resources more effectively and reduce energy consumption in its business operations through the establishment of an efficient operating model. The Group continues to pay great attention to the rights and interests of users, investors and employees, promote works that are related to sustainable development and environmental governance, as well as to give back to the society. The Group strives to comprehensively enhance its overall social performance.

During the reporting period, the Group is not aware of any non-compliance of laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and method of redress.

2.2 PRODUCT RESPONSIBILITY

2.2.1 Complaints from Clients and Solutions to Complaints

The Group recognises the need to have effective after sales service and numerous channels for customer complaints to ensure that any issues that arises after the delivery of goods and services are addressed both professionally and expeditiously. The Group strictly abides by applicable laws and regulations, and has an established complaint handling mechanism and policy. In general, customers can make feedback or complaints by way of emails, telephone, in person, or through our website. Under the policy, sales executives and call centres normally resolve the complaints or refer them to the store manager or the head of sales for further handling. In resolving complaints, the Group may consider offering product repairs, exchanges, credit notes, gift vouchers, cash refunds or replacement parts to the complaining customers as the Group sees fit; complaints are handled on a case-by-case basis with resolutions depending on the specific facts of each individual complaint.

2.2.2 Information Security

The Group provides employees with Information Technology systems to enable them to carry out their tasks. In order to mitigate any risk associated with the use of such systems, the Group formulated and implemented an *Information Systems Policy*, and requires all the staff not to copy, store or distribute day-to-day operational data outside of their job requirements in order to protect both company's operational security and its consumers' privacy. Furthermore, the Group ensures that all software used on company computer is properly licensed for business use.

In addition, the Group's Board provides oversight of the *Information Systems Policy*. The Information Technology department will report any violations to the finance director, who will inform the Board of Directors if the need arises.



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2.2.3 Intellectual Property Rights

The Group has standard practice in which only genuine software can be installed on computers to avoid security vulnerabilities and legal disputes arising from software copyright.

2.2.4 Customer Data Protection and Privacy

The Group understands the importance of consumer data protection and privacy. All of its employees are required to handle all sensitive personal information provided by our customers during the course of the business with due care. This involves the exchange or use of data electronically or by any other means, including telephone, fax, written correspondence, and even direct word of mouth.

2.3 SUPPLY CHAIN MANAGEMENT

The Group recognises the importance of reliable and reputable vendors since high-quality products and services are key to the success of the Group. The Group also pays great emphasis on the environmental protection of its suppliers. Therefore, the Group has formed its own criteria for vendor selection in its *Procurement Policy*. The criteria for furniture procurement cover seven major aspects, including (i) the design capability of the vendor; (ii) production lead-times; (iii) scale of the factory; (iv) production facilities; (v) product pricing; (vi) after-sales service; and (vii) quality of products. In addition, in order to evaluate each new vendor, the Group conducts online background search, factory visits and quality inspection visits.

The Group has also established policies to assess existing vendors' capabilities and qualifications. The procurement teams review the performance of each vendor on an annual basis, focusing on the promptness of delivery and quality of products. Any vendor that consistently fails to deliver promptly and/or delivers products with defects will be flagged to management for further action.

For the Group's interior design divisions, the objective of the procurement policies is to ensure that the gross profit margins set out in the Group's pricing policy are maintained. Different procurement policies have been set up based on the different materials utilised by each interior design divisions. Furthermore, the procurement of services is an integral part of the Interior Design business, the interior design departments will assess their subcontractors annually on their pricing, quality of work, and their ability to meet deadlines. Any subcontractor that fails to meet these standards shall be flagged to management for further action.

Beyond quality and legal compliance, the Group expects its suppliers to adopt fair labour practices, and demonstrate environment stewardship and social impacts. The requirements are specified in the *Procurement Policy*.



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2.4 QUALITY CONTROL POLICY AND PROCEDURES

During the reporting period, there was no major changes in policies and the Group did not note any cases of material non-compliance regarding health and safety, advertising, labelling and privacy matters relating to products and services provided as required by related laws and regulations.

The Group recognises providing goods that meets the quality expectations of customers and end-users is the cornerstone of its business. To ensure that the Group minimises the occurrence of delivering defective products to customers which will affect its reputation in the market. The Group implements its Quality Control Policy.

For its furniture sales divisions and e-commerce furniture sales division, depending on the origin of the products, the Group conducts different types of quality inspection on products, ranging from packaging inspection to a full extent inspection. In the event that there is a product defect upon delivery to our customers, the Group makes a claim against our suppliers.

Below is a summary of the key aspects of the Quality Control Policy and Procedures for its 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 of 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 that the packaging materials and method are compliant with our requirements.3. At least one piece of the selected items for inspections for each model shall be assembled to ensure that there 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 100% percent check will be made and we shall require the supplier to provide the necessary replacement parts to make good the products, 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 inform the Board of Directors if the need arises.



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

Quality Control Policy and Procedures	
Scope	E-commerce furniture sales division for shipments out of the P.R.C and other parts of Asia
Procedures	<ol style="list-style-type: none">1. A random sample of approximately of 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 that the packaging materials and method are compliant with our requirements. The inspector will also ensure that shipping marks are complaint with our requirement.3. At least one piece of the selected items for inspections for each model shall be assembled to ensure that there 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 100% check will be made and we shall require the supplier to provide the necessary replacement parts to make good the products, 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 Malaysian office to perform an outgoing shipment inspection, for such inspection the procedure will be the same as an inspection performed at our Malaysian suppliers' factories.
Reporting	The head of each division will report any underperforming suppliers to the Chief Operating Officer who will inform the Board of Directors if the need arises.



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Below is a summary of the key aspects of the Quality Control Policy and Procedures for its 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 a photo showing such defects. Photos shall be sent via mobile phones.3. The subcontractors will rectify any defects at the earliest possible time and will revert with a photo of the rectify matter. Photos shall be sent via mobile phones.4. The project manager will follow up with the rectification of the defects at the next site inspection in the following week.5. Prior to 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 inform the Board of Directors if the need arises.

2.5 ANTI-CORRUPTION MEASURES

The Group has zero tolerance on bribery and corruption. The Group strictly abides by the Prevention of Corruption Act in Singapore, the *Foreign Corrupt Practices Act of 1977* in the U.S., and any relevant policies and regulations in every country in which it operates, and has issued its *Anti-Corruption, Gifts and Entertainment Policy* in order to ensure compliance with relevant anti-corruption legislation in Singapore and overseas; this policy includes procedures on gifts and entertainment, as well as regulations for sponsorships and charitable contributions. The established policy extends to all business dealings of the Group in every country in which it operates. The Group will always forgo business rather than pay bribes and fully supports its employees in this regard. During the reporting period, the Group is not aware of any material non-compliance with laws and regulations regarding anti-corruption.



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The Group has established detailed procedures and monetary thresholds to govern the approval and declaration of meals, gifts, entertainment, travel and accommodation, charitable contributions, and sponsorships, which are listed in the Group's *Code of Conduct and Ethics*.

– **Reporting of Violation of Anti-Corruption Policy**

Any employee, officer or director who believes that a violation of this policy has occurred should promptly report such conduct to a supervisor or the Chief Operating Officer. Such reports may be made confidentially or anonymously. Confidentiality will be protected, subject to applicable law, regulation or legal proceedings.

3 EMPLOYMENT AND LABOUR PRACTICES

The Group strictly abides by applicable labour laws and regulations and has established comprehensive employment rules and regulations that clearly define the scopes and measures to ensure the employee rights, which are specified in the *Employee Handbook*.

During the reporting period, the Group was not aware of any material non-compliance relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, as well as other benefits and welfare.

3.1 PROTECTION OF EMPLOYEE RIGHTS

The Group recognises the importance of human resource management to support the Group's business growth. The Group upholds the principles of fairness and market competitiveness, as well as rewards on outstanding performances.

During the recruitment process, the Group adheres to the principles of fairness and justice to recruit qualified candidates and to avoid any discriminatory behaviour. The Group is committed to building a diverse and inclusive work environment and strives to provide equal opportunities to employees. The Group also formulated the *Equal Employment Opportunity and Anti-discrimination Policy* which clarifies the Group's position in providing fair opportunities for recruitment, compensation, training, transfer and promotion to its staff regardless of their race, gender, age or religious beliefs.



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3.1.1 Employment Status

As of 31 December 2018, the employment status of the Group, by division, is as follows:

	Furniture division	Interior design division	E-commerce furniture sales division
Total employment (people)	82	26	34
Breakdown (%)			
By gender			
Male	52.4%	50.0%	58.8%
Female	47.6%	50.0%	41.2%
By education background			
Bachelor's degree and above	28.0%	38.5%	26.5%
Junior college degree	25.6%	53.8%	8.8%
Technical school	1.2%	3.8%	8.8%
High school and junior high school	45.2%	3.9%	55.9%
By age			
30 and below	22.0%	30.8%	20.6%
31-50	51.2%	50.0%	58.8%
51 and above	26.8%	19.2%	20.6%
By location			
Singapore	100.0%	80.8%	8.8%
U.S.	0.0%	0.0%	61.8%
Malaysia	0.0%	0.0%	29.4%
Brunei	0.0%	19.2%	0.0%

As of 31 December, 2018, the total number of employees of the Group was 142, of whom 106 are based in Singapore, 21 are based in the U.S., 10 are based in Malaysia and five are based in Brunei. Analysed by gender, the overall gender ratio of the Group's in-service employees is nearly 1:1, with slightly more males than females. Analysed by age group, most of the employees are between 31 to 50 years old, with about half of the employees being either under 31 or above 51, which reflects the Group's overall staff seniority and abundant industry experience to better serve clients. Analysed by academic background, more than half of the employees received junior college degrees or above (excluding U.S. staff), indicating a relatively strong academic background of the Group's employees.



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3.1.2 Employee Turnover

In the Year of 2018, the total employee turnover was 37. As of 31 December 2018, the employee turnover rate of the Group, by gender and age group, is as follows:

	Furniture division	Interior design division	E-commerce furniture sales division
Total number of employees resigned (people)	23	8	6
Breakdown (%)			
By gender			
Male	39.1%	50.0%	66.7%
Female	60.9%	50.0%	33.3%
By age			
30 and below	34.8%	37.5%	0.0%
31-50	39.1%	50.0%	100.0%
51 and above	26.1%	12.5%	0.0%

3.1.3 Employee Promotion and dismissal

The Group's performance management scheme requires employees to conduct performance management assessment on a regular basis. The assessment measures the completion of targeted performance, evaluation of work results, and other reference factors. The outcomes of the assessment will determine the promotion opportunities for employees.

In order to protect the fundamental rights of all of its employees, the *Employee Handbook* incorporates the *Code of Conduct* state the compensation and dismissal, recruitment and promotion, equal opportunities policies and complaints handling procedures in compliance with the relevant labour laws and regulations, where applicable. The policy has been communicated to and strictly followed by all employees, who are encouraged to report any potential violation.

3.1.4 Working Hours and Rest Periods

The Group employees are entitled to maternity leave, paternity leave, childcare leave and marriage leave as specified in the *Employee Handbook*.



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3.2 EMPLOYEE COMPENSATION AND WELFARE

To attract, motivate and retain talent, the Group provides a comprehensive and competitive compensation scheme for its employees.

As part of an employee's compensation and welfare package, the Group pays Group Hospital & Surgical Insurance for its employees. The Group also provides transport reimbursement and transport allowance for eligible employees. At the same time, employees are also legally entitled to remuneration, welfare, and holidays that are prescribed by applicable laws and regulations.

Employee welfare provided by the Group includes:

- **Annual leave**

The Group provides employees with annual leave. Employees are entitled to 14 days annual leave per calendar year.

- **Medical leave**

Employees are entitled to paid medical leave up to a maximum of 14 days per calendar year upon submission of a medical certificate from a Singapore-registered medical practitioner.

- **Other leave**

The Group employees are also entitled to other kinds of leave benefits. For example, the Group provides entitled employees with hospitalisation leave, maternity leave, paternity leave, childcare leave, marriage leave, compassionate leave, and reservist leave. These and other entitlements are specified in the *Employee Handbook*.

3.3 EMPLOYEE HEALTH, SAFETY AND WELFARE

The Group strictly abides by applicable the *Workplace Safety and Health Act in Singapore*, the *Occupational Safety and Health Act* in the U.S., the *Occupational Safety and Health Act 1994* in Malaysia and the *Workplace Safety and Health (Risk Management) Regulations* in Brunei. The Group has established comprehensive rules and regulations that clearly define the rights and obligation and the organisational arrangements necessary to discharge them. Any suspected breach of this policy must be referred to the Human Resource department for investigation and assessment.



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The Group has formulated its *Health, Safety and Welfare Policy* which states that the Group attributes the utmost importance to the health, safety and welfare of its employees and those for whom it provides a service. The Group endeavours to ensure that, so far as is reasonably practicable, its operations and services are conducted in such a manner as to prevent harm, injury, or damage to people, plant, materials, property, and the environment, and to promote continuous improvement in health safety and welfare standards. In addition, the Group will provide information and guidance to all employees on its health and safety duties and responsibilities.

3.4 EMPLOYEE DEVELOPMENT AND TRAINING

The Group places great emphasis on the development and training of its employees. The Group has formulated its *Training Policy* in order to ensure all of its staff to acquire and improve necessary skills, aiming at:

- Assisting its staff to understand market trends and meet changing responsibilities and expectations;
- Maintaining and improving professional skills and knowledge; and
- Adhering to the relevant laws and regulations.

The Group provides both in-house and external training programmes so as to ensure that every staff member continues to acquire the relevant skills necessary for them to improve. Under the current policy, the major training topics include:

- Industry trends in furnishing and interior design, product knowledge
- Sales techniques
- Retail management
- Customer service; and
- Product display.

The Chief Executive Officer shall report to the Board of Directors if there are material training lapses that occur that are not in line with its ordinary course of business and make recommendations to improve the performance.

In 2018, the interior design division organised the *Supervisor Construction Work* for all of its 26 employees. The training activity lasted for 32 hours in total.



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3.5 EMPLOYEE ACTIVITIES

To enrich employees' activities and enhance internal cohesion within the Group, the Group organises various employee activities on a regular basis, including birthday party for employees and various team building events.



3.6 GUIDELINES AND MEASURES TO PREVENT CHILD LABOUR OR FORCED LABOUR

Use of forced and child labour is strictly prohibited by the Group. The Group strictly abides by relevant laws and regulations, including the *Employment Act* and the *Employment (Children and Young Persons) Regulations* in Singapore, the *Fair Labor Standards Act* in the United States, the *Children and Young Persons (Employment) Act 1966* and the *Child Employment Amendment Act 2010* in Malaysia, as well as *Employment Order 2009* in Brunei, and thereby prohibits any use of child labour or forced labour in its business operations and insists on zero tolerance to any form of child labour or forced labour. The Group strictly abides by applicable labour laws and regulations and has established relevant rules and regulations that clearly define the scopes and measures to prevent child labour, which are specified in the *Employee Handbook*.



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4 ENVIRONMENTAL PERFORMANCE ANALYSIS

The Group strictly abides by applicable environment laws and regulations and has established comprehensive rules and regulations that clearly define the rights and obligations of the Group.

The environmental performance analysis covers the Group's business in Singapore and the U.S.

4.1 CORPORATE WASTE ANALYSIS

4.1.1 Overview of Relevant Environmental Protection Policies

The Group views environment sustainability as critical to its long-term business growth. Accordingly, the Group has put forth its *Environmental Sustainability Policy* which demonstrate that it is committed to environmental sustainability as a corporate citizen. The Group's *Environmental Sustainability Policy* sets out its approach to reducing the direct and indirect environmental impact of its business operations. It is the Group's direction that the environmental practices set out in this Policy be embedded in its management practices and principles.

Below is a summary of the key aspects of the *Environmental Sustainability Policy*.

Environmental Sustainability Policy	
Scope	The Environmental Sustainability Policy covers the Group's operations in all countries that it operates in.
Measures	<ol style="list-style-type: none">1. Raise awareness of environmental issues among employees;2. Encourage corporate volunteering for environmental causes and contribution to spreading awareness;3. Encourage employees to adopt environmentally responsible behaviour;4. Carry out purchasing activities and interactions with vendors in an environmentally responsible manner.
Reporting	The Human Resource department will report on the efforts to reduce resource consumption and increase environmental awareness among employees.



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4.1.2 Relevant Indicator Analysis of Corporate Waste

Total emissions and emission density of exhaust gas

The exhaust gas generated by the Group is mainly a result of the fossil fuel combustion of automobiles. Major pollutants include nitrogen oxides (NOx), sulphur oxides (SOx) and suspended particulates (PM).

Total emissions and the emission density of exhaust gas generated by the Group in the Year of 2018 are as follows:

Exhaust Gas Type	Total Emissions <i>(kg)</i>	Emission Density <i>(kg/SGD billion)</i>
Nitrogen Oxides (NOx)	0.18	1.65
Sulphur Oxides (SOx)	0.00	0.00
Suspended Particulates (PM)	0.02	0.16
Total	0.20	1.82

Total Emissions and Emission Density of Greenhouse Gas (GHG)

The various business segments of the Group have caused direct and indirect emissions of greenhouse gases due to the fossil fuel and diesel consumption of automobiles and the electricity consumption of daily office works. In the Year of 2018, the greenhouse gases emitted by the Group reached a total of 961.9 tonnes of CO₂ equivalent, and the emission density was 8.7 tonnes of CO₂ equivalent/SGD million. Among them, direct emissions of greenhouse gases caused by fossil fuel and diesel combustion were about 64.3 tonnes of CO₂ equivalent, and indirect emissions of greenhouse gases caused by electricity consumption were about 884.8 tonnes of CO₂ equivalent.



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The Group's total emissions for the Year of 2018 have been calculated in terms of various dimensions and are displayed in the following table:

Greenhouses Gases Type	Direct Emission (tonnes of CO ₂ e) (from the fossil fuel consumption of automobiles)	Direct Emission Density (kg of CO ₂ e/SGD million)	Indirect Emission (tonnes of CO ₂ e) (from the electricity consumption of daily office works)	Indirect Emission Density (kg of CO ₂ e/SGD million)
	Carbon Dioxide (CO ₂)	64.3	0.59	884.8
Methane (CH ₄)	0.04	0.00	0.2	0.0
Nitrous Oxide (N ₂ O)	4.3	0.04	8.2	0.07
Total	68.7	0.63	893.2	8.1

Total Amount and Density of Hazardous and Non-Hazardous Waste Generated by the Group

The total waste disposed by the Group from daily office works in the Year of 2018 is shown in the following table:

Waste Type	Unit	Emissions
Liquid Waste		
Waste water	tonnes	0.0
Non-Hazardous Solid Waste		
Paper consumption	tonnes	1.3
Office waste	tonnes	0.0
Hazardous Solid Waste		
Waste lead acid batteries	tonnes	0.0
Others (e.g. waste organic solution)	tonnes	0.0

The Group takes measure for environmental protection, and manage all the waste with the goal of minimising the wastes generated from its operation. This is achieved through the proper collection, storage, transportation, disposal and treatment of wastes.



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The Group mainly provides furniture products and interior design services, which does not contain hazardous wastes. All of the non-hazardous solid waste including paper mentioned above has been properly disposed in accordance with the *Environmental Public Health Act* in Singapore, the *Resource Conservation and Recovery Act* in the U.S., as well as any relevant policies and regulations in every country it operates.

Measures to Mitigate Emissions

The Group requires employees to print on both sides of paper in order to reduce the paper waste. The Group also encourages employees to use telephone and video conferencing to replace business travel. If business travel is necessary, employees are required to carefully plan the route and choose the most economical and reasonable transportation methods in order to reduce their carbon footprint and emission of related pollutants.

4.2 USE OF RESOURCES

4.2.1 Major Energy Consumption Structure

The consumption of various resources by The Group in the Year of 2018 is shown in the following table:

Resources Type	Source of consumption	Unit	Consumption
Gasoline	Automobiles	kL	2,500.0
Diesel	Automobiles	kL	22,350.0
Electricity	Daily office works	kWh	1,048,538.0
Towngas	Daily office works	m3	106,000.0
Natural water	Daily office works	tonnes	1.3

The consumption density of various resources by the Group in the Year of 2018 is shown in the following table:

Resources Type	Source of consumption	Unit	Consumption Density
Gasoline	Automobiles	kL/SGD million	22.8
Diesel	Automobiles	kL/SGD million	203.7
Electricity	Daily office works	kWh/SGD million	9,554.4
Towngas	Daily office works	m3/SGD million	965.9
Natural water	Daily office works	tonnes/SGD million	0.01



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In the Year of 2018, the overall energy consumption of the Group was equivalent to the consumption of 86.7 tonnes of standard coal; gasoline accounted for about 2.1% of the total energy consumption, 2.3% came from diesel, 40.6% came from electricity, and the remaining 55.0% came from town gas.

4.2.2 Measures to Promote Effective Usage of Energy and Resources

- *The Group promotes effective usage of energy and resources*

The Group attaches great importance to efficient usage of energy and resources, and strives to conserve resources within its operations. The Group requires staff to ensure all doors, windows, faucets, lights and air-conditioners to be switched off after work in order to avoid energy waste and safety problems.

4.2.3 Results of Obtaining a Suitable Water Source and Enhancing Water Usage Efficiency

The Group obtained a suitable water source in accordance with the relevant national environmental protection policies and regulations, and there has been no issue in sourcing water.

In the Year of 2018, the Group consumed a total of 1.3 tonnes of water from daily office works, representing a consumption density of approximately 0.01 tonnes/SGD million. In line with the Group's stable business growth in 2018, the Group's water consumption also rose, maintaining a relatively stable water consumption density and water usage efficiency.

4.2.4 The Total Amount of Packaging Materials Used for Finished Products and the Amount of Each Production Unit

The Group mainly provides furniture products, which are pre-packaged by its manufacturers. The Group scarcely uses packaging materials.

4.3 ENVIRONMENT AND NATURAL RESOURCES ANALYSIS

4.3.1 Analysis of the Significant Impacts of Corporate Business Activities on the Environment, and Natural Resources, and Related Measures

The Group conducts business operations in accordance with relevant environmental protection and emission laws and regulations. The major sources of waste emissions and disposals for the Group include automobiles and daily office works, which both meet the requirements stated in relevant national environmental protection regulations and emission regulations, and have caused no significant impact on the environment or natural resources.



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5 GIVING BACK TO THE SOCIETY

5.1 COMMUNITY INVESTMENT

The Group always incorporates environment protection into its operations. Therefore, the Group has formulated its *Environmental Sustainability Policy* in order to raise awareness of environmental issues among employees, encourage corporate volunteering for environmental causes and contributing to spreading awareness, encourage employees to adopt environmentally-responsible behaviour and carry out purchasing activities and interactions with our vendors in an environmentally-responsible manner. The Group will continue to encourage its employees to participate in various environmental protection activities and to spread the awareness of environmental protection in the Group.

6 HKEX ESG REPORTING GUIDE CONTENT INDEX

Subject areas	Description	Section of this report
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on:	4
	(a) the policies; and	4.1
	(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.	4.1.1
KPI A1.1	The types of emissions and respective emissions data.	4.1.2
KPI A1.2	Greenhouse gas emissions in total and intensity.	4.1.2
KPI A1.3	Total hazardous waste produced and intensity.	4.1.2
KPI A1.4	Total non-hazardous waste produced and intensity.	4.1.2
KPI A1.5	Description of measures to mitigate emissions and results achieved.	4.1.2
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.1.2



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Subject areas	Description	Section of this report
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 4.2.2 4.2.3
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	4.2.1
KPI A2.2	Water consumption in total and intensity.	4.2.1
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	4.2.2 4.2.3
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	4.2.2 4.2.3
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	4.2.4
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer' s significant impact on the environment and natural resources.	4.3
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.3.1
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on:	3
	(a) the policies; and	3.1
	(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.	3.1.1 3.1.3 3.1.4 3.2 3.5
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	3.1.1
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	3.1.2



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Subject areas	Description	Section of this report
Aspect B2: Health and Safety		
General Disclosure	Information on: <ul style="list-style-type: none"> (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. 	3.3
KPI B2.1	Number and rate of work-related fatalities.	N/A
KPI B2.2	Lost days due to work injury.	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	3.3
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.4
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.4
KPI B3.2	The average training hours completed per employee by gender and employee category.	3.4
Aspect B4: Labour Standards		
General Disclosure	Information on: <ul style="list-style-type: none"> (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. 	3.6
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.6
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	3.6



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Subject areas	Description	Section of this report
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.5
KPI B5.1	Number of suppliers by geographical region.	N/A
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.	2.5
Aspect B6: Product Responsibility		
General Disclosure	Information on:	2
	(a) the policies; and	2.1
	(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.	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.2.1
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.2.3
KPI B6.4	Description of quality assurance process and recall procedures.	2.4
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.2.2 2.2.4



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Subject areas	Description	Section of this report
Aspect B7: Anti-Corruption		
General Disclosure	Information on: <ul style="list-style-type: none"> (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. 	2.5
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.	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.5
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.	5 5.1
KPI B8.1	Focus areas of contribution.	5.1
KPI B8.2	Resources contributed to the focus area.	N/A

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