

Qi-HOUSE HOLDINGS

齊家控股

(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立的有限公司)
(Formerly known as TREE Holdings Limited) (英文前稱為TREE Holdings Limited)

Qi-House Holdings Limited 齊家控股有限公司 | Stock code 股份代號 8395



Environmental, Social and
Governance Report 2024
環境、社會及管治報告 2024

CONTENTS

ABOUT THIS REPORT	2
BOARD STATEMENT	4
ESG GOVERNANCE AND RISK MANAGEMENT	4
STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS	6
BUSINESS INTEGRITY	9
Supply Chain Management	9
Product Quality Management	10
Customer Service Management	10
Anti-corruption	12
Protect Customer Privacy	12
Respect Intellectual Property	12
CARING FOR EMPLOYEES	13
Employee Rights and Benefits	13
Health and Safety	15
Training and Development	15
Labour Standards	15
ENVIRONMENTAL PROTECTION	16
Emissions	16
Air Emissions	16
GHG Emissions	16
Use of Resources	18
Energy Efficiency	18
Water Efficiency	19
Waste Management and Packaging Materials	19
Environment, Natural Resources and Climate Change	20
COMMUNITY INVESTMENT	21
SUMMARY OF KEY PERFORMANCE INDICATORS	22
Environmental Performance	22
Social Performance	23
CONTENT INDEX	25

ABOUT THIS REPORT

Qi-House Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**” or “**we**”), is pleased to present this Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”). This Report summarises management approaches and performances of the Group on ESG-related issues.

REPORTING STANDARD

This Report is prepared in accordance with the Appendix C2 Environmental, Social and Governance Reporting Guide (“**ESG Guide**”) to the Rules Governing the Listing of Securities on the GEM Board. For a comprehensive understanding of the Group’s ESG performance and compliance, readers may refer to the content index at the last section of this Report.

The Report adheres to the following four reporting principles as set out in the ESG Guide:

- Materiality** The Company conducted materiality assessment to identify and focus on material ESG issues that have significant impact on the environment and society to key stakeholders with pertinent responses in this Report.
- Quantitative** Environmental and social key performance indicators (KPIs) are measured, calculated and reported with comparative historical data. A professional external consultant is engaged to assess and analyse environmental performance referencing local and international standards and guidelines.
- Balance** Both achievements and challenges of the Group are disclosed in this Report to present our sustainability performance in an objective and unbiased manner.
- Consistency** The scope of reporting and KPIs are consistent with previous reports to allow meaningful comparison over time. Explanations are provided to indicate changes that may affect such comparison.

REPORTING PERIOD AND BOUNDARY

This Report covers the Group’s principal operations in Hong Kong for the financial year from 1 April 2023 to 31 March 2024 (the “**reporting period**”, or “**FY2024**”), which is the same period as covered in the Group’s Annual Report, unless otherwise specified. The Group’s reporting scope includes offices, retail stores, warehouses and cafe in Hong Kong, that contribute nearly 90% of the Group’s revenue. Offices in other locations that do not significantly impact the operations and are therefore not included in this Report.

APPROVAL AND PUBLICATION

This Report is prepared based on formal policies, documents, data, and records of the Group and has been approved by the Board. The Reports are available in both Chinese and English, and have been uploaded to the websites of the Stock Exchange of Hong Kong and the Company (<https://qihouseholdings.com/>).

OPINIONS AND FEEDBACK

Comments and suggestions of stakeholders can help the Group to establish a more detailed and sound sustainability strategy. If you have any questions or suggestions about this Report or the Group’s sustainability efforts and performance, please do not hesitate to contact us through the following channels:

- Address** 28/F, Horizon Plaza, 2 Lee Wing Street, Ap Lei Chau, Hong Kong
Telephone +852-2870-1582
Email address info@qihouseholdings.com



BOARD STATEMENT

The Group is dedicated to giving back to environment and communities, and adheres to its business philosophy of “Profits with Principles”. The Group ensures that every part of its business makes a difference to environment and society with stakeholders’ collaboration to create long-term value. Sustainability sits at the heart of our business by offering sustainable style and solid eco-wood furniture to consumers in Hong Kong.

The Board, as the highest governance body oversees ESG matters to make decisions and supports ESG development to ensure the alignment of our business philosophy. The Board and management are responsible for tracking and monitoring targets, “doing all we can” while striving to explore and set new targets that can reflect our sustainability efforts. We have various ESG-related policies in place to regulate and guide ethical business and operations in order to build trust with our key stakeholders.

The Group realises that stakeholder engagement is a critical process to collect and understand their sustainability related expectations. We conducted a materiality assessment during the year to understand the priorities of material ESG issues for the Board and operational teams to plan and improve ESG-related practices. We may consider enhancing the identification and management of ESG-related risks and opportunities in order to improve ESG-related practices throughout the operations.

Looking forward, the Group will further deepen the connection between ESG concepts and our values to bring business opportunities and make more positive impact on the ongoing sustainability journey.

ESG GOVERNANCE AND RISK MANAGEMENT

The Group realises an effective ESG governance structure with clear and defined roles and responsibilities can achieve effective oversight and management of ESG matters through a top-down approach.

The Board

- With overall responsibility for the Group’s ESG strategy and reporting
- Oversight of sustainability trends, risks and opportunities for the Group’s long-term planning and development
- Establishment, maintenance and review of the Group’s system of internal control and risk assessment
- Is informed about updated ESG-related milestones through Board meetings on a quarterly basis
- Approve the ESG Report

ESG Working Group

- With authority delegated by the Board, the Working Group is led by the Executive and Managing Director
- Meet quarterly to discuss current and anticipated ESG-related matters
- Director of ESG Working Group to report and propose ESG-related actions and plans to the Chairman of the Group

The Group has established internal control systems for corporate governance, operations management, human resources and finance. The Group engages an independent Internal Audit firm to conduct Enterprise Risk Assessment (“**ERA**”) and Internal Control Review (“**ICR**”) on an annual basis to consolidate findings and compile the ERA and ICR Reports. The Board is involved in discussing and identifying continuous improvement areas for business operations.

The Board confirms that the Group has low-risk exposure in ESG aspects, and the established internal control systems are adequate and effective for ESG management during the reporting period.



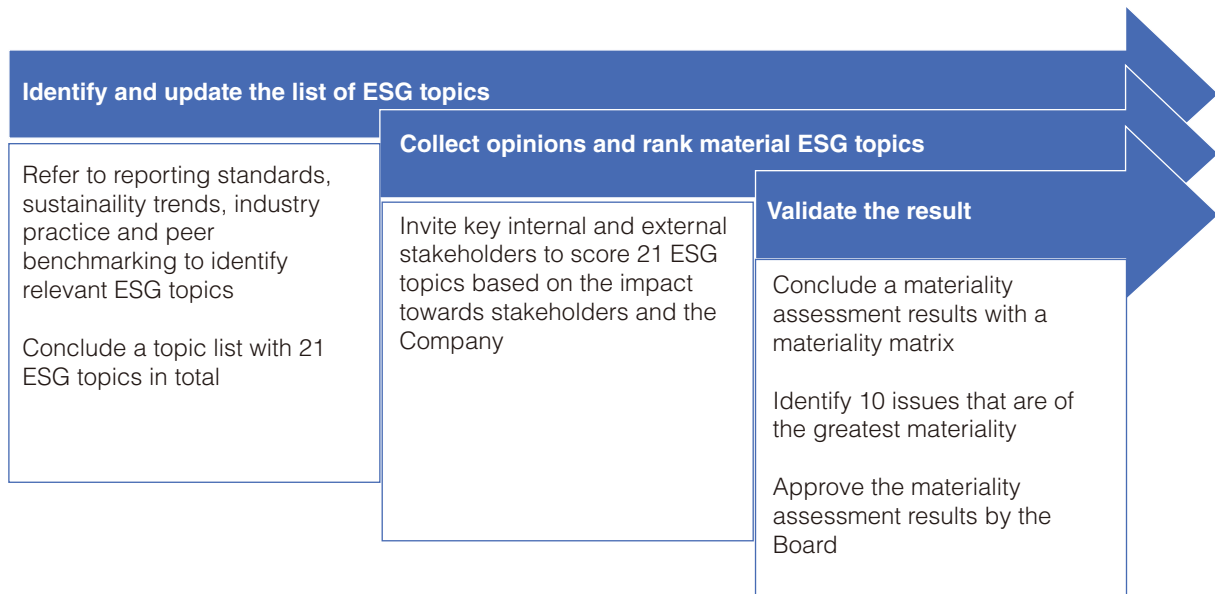
STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

Stakeholder engagement is a vital process in understanding stakeholders' expectations and incorporating their opinions to advance the Group's sustainability journey. The Group maintains transparent and continuous communication with our key stakeholders.

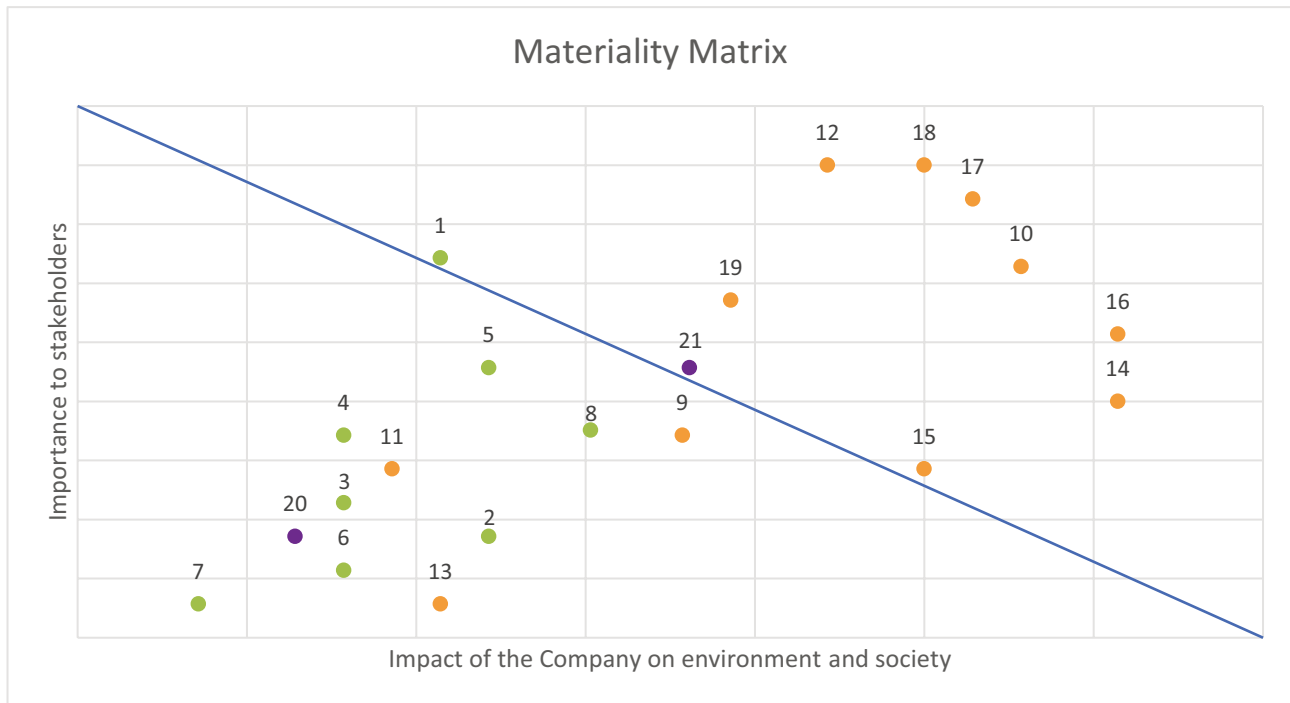
- Identified key stakeholders**
- Board
 - Executive, management and general employees
 - Customers
 - Suppliers/Service providers/Business partners
 - Shareholders and investors
 - The community

- Communication channels**
- Meetings
 - Emails
 - Financial reports and circulars
 - Website and social media
 - Supplier evaluations
 - Community investment programmes

The Company conducted materiality assessment and collected opinions from both internal and external stakeholders through questionnaires in order to identify material ESG issues that have significant impact to the Company and stakeholders. The procedures of the materiality assessment are as follows:



The materiality assessment results are consolidated through the following materiality matrix:



Aspect	#	ESG topics
Environmental	1	Greenhouse gas and air emissions management
	2	Waste management
	3	Energy management
	4	Water resources management
	5	Packaging materials management
	6	Natural resources management
	7	Climate change
Social	8	Green products
	9	Labour management
	10	Occupational health and safety
	11	Training and development
	12	Human rights
	13	Supply chain management
	14	Product quality management
	15	Customer service management
	16	Customer privacy
	17	Intellectual property rights
Governance	18	Anti-corruption
	19	Community contribution
	20	ESG governance
	21	Compliance

The Group strives to implement sustainability practices that exceed regulatory standards and stakeholders' expectations. We regularly track the effectiveness of practices through analysing qualitative and quantitative KPIs performance and setting targets. Looking forward, the Group strives to increase collaborative efforts with stakeholders to promote their sustainability efforts.



BUSINESS INTEGRITY

SUPPLY CHAIN MANAGEMENT

Establishing a healthy and long-standing relationship with suppliers is key when considering sustainability along the value chain. The Group has established a Supply Chain Policy that includes a supplier code of conduct, an ethical trading policy, and supplier management procedures. We constantly review our supplier policy and have transparent supply chain oversight to ensure that the highest standards of sustainability are met at all times. We develop and source products that comply with the Group's values and uphold our trading principles as below:

- (1) The Group aims to ensure that human and civil rights as set out in the Universal Declaration of Human Rights, are respected throughout its business activities.
- (2) The Group strives to establish and maintain long-term sustainable relationships with its partners.
- (3) The Group uses environmentally sustainable resources when it is technically and economically viable. Our procurement process will include screening and validation of the ethical and ecological credentials of the product, packaging materials and the supplier.

The Group has established standard procedures for supplier screening. Before adding any new vendor to the approved supplier list, the Group evaluates the supplier by reviewing the comprehensive Supplier Assessment Report. This report includes a Supplier Information Sheet containing basic information and supported with background due diligence results and any relevant certifications. The new Supplier Assessment Application is then submitted to the Managing Director for approval based on supplier response and internal procurement requirements (i.e., prohibits child labour or forced labour, requires sustainable product certification such as FSC™ Certification and the Indonesian Timber Legality Assurance System (“SVLK”), etc.) before any procurement from the new supplier. Suppliers can be added to the Group's approved supplier list only if the assessment results are satisfactory. Furthermore, the Group's Merchandising team and the Managing Director will conduct a site visit to verify the information provided by the new supplier issuing the purchase order prior to the production process. The thorough vetting process ensures the Group only onboard suppliers that meet its rigorous standards and align with our business philosophy and values. Our material suppliers are required to be assessed annually by the supplier evaluation process and the assessment results will be summarised in the Supplier Assessment Reports. The Group will terminate relationships with suppliers who fail to meet the defined criteria.

The Group encourages business partners/suppliers to improve sustainability standards and practices through actively mitigating environmental and social impact, including:

Environmental

- Complying with relevant environmental laws
- Minimising energy use and carbon footprint
- Expanding the use of sustainably sourced products

Social

- Promoting ethical trading
- Complying with code of conduct
- Prohibiting child labour
- Prohibiting forced labour
- Ensuring health and safety
- Protecting freedom of association and collective bargaining
- Anti-discrimination
- Disciplinary practices
- Standard working hours

We source green/eco products based on our business needs. Some of our suppliers offer FSC™-certified wood and our signature eco-wood furniture is crafted from solid wood that is reclaimed, recycled, FSC™-certified or sustainably sourced. We also maintain a close relationship with FSC™ Hong Kong to enhance our commitment to promote green procurement.

During the reporting period, the Group had 94 suppliers primarily located in Hong Kong, other Asian countries, Mainland China, and Europe. The Group's diversified supply chain provides a stable supply to support its business operations.

By Regions	Hong Kong	Mainland China	Other Asian Countries	Other Regions	Total number of suppliers by geographical region (Percentage of suppliers where the engagement practices are being implemented)
FY2024	34	38	9	13	94 (100%)

PRODUCT QUALITY MANAGEMENT

The Group complies with all the product health and safety-related regulations, including the Consumer Goods Safety Ordinance (Cap. 456) and Public Health and Municipal Services Ordinance (Cap. 132) with no material non-compliance cases. During the reporting period, there were no product recalls due to safety and health reasons. For marketing and advertising, we have implemented strict controls and will only disclose accurate information to customers.

During the sourcing process of wood furniture, our procurement team establishes the traceability of the wood and checking of the relevant certifications, such as FSC™. The retail company is also the FSC™ trademark licensee in Hong Kong for promoting and selling FSC-certified finished products that meet their rigorous sustainability standards.

To ensure product quality, the Group requires all suppliers to have robust quality assurance measures in place from new product development, production to the finishing stage. Final product quality and safety checks are conducted by the suppliers before shipping and by our warehouse team before delivering products to customers. Each piece of furniture has a quality control label to enable traceability. If any unsatisfactory condition is discovered, the entire batch of products will be fully inspected. In the case of wood furniture with any product quality issue that our in-house carpenters cannot resolve, the Group will request that the supplier replace the items and/or provide a credit note.

CUSTOMER SERVICE MANAGEMENT

The Company values customers' opinions and addresses their complaints seriously. The Group has established a robust and comprehensive customer complaint management framework, guided by the Customer Complaint Handling Policy. The Group has implemented a diverse array of avenues to facilitate customer communication and the provision of feedback. Customers can submit complaints or comments through directly contacting customer service staff, by dialing the customer hotline, via email, by using the Group's social media platforms such as Facebook and Instagram, or by leveraging the LiveChat and feedback forms available on the corporate website.

Our dedicated customer service team receives and handles customers' enquiries and complaints with standardised procedures in an appropriate and timely manner. The team is responsible for coordinating necessary investigations, following up on resolution and informing customers about the progress. Details of customer complaints and all subsequent steps taken to resolve complaints are documented and monitored in a dedicated Customer Complaint Register. This enables staff to closely track the progress and status of each complaint, making sure that every issue is managed effectively and completely resolved.

During the reporting period, the Group received 203 product and service-related complaints and resolved 201 (resolve rate of 99%) of the cases, including product specification issues, missed or wrong item in delivery, carpenter work issues, service attitude, delay in shipment and delivery, and assembly etc. The remaining cases will be resolved as they are waiting for replacement parts. The Group is committed to preserving positive relationships with its customers and upholding robust customer service management practices.



ANTI-CORRUPTION

The Group has a strict policy against all forms of bribery and corruption. It fully complies with relevant laws and regulations that prohibit such practices, including the Prevention of Bribery Ordinance (Cap. 201), Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615), and the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism issued by the Hong Kong Monetary Authority (HKMA). During the reporting period, there were no concluded legal cases of corrupt practices against the Group or its employees.

The Group upholds integrity and professionalism and expects all employees to adhere to the highest standards of ethical conduct. According to the employee code of conduct, employees are forbidden from engaging in any form of illegal activities, such as extortion, fraud and money laundering, in addition to bribery and corruption.

Employees are prohibited from offering, soliciting, or accepting any items of material value from or to fellow employees, customers, suppliers, or other business partners without the Managing Director's consent. Directors and employees should avoid conflicts of interest. Employees must read, sign, and declare any known relationships that may constitute a conflict of interest to the Group.

All employees must review and sign to confirm their understanding of the Employee Handbook on their first employment day as part of their induction. The Whistleblowing Policy outlines procedures for employees to report misconduct cases. Employees can report suspected misconduct through various channels, such as reporting to their Line Manager, HR Manager, or Managing Director. The Group's management will review and confidentially investigate each reported incident and consider reporting serious misconduct cases to the police or Independent Commission Against Corruption (ICAC). The identified cases will be followed up with appropriate legal action.

During the reporting period, two of the Company's Board members attended the anti-corruption training. Our Financial Controller attended the ICAC anti-corruption seminar, and members of our back-office team and sales managers attended the ICAC training to raise their awareness on anti-corruption.

PROTECT CUSTOMER PRIVACY

As part of the onboarding process, all employees receive an employee manual that emphasises the importance of protecting customer information. Customer data is solely used for the Group's operational needs and shall not be shared with any external parties without our customers' prior written consent. Employees who violate these requirements will receive verbal or written warnings. Serious or repeated misconduct may result in dismissal. Additionally, the Group's auditors conduct an annual IT audit to assess the effectiveness of cybersecurity measures for safeguarding information privacy. Furthermore, the Group engages an external consultant to perform an internal control review and enterprise risk assessment on a yearly basis.

The Group adheres to the obligations of protecting customers' personal information, as stipulated under the Personal Data (Privacy) Ordinance (Cap. 486). During the reporting period, the Group did not have any cases of non-compliance with this ordinance.

RESPECT INTELLECTUAL PROPERTY

The Group recognises the importance of protecting intellectual property and patent rights. The Group conducts stringent screening on existing patents with similar characteristics to avoid infringement and also takes appropriate action to protect our assets. The Group has registered trademarks in Hong Kong, China, the US and Canada. We maintain a trademark summary to track the status of applications and renewal needs. Regarding the Group's copyrights and other intellectual property, employees are prohibited from disclosing, exploiting, or using this confidential information directly or indirectly. All our employees are requested to read, understand and sign an intellectual property and confidentiality agreement upon joining the Group. Failure to comply with this request may result in summary dismissal without compensation.

CARING FOR EMPLOYEES

EMPLOYEE RIGHTS AND BENEFITS

Employees are our most valuable asset, we treat all employees equally and appreciate their dedication and commitment for business success. To this end, the Group has established robust procedures to protect employment rights and achieved mutual growth with our employees.

The Group believes that creating a diverse and inclusive workplace is fundamental to business success and sustainability by enhancing creativity, decision-making capabilities, and facilitating communication. The Group has established internal policies including recruitment and dismissal procedures which comply with regulatory requirements. During the recruitment process, all candidates are given equal opportunities, and we assess them equally on their experience, knowledge, and skills. The Human Resources Department handles all applications prudently and is committed to recruiting top talent for the Group. The Group has established compensation and dismissal practices which support employee rights. If employees breach the terms of their contracts or violate the code of conduct, they could be warned or even dismissed. In such cases, the Group ensures that compensation is paid to the dismissed employees in accordance with the relevant laws and regulations.

The Group provides comprehensive employee benefits. Compensation is determined based on an individual's contribution to the business and benchmarked against market standards. The Group conducts annual performance reviews and rewards with salary adjustment and bonuses accordingly. Promotion decisions are made thoughtfully, considering job requirements, qualifications, relevant experience, performance, behaviour and potential, in alignment with the overall performance of the Group. In addition, the Group complies with legal obligations by contributing to the Mandatory Provident Fund and purchasing compensation insurance for required employees. Furthermore, the Group provides medical insurance coverage to employees who have passed the probation.

As an employee centric organisation, the Group is dedicated to fostering a harmonious and inclusive work environment, free from harassment and discrimination. We actively communicate with employees and promote awareness of non-discrimination, anti-harassment, and anti-bullying through staff handbooks and internal meetings. The Group's unbiased recruitment process will only assess experience, knowledge, and skills of candidates regardless of race, colour, religion, age, gender, sexual orientation, citizenship, health status, marital status, or other subjective factors. The Equal Employment Opportunity Policy governs the Group's practices related to recruitment, training, development, recognition, reward, termination, and dismissal of employees. The Group also offers employment opportunities to employees who have reached retirement age. Employees are encouraged to raise formal complaints to management if they encounter any situations related to discrimination or bullying. The management investigates such cases seriously and confidentially.

The Group understands our employees value work-life balance and therefore sets a balanced work schedule, providing flexible work arrangements for back-office employees and allowing them to take breaks as needed. The Group offers various leave options such as birthday leave and compassionate leave to cater personal and family needs of employees. Furthermore, the Group respects and accommodates the religious and cultural beliefs of its diverse workforce, granting breaks for employees to fulfill their religious obligations, where appropriate. The Group provides paid maternity and paternity leave in compliance with labour regulations, supporting employees in balancing their family and professional commitments.

During the reporting period, the Group's total turnover rate is approximately 16%. The decrease in turnover rate as compared with the previous year demonstrates the Group's continuous efforts and commitment to employee development and retention.



HEALTH AND SAFETY

The Group is committed to safeguarding the safety, health, and well-being of all employees. Our workplace safety practices go beyond regulatory occupational health and safety standards (i.e., the Employees' Compensation Ordinance (Cap. 282, and the Occupational Safety and Health Ordinance (Cap. 509) and fire regulations). During the reporting period, the Group is not aware of any non-compliance with the relevant laws and regulations pertaining to its operations.

We provide a safe working environment for our employees and prevent them from being exposed to occupational hazards. The Group's offices, retail stores, and café are equipped with adequate fire-fighting equipment, such as fire extinguishers and fire hoses, with regular inspection to ensure good working condition. The flagship store has two registered first-aiders to provide immediate emergency assistance in the event of an accident. A staff handbook outlining safety requirements and guidelines for accident or injury management is distributed to employees during their induction, ensuring they are informed and strictly followed. The Group has established a manual for Lifting Heavy Objects and requires that the delivery and warehouse team employees attend a safety training course organised by the Occupational Safety and Health Council to raise their safety awareness. The Group also closely monitors and regularly adjusts its employee medical insurance coverage.

Striving for continuous improvement, we closely track and monitor our health and safety performance. During the reporting period, there were no work-related fatalities¹ and only three work-related injury cases recorded, resulting in a total of 4.3 workdays lost. All workplace incidents are reported to the Commissioner for Labour. Employees who suffer from work-related injuries are entitled to sick leave and reimbursement of medical expenses from the insurance company, enabling them to receive the necessary treatment and rest for recovery.

TRAINING AND DEVELOPMENT

The Group believes that employees' career development is interrelated with the business growth. As such, the Group encourages its employees to pursue continuous education and development. Through periodic performance reviews and goal setting, our employees keep progressing through annual performance evaluations.

The Group conducts an induction program for all new employees. To continuously enhance employees' competencies in areas of product knowledge, customer service, marketing, and business management, the Group organises regular in-house training courses. These courses keep employees updated on the latest market trends and internal procedures. We also offer regular product and promotional training. Apart from in-house training, the Group encourages employees to discuss any training need or desire for further education with their managers. The Group supports employees who wish to take external training or acquire professional qualifications that are relevant to their career aspirations. Flexible working arrangements and financial assistance or reimbursement are offered on a case-by-case basis to facilitate employees' development.

During the reporting period, the Group achieved an overall training rate of 47%. The Group also provided a total of 235 training hours to its employees, with an average of 2.9 hours of training completed per employee. The Group is committed to investing more resources in employee training and development for them to grow alongside the Group.

LABOUR STANDARDS

Respect for human rights has always been a core part of the Group's sustainable development mission. We do not employ anyone under the legal minimum working age. We prohibit any form of action or behaviour which causes discomfort, physical threat, or forcing employees to work. Employees are encouraged to report any potential violations through the Group's reporting mechanisms. Management will investigate such cases thoroughly and take the appropriate follow-up action.

During the reporting period, the Group strictly adhered to labour laws and legislation prohibiting child and forced labour, the Employment Ordinance (Cap. 57), the Mandatory Provident Fund Schemes Ordinance (Cap. 485), and the Minimum Wage Ordinance (Cap. 608). No non-compliances were identified during the year.

¹ No work-related fatalities occurred in the past three years.

ENVIRONMENTAL PROTECTION

The Group acknowledges that potential climate risks have negatively impacted the planet. We strive to integrate sustainability in our business operations by sourcing furniture made from reclaimed, recycled, sustainably sourced and/or FSC™ certified wood. The Group is dedicated to reducing waste and encouraging stakeholders to adopt similar positive changes where feasible. With the Environmental Policy and practices in place, the Group remains committed to protecting the planet with process management and ongoing improvement. Our environmental initiatives are regularly communicated through internal guidelines, staff briefings and voluntary events.

To strengthen our environmental protection efforts, the Group is in the process of setting targets for greenhouse gas (“GHG”) emissions, waste management, energy and water conservation. The Group has established a five-year goal to reduce its GHG emissions by 5% compared with FY2020 as a baseline and signed a Declaration of Commitment with CarbonCare InnoLab. For waste management, we strive to reduce waste through waste sorting and adopting correct and appropriate waste disposal methods. For energy and water conservation, we promote saving practices to our employees to minimise resource consumption.

The Group complies with all relevant environmental laws and regulations, including the Waste Disposal Ordinance, Water Pollution Control Ordinance, Air Pollution Control Ordinance, and Product Eco-responsibility Ordinance in Hong Kong.

EMISSIONS

Air Emissions

The Group’s operations produce air emissions, including Nitrogen Oxides (“NO_x”), Sulphur Oxides (“SO_x”), and Respirable Suspended Particulates (RSP), primarily due to fuel consumption of vehicles used for delivery of goods.

The Group operates three delivery trucks that are equipped with EURO V and EURO VI engines to reduce air emissions. The Group optimises the utilisation of its delivery vehicles through route planning, allowing more products to be transported in each trip within close proximity, thereby reducing unnecessary transport emissions. Moreover, the delivery team is instructed not to leave the trucks idling. Regular vehicle maintenance is conducted every 4–6 months to ensure fuel efficiency and environmental standards are met. Moreover, the wooden furniture is when requested by customers treated with OSMO, an environmentally friendly wood protection system using natural oils. The furniture in our office is solid wood and has low-VOC content.

During the reporting period, the Group’s NO_x, SO_x and RSP emissions were 132.0 kg, 0.2 kg and 6.1 kg respectively, which has shown a reduction as compared with the past financial year.

GHG Emissions

With a comprehensive carbon management strategy in place, the Group has appointed a professional consultant to conduct a carbon assessment. This assessment involves data collection and quantification of the emissions from the Group’s significant operations. The quantification process for GHG emissions aligns with the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, developed by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong. The Company has also conducted documentation of the environmental data.



GHG EMISSIONS DATA

Scope	Emission Source	GHG Emissions (tonnes of CO ₂ -e)	
		FY2024	FY2023
Scope 1: Direct GHG Emissions	Fossil Fuel Combustion	38.3	43.1
Scope 2: Energy Indirect GHG Emissions	Purchased Electricity	263.0	283.6
Scope 1 and 2 Sub-total		301.3	326.7
Scope 3: Other Indirect GHG Emissions	Paper Waste Disposal	212.0 ²	5.5
	Business Travel	1.8	3.8
	Freshwater & Sewage Processing	0.4	0.4
Scope 3 Sub-total³		214.2	9.7
Total GHG emissions		515.5	336.4

The total GHG emissions from significant operations during the reporting period amounted to 515.5 tonnes of CO₂ equivalent. A significant increase of Scope 3 emissions is observed due to the increase of waste paper disposal during the reporting period. As the fossil fuel combustion of mobile sources and purchased electricity is reduced, our Scope 1 and Scope 2 emissions also decreased by 11.1% and 7.3% respectively comparing to the previous fiscal year.

We measure relevant GHG emissions to evaluate the effectiveness of our internal carbon reduction initiatives. Through carbon accounting, we acknowledge the need to strictly monitor our paper usage in the future. The Group offsets 330 tonnes of CO₂ equivalent by purchasing qualified carbon credits from the Chaiyaphum Wind Power Project in Thailand, which is certified by the Gold Standard. Our carbon reduction efforts have also been recognised by two prestigious certifications — the CarbonCare Champion Label and the CarbonCare Star Label during the reporting period.

USE OF RESOURCES

Energy efficiency

The Group continues to implement measures to promote energy saving including:

- Reminding all employees to turn off idle electrical and electronic appliances when not in use.
- Engaging a professional engineering company to conduct monthly cleaning of dust filter and fan coil units to maintain efficiency.
- Using electric fans to improve air circulation and reduce the energy consumption of air-conditioners.
- Prioritising the procurement of appliances with high energy efficiency ratings or certifications.
- Installing automated timing controls for our lighting and HVAC systems.
- Replacing traditional light bulbs with LED and compact fluorescent lamps to reduce energy consumption.
- Participating and promoting The World Wildlife Fund's Earth Hour annually.

² The flagship store of the Company increased the consumption of paper resources (i.e., paper type of 900x650mm (120g) and 788x1092mm (120g)) during the reporting period, leading to a significant increase in the corresponding Scope 3 emissions.

³ Scope 3 sub-total only includes emissions from paper waste disposal, business travel and freshwater and sewage processing.

During the reporting period, the Group consumed a total of 551.3 MWh of energy. The majority of energy consumption is from purchased electricity, contributing to 73.0% of total energy consumption (402.7 MWh). The remaining energy consumption was attributable to the use of diesel (144.4 MWh) and petrol (4.2 MWh) for the Group's vehicle fleet. Compared to the previous fiscal year, the total energy consumption decreased by 6.4%, primarily due to lower fuel and electricity consumption.

Water efficiency

The Group sources water from the Water Supplies Department of Hong Kong and has not encountered any issues in sourcing water that is fit for purpose. During the reporting period, the Group's water consumption was 684.9 cubic meters⁴, with an increase of 7.3% compared with FY2023.

Water resources are precious and reducing water usage can also help to reduce the associated carbon emissions for treating freshwater and sewage. To address this, the Group has trained Café staff to minimise the use of water, for example, to avoid leaving taps running unnecessarily and using water-saving dishwashers.

In addition, the Group will continue to monitor energy and water consumption for setting appropriate targets to achieve efficient utilisation of resources without affecting normal business operations.

WASTE MANAGEMENT AND PACKAGING MATERIALS

No hazardous waste was generated from the Group as we donated all of our old computers to charity which resulted in a reduction of hazardous waste data as compared with the last fiscal year. The Group's Environmental Policy outlines the proper disposal of non-functional electrical items. Whenever needed, the Group utilises the e-waste collection service provided by the Environmental Protection Department to handle the waste and disposal of electronic items. The collected e-waste is then sent to the WEEE Park facility for dismantling and recycling. Moreover, the Group has set a new policy to participate in the Fluorescent Lamp Recycling Programme, supported by the Environmental Protection Department. Employees need to carefully treat the used fluorescent light bulbs and tubes by wrapping them and dropping them off at the collection points. Furthermore, the Group helped customers to donate waste furniture to charitable organisations, to be redistributed to families in need. These practices demonstrate the Group's commitment to responsible waste management and environmental stewardship by ensuring the proper disposal and recycling of electrical and electronic waste, as well as the repurposing of reusable items.

During the reporting period, the Group generated 669 kg of non-hazardous waste, including paper, plastic, metal, and glass bottles. To manage this waste in a responsible manner, the Group engages an external recycling company to collect and recycle the four types of recyclable waste: paper, metal, plastic, and glass bottles. The recycler provides a detailed monthly report on the amount of waste being recycled, which allows the Group to calculate the avoided carbon emissions (i.e., approximately 1,600 kg of CO₂ equivalent). In FY2024, the Group recycled 207.5 kg of paper, 113.9 kg of plastic, 128.1 kg of metal and 219.5 kg of glass, with an overall increasing trend of waste amount being recycled. Our general waste is collected separately by a waste collector, however, the amount is immaterial.

The Group encourages the team not to print and if necessary the adoption of double-sided printing which helps to reduce paper waste. Furthermore, over 99% of printing materials used are FSC-certified and we ensure all our paper-related products are responsibly sourced. These practices demonstrate the Group's commitment to minimising its environmental impact through resource-efficient printing methods and the use of sustainable paper sources. Furthermore, the Group is working towards becoming paperless across its operations.

⁴ Water consumption was from the Café only and data is captured from water meter. Offices, retail stores and warehouses use public toilets and so water meters are not in place. Also, the water consumption is immaterial.

Our Café in the flagship store strives to promote sustainability through the below initiatives:

- Offering a \$3 discount to customers who bring their own reusable cups to purchase beverages to reduce waste from disposable paper cups.
- Being conscious in our food purchasing by offering a variety of green menu choices, along with organic beverages and free drinking water to lower our carbon footprint.
- Providing food packaging that is recyclable or made from FSC™-certified bamboo to support the regulation of disposable plastic tableware in Hong Kong.
- Adopting a QR code-based ordering system in Café and offering e-receipts.

The Group promotes environmentally friendly practices and engages our customers during the process. We have introduced digital e-business cards that can be accessed via Near-Field Communication (NFC) function in mobile devices to eliminate the need to print and distribute physical business cards. The retail stores have launched an electronic customer information form that allows our customers to input their personal details and delivery address through digital platform to support being a paperless operation. We also encourage customers to “bring their own bag” during shopping in our stores. If customers do not have their own bags, the Group provides them with tote bags which are made of 100% cotton. These non-plastic shopping bags are not only reusable, but also more environmentally sustainable than single-use plastic bags, therefore receiving positive feedback from our customers. Moving forward, the offered tote bag will be charged for to further incentivise customers to bring their own shopping bags. Additionally, the Group has distributed reusable umbrella bags as gifts to discourage customers from using disposable plastic bags for umbrellas. Furthermore, all our promotional items are also designed with sustainability in mind.

The Group consumed 5.1 tonnes of packaging materials for finished products in FY2024, with a 10.5% reduction compared to FY2023 due to a reduction in retail sales. The Group strives to reduce unnecessary packaging by reusing suppliers’ secondary packaging such as corrugated cardboard, cello plastic film, sticky tape, and bubble wrap for protecting the furniture and accessories before delivery. Although items for display purposes need to be wrapped using these packaging materials to protect them from damage, the use of packaging is minimised. We sourced all our packaging materials for our café from Sustainable, a supplier that provides environmentally responsible packaging solutions both locally and globally.

ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE

We try our best to minimise impact to the environment while doing business. The Group continuously educates its customers to look for the globally recognised FSC™ logo on furniture pieces, both in-store and online.

Case sharing: Furniture rental service

The Group provides bespoke furniture rental solutions that meet customer expectations which has environmental benefits. We understand that purchasing furniture may not always be the best option for some customers and therefore this service could support the circular economy. Looking forward, we will increase the promotion of this service. We will enhance our communications with all stakeholders so that they can understand the stories behind our products.

Environmental initiatives are regularly communicated to employees through internal guidelines, staff briefings, and voluntary events. The company actively encourages its staff to suggest new ideas for the continued improvement in sustainability practices. We realise that global warming intensifies the climate change impact significantly. The Group will continue to investigate, identify and incorporate climate risks into our Enterprise Risk Management framework, and develop a comprehensive climate change policy. Due to the extreme weather and environmental degradation, we want to support and give back. As such, we collaborate with Trees4Trees and utilise their expertise to support tree planting efforts in Indonesia, aiming to create a synergy between forest cultivation and farming. This helps to nourish a sustainable environment and equip the community with the skills to maintain their vulnerable landscape.

COMMUNITY INVESTMENT

The Group has established a Community Investment policy and supports “Giving back from the heart”. We made donations to several charity groups in Hong Kong, including Impact HK, the Orbis and the Community Chest of HK, contributing a total of HKD \$25,000 in FY2024. The Group also turned social commitment into actions, by collaborating and participating in different charitable events.

Collaborating with ImpactHK, we sell their products in our TREE café, where all profits earned are used to support the homeless. Our employees have also taken part in ImpactHK’s Kindness Walk.

The Group has worked with the charity Angels for Children for more than 10 years to coordinate toy donations for Christmas. The retail stores are used as collection points for donated toys, while volunteers from the Angels for Children pack the donated gifts in the café with our staff and we then deliver them to Po Leung Kuk for distribution to the children.

We create social impact by donating used furniture collected from customers to the Crossroads Foundation and other charities for redistribution to people in need. To support children’s education, we provided raffle prizes to the Harbour School as part of a fund-raising campaign.

The Group also prioritises environmental responsibility, especially in Indonesia, where most of the wood furniture is sourced. To fulfill this commitment, the Group has partnered with Trees4Trees, an Indonesian non-profit organisation dedicated to reforestation and promoting sustainable practices through tree planting and educational programs. Over the past 18 years, we have planted 107,278 trees through our collaboration with them and the number is steadily increasing. The Group is proud of being one of the early adopters and long-term supporters of such initiatives, as environmental stewardship has always been a core element of our brand.

Since 2019, we started a transformative project in Wonosari village, Indonesia, with the goal of planting a total of 45,000 trees encompassing both crop and conservation species within a span of five years. As of FY2024, the Group has contributed HKD\$74,100 to this tree-planting project. The Group is committed to continuing our efforts and influencing key stakeholders to create a positive impact on the environment.

Furthermore, the Group supports other environmentally responsible campaigns such as the Earth Hour and beach clean-ups. In December 2023, the Group joined the “HK Cleanup” organisation for a beach cleanup activity at Shek O beach and helped to collect 65kg of solid waste. The Group will continue on these efforts and make sure the sustainability concept is well-communicated to the public to raise their environmental awareness.

SUMMARY OF KEY PERFORMANCE INDICATORS

Environmental Performance

	FY2024	FY2023	FY2022
Air Emissions (in kg)			
Nitrogen Oxides (NO _x)	132.0	167.6	184.9
Sulphur Oxides (SO _x)	0.2	0.3	0.3
Respirable Suspended Particulates (RSP)	6.1	7.8	8.6
Greenhouse Gas Emissions (in tonnes CO₂-e)			
Scope 1	38.3	43.1	45.7
Scope 2	263.0	283.6	302.2
Total (Scope 1 and 2)	301.3	326.7	347.9
Scope 3	214.2 ⁵	9.7	4.1
GHG Emissions Intensity (in tonnes CO ₂ -e/employee)	6.5	4.6	4.9
Waste Generation			
Total Hazardous Waste (in kg)	0⁶	151 ⁷	378 ⁸
Total Non-Hazardous Waste (in kg)	669	341.6	1,260
Hazardous Waste Intensity (in kg/employee)	0	2.2	5.3
Non-Hazardous Waste Intensity (in kg/employee)	8.5	4.7	20
Energy Consumption (in MWh)			
Petrol	4.2	3.4	5.5 ⁹
Diesel	144.4	164.0	172.0 ⁵
Electricity	402.7	421.3	429.8
Total Energy Consumption	551.3	588.7	607.3 ⁵
Energy Intensity (in MWh/employee)	7.0	8.1	8.4
Water Usage			
Total Water Consumption (in m³)	684.9	638.5	604.6
Water Intensity (in m ³ /employee)	8.7	8.7	8.4
Packaging material for finished goods			
Total Packaging Material Used (in tonnes)	5.1	5.7	7.4
Packaging Material Intensity (in tonnes/employee)	0.1	0.1	0.1

⁵ The flagship store of the Company increased consumption of paper resources (i.e., paper type of 900x650mm (120g) and 788x1,092mm (120g)) during the reporting period, leading to significant increase for the corresponding Scope 3 emissions.

⁶ No hazardous waste is generated from the Group as we donated all our old computers to the charity organisation.

⁷ Restatement on the data to exclude the 6 kg of printers that were donated to the charity organisation.

⁸ Hazardous wastes include 3 disposed air conditioners in FY2022. Only waste fluorescent light bulbs were accounted as hazardous wastes generated in FY 2023.

⁹ Updated the Energy consumption figure with reference to HKEX Appendix 2: Reporting Guidance on Environmental KPIs.

SOCIAL PERFORMANCE¹⁰

Employee¹¹

Number of employees		FY2024	FY2023	FY2022
Gender	Male	43	38	35
	Female	36	35	37
Age Group	Below 30	8	8	10
	30–50	50	45	47
	Above 50	21	20	15
Employment category	Senior Management	15	13	11 ¹²
	Middle Management	12	10	11
	General Staff	52	50	57
Employment type	Full time	76	70	68
	Part time	3	3	4
Geographical Location	Hong Kong	61	69	70
	Mainland China	17	3	1
	Italy	1	1	1
Total number of employees		79	73	72

Turnover

Employee Turnover		FY2024	FY2023	FY2022
Gender	Male	14%	29%	31%
	Female	19%	29%	11%
Age Group	Below 30	75%	75%	40%
	30–50	14%	27%	19%
	Above 50	0%	15%	13%
Total turnover rate		16 %	29%	21%

Occupational Health and Safety

Number of work-related fatalities or injuries		FY2024	FY2023	FY2022
Number of work-related injuries		3	8	5
Work injury rate (per 100 employees)		4%	11%	6%
Lost days due to work injury		4.3	28	10
Number of work-related fatalities		0	0	0

¹⁰ Data covers the whole Group.

¹¹ There are no other workers.

¹² The number of senior management is restated to 11.

Training and Development

Indicator		FY2024	FY2023	FY2022
Percentage of employees trained				
Gender	Male	35%	13%	37%
	Female	61%	49%	59%
Employment category	Senior Management	33%	31%	50%
	Middle Management	75%	50%	90%
	General Staff	44%	26%	40%
Total employee trained percentage		47%	30%	48%
Average training hours of employees¹³				
Gender	Male	1.3	0.5	3.3
	Female	4.8	7.1	4.3
Employment category	Senior Management	3.6	8.6	1.3
	Middle Management	5.0	3.0 ¹⁴	3.8
	General Staff	2.2	2.5	4.3
Total employee average training hours		2.9	3.7	1.9

¹³ Formula of calculating average training hours = (Total training hours of employees)/(Total employees of the category)

¹⁴ Restated the figure.

CONTENT INDEX

Material Aspect	Content	Page Index/Remarks
-----------------	---------	--------------------

Mandatory Disclosure Requirements

Governance Structure

Board statement	A disclosure of the board's oversight of ESG issues	P.4
	The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses)	
	How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	

Reporting Principles

Description of the application of the Reporting Principles	<p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	P.2, 6-7
--	--	----------

Reporting Boundary

Description	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	P.2
-------------	--	-----

Material Aspect	Content	Page Index/Remarks
-----------------	---------	--------------------

Comply or Explain Provisions

A. Environmental

A1 Emissions

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P.16
A1.1	The types of emissions and respective emissions data.	P.16, 22
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	P.16, 18, 22
A1.3	Total hazardous waste produced and, where appropriate, intensity.	P.19–20, 22
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	P.19–20, 22
A1.5	Description of measures to mitigate emissions and results achieved.	P.16, 18
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P.19–20

A2 Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P.18–20
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	P.18–19, 22
A2.2	Water consumption in total and intensity.	P.19, 22
A2.3	Description of energy use efficiency initiatives and results achieved.	P.18–19
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P.19
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	P.19-20

Material Aspect	Content	Page Index/Remarks
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	P.20
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P.20
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.	P.20
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.	P.20
B. Social		
B1 Employment		
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 	P.13
B1.1	Total workforce by gender, employment type, age group and geographical region.	P.23
B1.2	Employee turnover rate by gender, age group and geographical region.	P.23

Material Aspect	Content	Page Index/Remarks
B2 Health and Safety		
General Disclosure	Information on:	P.15
	(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.	
B2.1	Number and rate of work-related fatalities.	P.15,23
B2.2	Lost days due to work injury.	P.15,23
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P.15
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P.15
B3.1	The percentage of employees trained by gender and employee category.	P.24
B3.2	The average training hours completed per employee by gender and employee category.	P.24
B4 Labour Standards		
General Disclosure	Information on:	P.15
	(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.	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	P.15
B4.2	Description of steps taken to eliminate such practices when discovered.	P.15

Material Aspect	Content	Page Index/Remarks
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P.9–10
B5.1	Number of suppliers by geographical region.	P.10
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P.9–10
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P.9–10
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P.9–10
B6 Product Responsibility		
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. 	P.10–12
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P.10
B6.2	Number of products and service related complaints received and how they are dealt with.	P.10
B6.3	Description of practices relating to observing and protecting intellectual property rights.	P.12
B6.4	Description of quality assurance process and recall procedures.	P.10
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P.12

Material Aspect	Content	Page Index/Remarks
B7 Anti-corruption		
General Disclosure	Information on:	P.12
	(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.	
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.	P.12
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P.12
B7.3	Description of anti-corruption training provided to directors and staff.	P.12
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.	P.21
B8.1	Focus areas of contribution	P.21
B8.2	Resources contributed to the focus area.	P.21



QI-HOUSE HOLDINGS LIMITED
齊家控股有限公司