



Samson Holding Ltd.

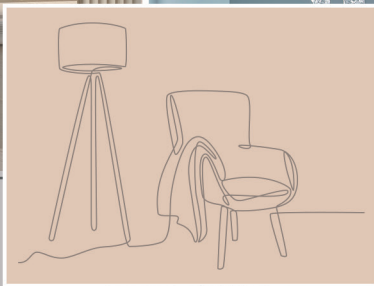
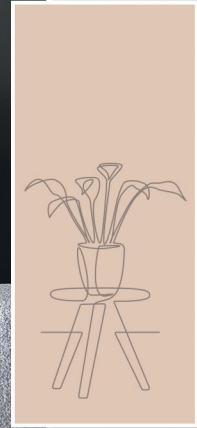
順誠控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 531.hk)

2023

Environmental, Social and Governance Report



* for identification purpose only



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

Samson Holding Limited (the “Company”) together with its subsidiaries (the “Group” or “we”) are pleased to present the eighth Environmental, Social and Governance Report (the “ESG Report”) for the financial year ended 31 December 2023 (“FY2023”). The ESG Report not only elaborates the Group’s commitments and strategies on corporate social responsibility, but also summarises its environmental, social and governance (“ESG”) initiatives, plans and performance in sustainable development.

Established in 1995, we are a furniture manufacturing and wholesaling company, whose products cover a wide range of furniture for homes, offices and hotels. Our vision is to become a global leader in the furniture industry through delivering quality furniture at competitive prices and providing exceptional customer service so as to meet customers’ demands.

With the belief that sustainability extends beyond mere business success, we are committed to building a sustainable business by manufacturing and marketing premium furniture, which enhances the quality of living and creates long-term value for both our customers and shareholders. The Group believes sustainability is the key to achieving continuous success, therefore it has integrated this key concept into its business strategy. To pursue a successful and sustainable business model, the Group recognises the criticality of incorporating ESG aspects into its risk management system. We adhere to the ESG management direction in accordance with the concept of sustainable development and are committed to progressing effectively and responsibly towards ESG affairs.

The ESG Governance Structure

To ensure that ESG governance aligns with its business strategy and commitment to sustainability, the Group has developed an ESG governance structure that integrates ESG management into its business operations and decision-making process.

The board (the “Board”) of directors (the “Directors”) of the Company holds the overall responsibility for the Group’s ESG issues and sets out ESG management approach, strategy, priorities and objectives. The Board is diverse in its composition and is considered to have a balance of skills and experience in overseeing the ESG matters of the Group. In order to better manage the Group’s ESG performance, related issues and potential risks, the Board should at least annually discuss ESG issues collectively, determine ESG-related risks and opportunities, as well as review the materiality of ESG issues and its performance against ESG-related targets. These targets were set with an aim to align with the national vision of carbon neutrality and enhancing corporate reputation. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal control systems and approving disclosures in the ESG Report.

To develop systematic management of ESG issues under the Board’s delegations, the Group has established the ESG Working Group (the “Working Group”). The Working Group is composed of core members from various departments with relevant expertise in each ESG aspect to facilitate the Board’s oversight of ESG matters. The Working Group has the responsibility for collecting and analysing ESG data, monitoring and evaluating the Group’s ESG performance, keeping track of and reviewing the progress made against the Group’s ESG-related targets, ensuring compliance with ESG-related laws and regulations. The Working Group works with an independent third party to conduct materiality assessment and prepare ESG reports. The Working Group arranges meetings at least annually to evaluate the effectiveness of current policies and procedures, and formulates appropriate solutions to improve the overall ESG performance of the Group. The Working Group also assists in assessing and identifying the Group’s ESG risks and opportunities, and assists in ensuring the implementation and effectiveness of the risk management and internal control systems. Its findings, decisions and suggestions should be reported to the Board at least once per year to ensure that the Group’s strategy and policies are effective, compliant and aligned with the Board’s vision.

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During FY2023, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

REPORTING SCOPE

The reporting scope is determined based on the materiality and significance of ESG impacts of the business segments under the Group’s direct operational control. This ESG Report covers the Group’s headquarters in Taiwan and its subsidiaries, including Lacquer Craft Manufacturing Co., Ltd. in the People’s Republic of China (the “PRC”), Craftmaster Furniture, Inc. and Baker Interiors Group, Ltd. in the United States (the “U.S.”), and Timber Industries Co., Ltd. in Vietnam. The Group will continue to assess the major ESG aspects of different businesses and extend the scope of disclosures when and where applicable.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the ESG Reporting Guide as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange. Information relating to the Group’s corporate governance practices has been set out in the Corporate Governance Report published in the Company’s 2023 annual report.

During the preparation for this ESG Report, the Group has applied the following reporting principles in the ESG Reporting Guide:

Materiality: A materiality assessment was conducted to identify material issues, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board and the Working Group based on their potential impacts on the Group’s economy, environment and society, and stakeholders. For further details, please refer to the sections headed “STAKEHOLDER ENGAGEMENT” and “MATERIALITY ASSESSMENT”.

Quantitative: The standards, methodologies and applicable assumptions used in the calculation of key performance indicators (“KPIs”) data were supplemented by explanatory notes.

Consistency: Unless otherwise stated, the preparation approach of this ESG Report is consistent with the previous report for comparison. If there are any changes in the scope of disclosure or calculation methodologies that may affect comparison with the report of the financial year ended 31 December 2022 (“FY2022”), explanations will be provided to the corresponding data.

Balance: This ESG Report provides an unbiased picture of the Group’s ESG performance. It avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the report reader.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures being taken during FY2023.

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STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its business operations and ESG aspects. To understand and address their key concerns, we have maintained close communication with our key stakeholders. Through ongoing communication, we have collected their views and opinions, which help us identify ESG-related risks and formulate our sustainability strategies. We will continue to increase the involvement of stakeholders via constructive conversation to chart a course for long-term prosperity. The expectations of the key stakeholders to the Group and their communication channels are as follows:

Stakeholders	Expectations	Communication Channels
Investors and shareholders	<ul style="list-style-type: none"> Compliant operation Economic performance Business strategies and performance 	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Financial reports Announcements and circulars The Company's website
Customers	<ul style="list-style-type: none"> Product and service quality Data privacy protection Business integrity 	<ul style="list-style-type: none"> Customer satisfaction survey Customer service manager The Company's website, hotline and email Financial reports
Employees	<ul style="list-style-type: none"> Employees' health and safety Development and training Remuneration and benefits Equal opportunities 	<ul style="list-style-type: none"> Training and orientation The Group's activities Performance reviews Employee handbook Opinion box Complaint channels
Suppliers	<ul style="list-style-type: none"> Fair and open procurement Business ethics and reputation 	<ul style="list-style-type: none"> Procurement process On-site visits Supplier audit Supplier management meetings
Regulatory bodies and government authorities	<ul style="list-style-type: none"> Tax payment Compliant operation 	<ul style="list-style-type: none"> Compliance advisor On-site inspections Legal advisor
Media, community, and non-governmental organisations	<ul style="list-style-type: none"> Transparent information disclosure Giving back to society Environmental protection Compliant operation 	<ul style="list-style-type: none"> The Company's website ESG reports Community activities Media channels

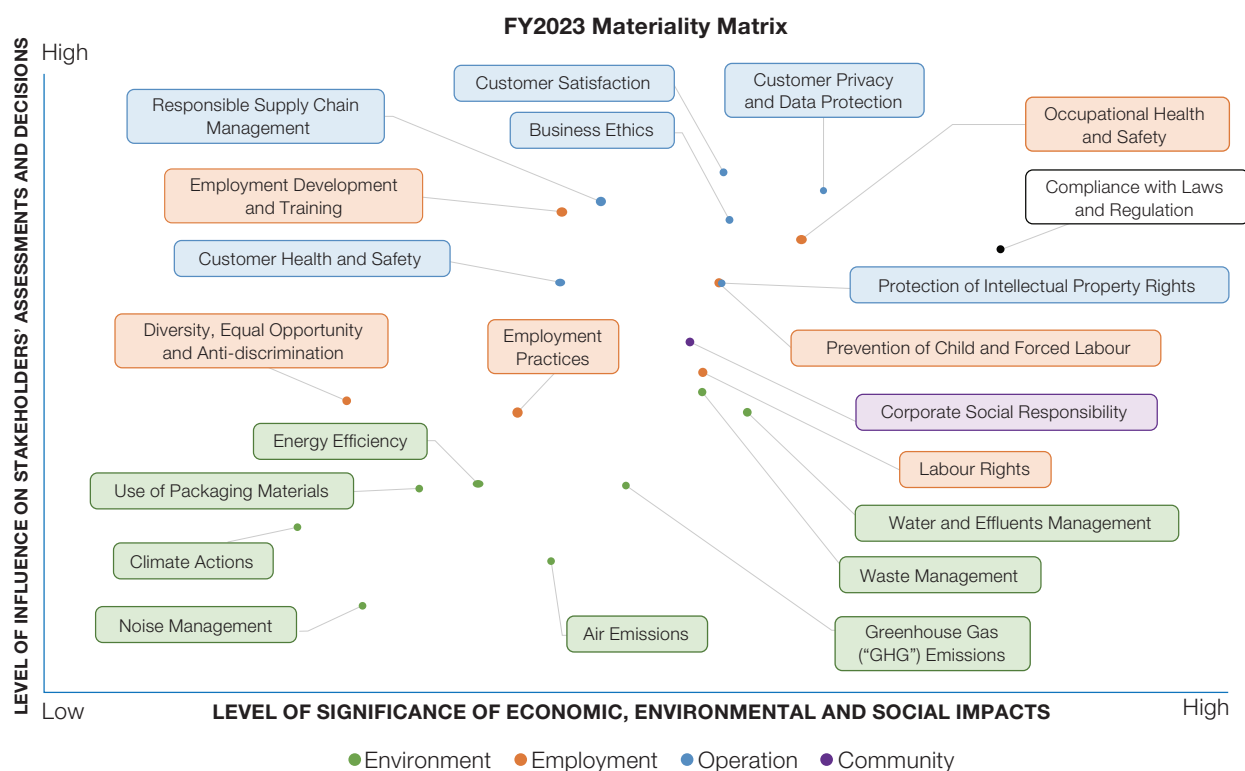
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MATERIALITY ASSESSMENT

The Group's management and staff in major functions are involved in the preparation of the ESG Report. To further identify and prioritise material ESG topics, we have conducted a materiality assessment through an online survey consisting of rating and open-ended questions covering areas on environmental protection, employment, operational practices, and community investment. The following steps illustrate the processes of the materiality assessment:

1. **Identification:** Identify a list of material topics by benchmarking against policies, industry standards, and corporate development strategies.
2. **Engagement:** Conduct materiality assessment in the form of a survey and invite stakeholders to assess the importance of each topic both to the stakeholders and to the economy, environment and society.
3. **Prioritisation:** The material topics are analysed and prioritised based on the survey results.
4. **Validation:** Stakeholders' opinions and the materiality assessment results are reviewed and discussed with the Board and the Working Group, thus determining the focus of disclosure and the direction for improving ESG performance in the future.

The following matrix is a summary of the Group's material ESG issues:



CONTACT US

We treasure your feedback and comments on our sustainability performances. You can provide valuable advice regarding the ESG Report or our sustainability performances by email at investors@lacquercraft.com.

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A. ENVIRONMENTAL

Environmental Targets

The Group has set quantitative targets for the environmental aspect in the financial year ended 31 December 2021 ("FY2021") to better manage the Group's material topics and its sustainability performance. We are dedicated to enhancing our sustainability performance and will persist in our efforts to monitor relevant progress and implement actions to achieve the targets. Relevant data and year-on-year comparisons are presented in the subsequent sections. The table below summarises the Group's environmental targets and its progress towards the targets for the following years:

Aspects	Environmental Targets	Target Progress
Air Emissions	Using FY2021 as the base year, the Group will gradually reduce the intensities of air emissions in the next five years.	In progress
GHG Emissions	Using FY2021 as the base year, the Group will gradually reduce the total GHG emissions intensity in the next five years.	In progress
Non-hazardous Waste	Using FY2021 as the base year, the Group will gradually reduce the total non-hazardous waste intensity in the next five years.	On track
Hazardous Waste	Using FY2021 as the base year, the Group will gradually reduce the total hazardous waste intensity in the next five years.	In progress
Energy Efficiency	Using FY2021 as the base year, the Group will gradually reduce the total energy consumption intensity in the next five years.	In progress
	Starting from FY2022, the Group will improve employees' awareness on energy conservation by organising talks and seminars annually.	Achieved. The Group has shared the importance of energy conservation with its employees and advocated for energy-saving practices.
Water and Effluents Management	Using FY2021 as the base year, the Group will gradually reduce the total water consumption intensity in the next five years.	In progress
	Starting from FY2022, the Group will promote efficient water consumption among its employees annually. Promotional efforts include sticking posters on eye-catching places, etc..	Achieved. The Group has advocated sustainable use of water among its employees.
	Starting from FY2022, the Group will celebrate water-saving events annually by organising interactive activities, sending intranet notifications and emails to remind employees to cherish water resources.	

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A1. Emissions

As a corporation principally engaged in furniture production, we recognise our responsibilities towards the potential negative environmental impacts associated with our business activities, and we strive to nurture and strengthen our employees' awareness of environmental protection in their daily work processes.

The Group has also integrated environmental consideration into its decision-making process and embraced the responsibility to create an environmentally sustainable business. We have formulated an Environmental and Emergency Response Manual for our operations in the U.S. to prevent the occurrence of accidents and deal with any incidents that will potentially bring adverse impacts to the environment.

In our daily operation, we focus on cleaner production by investing in mitigation technologies, upgrading the energy efficiency of machinery, implementing environmental protection initiatives and cultivating a green culture within the Group. We strive to achieve energy conservation, usage reduction, pollution reduction and efficiency enhancement. In the long run, the Group will continue to enhance its environmental management strategies in monitoring and minimising the environmental impacts brought by its business regularly.

During FY2023, the Group was not aware of any material non-compliance with laws and regulations in relation to air and GHG emissions, discharges into water and lands, and the generation of hazardous and non-hazardous wastes, including but not limited to the Basic Environment Control Act of Taiwan, the Environmental Protection Law of the PRC, the National Environmental Policy Act of the U.S., and the Law on Environmental Protection (55/2014/QH13) of Vietnam that would have a significant impact on the Group.

Air Emissions

The Group's major business in furniture production inevitably generates air emissions from processes such as woodworking, polishing and painting. Air emissions generated from business operations of the Group mainly include volatile organic compounds ("VOCs") and dust from our manufacturing processes, as well as nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") from the use of the Group's vehicles. To monitor the potential environmental impacts of our operations and to ensure that the corresponding emission levels comply with the legal requirements, regular inspections on the quality of the emitted air were conducted. In addition, emission permits were obtained at our manufacturing sites.

We are committed to controlling our air emissions as we believe that this will not only reduce our environmental footprint, but also provide a safe and healthy workplace for our employees. Our ventilation system and in-house treatment facilities are regularly inspected to ensure their effectiveness. Under abnormal circumstances, the operation will be suspended until inspection and maintenance are carried out. In order to achieve the air emissions reduction target, below initiatives on equipment upgrade, process modification and pollutant treatment are implemented:

- Boiler modification to replace heavy oil with natural gas;
- Spray booth modification to reduce unorganised organic gas emissions;

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- Baghouse filter and activated carbon filter to significantly reduce the emissions of air pollutants;
- Change of paint formula from oil-based to water-based or UV-based; and
- Dust removal system to remove dust generated from production lines.

During FY2023, business travel by vehicles resumed in the PRC operation following the easing of pandemic. Meanwhile, we also observed an increased reliance on using our own vehicles for delivery in the U.S. operation. Therefore, the Group's emissions intensities¹ of NO_x, SO_x and PM have increased when compared to FY2022. Looking ahead, we will continue to look for opportunities to reduce our air emissions. The Group's performance on air emissions is as follows:

Types of Air Emissions ^{1,2}	Unit	FY2023	FY2022	FY2021
NO _x	kg	6,034.09	2,440.52	1,275.54
SO _x	kg	2.85	2.67	2.54
PM	kg	434.93	227.89	121.95
NO_x emissions intensity	g/US\$'000	14.56	4.08	2.61
SO_x emissions intensity	g/US\$'000	0.007	0.004	0.005
PM emissions intensity	g/US\$'000	1.05	0.38	0.25

Note(s):

1. During FY2023, the Group's total revenue is US\$414,539,378.00 (FY2022: US\$598,849,930.38; FY2021: US\$488,108,696.72). This data will also be used for calculating other intensity data. Due to the improvement of data collection system, the amount of SO_x emission and its intensity for FY2021 and FY2022 have been revised to ensure consistency and comparability.
2. The calculation method of air emissions is based on "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

GHG Emissions

The major sources of GHG emissions of the Group were fuel consumed by vehicles and stationary machinery (Scope 1), purchased electricity (Scope 2) and business air travel (Scope 3). In addition to the emissions reduction measures described in the section "Air Emissions", we endeavour to mitigate GHG emissions by adopting energy efficiency measures as stated in the section "Energy Efficiency" in aspect A2. We also strive to prevent non-essential business travel and the corresponding carbon footprint by using teleconferencing or video conferencing.

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Due to the decline in manufacturing activities in the PRC and Vietnam, the Group's total GHG emissions during FY2023 have decreased. However, the Group's total GHG emissions intensity during FY2023 has increased when compared to FY2022 as there was a decrease in the Group's total revenue. Looking ahead, we will continue to look for opportunities to reduce our carbon footprints. The Group's performance on GHG emissions is as follows:

Types of GHG Emissions Source ³	Unit	FY2023	FY2022	FY2021
Scope 1 – Direct GHG emissions	tonnes of carbon dioxide equivalent (“tCO ₂ e”)	778.91	890.62	731.99
Scope 2 – Energy indirect GHG emissions	tCO ₂ e	17,870.12	20,331.76	19,943.26
Scope 3 – Other indirect GHG emissions	tCO ₂ e	78.74	25.17	29.58
Total GHG emissions (Scope 1, 2 and 3)	tCO₂e	18,727.77	21,247.55	20,704.83
Total GHG emissions intensity	tCO₂e/US\$'000	0.05	0.04	0.04

Note(s):

- GHG emissions data are presented in terms of carbon dioxide equivalent and are based on, including but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development; “2006 IPCC Guidelines for National Greenhouse Gas Inventories”, the “Fifth Assessment Report” and the “Sixth Assessment Report” published by the Intergovernmental Panel on Climate Change (“IPCC”); “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange; the “List of Grid Emission Factors” published by the Institute for Global Environmental Strategies in 2023; the regional grid baseline emission factor in 2019 and “Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023-2025” issued by the Ministry of Ecology and Environment of the PRC; “eGRID Summary Tables” published by the Environmental Protection Agency of the U.S. from 2020 to 2022; “Electricity Carbon Emission Factor” published by Taiwan Bureau of Energy, Ministry of Economic Affairs from 2021 to 2023. Due to the improvement of data collection system, the amount of direct GHG emissions and the corresponding total emissions and intensity figures for FY2021 and FY2022 have been revised to ensure consistency and comparability.

Waste Management

Different from the end-of-pipe approach, we actively reduce our waste generation at source starting through better product design, raw material selection, process optimisation and production controls. Reduction at source not only lowers our waste generation, but also increases material utilisation rate, enhances production efficiency, and lowers unnecessary production costs due to wastage.

To minimise its impacts to the environment, the Group has strictly managed the handling of waste disposal and formulated specific handling procedures for non-hazardous and hazardous wastes. The procedures are regularly reviewed and updated to ensure that we comply with all applicable standards. These efforts demonstrate our commitment to responsible waste management and sustainable development.

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Non-hazardous Waste

The Group has formulated the Non-hazardous Management Plan to govern the managing procedures for domestic waste and non-hazardous industrial waste. Waste should be properly stored, categorised, recycled or disposed of at source by the waste generating units according to the Non-hazardous Management Plan. The waste area has been inspected weekly by responsible personnel. Only licensed and qualified waste collectors are appointed for further handling and disposal.

During FY2023, the Group's total non-hazardous waste intensity has decreased significantly when compared to FY2022 as the operation in the PRC has completely transformed from manufacturing to wholesaling, along with a decline in manufacturing activities in Vietnam. The Group's performance on non-hazardous waste generation is as follows:

Types of Non-hazardous Waste	Unit	FY2023	FY2022	FY2021
Wood	tonnes	33.55	308.94	778.48
Metal	tonnes	21.07	103.60	1,364.84
Cotton material	tonnes	–	2.93	25.43
Furniture waste and others	tonnes	70.76	74.88	59.76
Total non-hazardous waste	tonnes	125.38	490.35	2,228.51
Total non-hazardous waste intensity⁴	tonnes/US\$'000	0.0003	0.0008	0.0046

Note(s):

4. The number of decimal places for this intensity data has been revised to 4 to enhance comparability.

Hazardous Waste

For hazardous waste, the Group has established the Hazardous Waste Management Plan to safeguard the health and safety of its employees, as well as the environment. Detailed procedures on handling hazardous waste are outlined to ensure proper storage, transfer, labelling and disposal. Licensed waste collectors are assigned to collect, transfer and treat our hazardous waste. To reduce the amount of hazardous waste, we are committed to optimising the manufacturing process, strengthening management work and providing training to employees.

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The Group is committed to maintaining the highest standards for preventing discharges of oil to navigable waters and the environment through the implementation of this Spill Prevention Control and Countermeasures Plan. Annual refresher training on both hazardous waste and stormwater contamination prevention is provided to employees in the U.S. operation to ensure the effective implementation of the policy. At the same time, we have taken measures to reduce our hazardous waste through the reformulation of our finishing materials to more low solids in our factory in the U.S.. In FY2023, the glaze rags used in the U.S. operation were cleaned and recycled to reduce the generation of hazardous wastes. Emergency Plans and Management Procedures are also formulated in the Environmental and Emergency Response Manual for both operations in the U.S. and the PRC to prevent and deal with any spills or leaks of hazardous material.

As the operation in the PRC has completely transformed from manufacturing to wholesaling, along with a decline in manufacturing activities in Vietnam during FY2023, there was a decrease in the Group's total hazardous waste. During FY2023, the Group's total hazardous waste intensity remains at a similar level when compared to FY2022. The Group's performance on hazardous waste generation is as follows:

Types of Hazardous Waste	Unit	FY2023	FY2022	FY2021
Chemical waste	tonnes	91.90	120.37	122.35
Others	tonnes	635.59	976.32	373.41
Total hazardous waste	tonnes	727.49	1,096.69	495.76
Total hazardous waste intensity	tonnes/ US\$'000	0.002	0.002	0.001

A2. Use of Resources

The Group endeavours to minimise the negative environmental impacts of its business operations as an ongoing commitment to corporate sustainability. We put efforts on strengthening our employees' environmental awareness by providing various training and incentive programmes to promote resource conservation. The Group has set up relevant policies to continuously uphold and promote the principle of effective use of resources and continue with initiatives to introduce resource efficiency and eco-friendly measures to its operations.

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Energy Efficiency

The major types of energy consumed by the Group are purchased electricity for daily operations and fuels for stationary and mobile sources. The Group strives to optimise the use of energy across business operation, thereby reducing corresponding GHG emissions. To supervise our consumption pattern, we have established an energy management system with programmable controllers to systematically measure and record our energy consumption data.

Apart from monitoring, we are committed to promoting a green environment by introducing environmentally friendly business practices, educating our employees to enhance their awareness on environmental protection by organising talks, and complying with relevant environmental laws and regulations. Our energy-savings practices are summarised as below:

Lighting

- Replace traditional bulbs with energy-efficient LEDs;
- Adopt motion and light sensors on the equipment to automatically turn off when no one is in the area and to dim when there is ambient daylight; and
- Turn off unnecessary lighting during non-operation hours.

Air-conditioning

- Adjust temperature according to weather;
- Maintain the indoor temperature at moderate level; and
- Set thermostats to automatic energy-saving programme during off-schedule hours.

Electrical appliances and machineries

- Turn off all electrical appliances before leaving the office;
- Post energy saving reminders next to switches;
- Switch to low-energy-consumption sleep mode or turn off when not in use;
- Install high-volume low-speed fans to eliminate less energy-efficient fans;
- Upgrade air compressors to variable speed compressors; and
- Reduce power consumption.

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Due to the decline in manufacturing activities in the PRC and Vietnam, the Group's total energy consumption during FY2023 has decreased. However, the Group's total energy consumption intensity during FY2023 has increased when compared to FY2022 as there was a decrease in the Group's total revenue. Looking ahead, we will continue to look for opportunities to reduce our energy consumption. The Group's performance on energy consumption is as follows:

Types of Energy	Unit	FY2023	FY2022	FY2021
Direct energy consumption⁵	MWh	3,380.41	3,945.50	3,196.75
Natural gas	MWh	1,462.98	2,139.57	1,493.04
Diesel oil	MWh	1,613.77	1,435.18	1,387.35
Unleaded petrol	MWh	276.98	337.87	297.64
Liquefied petroleum gas ("LPG")	MWh	26.68	32.88	18.72
Indirect energy consumption	MWh	28,559.85	30,946.76	31,510.94
Purchased electricity	MWh	28,559.85	30,946.76	31,510.94
Total energy consumption	MWh	31,940.26	34,892.26	34,707.69
Total energy consumption intensity	MWh/US\$'000	0.08	0.06	0.07

Note(s):

5. The unit conversion method of direct energy consumption data is based on the "Energy Statistic Manual" issued by the International Energy Agency. Actual measured data of the Group's direct energy consumption are as follows:

- Natural gas: 141,304.73 m³ (FY2023); 206,655.09 m³ (FY2022); 144,208.31 m³ (FY2021)
- Diesel oil: 150,774.00 litres (FY2023); 134,088.64 litres (FY2022); 129,619.68 litres (FY2021)
- Unleaded petrol: 28,580.29 litres (FY2023); 34,863.35 litres (FY2022); 30,711.57 litres (FY2021)
- LPG: 3,673.00 litres (FY2023); 4,526.00 litres (FY2022); 2,577.00 litres (FY2021)

Due to the improvement of data collection system, the amount of unleaded petrol consumption and the corresponding total consumption and intensity figures for FY2021 and FY2022 have been revised to ensure consistency and comparability.

Water and Effluents Management

To reduce its water consumption, the Group has implemented effective water management with measures such as monitoring its water usage and inspecting water pipes regularly. The underground fire pipe network has been changed to a fully exposed pipe network to prevent water leakage. In the meanwhile, greywater is reused to maximise utilisation. Besides, the Group is dedicated to cultivating a water conservation culture among employees. We have been strengthening our water-saving promotion by posting water-saving reminders in prominent places near water taps, and guiding employees to use water reasonably. All the industrial and domestic freshwater consumed by the Group come from the municipal waterworks. As a result, the Group did not encounter any issues in sourcing water that is fit for purpose.

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Due to the decline in manufacturing activities in the PRC and Vietnam, the Group's total water consumption during FY2023 has decreased. However, the Group's total water consumption intensity during FY2023 has increased when compared to FY2022 as there was a decrease in the Group's total revenue. Looking ahead, we will continue to look for opportunities to reduce our water consumption. The Group's performance on water consumption is as follows:

Indicators	Unit	FY2023	FY2022	FY2021
Freshwater	m ³	89,726.15	95,356.41	97,696.59
Total water consumption intensity	m³/US\$'000	0.22	0.16	0.20

Effluent is produced from the spray process and domestic use during the Group's operations. To avoid pollution to the surrounding water bodies, rainwater and sewage diversion system is adopted. Rainwater is collected by the rainwater pipe network in the factory and directly discharged into the municipal rainwater pipe network. While the domestic sewage is treated in the septic tank, and discharged into the municipal pipe network. For industrial wastewater, discharge permits are obtained prior to discharge and the wastewater is treated in the sewage station to meet quality standard. During FY2023, the Group had discharged a total of 73,106.37 m³ of water (FY2022: 79,317.37 m³; FY2021: 75,725.16 m³).

Use of Packaging Materials

The Group's operation involves the use of packaging materials for containment and protection of products. In order to optimise our way of packaging, we have a Bill of Materials for each production item which designates specifically which material is the most suitable and efficient for the package, with the aim to minimise the amount of packaging material used. The major packaging materials that we have used are plastic and carton box.

As the operation in the PRC has completely transformed from manufacturing to wholesaling, along with a decline in manufacturing activities in Vietnam during FY2023, there was a decrease in the Group's total packaging material consumption. During FY2023, the Group's total packaging material consumption density remains at a similar level when compared to FY2022. The Group's performance on packaging materials consumption is as follows:

Types of Packaging Material	Unit	FY2023	FY2022	FY2021
Plastic	tonnes	581.50	978.31	733.23
Carton box	tonnes	1,761.08	3,073.00	2,727.23
Total packaging material consumption	tonnes	2,342.58	4,051.31	3,460.46
Total packaging material consumption intensity	tonnes/US\$'000	0.01	0.01	0.01

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Paper Consumption

As a responsible corporate, the Group values paper-saving and regularly monitors the consumption of office paper. A paperless office is promoted to employees by encouraging the use of e-communication channels such as the intranet to reduce unnecessary paper use. For unavoidable paper printing, the Group encourages employees to use double-sided printing. Reminders on paper reusing are also posted at the prominent places in the offices.

During FY2023, the Group's total office paper consumption has increased when compared to FY2022 due to delayed recording and inclusion of the consumption from FY2022 in the calculation. The Group's performance on the office paper consumption and recycled is as follows:

Indicators	Unit	FY2023	FY2022	FY2021
Office paper consumption	tonnes	86.10	83.48	135.62
Office paper recycled	tonnes	59.01	49.13	47.56

A3. The Environment and Natural Resources

We are committed to responsible corporate practices that prioritise sustainable development and create long-term values for the community and our stakeholders. The Group has formulated relevant policies to better spend efforts in mitigating its potential environmental impacts and pursue the best industrial practices to reduce natural resource consumption and develop effective environmental management. We went through environmental impact assessment to evaluate the environmental risks of our business operation, and continuously adopt preventive measures to reduce potential risks and ensure compliance with relevant laws and regulations.

Soil and Underground Water Management

Due to the Group's manufacturing processes, underground water and soil may be at risk of contamination. The Group regularly extracts and assesses underground water samples to ensure that minimal pollutants are leaked into underground water supplies. Methodologies of contamination assessment, locations of potential contamination and preventive measures are elaborated in the Group's Soil and Underground Water Contamination Report.

Noise Management

Noise is inevitably generated from vehicles and machineries at our manufacturing facilities. We are committed to strictly adhering to noise level standards according to the relevant laws and regulations by carrying out noise level inspection and assessment report regularly. In order to reduce the noise level and nuisance to the surroundings, we have adopted the following measures:

- Conduct regular maintenances to ensure that the equipment is in good condition;
- Phase out noise-generating old machines;
- Introduce advanced low-noise automation facilities;
- Relocate noise-generating processes to the middle section of the factory to add insulation; and
- Take noise generation into account in engineering design and equipment selection.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green Product Management

In line with our continuous dedication to environmental initiatives, all product manufactured by the operation in the U.S. do not contain fire retardants in any of the foam-based components starting from 2014. This commitment has contributed significantly to the conservation of natural resources.

Proudly participating as a member of Enhancing Furniture's Environmental Culture, the environmental management programme established by the American Home Furnishings Association, we actively engage in fostering a robust and proactive environmental programme within the industry. In addition to implementing active energy conservation plan, we have also adopted the following initiatives:

- Recycle waste including but not limited to fabric, paper, plastic and metal;
- Consider soy-based cushions; and
- Reformulate wood finishes.

A4. Climate Change

The Group understands that climate change may adversely influence its businesses and the global economy as a whole. Therefore, in addition to managing the environmental footprint of the Group's furniture business, the Group also strives to identify climate-related risks it exposed to with reference to the framework from the Recommendations from Task Force on Climate-related Financial Disclosures ("TCFD"). The Group formulates policies to adapt to and mitigate the impact and has integrated climate risks into its Enterprise Risk Management processes and hereby discloses the related risks and respective actions taken.

Physical Risks

Extreme weather events are occurring more frequently with increasing severity, disasters such as floods, rainstorms, typhoons, droughts, etc., can greatly impact the Group's daily operation. For example, the supply of timber can be interrupted due to destruction of forest from droughts. Events such as typhoons pose risks to the production as it may affect power supply, damage warehouses and production units. Workers are also at risk of work disruption, injuries and casualties. Damages to the Group's assets and interruption to the supply chain and production are detrimental to the Group's businesses due to increasing repairing costs and interrupted business operations.

In view of these risks, the Group has implemented Environmental and Emergency Response Manual and Severe Weather Response Procedures to better adapt and mitigate these potential impacts, to protect its employees and equipment when extreme weather events are about to occur. Safety training is also provided to employees regularly to ensure their comprehension of severe weather alerts and proper emergency evacuation procedures.

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Transition Risks

Governments around the world are tightening environmental regulations and enacting climate-related legislations under the global movement for decarbonisation. Both risks and opportunities are presented in the form of government taxes and incentives in order to support the transition of different businesses to a greener mode of operation.

Other than tightening emission measures, businesses are also required to follow increasingly stringent disclosure and compliance requirements. The general public are also becoming more aware of the sustainability of different businesses and their commitment to conduct green businesses. Thus, the Group recognises the potential compliance risks and costs such as lawsuits and claims, as well as reputational risks if non-compliance occurs.

The Group will closely monitor the changes in the business environment and policy, and capitalise on the opportunities whenever possible to fulfil our role as a global citizen. In addition, the Group will also adjust and formulate appropriate business strategies to comply with climate-related legislations and regulations to support the global vision of decarbonisation.

Meanwhile, the Group has recognised the potential presented by climate change as an opportunity to enhance its energy management practices. By implementing energy-saving practices outlined in the section headed “Energy Efficiency” in aspect A2, the Group aims to not only reduce its air and GHG emissions but also lower its energy expenses. These measures enable the Group to proactively address the challenges posed by climate change while concurrently improving its operational efficiency and climate resilience through more efficient energy utilisation.

B. Social

B1. Employment

Employees are the fundamental to the continuous success of the Group. Thus, the Group has adopted a people-oriented management philosophy to attract, develop and retain employees, hence developing mutual trust and building a close relationship with its employees. Meanwhile, the Group respects and protects the rights of employees, safeguards employees’ occupational health and safety, ensures sufficient resources for career development, and creates a comfortable and harmonious working environment.

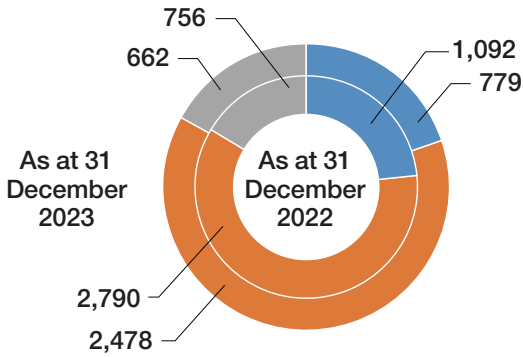
The Group has formally documented relevant employment policies as the Employee Handbook, covering recruitment, promotion and dismissal, remuneration and benefits, diversity and equal opportunities, etc.. We review these policies and our employment practices periodically to ensure the continuous improvements of our employment standards.

During FY2023, the Group was not aware of any material non-compliance with employment-related laws and regulations, including but not limited to the Labour Standards Act of Taiwan, the Labour Law of the PRC, the Fair Labour Standards Act and the Americans with Disabilities Act of the U.S., as well as the Labour Code (10/2012/QH13) and the Law on Social Insurance (58/2014/QH13) of Vietnam that would have a significant impact on the Group.

As at 31 December 2023, the Group had a total of 3,919 employees (As at 31 December 2022: 4,638 employees) in respect of the reporting scope. The following graphs show the age, gender, employment type and geographical region diversity of employees of the Group within the reporting scope.

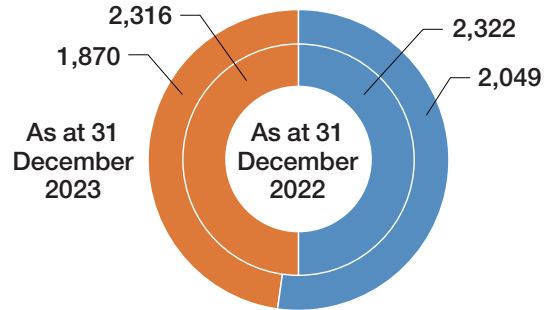
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Age Diversity



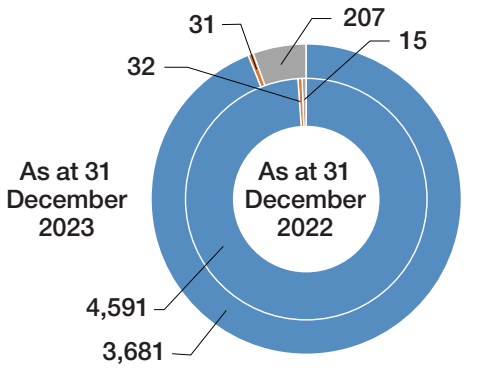
■ Under 30 years old ■ 30 - 50 years old ■ Over 50 years old

Employee Gender Diversity



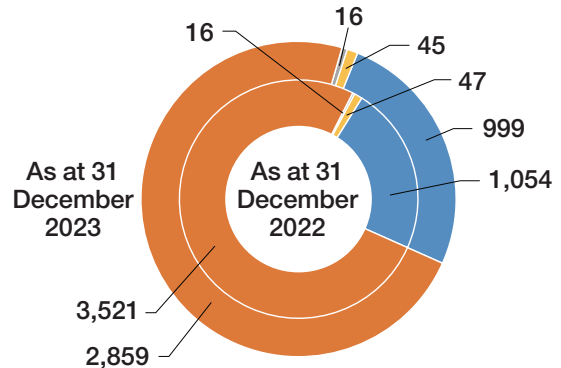
■ Male ■ Female

Employment Type Diversity



■ Full-time ■ Part-time ■ Intern

Employee Geographical Region Diversity



■ U.S. ■ Vietnam ■ Taiwan ■ PRC

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In FY2023, 2,507 employees (FY2022: 2,181 employees) in respect of the reporting scope have left the Group. The workforce optimisation has resulted in a higher turnover rate. The breakdown of employee turnover rate by gender, age group, and geographical region is as follows:

Employee Turnover Rate⁶	FY2023	FY2022
Total	59%	43%
By Gender		
Male	61%	42%
Female	56%	45%
By Age Group		
Under 30 years old	94%	81%
30-50 years old	52%	26%
Over 50 years old	37%	40%
By Geographical Region		
U.S.	29%	25%
Vietnam	69%	44%
Taiwan	–	–
PRC	15%	158%

Note(s):

6. Employee turnover rate = (number of employees leaving employment in the category during that year ÷ average number of employees in the category at the beginning and the end of that year) × 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employment Practices

Recruitment and Promotion

The Group abides by an open, fair and just principle and considers candidates based on their merit and qualifications in the recruitment process. Prospective job applicants should complete an employment application form, followed by initial screening by the Human Resources Administrator and follow-up interview by the respective departmental supervisor to ensure that candidates' skills and abilities match the position. Besides, the Group has developed a series of sound employment rules and regulations and made clear provisions of the rights and obligations of employees as specified in the Employee Handbook, including remuneration, working hours and rest periods, welfare and benefits, to name but a few.

Moreover, the Group offers promotion and development opportunities for outstanding employees. Employees are subject to regular, quarterly as well as annual appraisals to realise their potential and weaknesses. Employees with great performance will be subject to promotion, while employees found incapable of taking on the duties will be subjected to internal transfer.

Compensation and Dismissal

The Employee Handbook clearly defines the conditions under which employees will be compensated and situations where employees will not be compensated. Moreover, scenarios, such as immediate dismissal due to provision of false information or intended concealment of facts, under which employees have to compensate the Group are described precisely in the Employee Handbook.

In addition, the Group does not tolerate the dismissal of employees under any unreasonable basis. In case of misconduct or contravention of the express or implied terms and conditions of employment, employees are subject to warnings, misconduct records, demotion and wage cut or dismissal, depending on the severity of the misconduct and breach of the terms and conditions of employment as stated in the Employee Handbook.

Employee Relationships

Maintaining ongoing communication is essential to create long-term relationships with our employees. Therefore, we have set up various communication channels, such as hotline, email, social media and suggestion box for our employees to voice out their opinions, suggestions and complaints to the management. These communication channels also serve as an opportunity for us to understand our employees' needs and concerns.

Labour Rights

Working Hours and Rest Periods

The Group has set up internal policies to strictly control employees' working hours and rest periods. Meanwhile, the attendance system of the Group ensures the compliance with relevant local laws and regulations. For employees who have to work overtime, an advance notice will be issued whenever possible and approval from department manager is needed, with additional overtime pays provided.

In addition to the basic paid annual leaves and statutory holidays stipulated by the local governments, which are also clearly stated in the Employee Handbook, employees are also entitled to extra leave benefits, such as marriage leave, maternity leave, compassionate leave, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Other Benefits and Welfare

We strictly comply with relevant national laws and regulations and strive to provide all employees with benefits they should be entitled to. For the sake of increasing employees' sense of belonging and providing them with better working experiences, the Group has offered various benefits and welfare for its employees. Apart from bonuses which depend on the work efficiency of its employees, the Group has also provided its employees with several insurance schemes in accordance with the local laws and regulations, such as social insurance, life insurance, health and dental insurance, worker's compensation insurance, etc.. Furthermore, the Group will annually review and adjust the pay scale of its employees based on the provisions of the labour laws, contribution of the employees and the level of work completion.

Diversity, Equal Opportunity and Anti-discrimination

We are committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive by promoting anti-discrimination and equal opportunity in all aspects of our human resources and employment decisions. Thus, all employees are assured of equal opportunity in all human resources practices during their employment with the Group. Any form of discrimination, physical and verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation are stringently prohibited. Should any employee believe that there is a violation of the equal opportunity policy, he/she should advise and report to the Human Resources Director. In the meantime, any employee found to have acted in violation of the equal opportunity policy shall be subject to appropriate disciplinary action, including the termination of the employment contract.

B2. Health and Safety

The Group highly values employees' health and safety, and is always committed to providing employees with a healthy, safe and comfortable working environment. We endeavour to eliminate potential occupational health and safety hazards and implement safety management measures in all aspects to ensure employees' health and safety during work. We have thus far implemented Safety Policy within the Group to protect our valuable human assets.

There were no reported cases of work-related fatalities for the past 3 years (including FY2023) and the Group was not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to the Occupational Health and Safety Act of Taiwan, the Production Safety Law of the PRC, the Occupational Safety and Health of 1970 of the U.S., and the Law on Occupational Safety and Health (84/2015/QH13) of Vietnam that would have a significant impact on the Group. There are 7 employees who are injured during work, causing 29 work days lost during FY2023 (FY2022: 6 employees were injured, 185 work days lost).

Occupational Health and Safety

To pursue an injury-free working environment, the Group has set up an Occupational Health and Safety Management System which contains regulations to govern the use of all machinery, equipment and danger signs. Specifically, we identify and clearly define the potential risk level and corresponding standard operation procedures for employees who are exposed to noise, paint and dust. Moreover, the Group organises periodical training for its employees on the correct procedures for operating machinery and equipment, and keeping themselves safe in case of fires or explosions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For its operation in the U.S., employees who may be exposed to hazardous energy will receive training before assignment to ensure that they fully understand Employee Safety and the energy control procedures, and acquire the necessary skills to apply, use, and remove energy controls. The contents of the training include not only the requirements of the Occupational Safety and Health Administration standards for The Control of Hazardous Energy (Lockout/Tagout), but also the purpose and use of energy-control, recognition of hazardous energy sources, the types and magnitude of energy at workplace, the methods necessary for isolating and controlling energy, etc. In addition, employees who are frequently exposed to chemicals are required to enrol the Hazardous Communication Programme under their respective supervisor.

Besides, the Group is committed to comprehensively creating a clean and tidy working environment by prohibiting smoking, drugs and alcohols in the workplace. Also, the Group has made every effort to build a healthy and safe working environment for its employees by providing sufficient personal protection equipment for employees and conduct induction training for all new employees. Regular health checks are also provided for employees in order to figure out occupational diseases at the right time. Meanwhile, employees are required to use the protective equipment issued by the Group during work, including but not limited to masks, gloves, protective boots, safety straps, etc., for the sake of ensuring safety of the employees. The operation in the U.S has arranged First Aid/CPR training classes to ensure that employees possess the necessary knowledge and skills to effectively respond to emergency situations.

In order to prepare for any emergency situations such as fire accidents and chemical leakages, we have adopted an Environmental and Emergency Response Manual, which clearly outlines the detailed emergency procedures to minimise employee exposure to danger and injuries. Fire drills and evacuation practices are also carried out regularly to ensure that our employees are equipped with the knowledge in responding and reacting under these situations. For its operation in Vietnam, Safety, Health and Environmental Programme has been implemented with the aforementioned initiatives to protect the occupational health and safety of the employees. These policies and measures are reviewed regularly to ensure their effectiveness.

B3. Development and Training

The Group strives to unlock the full potential of its employees, driving its growth by recognising that talents build its future. Thus, we are committed to nurturing our talents by providing diversified learning channels. Guidelines on education and training management are clearly stated in the Employee Handbook for the sake of fully empowering our employees with the knowledge and skills required to excel in their professional fields as well as motivating employees to further self-learning, thereby creating a talent pool which can contribute to the continuous success of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Development and Training

The Group provides a series of internal training programmes to address the training needs of every department, position and employee. All employees will be provided with induction training, which covers topics such as safe production, fire safety, corporate culture and vision in order to help new employees to familiarise themselves with our corporate culture and working environment. The Group also provides on-the-job training relevant to employees' particular position. Besides, employees are encouraged to pursue additional education and training on their own to better qualify themselves for their current positions and future opportunities.

Besides, employees who may be exposed to hazardous energy and chemicals are required to attend additional orientations and training to familiarise themselves with the use of hazardous energy and chemicals. For details regarding the occupational health and safety training, please refer to the section headed "Occupational Health and Safety".

During FY2023, the Group recorded approximately 76.32% of employees trained⁷. The average training hours of the Group have increased when compared to FY2022 due to the introduction of a series of new training topic. Summary of the Group's career development related training is as follows:

	Breakdown of Employees Trained ⁸		Average Training Hours ⁹	
	FY2023	FY2022	FY2023	FY2022
By Gender				
Male	53%	58%	1.18	0.30
Female	47%	42%	0.96	0.19
By Employee Category				
Senior management	1%	1%	0.69	0.47
Management	9%	11%	3.07	0.22
Other employees	90%	88%	0.91	0.25

Note(s):

7. Percentage of employees trained = (total number of employees trained during that year ÷ total number of employees at the end of that year) × 100%.
8. Breakdown of employees trained by category = (number of employees trained in the category during that year ÷ total number of employees trained during that year) × 100%.
9. Average training hours = number of training hours in the category during that year ÷ number of employees in the category at the end of that year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B4. Labour Standards

To ensure a legal recruitment process and maintain positive labour relations, the Group has implemented Policy on the Prohibition of Child Labour, Policy on the Prohibition of Forced Labour and Recruitment Management Procedures.

During FY2023, the Group was not aware of any material non-compliance with laws and regulations relating to the prevention of child labour and forced labour, including but not limited to the Labour Standards Act of Taiwan, the Labour Law of the PRC, the Fair Labour Standards Act of the U.S., and the Labour Code (10/2012/QH13) of Vietnam that would have a significant impact on the Group.

Prevention of Child and Forced Labour

To avoid illegal employment of child labour, personal data of candidates are collected during the recruitment process. The Human Resource Department is responsible for conducting background checks and reference checks to ensure that they have achieved the required minimum working age. To prevent forced labour, the Group has specified the rights of employees regarding working hours and rest periods in the Employee Handbook. If any violation is involved, it will be dealt with in light of the circumstances.

B5. Supply Chain Management

Responsible Supply Chain Management

As a socially responsible enterprise, the Group places strong emphasis on the management of potential environmental and social risks in the supply chain through the implementation of relevant policies. We have formulated the Rules of Conduct Supplier Agreement for our U.S. operation in which it binds our suppliers and vendors to the specific minimum standards that we believe are essential, such minimum standards include but are not limited to the respect of the freedom of association and collective bargaining, provision of health and safety workplace, and minimisation of the environmental impact. Besides, the Group has established the Supplier Review Management Procedure for its PRC operation to standardise the procurement system and supplier selection process so as to effectively monitor the procurement procedures. All suppliers and vendors of the Group are evaluated carefully and are subjected to regular monitoring and assessment by relevant personnel. During FY2023, the breakdown of the Group's suppliers in respect of the reporting scope by geographical region is shown below:

Number of Suppliers	FY2023	FY2022
Total	1,104	1,134
By Geographical Region		
U.S.	641	639
PRC (including Hong Kong)	131	179
Vietnam	281	280
Others (including but not limited to Italy, India, Indonesia, Philippines, and Thailand)	51	36

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Supplier Assessment

The Group has established a rigorous supplier selection system in selecting all suppliers. The Group takes into account the market price, technological advancement and quality when selecting a supplier, and aims to give priorities to local suppliers, or those who use environmentally friendly products and services, or suppliers that meet green specifications. Regular reviews are conducted to ensure the effectiveness of these measures.

The Group has also formulated policies and procedures to ensure suppliers could compete in a transparent and fair way. We will not discriminate against any suppliers, and we do not allow any forms of corruption or bribery. Employees and other individuals with interest in the suppliers will not be allowed to participate in relevant procurement activities. The Group will only select suppliers who have a good track record in the past and have no serious violations of business ethics.

Supplier Monitoring

Upon qualifying as the Group's suppliers, regular reviews, due diligence, supplier environmental and social risk assessment, and site visits are conducted to monitor their performance in areas including environment, health, safety, and labour practices. Should the supplier's performance fall below the Group's standards or breaches to local laws and regulations, the Group will terminate the supplier relationship immediately. The effectiveness of these measures is regularly assessed through reviews.

B6. Product Responsibility

The Group actively safeguards the quality of its products and is devoted to delivering excellent customer experience. We strive to continuously improve the quality of our products and services, and are committed to conducting business in a responsible manner and gaining the greatest customer satisfaction.

During FY2023, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress, including but not limited to the Consumer Protection Act of Taiwan, Law of the PRC on the Protection of Consumer Rights and Interests, Product Quality Law of the PRC, Consumer Product Safety Improvement Act of the U.S., and the Law on Protection of Consumer Rights (59/2010/QH12) of Vietnam that would have a significant impact on the Group.

Product Quality

We recognise the importance of achieving and maintaining high product quality standard to our sustainable growth. To maintain high product quality, we have established Quality Control Unit, which is responsible for ensuring the overall quality standards and products manufactured at each production stage. We have also formulated Nonconforming Product Management Procedures for our operation in the PRC, which provide guidelines for recalling products that do not meet our quality standards. As stated in the Nonconforming Product Management Procedures, any products that are recalled will be reviewed, analysed and handled in order to prevent the occurrence of similar events. Product Recall Control Procedure has also been implemented to ensure that the process of recalling products is conducted in a consistent and efficient manner.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Product Safety

We ensure product safety by applying strict safety standards which are aligned with compliance standards and customer requirements, Hazard Identification and Risk Evaluation Procedures for Products are implemented. The Group has obtained relevant safety inspection reports for all production processes. To ensure that materials for our furniture do not contain any harmful substances or chemicals, the materials provided by our suppliers are tested and assessed systematically via international testing bodies. For example, in selecting paints and powder for our furniture, our suppliers are requested to submit third-party testing reports, so as to make sure the lead content for our products does not exceed the threshold limit. Likewise, for all foam-based components, fire retardant chemicals that can be harmful to people and the environment are not employed.

If any of our products are found to pose any safety or health risks, we will promptly cease related production and recall the products in accordance with the Product Recall Control Procedures. We will also conduct a comprehensive investigation in order to find out the root causes and impacts of the problems. In FY2023, there were no product recalls for safety and health reasons (FY2022: 1 product recall in the U.S. with approximately 5,100 units).

Customer Satisfaction

Feedback and complaints from the Group's customers are welcomed as they are the key to enhancing the Group's service. In FY2023, the Group received 144 products and service-related complaints (FY2022: 67 complaints). All complaints are handled properly by the Group in accordance with the established procedures. The Group has established Customer Complaints Process which listed a set of procedures for handling customers' feedback or complaints in a professional manner. When receiving product or service-related enquiries or complaints, we will communicate with customers immediately and make corresponding responses in a timely manner. For each complaint received, the Group is committed to investigating the root causes and identifying the areas for improvement in order to enhance the quality of its service and products. For instances, the defective products will be exchanged, returned, refunded or handled by professional personnel immediately. All complaint cases and corresponding details are documented to reduce the possibility of re-occurrence in the future.

Privacy Protection

The Group attaches great importance to the protection of confidential data of its customers. We are determined to protecting customers' personal data by handling them with the highest degree of confidentiality. We have established the Code of Ethical Business Conduct and Social Networking Policy to govern the collection and use of customers' data. Our employees are constantly being reminded to keep customers' personal data to the highest level of security, and they prohibited from revealing or capitalising on any confidential matters or customer's information without prior consent. Only authorised personnel are allowed to access confidential information. Any employee who is found to have misused, unauthorised accessed to, or mishandled of confidential information will be subjected to the Discipline Policy up to and including immediate discharge.

We have also formulated a Confidentiality and Privacy Policy for our vendors and suppliers to ensure any information concerning products and services, clients or customers, sales, merchandising and marketing plans, etc. are kept confidential. A Data Privacy Addendum is also attached to the Confidentiality and Privacy Policy to outline the requirements and responsibilities of vendors and suppliers in relation to any customer information that the Group shared. Any non-conformity with the policies may result in partnership termination. Regular reviews are conducted to ensure the ongoing effectiveness of these policies.

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Advertising and Labelling

The Group emphasises the importance of proper advertising and labelling. With regard to labelling, we have included Product Identification and Traceability Management Procedures, and strictly adhere to relevant laws and regulations and attach safety labels such as tip-over warning labels and flammability warning labels on our products to keep our customers well-informed with the potential risks or hazards that may occur if the products are improperly used. Information on the materials used in the products with detailed instructions on the proper use of products are also provided for customers. Concerning advertising, we will verify all information regarding our products and business upon publication of promotion materials or product sales to prevent any false, misleading or deceptive information being publicised.

Protection of Intellectual Property (“IP”) Rights

The Group believes that its brand and IP rights are critical to its success. We adopted a number of measures and policies to protect our IP rights so as to prevent any misuse or leakage of our IP. Employees are also prohibited from disclosing or exploiting any patents and trademarks to any third parties. In addition, we require our vendors to only present original designs and product ideas without conflict of other parties’ rights. Vendors should also ensure that they have the ability to grant us all rights (including copyrights, patents, rights of publicity and trademarks) for designs or products that they sell to us. For any infringement of our IP, we will urge infringers to cease such action, and further action will be taken if infringement continues.

B7. Anti-corruption

We believe that a corporate culture of high integrity is the key to our continued success, therefore we emphatically affirm our zero-tolerance stance regarding corruption, fraud, bribery, extortion, and all other behaviours that severely violate professionalism and work ethics. We have established the Anti-corruption Policy and are committed to building a fair, open, and transparent corporate culture, and we require our staff to adhere to the principle of integrity and comply with all applicable laws in a manner that excludes considerations of personal advantage or gain. All staff members are required to sign a Letter of Commitment for Integrity along with the Labour Contract.

During FY2023, there was no concluded legal case regarding corrupt practices brought against the Group or its employee (FY2022: no cases). The Group was also not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering, including but not limited to the Anti-corruption Act of Taiwan, the Criminal Law of the PRC, the American Anti-Corruption Act of the U.S., and the Law on Anti-Corruption (36/2018/QH14) of Vietnam that would have a significant impact on the Group.

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Business Ethics

The Group strictly adheres to a high standard of business conduct, and has established the Code of Ethical Business Conduct to define appropriate measures in handling gifts, favours, entertainments and payments received, potential conflict of interests, etc. to comply with relevant laws and regulations. During FY2023, the Directors and employees of the Group have received a total of approximately 8 hours and 6 hours of anti-corruption training seminar respectively (FY2022: a total of approximately 7 hours and 4 hours of anti-corruption training respectively). The Group arranges such training at least annually to familiarise the Directors and employees at various levels with their corresponding roles and responsibilities in anti-corruption and business ethics, and to help cultivate employee's awareness towards anti-corruption.

To further maintain and achieve the highest degree of openness, probity and accountability, the Group has established a whistle-blowing mechanism where employees can act appropriately, without fear of retaliation. Within the whistle-blowing mechanism, detailed reporting and investigative procedures are set out to encourage employees to report fraudulent activities anonymously and to ensure that their reports are given due regard. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation. Therefore, the employee reporting in good faith under the whistleblowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantial. We will continue to monitor its effectiveness via regular reviews.

B8. Community Investment

Corporate Social Responsibility

The Group believes in shouldering the responsibility of contributing to society and strives to be a responsible corporate citizen. We aim to exert positive influences on the community where we operate and live by actively participating in and supporting various charitable and community activities. Related policy on community engagement has been implemented. During FY2023, the Group has actively participated in the charity and social welfare activities, contributed approximately US\$458,000 on the community, cancer centres, youth sports, and education (FY2022: approximately US\$453,900).

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CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	INTRODUCTION – The ESG Governance Structure
Reporting Principles	REPORTING FRAMEWORK
Reporting Boundary	REPORTING SCOPE

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
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).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Targets, Emissions – Air Emissions, GHG Emissions
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.	Environmental Targets, Emissions – Waste Management

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
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).	Use of Resources – Energy Efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water and Effluents Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Targets, Use of Resources – Energy Efficiency
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.	Environmental Targets, Use of Resources – Water and Effluents Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Soil and Underground Water Management, Noise Management, Green Product Management
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical Risks, Transition Risks

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Health and Safety

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Employee Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Employee Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child Labour and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child Labour and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Responsible Supply Chain Management
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.	Supply Chain Management – Responsible Supply Chain Management, Supplier Assessment

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Supplier Monitoring
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Supplier Assessment
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Product Safety
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility – Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of IP Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Privacy Protection

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption – Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Business Ethics
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.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment – Corporate Social Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment – Corporate Social Responsibility