



YHI
Since 1948

友发国际有限公司
YHI INTERNATIONAL LIMITED
Listed on the mainboard of the Singapore Exchange
Company Registration Number 200007455H

DRIVING GROWTH, ENHANCING RESILIENCE

SUSTAINABILITY REPORT 2020



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CHAIRMAN'S MESSAGE

DEAR STAKEHOLDERS,

On behalf of the Board and management of YHI International Limited ("YHI" or the "Group"), I present our fourth annual sustainability report (the "report"). This report compiles our sustainability strategy and initiatives as we continue to evolve and improve on our sustainability journey. At YHI, we aim to create a positive impact on the environment and the community by paying close attention to the issues that are material to our stakeholders.

In recent years, there has been an increase in social awareness towards waste issues and the need to conserve resources. At YHI, we are aware that our manufacturing operations generate waste, and we endeavour to reduce our contribution to waste through reduced use of raw materials and recycling more waste. Through our Kaizen initiatives, our various subsidiaries constantly challenge themselves and innovate to find new ways of reducing wastage and improving operational efficiency.

At YHI, the Board oversees the Group's sustainability performance, practices and initiatives and its compliance with SGX guidelines on corporate governance and sustainability reporting. It has played a key role in determining and re-evaluating the material environmental, social and governance factors examined in this report, and considers sustainability an important part of our strategy formulation. As a listed company, YHI is committed to the Code of Corporate Governance of Singapore, which provides an important framework for controls and checks that help the Board govern with transparency and integrity.

During the reporting period, the COVID-19 pandemic has spread across the globe and led to an outbreak that severely impacted communities and industries all over the world. Economies have slowed down, supply chains have been disrupted, and many businesses have had a hard time recovering from the pandemic. As a result of the COVID-19 outbreak, many governments and business were prompted to re-evaluate their priorities and strategies. At YHI, the pandemic has reinforced our belief in the importance of thinking long-term and making decisions that ensure the sustainability of our business and protect our stakeholders, including our shareholders, employees and customers. We will continue to keep abreast of the situation and make strategic decisions accordingly.

We hope this report will provide our stakeholders with valuable insights on our sustainability efforts.

RICHARD TAY

Executive Chairman & Group Managing Director



At YHI, the Board oversees the Group's sustainability performance, practices and initiatives and its compliance with SGX guidelines on corporate governance and sustainability reporting. It has played a key role in determining and re-evaluating the material environmental, social and governance factors examined in this report.



ABOUT THIS REPORT

This is the fourth sustainability report published by YHI International Limited, providing an update of the Group's sustainability performance for the year ended 31st December 2020. This report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards. For this, we sought guidance from external consultants who advised us on relevant reporting requirements set out in the GRI Standards as well as in the SGX guidelines.

This report covers our five major distribution subsidiaries in Singapore, Malaysia, Australia and New Zealand, and all three factories in Malaysia, China and Taiwan. The eight subsidiaries which form the reporting boundary for this report are provided in **Exhibit 1** below. As certain GRI Standards require the performance data to be reported by geographical region, we segmented the eight subsidiaries into three regions, namely "ASEAN" (comprising Singapore and Malaysia), "Oceania" (Australia and New Zealand) and "East Asia" (China and Taiwan) based on their business locations.

EXHIBIT 1: REPORTING BOUNDARY OF YHI'S SUSTAINABILITY REPORT

FIVE MAJOR DISTRIBUTION SUBSIDIARIES

ASEAN



YHI Corporation (Singapore) Pte Ltd ("YHI Singapore")



YHI (Malaysia) Sdn Bhd ("YHI Malaysia")

OCEANIA



YHI (Australia) Pty Ltd ("YHI Australia")



YHI Power Pty Ltd ("YHI Power Australia")



YHI (New Zealand) Ltd ("YHI New Zealand")

FACTORIES

ASEAN



YHI Manufacturing (Malaysia) Sdn Bhd ("Malacca factory")

NORTH ASIA



YHI Advanti Manufacturing (Suzhou) Co., Ltd ("Suzhou factory")



YHI International Taiwan Co., Ltd ("Taiwan factory")

The abovementioned five major distribution subsidiaries and three factories are considered significant based on the environmental, social and governance ("ESG") footprint of their operations.

We have not obtained any independent assurance on the data and information reported in this report, but aim to improve on our reporting processes every year. A softcopy of this report can be found on our website on www.yhigroup.com. Any questions or feedback in relation to this Report can be emailed to yhigroup@yhi.com.sg.

ABOUT YHI INTERNATIONAL LIMITED

OUR BUSINESS



Headquartered in Singapore, YHI International Limited is a leading global distributor of high-quality automotive and industrial products, and a trusted brand name in alloy wheels manufacturing as an original design manufacturer (“ODM”). YHI has presence in over 100 countries through its 32 subsidiaries and two associated company located across Asia Pacific, North America and Europe. Listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) in 2003, YHI has successfully diversified its business and carved a niche for itself in the global automotive arena.

YHI distributes a diverse range of premium automotive products, which includes tyres, alloy wheels, automotive and industrial batteries, as well as golf and utility buggies to more than 5,000 customers globally. YHI also has three alloy wheels manufacturing plants located in Suzhou in China, Taoyuan in Taiwan and Malacca in Malaysia with the capability of producing 2.6 million alloy wheels per annum. As an integrated ODM solutions provider, we provides integrated services from the design and development to the manufacturing, marketing and distribution of alloy wheels.

OUR LOGO

The four wings in our logo symbolise our stakeholders, namely:

1. Customers;
2. Principals/suppliers;
3. Employees; and
4. Shareholders.

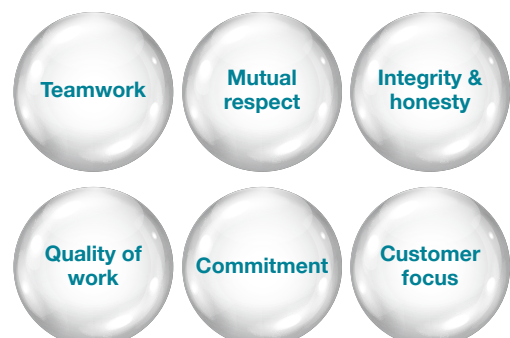


OUR CORPORATE MISSION

1. To be a recognised global distributor of high quality automotive and industrial products, and a familiar and trusted brand name in alloy wheels manufacturing as an Original Design Manufacturer.
2. To position our company effectively by continuously providing our customers with quality products and distinctive customer services so as to build strong customer relationships.
3. To provide growth and opportunities for our employees and to consistently generate stable returns to our shareholders.
4. To be committed to quality, professional and personnel management, sound business practices and teamwork.

OUR CORE VALUES

We deeply believe that in order to succeed in this competitive environment, not only we need highly sophisticated facilities, well-developed policies, procedures and systems, most importantly, we need a corporate culture that allows our employees to bring out their best in them. The foundation for building such a culture is based on the following core values:



OUR DISTRIBUTION SEGMENT

As the key contributor to revenue, the distribution business has gone from strength to strength. We distribute a diverse range of products from some 45 global leading brands in their respective product categories. The tyre brands distributed by us include Yokohama, Nitto, Nankang, Nexen, Pirelli, Achilles, ATG Tires, Mickey Thompson and our proprietary brand, Neuton Tyres. The alloy wheel brands distributed by us include Enkei, OZ, Konig and Breyton and our proprietary brand, Advanti Racing.

In the energy solution segment, which encompasses automotive and rechargeable batteries for commercial and industrial use, our brand portfolio includes Hitachi, Trojan, CSB, Crown, Vision, FIAMM and our proprietary brand, Neuton Power. We distribute industrial products such as solar panels, inverter, chargers and UPS (Uninterrupted Power Supply), carrying brands such as Benning, Delta Q, Jinko Solar and our proprietary brand, Neuton Power. We also distribute golf and utility vehicles and the product brands include E-Z-GO, Cushman and Neuton Electric, complete our distribution business.

TYRES

 SINGAPORE	 JAPAN	 ITALY	 JAPAN	 JAPAN	 THAILAND	 THAILAND
 TAIWAN	 KOREA	 KOREA	 INDONESIA	 INDONESIA	 INDONESIA	 USA
 USA	 USA	 SINGAPORE	 INDIA	 INDIA	 CHINA	 CHINA
 CHINA	 CHINA	 CHINA	 CHINA			

ALLOY WHEELS

 SINGAPORE	 JAPAN	 USA	 ITALY	 ITALY	 GERMANY	 USA
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ENERGY SOLUTIONS

 SINGAPORE	 USA	 CHINA	 TAIWAN	 INDIA	 KOREA	 ITALY
 PHILIPPINES	 USA	 USA	 JAPAN	 CHINA	 CHINA	

OTHER INDUSTRIAL PRODUCTS

 SINGAPORE	 TAIWAN	 FRANCE	 GERMANY	 GERMANY	 CANADA	 USA
 USA	 CHINA	 CHINA				

BUGGY & UTILITY VEHICLES

 SINGAPORE	 USA	 USA
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OUR MANUFACTURING SEGMENT

OUR VALUE PROPOSITION



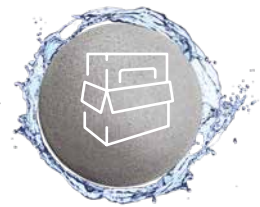
**DESIGN &
DEVELOPMENT**



MANUFACTURING



**ADVERTISING &
PROMOTION**



**SALES &
DISTRIBUTION**

As an original design manufacturer (ODM), our value proposition is providing our customers with a seamless supply chain from the design and development, manufacturing, advertising and promotion to distribution and sales for their alloy wheels through our extensive global network.

A testament of our quality as a world class manufacturer can be attested to the fact that all our manufacturing plants are equipped with world-class quality assurance facilities which are approved by the Vehicle Inspection Association of Japan (VIA), SFI Foundation, Inc. (SFI) of the USA and TUV CERT (TUV) of Germany. VIA, SFI and TUV are international organizations administering the highest test standards in Japan, USA and Germany respectively for quality control facilities and equipment for the production of alloy wheel.



MEMBERSHIP OF ASSOCIATIONS, EXTERNAL CHARTERS / INITIATIVES AND RECOGNITIONS

- ISO 9001:2015
- ISO/TS 16949:2009
- Quality Management System – TÜV Rheinland Italia S.r.l.
- Eco Warranty Certificate
- bizSAFE
- Work Safety Standardization Certificate (issued by State Administration of Work Safety of China)
- Clean Production Audit Certificate (issued by Suzhou New District)

OUR SUSTAINABILITY EFFORTS AND REPORTING APPROACH

OUR COMMITMENT

The coronavirus outbreak has made us rethink our lives in the modern society and how vulnerable we are. The pandemic harshly reminds us that we cannot take whatever we enjoy today for granted and assume that tomorrow will always be the same. We have learnt in the pandemic that our modern livelihoods are built on known conditions and numerous presumptions and they are more delicately intertwined and fragile than we know. For example, we will never forget how easily the supply chains for food and daily necessities were disrupted during the pandemic and how panic ensued when people were informed of supply chain disruptions or just the possibility of it. The pandemic and the supply chain episode showed that in modern society, there is no clear demarcation between “present” and “future” as any problem that may happen in the future can impact us today in various forms.

At YHI, we believe that it is our responsibility to continuously create and achieve greater economic value for our shareholders, and we endeavour to benefit the economy and society through our business activities. We also believe that this value creation journey is never a zero-sum game, as we can only be sustainable if the well-being and development of the environment, society and our people are not unfairly compromised and the resources used for our activities are not irresponsibly depleted or wasted. To ensure sustainability, there is no better way than the consistent monitoring of resource input and output of our commercial activities and the proper balancing of respective stakeholders’ interests.

We firmly believe in recognising our responsibility to the environment, society, the market, as well as our employees. We have been incorporating and managing sustainability as part of our corporate policies, business strategy and risk management practices over the years. We learned from our experiences that with proper planning and implementation, our business practices can simultaneously maximise economic value creation and achieve sustainability objectives.

Measures taken by YHI during coronavirus pandemic

We take precautionary measures to safeguard the health and well-being of our employees in various countries and we acknowledge the importance of adhering to the rules and guidelines issued by local governments to prevent the spread of the COVID-19 virus and mitigate the impacts of the pandemic on local communities and economies.

Our employees and visitors are required to be scanned for body temperature before entering our offices and their contact details are dutifully recorded. Hand sanitisers and face masks are provided in offices for the use of employees and visitors and social distancing signs are prominently displayed to remind them the importance of maintaining physical distance. Employee sitting arrangements in certain offices are also redrawn to ensure adequate physical distance between employees. In certain countries where face mask is mandatory, our employees are constantly reminded the importance of wearing the face mask properly.

We abide by the work-from-home rules and guidelines issued by local governments to minimise the number of people in the workplace. In countries where lockdown orders are issued, our employees are instructed to work from home and approvals are required before they can enter the office. Even after the rules are lifted by local governments, we still cautiously control the number of employees and visitors in our offices.

OUR REPORTING APPROACH

We adopted a phased approach in preparing and publishing our sustainability reports:

- In our first sustainability report we provided an overview of the identified material ESG factors, how we are addressing these factors, and the data reflecting our performance.
- In our second sustainability report we provided further information in relation to the identified material ESG factors, our approach, and our performance. We also provide our targets for the material ESG factors.
- From our third sustainability report onwards we continually report on our material ESG factors and our performance against the targets. We also revise our presentation of performance data and targets when there are changes in the applicable GRI Standards or business environments (such as the impacts arising from the coronavirus pandemic) in our fourth report.

GOVERNANCE OVER SUSTAINABILITY MATTERS

Our Board of Directors oversees YHI Group's sustainability matters. The Board is supported by YHI's Enterprise Risk Management Executive Committee, which comprises members from senior management and is headed by the Executive Chairman and Chief Financial Officer. On behalf of the Committee, the Executive Chairman and Chief Financial Officer report to the Board of Directors on all matters concerning sustainability.

Our senior management and heads of subsidiaries are tasked to manage YHI Group's sustainability matters and promote sustainability culture. They are also tasked to keep abreast of the sustainability topics and trends and to ensure that YHI Group's sustainability policy is effective and relevant to the current business environment.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is at the core of our business operations and sustainability strategy. We engage with our stakeholders in a fair, trust-based and responsible manner through hard work, dedication and commitment. Feedback from our stakeholders forms a crucial part of our strategic and business planning and is viewed as a valuable insight for us to plan and improve upon our sustainability policies and practices. Our stakeholder engagement mechanisms are outlined in **Exhibit 2** below:

EXHIBIT 2: YHI'S STAKEHOLDER ENGAGEMENT MECHANISM

OUR STAKEHOLDERS	KEY ISSUES OR CONCERNS	KEY ENGAGEMENT METHODS	FREQUENCY
Customers	<ul style="list-style-type: none"> • Products quality • Product pricing • Customer service 	<ul style="list-style-type: none"> • Official get-together events, such as "Dealers' Night" • Trade fairs and exhibitions • Customer visits • Customer satisfaction surveys 	<ul style="list-style-type: none"> • Regularly throughout the year
Principals/ Suppliers	<ul style="list-style-type: none"> • Sales growth • Market share 	<ul style="list-style-type: none"> • Regular meetings and visits 	<ul style="list-style-type: none"> • Quarterly
Employees	<ul style="list-style-type: none"> • Business performance • Remuneration • Career growth 	<ul style="list-style-type: none"> • Meeting or talks held by management • Appraisals and discussions • Employee surveys 	<ul style="list-style-type: none"> • Quarterly • Annual
Shareholders	<ul style="list-style-type: none"> • Business growth • Financial results • Return on investment 	<ul style="list-style-type: none"> • Corporate website • Periodical financial announcement • Annual Report • Annual General Meeting 	<ul style="list-style-type: none"> • Continuous • Quarterly • Annual
Regulators	<ul style="list-style-type: none"> • Regulatory compliance • Societal well-being • Compliance with COVID-19 guidelines and regulations 	<ul style="list-style-type: none"> • Regulatory notices and updates • Industry dialogues and visits • Regular trainings and reminders to employees to strictly comply with COVID-19 safety measures 	<ul style="list-style-type: none"> • Ad hoc • Continuous

MATERIAL ESG FACTORS

Material ESG factors are areas that impact our business and that we impact through our activities. We conducted our first formal material ESG factor identification and evaluation when preparing our first sustainability report in 2017 with the guidance of external consultants and GRI Standards was recommended as our sustainability reporting framework. Our material ESG factors were identified and determined through the following four steps:

STEP 1:
Conduct stakeholder engagement



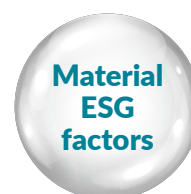
STEP 2:
Identify potential material ESG factors



STEP 3:
Prioritise and determine material ESG factors



STEP 4:
Determine reporting boundaries



We first gathered our key internal stakeholders to identify YHI's important sustainability issues and potential ESG factors through workshop and online survey. Stakeholders' inputs and survey results were then collated and analysed to identify a short list of material ESG factors. More in-depth evaluations were conducted until material ESG factors were prioritised and determined. We also determine YHI's distribution subsidiaries and factories to be included in the reporting by evaluating their significance and readiness. Essentially, we determined our material ESG factors by reviewing the entire value chain and the practices of our distribution and manufacturing business.

Every year we critically assess the relevance of our material ESG factors and evaluate other potential factors. We also critically evaluate all our distribution subsidiaries and factories to determine whether the existing reporting boundaries should be expanded to include some other subsidiaries.

For this report, we find our material ESG factors and reporting boundaries remain relevant. We made some revisions in our reporting of performance data for some of the ESG factors in accordance with the relevant new requirements under the GRI Standards. Our material ESG factors and performance targets are provided in Exhibit 3 below:

EXHIBIT 3: YHI'S MATERIAL ESG FACTORS AND PERFORMANCE TARGETS

MATERIAL ESG FACTORS FOR YHI	YHI'S PERFORMANCE TARGETS
Environmental	
<ul style="list-style-type: none"> Energy consumption & emissions Water, effluents & waste management 	<ul style="list-style-type: none"> To increase efficiency and minimise energy consumption Zero incidents of non-compliance with relevant water discharge or hazardous waste handling regulations
Social	
<ul style="list-style-type: none"> Employee management Employee training and education Occupational health and safety 	<ul style="list-style-type: none"> By 2025 employee satisfaction survey and review will become a routine annual exercise for all subsidiaries To increase the annual average hours of training for each employee by at least 20% by 2025 Zero work-related fatalities
Governance	
<ul style="list-style-type: none"> Economic performance Anti-corruption and anti-competitive behaviour 	<ul style="list-style-type: none"> To deliver stable and sustainable economic growth for the business and financial returns for the shareholders Zero incidents of anti-corruption, anti-competitive behaviour or anti-trust/monopoly practices

Due to the coronavirus outbreak and the uncertainty as to when the pandemic will be over, we revised the achievement timeline for the targets set for "employee management" and "employee training and education" from 2021 to 2025.

MATERIAL ENVIRONMENTAL TOPICS

As one of our key corporate policies, for many years, we have embraced the Japanese business philosophy and practice of “Kaizen”, which can be translated as “improvement”. To stay competitive, our subsidiaries are aware of the importance of continually reviewing their existing business and operational practices to identify areas for improvement. Improvements can be delivered through innovation, enhancing productivity or reducing waste. In addition to Kaizen, our “3R” policy of reducing stock-holding, accounts receivables and operating costs also assists us in minimising resource consumption and waste.

ENERGY CONSUMPTION & EMISSIONS

We consume a significant amount of energy to manufacture and distribute our products. Our distribution subsidiaries’ offices and warehouses primarily consume electricity, whereas our factories rely on both electricity and natural gas.

Our energy consumption level is generally aligned with our business activities. An increase or decrease in the storage and shipment of goods, or an increase or decrease in the production level has a direct impact on the distribution segment or our factories’ energy consumption. Besides, many other factors can affect the energy consumption level and new factors may emerge due to changing business environments and operational conditions.

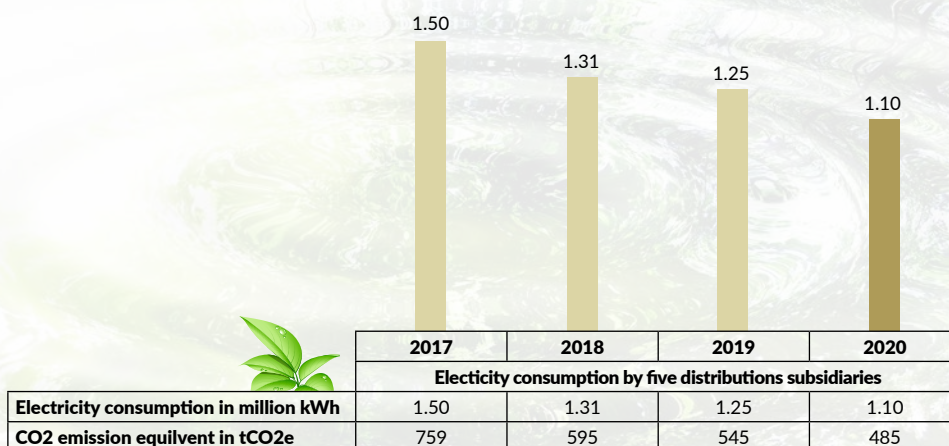
For example, our manufacturing segment will normally experience increase in energy consumption level when manufacturing new product models. The transfer of production orders between factories can also affect the factories’ average energy consumption level and such transfers are common in recent years primarily due to our customers’ allocation of orders to different factories as a result of USA and China trade war.

YHI consistently strives to increase efficiency and minimise energy consumption. Over the years, we have implemented various energy efficiency and energy conservation policies and guidance for both business segments. For example:

- For factories, energy consumption is closely monitored and systematically assessed for potential savings. Specific energy saving initiatives were also being worked on in the past so as to reduce the consumption level.
- For warehouses and offices, we have a clear policy that we should turn off lights and air-conditioners while not in use. Where feasible, we will opt for individual workspace lighting instead of centralised lighting in order to conserve energy. Energy-saving LED lighting or light control switch and motion sensors have also been installed so as to reduce the consumption level.

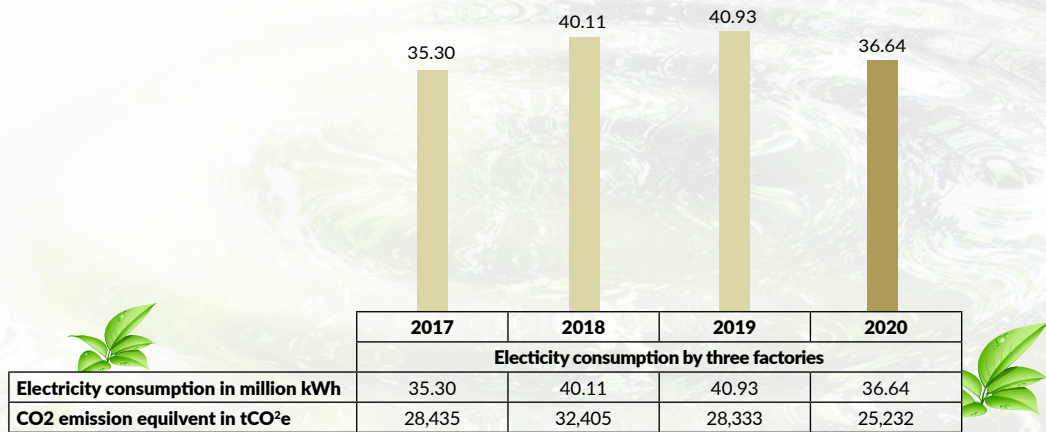
The total electricity consumption by the five major distribution subsidiaries and the three factories in 2020 is provided in **Figure 1-1(a)** and **Figure 1-1(b)** respectively. The scope 2 emissions in CO² equivalent associated with the electricity consumption is also provided. The total natural gas consumption by the three factories is provided in **Figure 1-2**.

Figure 1-1(a): Total electricity consumption in million kWh by the five major distribution subsidiaries between 2017 and 2020 (CO² equivalent emissions (Indirect (Scope 2) GHG emissions) is also included)



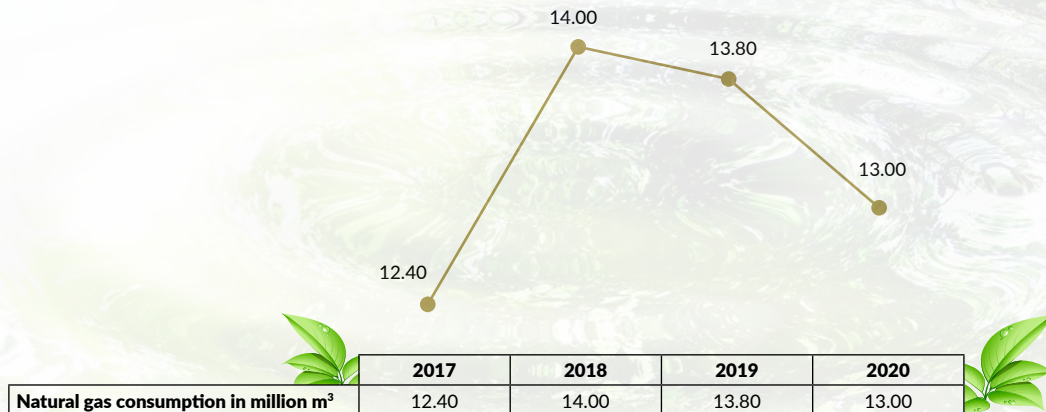
Note: The emissions factors used are the latest available factors (2017 and 2018): Singapore: 0.419, Malaysia: 0.645, New South Wales: 0.82, South Australia: 0.51, New Zealand: 0.1

Figure 1-1(b): Total electricity consumption in million kWh by the three factories between 2017 and 2020 (CO2 equivalent emissions (Indirect (Scope 2) GHG emissions) is also included)



Note: The emissions factors used are the latest available factors (2017 and 2018): Taiwan: 0.554, Malaysia: 0.645, East China: 0.805

Figure 1-2: Total natural gas consumption in million cubic metre by the three factories between 2017 and 2020



Note: Distribution segment does not consume natural gas

For 2020 as compared with previous years:

- The five major distribution subsidiaries recorded a lower level of electricity consumption due to decrease in business activities and warehouse operations during the coronavirus pandemic. All the five subsidiaries had experienced lockdowns in their country of operations.
- Similarly, the factories recorded a lower level of electricity and natural gas consumption due to the overall decrease in production and supply chain activities during the coronavirus pandemic.

WATER, EFFLUENTS & WASTE MANAGEMENT

At Manufacturing Segment

Our factories produce wastewater and waste materials during the manufacturing process. The waste materials primarily include aluminium dross, sludge, paint waste, waste coolant and non-reusable packaging materials. While our factories' level of effluents and waste discharge or disposal is aligned with production activities, other influential factors include varying product design requirements and the discharge or disposal quota imposed by the local regulators.

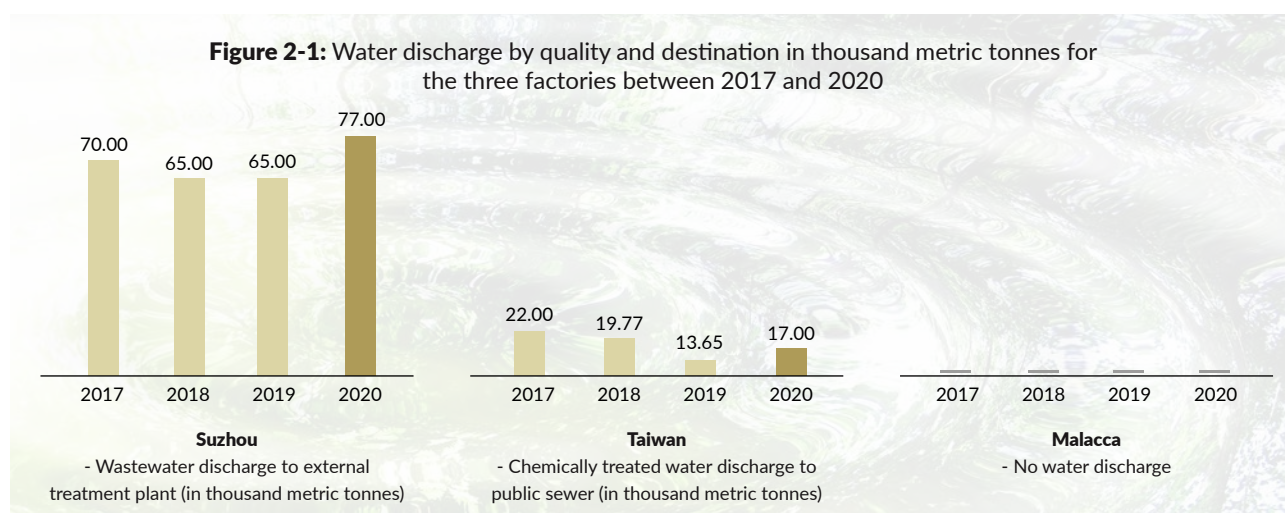
We endeavour to minimise water and resource consumption at our factories to reduce effluent and waste output and continue to practise recycling and/or reusing where feasible. For example:

- Both Suzhou and Malacca factory practise water recycling and reusing:
 - As the amount of wastewater discharge is limited by the discharge quota imposed by local authority, Suzhou factory strives to maximise its recycling and reusing of wastewater through water treatment. If wastewater discharge is needed, Suzhou factory will adhere to the discharge quota and the pollution limits (such as the level of chemical oxygen demand contained in the wastewater) set by the authority.
 - There is no wastewater discharge at Malacca factory as wastewater produced will be chemically treated for recycling and reusing.
- All factories closely monitor the amount of aluminium consumed and the amount of production scraps produced. Excess aluminium trimmed off during alloy wheel moulding and refining process is put together and evaluated for possible reusing. Packaging waste is minimised through efficient consumption of packaging materials.
- Wood or plastic pallets for factory and warehouse storage use are purchased in accordance with forecasted usage. Pallets are reused until damaged beyond repair. Some factories also recycle their scrap metals by giving the scraps to external contractors to weld and build into storage racks and shelves for reuse. Some of our factory workers turned damaged wooden pallets into office furniture and garden trellis.

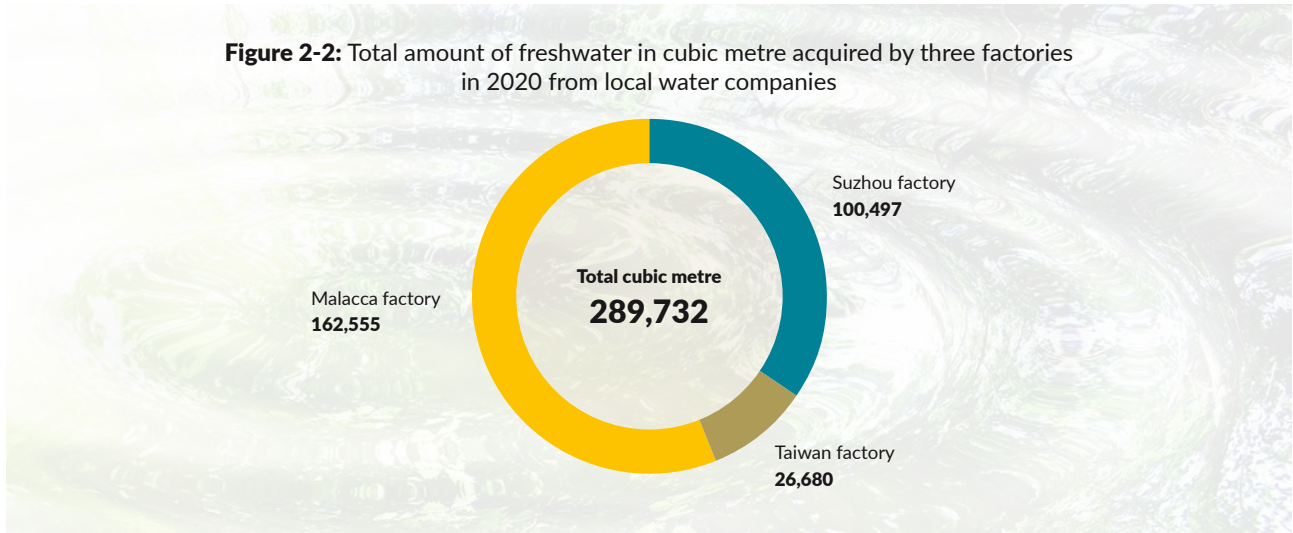
Non-recyclable or reusable effluents and waste are discharged and disposed of in accordance with local regulations. For example:

- If wastewater discharge is required, Suzhou factory will discharge the water to an external wastewater treatment plant designated by the local authority in compliance with the discharge quota and the pollutant limits imposed; whereas, Taiwan factory's wastewater is chemically treated in accordance with local regulations before being discharged to public sewer.
- Waste materials are disposed of by factories to waste disposal collectors in compliance with the respective local regulations. Similarly, damaged tyres and batteries are also disposed of by the distribution business to waste disposal collectors in compliance with local regulations.

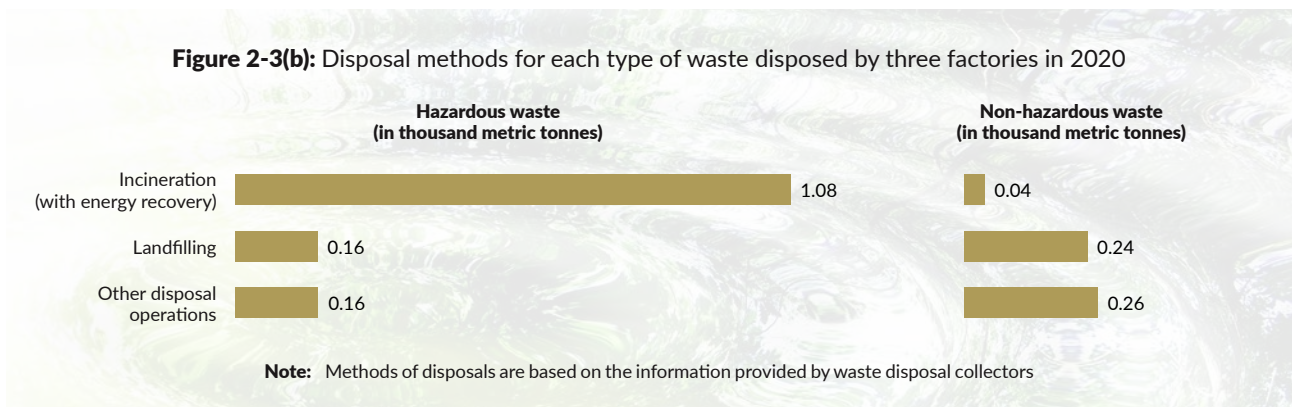
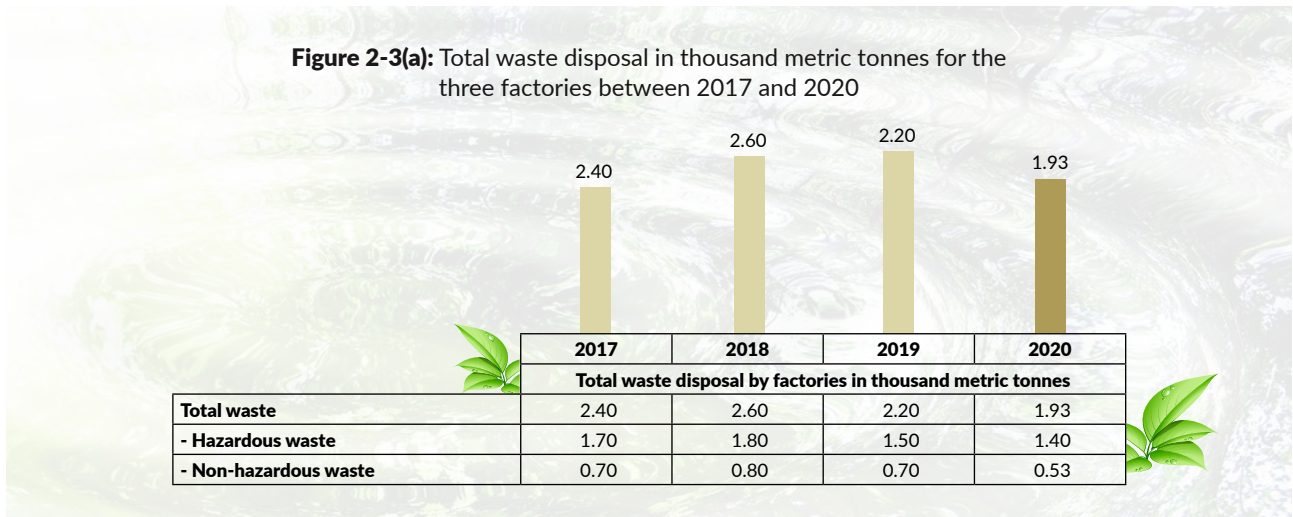
The amount of water discharge by quality and destination for the three factories between 2017 and 2020 are provided in **Figure 2-1**.



Starting from this report, we will provide amount of freshwater acquired by the three factories every year from local water companies. The total amount of water acquired by the three factories in 2020 and the amount acquired by each factory is provided in **Figure 2-2**.



The aggregate amount of waste disposal by type for the factories through local waste disposal collectors between 2017 and 2020 are provided in Figure 2-3(a). Starting from this report, we will provide the disposal methods for each type of waste based on the information provided by the waste collectors. The disposal methods for 2020 are provided in **Figure 2-3(b)**.



For 2020 as compared with previous years:

- Suzhou factory discharged more water than the quota set by the local authority as southern China experienced heavy rainfall during summer of the year. As at the date of this report, the Suzhou factory is still liaising with the local authority on whether additional discharge fees will be levied. The Taiwan factory recorded an increase in water discharge due to the higher production level achieved by the factory in 2020.
- The factories recorded reduced amounts of hazardous and non-hazardous waste primarily due to their continuous control of material planning and consumption and prompt actions taken to reuse or recycle certain materials.

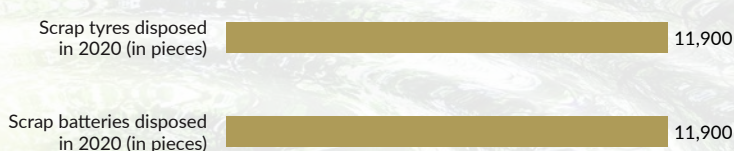
There were no incidents of non-compliance with the relevant water discharge or hazardous waste handling regulations between 2017 and 2020. YHI aims to maintain zero incidents of non-compliance in 2021.

AT DISTRIBUTION SEGMENT

We do not find the water consumption and the amount of wastewater produced by our distribution business to be material. The waste produced at our distribution subsidiaries primarily includes scrap tyres and batteries. Scrap batteries are classified as hazardous products in certain countries while tyres are classified as non-hazardous. All our scrap tyres and batteries are disposed of through external scrap collectors.

Starting from this report, we will provide the quantity of scrap tyres and batteries disposed by our five major distribution subsidiaries. As the unit of measurement for disposals may vary by countries due to different local rules or commercial practices, for the purpose of aggregation and standardised reporting, we will convert and report the disposal quantity in “pieces” of tyre and battery disposed. The total pieces of tyre and battery disposals in 2020 are provided in **Figure 2-3**.

Figure 2-3: Total pieces of scrap tyres and batteries disposed by the five major distribution subsidiaries in 2020



Note: Estimation and conversion is made for certain subsidiaries to derive the total pieces of disposals as the disposal quantity may be originally measured by weight

Generally, our tyre distribution business does not dispose tyre products as the possibility of receiving faulty tyres from manufacturers is low. Majority of the disposed tyres were worn-out tyres disposed by one of YHI Singapore’s business divisions which provides vehicle repair and tyre replacement services for commercial trucks and passenger cars. The tyres were owned by YHI’s customers and disposed by YHI Singapore after performing tyre replacement services. Similarly, most of the scrap batteries were replaced after performing batteries replacement services. The batteries were disposed by YHI at customers’ requests.

From 2017 to 2020, there were no incidents of non-compliance with the relevant hazardous waste handling regulations. YHI aims to maintain zero incidents of non-compliance in 2021.

MATERIAL SOCIAL TOPICS

EMPLOYEE MANAGEMENT

Our employees are key to the success of our business. Without them, we would not have been able to achieve the business growth we have experienced. It is stated in our corporate mission that we treat our employees with care, consideration, respect and provide them with the growth opportunities they seek in order to have long, successful careers at YHI. The core values of YHI also specifically promote “teamwork”, “mutual respect”, “integrity & honesty”, “quality of work” and “commitment”.

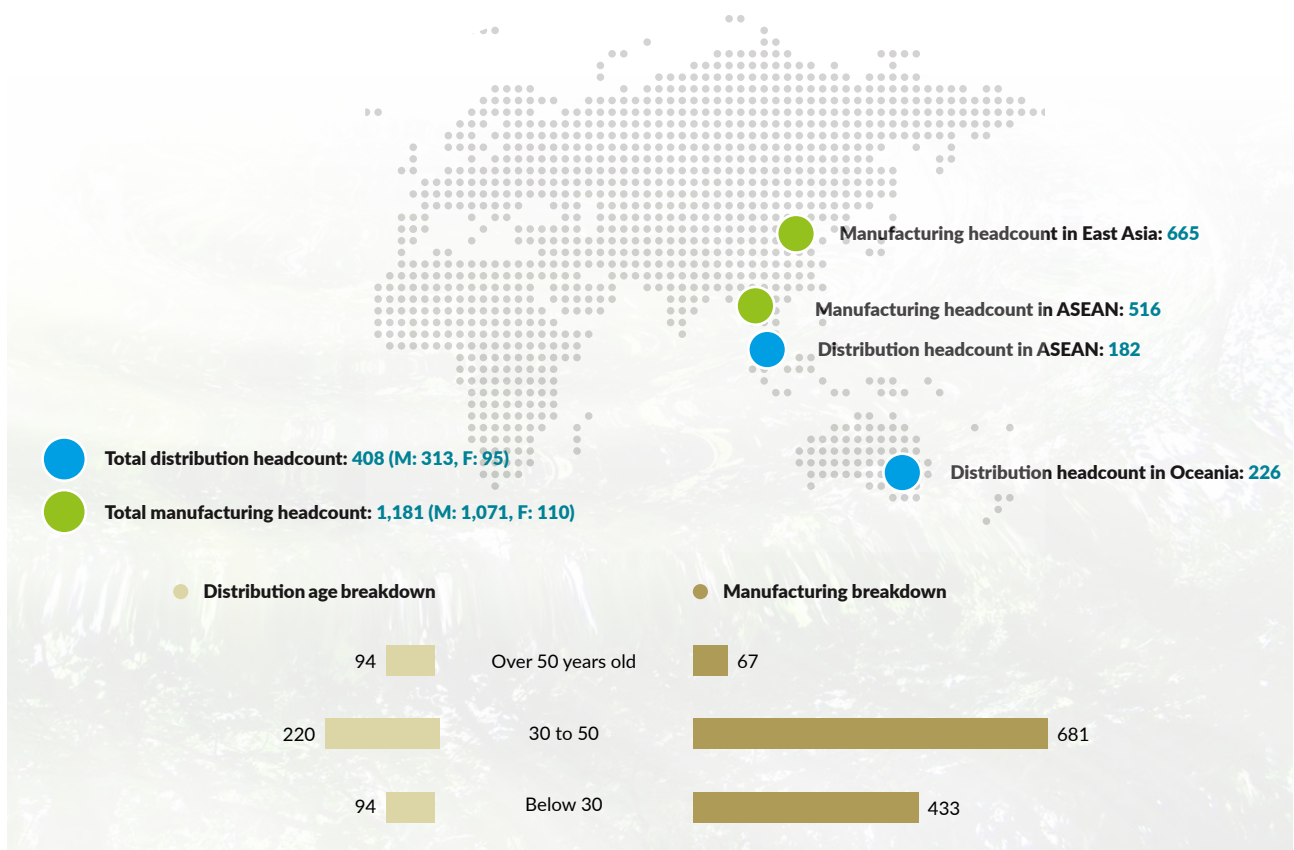
At YHI, we are committed to providing equal job opportunities in the countries we operate in, regardless of gender, age and race. We are also committed to recruiting locals or residents to run and manage the operations in our overseas subsidiaries and accordingly close to 100% of the management of our overseas subsidiaries are hired from the local communities. As a global distributor with business operations in various countries, we believe that it is important for us to be an open-minded, fair and responsible employer.

We also place emphasis on fair and equal remuneration and employee development to improve their employability. We believe these measures help us attract and retain our talent pool and prepare them for leadership roles. We also regularly benchmark against industry peers to monitor and improve our employee remuneration and benefit packages.

We promote work-life balance for our employees and encourage them to organise a variety of activities such as holiday trips and festive gatherings. The activities are open to all employees and subsidized by YHI. Some of the activities such as family days are also open to the employees’ children.

At end 2020, the total headcount of the five distribution subsidiaries was 408 and the total headcount for the three factories was 1,181. The gender, geographical location and age breakdown of the employees for each business segment are provided in **Figure 3-1(a)**. The number of our non-permanent employees is not significant and is therefore immaterial for this report.

Figure 3-1(a): Total head count of the five distribution subsidiaries and three factories at end 2020, including gender, geographical location and age breakdown

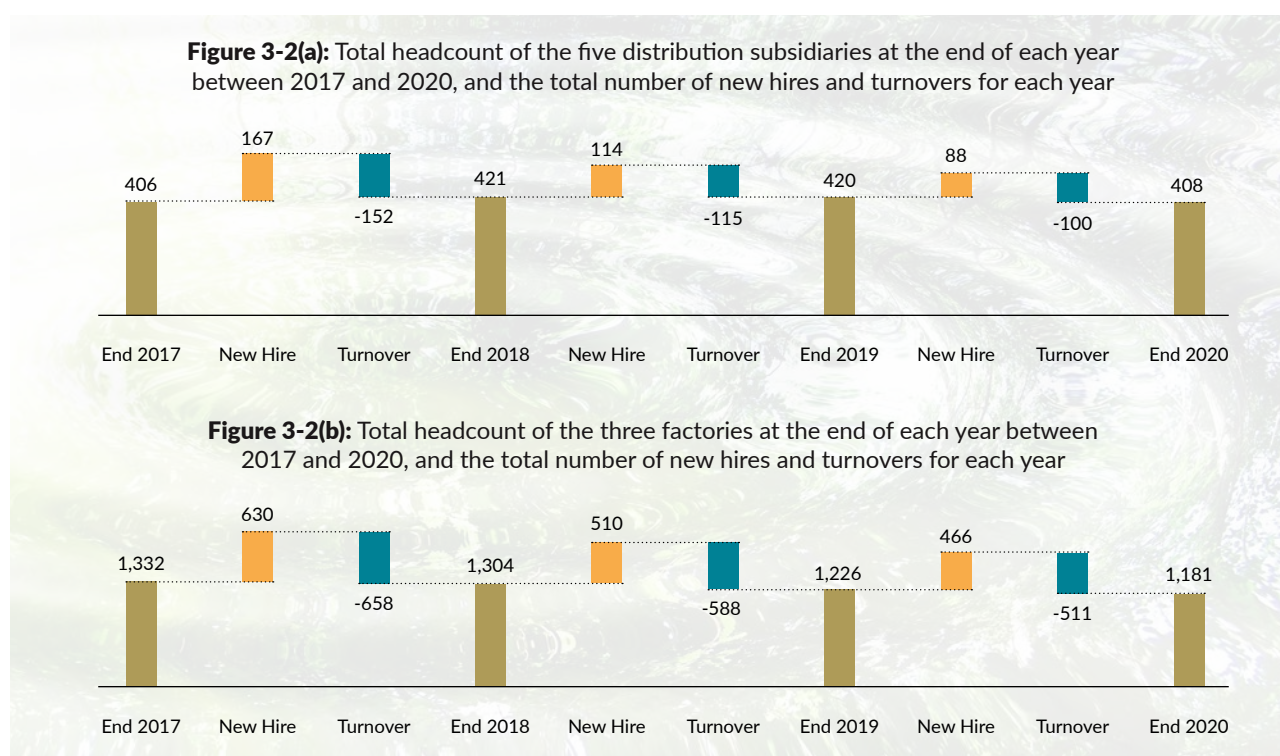


In 2020, the major distribution subsidiaries and the factories recorded a total of 88 and 466 new hires respectively, representing hire rate of 22% and 39%, whereas the distribution subsidiaries and the factories recorded a total of 100 and 511 employee turnovers, representing turnover rate of 25% and 43% respectively. New hire rate is calculated by dividing new hires with total employee headcount at year end, whereas turnover rate is calculated by dividing employee departures with the average number of employees for the year. Breakdown of new hires and employee turnovers by gender, age group and region in 2020 are provided in **Figure 3-1 (b)** below.

Figure 3-1(b): Breakdown of new hires and employee turnovers in 2020 by gender, age group and region

	New hires in 2020		Employee turnovers in 2020	
	Distribution	Manufacturing	Distribution	Manufacturing
	For new hire of 88	For new hire of 466	For turnover of 100	For turnover of 511
Breakdown by gender				
Male	74	438	79	478
Female	14	28	21	33
By age group				
Below 30	26	184	38	158
30 to 50	43	268	42	349
Over 50	19	14	20	4
By region				
ASEAN	21	93	31	124
East Asia	Na.	373	Na.	387
Oceania	67	Na.	69	Na.

The total headcount of the five distribution subsidiaries at the end of each year between 2017 and 2020 and the total number of new hires and turnovers of each year are provided in **Figure 3-2(a)**. The same information for the three factories is provided in **Figure 3-2(b)**.



For 2020 as compared with previous years:

- For distribution business, the hiring and turnover was aligned with respective distribution subsidiaries' sales revenue and business forecasts.
- For factories, the hiring and turnover of production workers was aligned with the industry norms in respective countries, labour supply conditions and business forecasts.

The hiring and turnover for both segments in 2020 were also affected by the coronavirus pandemic.

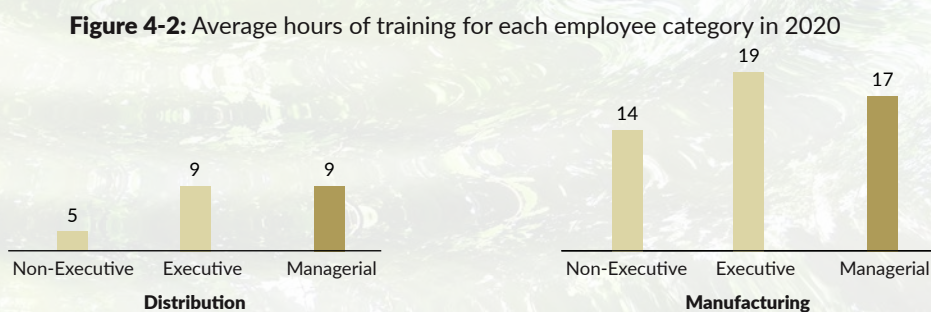
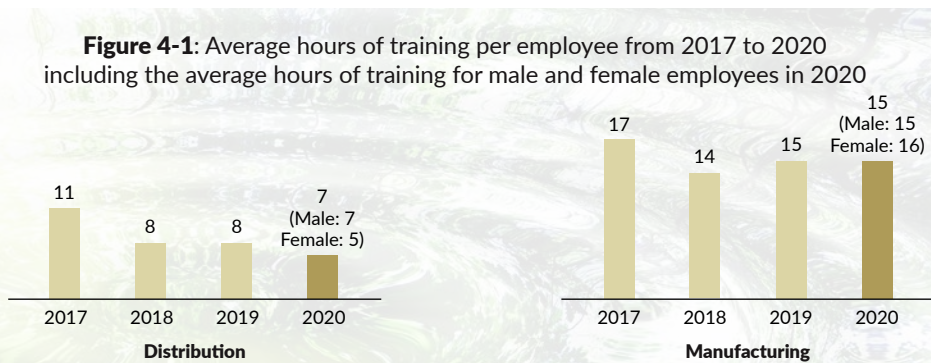
All our subsidiaries are encouraged to conduct annual employee satisfaction surveys and review the results to identify areas for improvement. It was YHI's initial goal that by 2021 the employee satisfaction survey and review will become a routine annual exercise for all subsidiaries. However, due to the pandemic and its uncertainty, the achievement timeline is changed to 2025.

EMPLOYEE TRAINING AND EDUCATION

To stay competitive, it is important to ensure that our employees are adequately trained and equipped with the knowledge and skills required by their roles. Our subsidiaries' management teams are tasked with identifying employee training needs and training schedules in accordance with operational and business development plans. Certain job functions in both the distribution and manufacturing businesses also require supervised on-the-job training.

For both the distribution and manufacturing businesses, training topics provided to employees include product and quality knowledge, machine operations, relevant ISO standards, workplace health & safety policies, sales and management skills, self-development skills, information technology, data analytics, relevant financial reporting standards and tax regulations. The trainings are either delivered by in-house personnel or external trainers. In 2020, some of the trainings were conducted virtually by the trainers.

Figure 4-1 shows the average hours of training per employee from 2017 to 2020, including the average hours of training for male and female employees in 2020. The average hours of training for each employee category in 2020 are provided in **Figure 4-2**.



For both distribution subsidiaries and factories, there were no significant changes in the average hours of training per employee in 2020 as compared with previous years.

Using 2018 as the base year, YHI has initially targeted to increase the annual average hours of training for each employee by at least 20% by 2021. However, due to the pandemic and its uncertainty, the achievement timeline is changed to 2025.

OCCUPATIONAL HEALTH AND SAFETY

We would not be able to fulfil our business obligations to customers without the hard work and dedication of our employees. We are conscious of our employees’ wellbeing and strive to ensure their safety at all times. Management teams of respective subsidiaries are also required to ensure compliance with relevant local workplace health and safety regulations.

While the specific policies developed by subsidiaries may vary in accordance with local work environment and regulations, all such policies entail workplace risks and hazard identification and the formulation of effective measures to minimise them. Following the latest reporting requirements under GRI standards on occupational health and safety, we made some changes to our reporting of data in this Report.

There were zero incidents of work-related fatalities between 2017 and 2020 for the five major distribution subsidiaries and the three factories. YHI aims to maintain zero work-related fatalities in 2021. There were also zero incidents of high-consequence work-related injuries in 2020.

The total number of recordable work-related injuries, injury rate per 200,000 scheduled man-hours and total number of man-hours between 2017 and 2020 are provided in **Figure 5-1(a)**. Total number of lost days arising from the work-related injury cases and lost day rate per 200,000 man-hours are provided in **Figure 5-1(b)**.

Figure 5-1(a): Total number of recordable work-related injuries, injury rate per 200,000 scheduled man-hours and total man-hours from 2017 to 2020

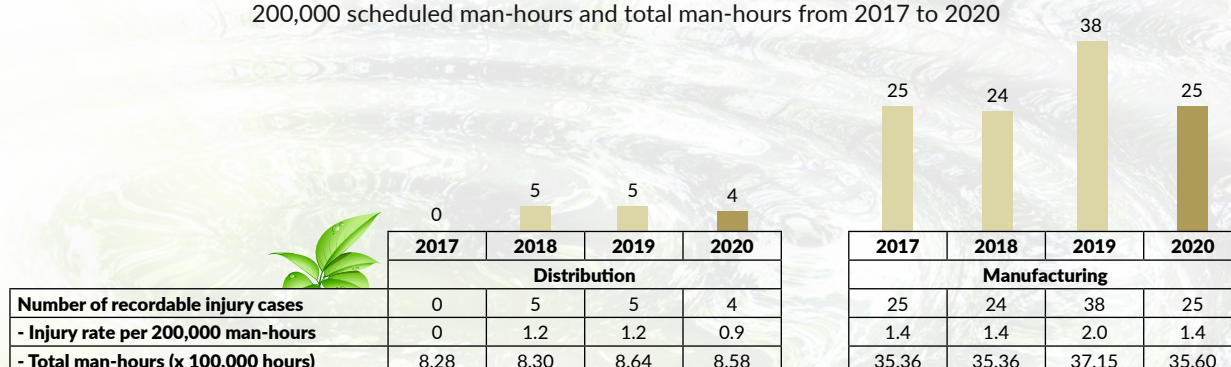
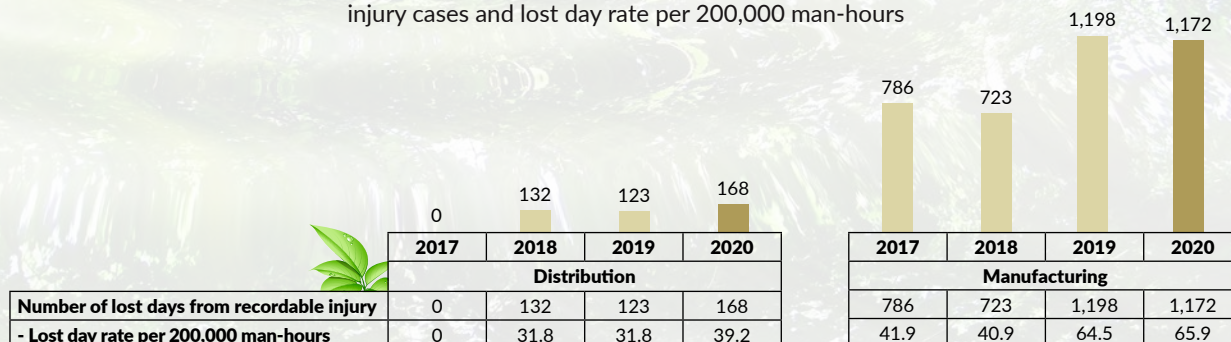


Figure 5-1(b): Total number of lost days arising from the work-related injury cases and lost day rate per 200,000 man-hours

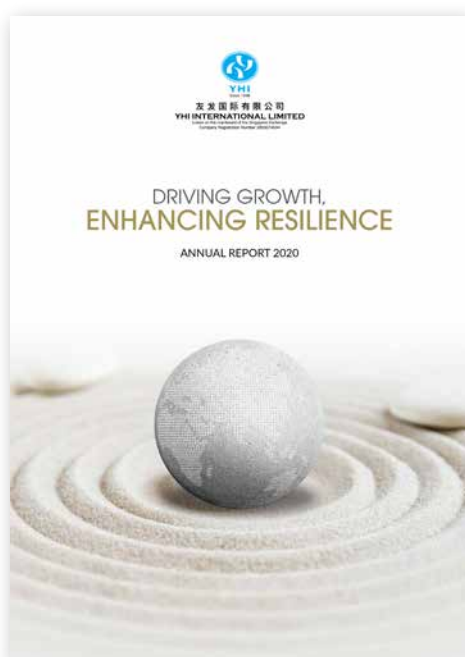


The above data is compiled by respective subsidiaries following relevant local regulatory requirements. For 2020 as compared with previous years:

- For the distribution business, the number of recordable injury cases and injury rates were on par with previous years. However, some injury cases had resulted in more lost days.
- For the manufacturing business, there was a decrease in the number of recordable injury cases and lost days.

Cuts, bruises and fractures are the common types of injuries. Lessons from the work-related accidents are shared across YHI to prevent recurrence and we will continuously work towards reducing the occurrence of workplace accidents.

MATERIAL GOVERNANCE TOPICS



ECONOMIC PERFORMANCE

The operating environment in FY2020 was the most challenging that YHI has encountered in recent memory. The COVID-19 pandemic broke out in December 2019 and progressively spread to every continent, eventually engulfing the whole world and devastating the global economy. Despite little prior experience with pandemics, we moved swiftly and decisively to implement our business continuity plans to mitigate the impact on our businesses.

We focused on strengthening our resilience in preparation for a drawn-out crisis. Fortunately, we have a “3R” strategy of reducing stock-holding, accounts receivables and operating costs in place. Our efforts to implement this strategy over the years have paid off in the form of greater resilience in times of challenging business environment and uncertainty. Thanks to the decisive pandemic measures implemented, the culture of sacrifice and esprit de corps manifested by management and staff working together in unity, YHI was able to deliver a positive performance in FY2020.

The direct economic value generated and distributed by YHI Group as a whole in 2020 and by various significant segments is provided in our Annual Report 2020. A softcopy of our Annual Report can be found on our website on www.yhigroup.com. An extract of YHI Group’s key financial indicators on business operations and return to shareholders from 2017 to 2020 from the Annual Report 2020 are provided in **Figure 6**.

Figure 6: An extract of YHI Group’s key financial indicators on business operations and return to shareholders between 2017 and 2020 from Annual Report 2020

FINANCIAL INDICATORS	2020	2019	2018	2017
Group revenue (in SGD’ million)	422.8	448.2	455.6	442.9
- Revenue from distribution (in SGD’ million)	312.2	325.8	332.3	322.4
- Revenue from manufacturing (in SGD’ million)	110.6	122.4	123.3	120.5
Operating costs (in SGD’ million)	86.5	88.4	90.9	93.9
Employee costs	51.7	53.7	56.6	53.9
Tax paid	5.7	3.4	3.7	5.7
Payments to providers of capital				
- Interest expense (in SGD’ million)	2.9	4.0	3.5	3.5
- Dividend per share	3.30 Cents	2.22 Cents	2.35 Cents	1.50 Cents

ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

We are proud of our progress from our humble beginnings as we have maintained honour and integrity at every step of the way. We strongly believe in our corporate values and constantly strive to uphold them in all business decisions and through our operations. If we were to violate them, we would risk losing the trust of our stakeholders.

Employees are given Code of Conduct handbooks upon joining. As supply chain is an integral part of YHI’s overall operations, YHI also has a Group Management Policy covering ethical conduct in purchasing and procurement. This policy outlines the responsibilities of purchasing personnel, including clear and transparent dealings with principals/suppliers, no bribery or corruption, and vetting of suppliers to be certain that they are in compliance with governing regulations.

A Group Whistle-Blowing Policy has been put in place and communicated to all employees. The Policy provides employees with clearly defined processes and channels through which they can raise their concerns or complaints regarding possible violations of the Group’s Code of Ethics and Business Conduct or suspected irregularities to the Audit Committee through the internal audit function.

There were zero incidents of anti-corruption, anti-competitive behaviour or anti-trust/monopoly practices reported between 2017 and 2020. YHI aims to maintain zero incidents in 2021.

GRI STANDARDS CONTENT INDEX

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NO.
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102-3	Location of headquarters	5
102-4	Location of operations	4-5
102-5	Ownership and legal form	3, 5
102-6	Markets served	4-5
102-7	Scale of the organisation	Refer to annual report
102-8	Information on employees and other workers	16-19
102-9	Supply chain	4-7
102-10	Significant changes to the organisation and its supply chain	No
102-11	Precautionary Principle or approach	N/A
102-12	External initiatives/charters	7
102-13	Membership of associations	7
102-14	Statement from senior decision-maker	3
102-16	Values, principles, standards, and norms of behaviour	5,9,20
102-18	Governance structure	9
102-40	List of stakeholder groups	9
102-41	Collective bargaining agreements	Nil
102-42	Identifying and selecting stakeholders	9
102-43	Approach to stakeholder engagement	9
102-44	Key topics and concerns raised	10
102-45	Entities included in the consolidated financial statements	Refer to annual report
102-46	Defining report content and topic boundaries	4,10
102-47	List of material topics	10
102-48	Restatements of information	No restatements
102-49	Changes in reporting	In 2020, YHI expanded our disclosure and reporting practices around new material topics and indicators, specifically GRI 303 and 306
102-50	Reporting period	4
102-51	Date of most recent report	30 th May 2020
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102-53	Contact point for questions regarding the report	4
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SPECIFIC DISCLOSURES		
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GRI 205 Anti-Corruption (2016)		
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GRI 305 Emissions (2016)		
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YHI
Since 1948

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