



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



SUSTAINABILITY  
REPORT  
**2025**

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## BOARD STATEMENT



The Board remains firmly committed to embedding sustainability into the Group's long-term strategy, guided by our core values of integrity, responsibility, and innovation. Sustainability is treated as a strategic priority, integral to value creation and risk management, and is overseen through robust governance structures.



Dear Stakeholders,

On behalf of the Board of Directors (the “**Board**”), we are pleased to present YHI International Limited’s (“**YHI**” or the “**Company**”), together with its subsidiaries (the “**Group**”), ninth annual Sustainability Report (the “**Report**”). This report outlines the Group’s environmental, social, and governance (“**ESG**”) performance for the financial year ended 31 December 2025 (“**FY2025**”).

The Board remains firmly committed to embedding sustainability into the Group’s long-term strategy, guided by our core values of integrity, responsibility, and innovation. Sustainability is treated as a strategic priority, integral to value creation and risk management, and is overseen through robust governance structures. We take pride in championing the integration of sustainable practices across all aspects of the Group’s business.

The Board actively considers sustainability matters in setting business direction, identifying material ESG issues, and monitoring the effectiveness of related policies and practices. Independent Directors continue to provide objective oversight and guidance to strengthen the Group’s sustainability framework.

The Group’s governance structure remains central to driving sustainability performance. With the support of Executive Management, the Audit Committee exercises

oversight of climate-related risks and strategies, ensuring that sustainability disclosures are reliable, balanced, and reflective of the Group’s performance and progress.

From an environmental perspective, while absolute emissions in the distribution segment increased slightly in FY2025, the manufacturing segment recorded a significant reduction due to the permanent closure of our productions in Suzhou and Taiwan, resulting in an overall decrease in total energy usage. Emissions intensity has also decreased, demonstrating that the Group’s growth has been achieved in tandem with improved carbon efficiency. We remain committed to enhancing energy efficiency, increasing the adoption of renewable energy, and optimising resource use across our operations.

We would like to express our sincere appreciation to our stakeholders for their continued trust, support, and collaboration. With their partnership, the Board is confident that YHI is well positioned to build a resilient, inclusive, and sustainable future for the Group and the communities in which we operate.

**Richard Tay**  
Executive Chairman & Group Managing Director

## ABOUT THIS REPORT

We are pleased to present our ninth annual Sustainability Report for the financial year from 1 January 2025 to 31 December 2025 ("FY2025" or the "reporting period"), reflecting our continued commitment to delivering timely and transparent ESG performance insights to our stakeholders.

### REPORTING SCOPE

This Report highlights the Group's sustainability policies, practices, and performance concerning our material ESG topics, covering our four major distribution subsidiaries in Singapore, Australia, and New Zealand, and all other distribution subsidiaries that are relatively smaller in business scale but having meaningful data for reporting, as well as our three factories in Malaysia, China, and Taiwan. During the year, the productions of our factories in Suzhou and Taiwan were permanently ceased while two of our smaller distribution entities were permanently closed for business. Accordingly, their FY2025 data were included in this Report up till the date of closures.

The four major distribution subsidiaries and three factories outlined below define the primary scope of this Report, representing the key operational areas of the Group in the year:

## DISTRIBUTION

### ASEAN



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

### OCEANIA



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



YHI Power Pty Ltd  
("YHI Power Australia")



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

## MANUFACTURING

### 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")

To differentiate from the four major distribution subsidiaries, the smaller subsidiaries are collectively known as the “non-major distribution subsidiaries” and they include the following:



From this year onwards, all subsidiaries with material ESG data are included in the scope of our sustainability reporting, apart from energy and emissions disclosures. We also included the emission level provided to us by our associate companies in the Report.

## SUSTAINABILITY REPORTING FRAMEWORK

This Report has been prepared with reference to the Global Reporting Initiative (“GRI”) 2021 Standards, chosen for its thorough framework to assess, monitor, and report on the Group’s economic, social, and environmental impacts. To align with GRI’s guidelines for regional segmentation of ESG performance, we have divided our distribution and manufacturing subsidiaries into four geographic regions:

- ASEAN, which includes Singapore, Malaysia, Indonesia, Thailand, Vietnam and Philippines;
- Oceania, covering Australia and New Zealand;
- North Asia, consisting of China, Hong Kong and Taiwan; and
- Others, which includes Germany and United States.

In adherence to the updated sustainability reporting requirements under the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules 711A and 711B, the Group has begun transitioning our climate-related disclosures to align with the International Financial Reporting Standards (“**IFRS**”) developed by the International Sustainability Standards Board (“**ISSB disclosures**”), which are globally accepted standards for consistent and comparable climate-related reporting.

We emphasise continual improvement in our approach to sustainability reporting. We are currently assessing our existing sustainability reporting practices and plan to establish a phased timeline for implementation in upcoming reports in order to fully align with the ISSB disclosures by FY2030, as per SGX requirements. Over the next few years, we aim to broaden our disclosures to provide more detailed information on the Group’s evolving climate strategy and performance.

## ASSURANCE

Independent external assurance has not been sought for the data presented in this Report. Instead, our internal audit team has reviewed our sustainability reporting process and performed relevant data verification work to increase stakeholder confidence in the accuracy and reliability of the sustainability information disclosed.

## AVAILABILITY AND FEEDBACK

A soft copy of this Report can be found on our website on [www.yhigroup.com](http://www.yhigroup.com). We welcome any queries or feedback in relation to this Report, at [yhigroup@yhi.com.sg](mailto:yhigroup@yhi.com.sg).

## ABOUT YHI

YHI International Limited is a leading global distributor of premium automotive and industrial products, as well as a trusted Original Design Manufacturer (“ODM”) for alloy wheels. The Group has evolved significantly since its establishment as a sole proprietorship in 1948, achieving its listing on the Mainboard of the SGX-ST on 3 July 2003, and becoming a major force in the global automotive industry.

With operations spanning over 100 countries, YHI has built a strong presence through its network of 30 subsidiaries and 4 associated companies across Asia Pacific, North America, and Europe. The Group offers a wide range of high-quality products, including tyres, alloy wheels, energy solutions, buggy and utility vehicles, and other industrial goods, catering to over 5,000 customers globally.

As a fully integrated ODM for alloy wheel manufacturing, YHI manages the entire process, from design and development to manufacturing, marketing, and distribution of alloy wheels. Up till 2025, YHI's manufacturing capabilities were based in three key facilities located in Suzhou, China; Taoyuan, Taiwan; and Malacca, Malaysia. However, as the tariffs announced by the United States of America had adversely impacted the order books of both Suzhou and Taiwan factories, their productions were ceased in the second half of 2025, and the manufacturing business is in the process of being consolidated into the Malacca factory. The consolidation is expected to be completed by the end of the first half of 2026.

### OUR MISSION STATEMENT

<b>1</b> 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.	<b>2</b> To position YHI Group effectively by continuously providing customers with quality products and distinctive customer services to build strong customer relationships.	<b>3</b> To provide growth and opportunities for our employees and to consistently generate stable returns to shareholders.	<b>4</b> To be committed to quality, professional and personnel management, sound business practices and teamwork.
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### OUR LOGO

The logo of YHI embodies the strength and unity of our diverse Group. The four wings symbolise our core stakeholders – customers, principals, employees, and shareholders – coming together through a foundation of trust and responsibility, fostering growth through hard work, dedication, and commitment. The oval shape represents the global scope of our operations, while the blue highlights our commitment to fairness and integrity in all business interactions.

### OUR CORE VALUES

To thrive in a challenging business environment, building a corporate culture that brings out the best in our employees is essential. At the heart of this effort are YHI's core values, which serve as the foundation for cultivating such a culture.



Teamwork



Mutual respect



Integrity & honesty



Quality of work



Commitment



Customer focus




Innovation



Continuous improvement























### OUR DISTRIBUTION SEGMENT


YHI offers a wide array of products sourced from leading global brands across various product categories. Our key product offerings include:



#### TYRES










We have an extensive range of tyres from passenger cars to commercial and off-the-road vehicles, to cater for different market needs. The key tyre brands we represent are Yokohama, Nankang, Pirelli and Toyo Tires.


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



#### ALLOY WHEELS




Our alloy wheels brand portfolio includes renowned brands like Enkei, OZ, Konig and our own proprietary brand, Advanti Racing.

 SINGAPORE	 JAPAN	 USA	 ITALY	 ITALY	 GERMANY	 USA
 GERMANY	 GERMANY					



#### BUGGY & UTILITY VEHICLES

Our range of environmentally friendly buggies and utility vehicles are used in golf courses, resorts, private and commercial areas and also for special events. It can be used for work, personal transportation or any general purpose mobility. We represent brands such as E-Z-GO and Cushman and our own proprietary brand, Neuton Power Electric.

 SINGAPORE	 USA	 USA
--------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------



#### ENERGY SOLUTIONS

We carry an extensive range of rechargeable batteries suitable for commercial and industrial use. These batteries are used in different industries for different applications including renewable energy. The leading brands that we represent include Trojan, CSB, Vision and our own proprietary brand, Neuton Power.

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



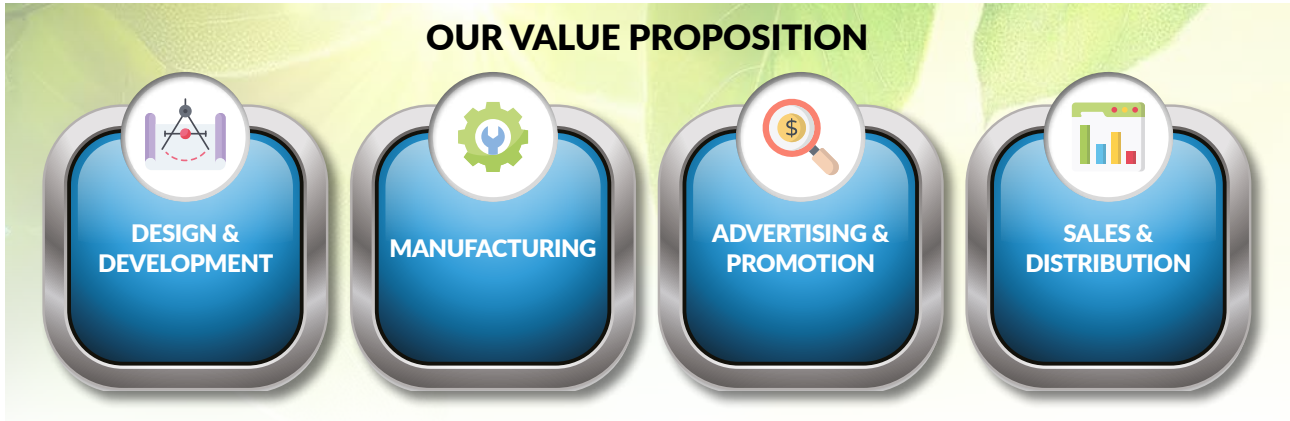
#### OTHER INDUSTRIAL PRODUCTS

We have lubricants and a wide range of industrial products such as solar panels, chargers, invertors and UPS.

 SINGAPORE	 FRANCE	 GERMANY	 CANADA	 USA	 SWEDEN	 CHINA
 UK	 GERMANY	 TAIWAN	 FINLAND	 NORWAY	 CHINA	

## OUR MANUFACTURING SEGMENT

We provide a comprehensive value proposition to our customers as an ODM, covering the entire alloy wheel supply chain. This includes everything from design and development to manufacturing, marketing, promotion, and distribution, all supported by our vast global network.



Our manufacturing plants<sup>1</sup> are equipped with cutting-edge quality control systems that comply with the stringent standards of prominent international certification bodies, including the Vehicle Inspection Association of Japan (“**VIA**”), SFI Foundation, Inc. (“**SFI**”) in the United States, and TÜV CERT (“**TÜV**”) in Germany. This ensures that we uphold the highest quality standards in the production of alloy wheels.



**YHI ADVANTI MANUFACTURING (SUZHOU) CO., LTD**

**Products:**

Alloy Wheels & Precision Moulding Sets

**Annual Production Capacity:**

1.2 million wheels + 850 set moulds



**YHI INTERNATIONAL TAIWAN CO., LTD**

**Products:**

Alloy Wheels

**Annual Production Capacity:**

0.2 million wheels



**YHI MANUFACTURING (MALAYSIA) SDN BHD**

**Products:**

Alloy Wheels

**Annual Production Capacity:**

0.84 million wheels

## AWARDS AND ACCREDITATIONS

Our dedication to maintaining strict quality management systems is evident in the key certifications we have achieved. These include the International Organisation for Standardisation (“**ISO**”) 9001:2015 and the International Automotive Task Force (“**IATF**”) 16949:2016. We had also earned the Clean Production Audit Certificate from Suzhou New District, recognising our commitment to environmental responsibility.

The health and safety of our workforce is a top priority for the Group. This commitment is demonstrated through our receipt of the BizSAFE certificate from Singapore’s Workplace Safety and Health Council (“**WSHC**”). Additionally, we had been awarded the Work Safety Standardisation Certificate by China’s State Administration of Work Safety.

We are also active members of several trade associations, including motor tyre dealer associations across multiple countries. This involvement further highlights our dedication to industry best practices and strengthens our engagement within the sector.

<sup>1</sup> Suzhou and Taiwan factories ceased productions in the second half of 2025, and the manufacturing business is being consolidated into the Malacca factory. The consolidation is expected to be completed by the end of the first half of 2026.

# SUSTAINABILITY AT YHI

## OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

At YHI, we understand that our business success is closely linked to the well-being of both the environment and the communities in which we operate. Over the years, we have made sustainability a key focus in our strategic planning and daily operations. We recognise that sustainability is critical to ensuring the Group's resilience and adaptability. Our commitment extends beyond creating long-term economic value for our stakeholders. It also involves a conscientious approach to managing the resources we use and produce in our business activities.

## SUSTAINABILITY GOVERNANCE

The responsibility for incorporating sustainability considerations into the Group's strategic planning lies with the Board of Directors. This includes overseeing key ESG factors and reviewing as well as approving the contents of this Report. In accordance with Rule 720(7) of the SGX-ST Listing Rules, all Company Directors have undergone sustainability training, ensuring they possess the knowledge to effectively address sustainability issues.

Supporting YHI's sustainability initiatives is the Enterprise Risk Management Executive Committee (the "**Committee**" or "**RMEC**"), led by the Executive Chairman and Chief Financial Officer, along with senior management. The Committee is tasked with staying updated on emerging sustainability trends and reporting requirements, ensuring that the Group's sustainability policies remain both relevant and impactful. The Executive Chairman and Chief Financial Officer provide regular updates to the Board on sustainability and climate-related risks and opportunities on behalf of the Committee.

The RMEC works closely with the Sustainability Working Group ("**SWG**"), composed of leaders from subsidiaries and designated team members. The SWG drives a sustainability-focused culture throughout the Group, manages the implementation of sustainability initiatives, and monitors the performance of each business unit in relation to the established targets.



### STAKEHOLDER ENGAGEMENT

Building strong relationships with our stakeholders is key to ensuring the Group’s long-term success. We engage with key stakeholders through various communication channels, which enables us to better understand their needs, expectations, and concerns. The insights gained from these interactions are critical to our materiality assessments and risk evaluations, allowing us to identify important factors and set strategic priorities.

Our core stakeholders, represented in our company logo, include customers, principals, employees, and shareholders. Although we do not operate in regulated industries, we also recognise regulators as an important stakeholder group. Below is a summary of our approach to stakeholder engagement:

KEY STAKEHOLDERS	ENGAGEMENT METHODS	FREQUENCY	KEY ISSUES OR CONCERNS
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Official get-together events, such as “Dealers’ Night”</li> <li>- Trade fairs and exhibitions</li> <li>- Customer visits</li> <li>- Customer satisfaction surveys</li> </ul>	Regularly throughout the year	<ul style="list-style-type: none"> <li>- Product quality</li> <li>- Product pricing</li> <li>- Customer service</li> </ul>
<b>Principals/ Suppliers</b>	<ul style="list-style-type: none"> <li>- Regular meetings and visits</li> </ul>	Quarterly	<ul style="list-style-type: none"> <li>- Sales growth</li> <li>- Market share</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>- Meetings or talks held by management</li> <li>- Appraisals and discussions</li> <li>- Employee surveys</li> </ul>	Quarterly Annually	<ul style="list-style-type: none"> <li>- Competitive remuneration</li> <li>- Career growth</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>- Corporate website</li> <li>- Financial announcements</li> <li>- Annual Report</li> <li>- Annual General Meeting</li> </ul>	Continuously Half-yearly Annually	<ul style="list-style-type: none"> <li>- Business performance and outlook</li> <li>- Financial results</li> <li>- Return on investment</li> <li>- Dividend yield and payout</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>- Regulatory notices and updates</li> <li>- Industry dialogues and site visits</li> </ul>	Ad-hoc	<ul style="list-style-type: none"> <li>- Regulatory compliance</li> <li>- Investment in societal well-being</li> </ul>









### MATERIAL ESG FACTORS

In 2017, with the support of external consultants, the Group conducted its first formal materiality assessment. This process, carried out in four key phases, helped us identify and prioritise the most critical ESG factors by examining our value chain and evaluating operational processes across both the distribution and manufacturing segments.



Key internal stakeholders were engaged through workshops and online surveys to identify the sustainability issues most pertinent to YHI. Based on their input, an initial list of potential critical ESG factors was compiled, which was then carefully assessed, ranked, and finalised. We also established the reporting boundaries by evaluating the readiness and relevance of YHI's distribution subsidiaries and manufacturing locations.

To ensure ongoing relevance, we review the material ESG factors annually, considering the inclusion of new issues. We also reassess the scope of our reporting to determine whether additional subsidiaries should be covered. For 2025, the list of material ESG factors remains consistent with that of the previous year.

MATERIAL ESG TOPICS	PERFORMANCE TARGETS	PROGRESS UPDATE
<b>Environmental Pillar</b>		
Energy Consumption and Emissions	To maintain the electricity and natural gas intensity ratio in the three years from 2025 to 2027, with 2024 as base year	 On Track
Water and Effluents	To maintain zero incidents of non-compliance with local regulations pertaining to water discharge	 Achieved
Waste Management	To maintain zero incidents of non-compliance with applicable regulations on the handling of hazardous waste	 Achieved
<b>Social Pillar</b>		
Employee Management	To roll out an employee satisfaction survey across all subsidiaries by 2025	 Achieved
Employee Training and Education	To increase the annual average hours of training for each employee by at least 20% by 2025, with 2018 as base year	 Achieved
Occupational Health and Safety	To achieve zero work-related fatalities	 Achieved
<b>Governance Pillar</b>		
Economic Performance	To deliver stable, sustainable economic growth for the business and financial returns for our shareholders	 Achieved
Anti-Corruption and Anti-Competitive Behaviour	To maintain zero incidents of anti-corruption, anti-competitive behaviour, anti-trust or monopoly practices	 Achieved

# ENVIRONMENTAL PILLAR

## ENERGY CONSUMPTION AND EMISSIONS

### Why is it Material?

Energy consumption plays a significant role in the manufacturing and distribution of automotive and industrial products. As part of our sustainability commitment, we emphasise reducing energy usage and adopting eco-friendly practices. This strategy not only reduces operational costs but also helps advance our efforts toward a more sustainable future for the planet.

### Our Management Approach

Our energy consumption is mainly influenced by the activities in our distribution offices, warehouses, and factories. Distribution offices and warehouses predominantly rely on electricity, whereas our factories use a mix of electricity and natural gas. Energy usage varies according to operational changes such as warehouse space, production volumes, and shipping requirements. These fluctuations, along with shifts in the Group's operational needs, can affect overall energy consumption patterns.

To address this, we have introduced various initiatives aimed at improving energy efficiency and reducing consumption across our operations:

- In our factories, the production team closely monitors energy consumption, identifies any irregularities, and ensures corrective actions are implemented. For instance, at our Suzhou factory, we repurposed waste heat from air compressors used in the casting process to heat water for washing and painting alloy wheels, which had led to a significant reduction in natural gas usage and emissions.
- In our offices and warehouses, we have put energy-saving measures in place, such as mandatory shutdowns of lights and air conditioning after working hours. We emphasise individual workspace lighting instead of central systems to reduce waste and have transitioned to energy-efficient LED lighting. Furthermore, motion sensors and light control switches have been installed to optimise electricity use. YHI Singapore had also installed a solar energy system to generate clean solar energy.

As for our fleet of vehicles, which includes delivery trucks, forklifts, and company cars, most of them run on diesel and petrol. We also operate electric vehicles, along with some powered by biodiesel, propane, or compressed natural gas.



## Our Performance<sup>2</sup>

### Electricity and gas consumption

The total amount of electricity and natural gas consumed by the major and non-major distribution subsidiaries, and the three factories between 2023 and 2025, as well as their respective energy intensity ratios<sup>3</sup>, are as follows:



In 2025, the major distribution subsidiaries consumed same level of electricity as 2024 and due to higher sales turnover achieved in the year, the electricity intensity ratio reduced slightly compared to 2024. The non-major distribution subsidiaries also registered a drop in the electricity consumption compared to 2024 as some subsidiaries moved to new office and warehouse space while some were permanently closed for business. Accordingly, the electricity intensity ratio for non-major subsidiaries also reduced slightly in the year.

Meanwhile, our manufacturing segment recorded a significant reduction in the electricity and gas consumption as well as energy intensity ratio in 2025 due to the closures of manufacturing business in Suzhou and Taiwan in the year. The reduction was in part offset by the surge in Malacca factory's energy consumption as the factory ramped up its production capacity.

<sup>2</sup> All energy consumption figures for 2023 and 2024 have been restated to GJ in accordance with ISSB reporting requirements. Energy conversion factors have been taken from the UK DEFRA Conversion Factors 2025 v1.0

<sup>3</sup> The energy intensity ratio was computed with the distribution and manufacturing segment's sales (SGD1,000) as the denominator.

### Fuel consumption

Since 2022, we have been tracking fuel consumption by motor vehicles owned or leased by our major subsidiaries. In 2023, we expanded this effort to include non-major distribution subsidiaries, and we also considered the fuel consumption of employees' motor vehicles used for YHI business, where costs are borne by us.

The table below show the amount of diesel, motor gasoline and biodiesel consumed between 2023 and 2025:

Segment	Fuel Type (in GJ)	2023	2024	2025
<b>Major Distribution</b>	Diesel	19,336	20,467	21,019
	Motor Gasoline	1,441	1,449	1,492
	Biodiesel & Others	N.A.	N.A.	N.A.
<b>Non-Major Distribution</b>	Diesel	3,780	4,359	4,285
	Motor Gasoline	4,015	4,359	4,881
	Biodiesel & Others	740	755	808
<b>Manufacturing</b>	Diesel	3,024	3,415	2,990
	Motor Gasoline	641	696	670
	Biodiesel & Others	N.A.	N.A.	N.A.
<b>Total energy consumption</b>		<b>32,977 GJ</b>	<b>35,500 GJ</b>	<b>36,145 GJ</b>

Our major subsidiaries recorded a slight rise in the fuel consumption level in 2025 compared to 2024 primarily due to the expansion of sales activities. Whereas our manufacturing segment recorded a drop in fuel consumption following the closures of the Suzhou and Taiwan factories for productions.

### Greenhouse gas emissions<sup>4</sup>

Using the above electricity, natural gas and fuel consumption data, the greenhouse gas ("GHG") emissions<sup>5</sup> generated by the Group from 2023 to 2025 are shown as follows:

#### GHG emissions of consolidated accounting group in tCO<sub>2</sub>e

Year	Segment	Scope 1 Stationary Combustion	Scope 1 Mobile Combustion	Scope 2 Purchased Electricity (Location-based method)	Scope 2 Purchased Electricity (Market-based method)
<b>2023</b>	Distribution	N.A.	2,113	618	618
	Manufacturing	18,189	270	17,193	17,193
	Total GHG	38,383 tCO <sub>2</sub> e			
	Intensity Ratio	0.10 tCO <sub>2</sub> e per SGD1,000 Sales			
<b>2024</b>	Distribution	N.A.	2,265	667	661
	Manufacturing	21,391	303	20,486	20,486
	Total GHG <sup>6</sup>	45,106 tCO <sub>2</sub> e			
	Intensity Ratio	0.11 tCO <sub>2</sub> e per SGD1,000 Sales			
<b>2025</b>	Distribution	N.A.	2,339	622	634
	Manufacturing	15,589	270	16,545	16,545
	Total GHG	35,377 tCO <sub>2</sub> e			
	Intensity Ratio	0.09 tCO <sub>2</sub> e per SGD1,000 Sales			

The total Scope 1 and Scope 2 GHG emissions for 2025 was lower than 2024 primarily due to the closures of the Suzhou and Taiwan factories while there were no major changes to our distribution segment's emission level. This had also led to a marginal decrease in the overall emissions intensity.

<sup>4</sup> Scope 1 and 2 emissions for 2023 and 2024 have been restated to reflect updated emissions factors

<sup>5</sup> Scope 1 emissions factors were taken from the United Kingdom Department for Energy Security and Net Zero: Greenhouse gas reporting: conversion factors 2024 <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024>  
Scope 2 emissions factors can be found in the appendix

<sup>6</sup> Total GHG emissions were calculated using market-based scope 2 emissions to better reflect YHI's electricity procurement choices and the environmental impact of its contracted energy sources

Additionally, YHI has three associate companies that are material to the Group and no other investees. One associate was incorporated towards the end of FY2025 and, as such, is not yet ready for sustainability reporting.

While YHI has no operational control over the associate companies and they are also not subject to similar emission data capturing requirements in their jurisdictions at this juncture, they voluntarily provide us their Scope 2 GHG emissions in 2025 which is set out below:

#### GHG emissions of other investees<sup>7</sup> in tCO<sub>2</sub>e

Year	Scope 2 emissions (Location-based method)	Scope 2 emissions (Market-based method)
2025	1,406	1,406

We will continue to report our associate companies' emission data, subject to data availability.

YHI is committed to enhancing energy efficiency and reducing consumption levels. We understand the need to set measurable targets, and we consistently monitor energy usage across our subsidiaries. Using FY2024 as the base year, we commit to keeping the electricity and natural gas intensity ratio at the same level in the coming years till 2027.

While we are on track to meet the target we anticipate the following challenges in maintaining the energy intensity ratio in years to come:

- Internal factors: Our distribution subsidiaries include both mature and expanding businesses. While energy consumption remains stable in mature entities, growing distribution businesses are expected to experience increased energy use as they scale up. In our manufacturing segment, energy intensity will be impacted by consolidation of production business, the age of machinery and the size and design of the wheels produced.
- External factors: Several extreme external challenges in recent years, such as trade disputes, import tariffs, the COVID-19 pandemic, and geopolitical tensions—including the war in Ukraine and in the Middle East—have severely impacted global trade, supply chains, and business operations. These factors have compounded the difficulty of managing energy consumption and efficiency.

Despite the challenges, we believe we can achieve the target through the concerted efforts of our management and frontline staff.

We do not set quantitative targets for our fuel consumption as we run fleets of motor vehicles in different countries and regions, and we also bear the fuel costs for some of our employees' motor vehicles. The past years data had shown that the emissions arising from our fuel consumption were significantly less than the emissions attributable to our electricity and natural gas usage. Nevertheless, we commit to maintaining fuel efficiency, and we will continue to identify ways to optimise the fuel consumption level.

## WATER AND EFFLUENTS

### Why is it Material?

Global water shortages are becoming a growing concern, driven by environmental pollution and changing precipitation patterns due to climate change. This highlights the urgent need for responsible water usage and effluent management to ensure sustainability in resource management. Water is a key component in the production processes at our manufacturing plants, making effective water management practices essential.

On the other hand, water consumption and discharge in our distribution business are low. As a result, water and effluent management is considered a material issue primarily for our manufacturing segment. This focus demonstrates our commitment to addressing water-related challenges where they have the most significant impact.

<sup>7</sup> This year, we have only managed to capture scope 2 data for two associate companies. We are actively working with our other investees to capture their emissions data and aim to disclose their emissions in future reports.

**Our Management Approach**

We are committed to reducing our manufacturing business’s water consumption and effluent generation. This commitment aligns with the principles of reducing, reusing, and recycling.

Each facility has designated personnel who monitor water usage and they report the data to management every month. If any significant changes in water consumption are observed, the responsible individuals investigate the causes. They also propose corrective actions. Additionally, they ensure senior management is informed of any updates to environmental regulations and water quality standards to maintain compliance.

Several water-saving measures have been implemented at factories:

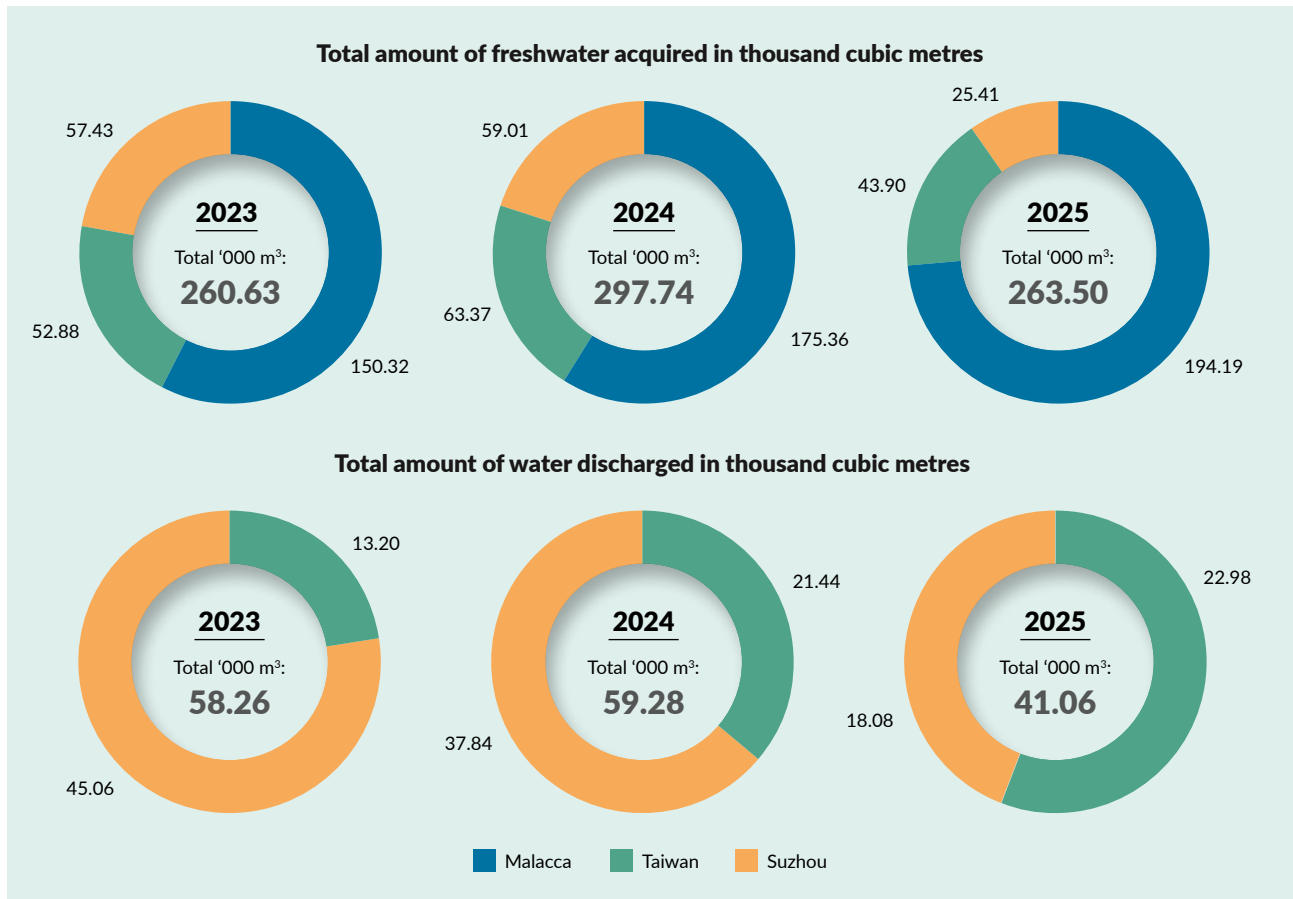
- The Malacca facility recycles and reuses all wastewater through chemical treatment.
- The Suzhou plant optimised wastewater recycling and reuse in compliance with local regulations. The regulations included wastewater discharge limits.
- The Taiwan factory extracted groundwater for use to reduce reliance on local water supplies. The extraction process was regularly inspected by local authorities.

We also work to minimise direct wastewater discharge into local water sources, following regulatory guidelines:

- In Suzhou, wastewater was directed to an external treatment facility under the management of local authorities.
- In Taiwan, wastewater was chemically treated before being released into the public sewer system.

**Our Performance**

The following figures depict the total amount of freshwater acquired, and the amount of water discharged by our three factories in Malacca, Suzhou, and Taiwan.



In 2025 our three factories acquired freshwater from local water companies while Taiwan factory also extracted groundwater for use. As it was closed during the year, Taiwan factory only extracted 16,119 cubic metres of groundwater compared to 26,539 cubic metres in 2024.

- For freshwater acquisition, following the closures of Suzhou and Taiwan factories for productions the manufacturing segment recorded a decrease in freshwater consumption in 2025.
- For wastewater discharge, in line with reduced freshwater acquisition and production activities the manufacturing segment recorded a decrease in the discharge level in 2025.

In 2025, we maintained full compliance with all relevant environmental regulations pertaining to the quantity and quality of effluent discharge. We are committed to upholding this record of compliance, demonstrating our dedication to responsible environmental practices.

## WASTE MANAGEMENT

### Why is it Material?

Waste management is an important consideration in our operations, especially due to the large volume of waste generated at our manufacturing facilities during production. This waste volume is mainly influenced by the production activities, the specific product designs, and the disposal limits set by regulatory authorities. The waste includes aluminium dross, sludge, paint waste, coolant waste, and packaging materials that cannot be reused.

On the other hand, our distribution activities generate significantly less waste. However, our distribution subsidiaries will assist some customers with the disposal of used tyres and batteries when requested. YHI Singapore which also provides repair services for commercial trucks and passenger cars is the main contributor to the disposals of used tyres and batteries. This underscores the need for effective waste management practices, ensuring compliance with regulations, reducing environmental impact, and promoting sustainability in our business operations.

### Our Management Approach

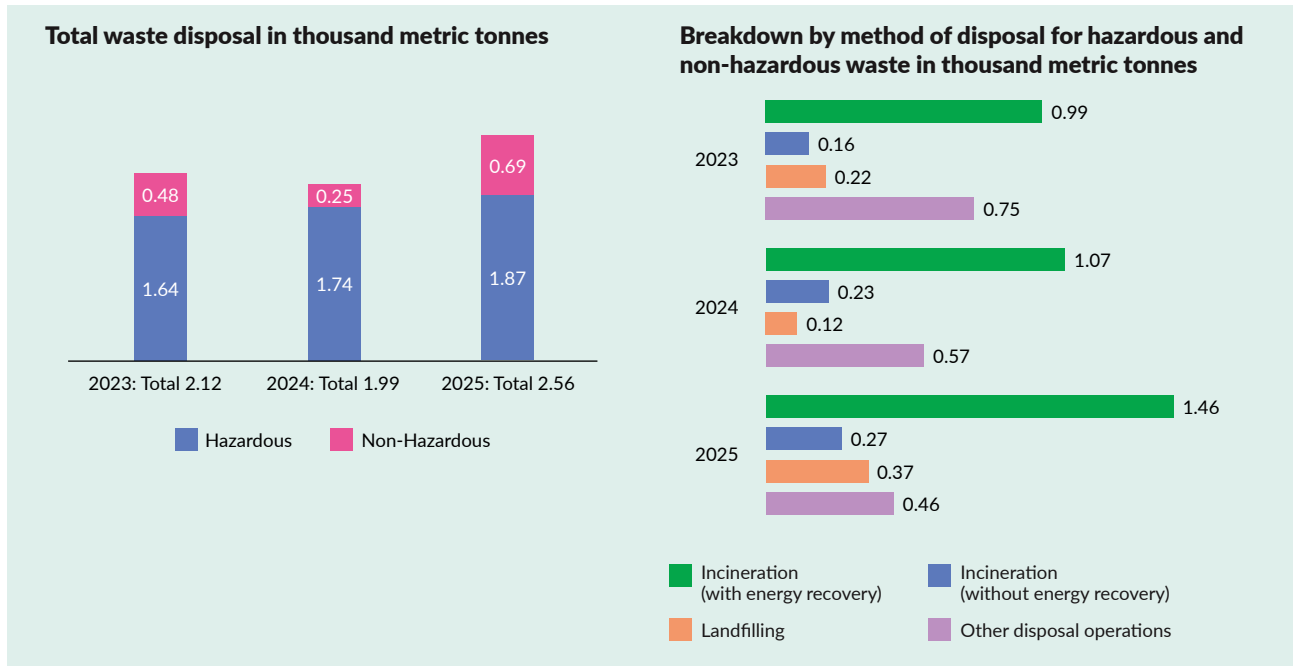
In our manufacturing operations, we focus on minimising waste through specific initiatives that emphasise reducing, reusing, and recycling materials:

- We carefully monitor aluminium usage as well as the scrap produced during the alloy wheel manufacturing process. This scrap is collected and assessed for potential reuse, helping reduce overall waste.
- To limit packaging waste, particularly from wooden and plastic pallets, we purchase only the amount necessary based on usage forecasts. These pallets are reused as much as possible until they can no longer be repaired or recycled.
- Additionally, some of our factories recycle scrap metals by sending them to external contractors, who repurpose them into storage racks and shelves, which are then reused in our own operations.

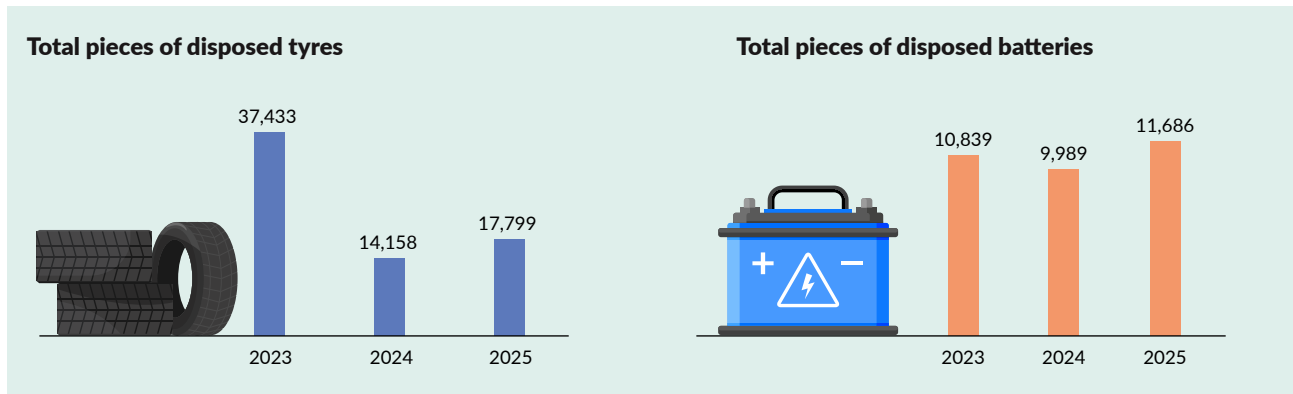
As for our distribution segment, the subsidiaries which assist customers with the disposal of used tyres and batteries have assigned designated staff members to keep track of the used tyres and batteries received by us from customers and disposed of to waste collectors. The staff members are tasked to ensure the waste collectors are licensed by local authorities and the relevant regulatory requirements on waste management are complied.

**OUR PERFORMANCE**

The total hazardous and non-hazardous waste disposed of by the three factories, managed by external waste disposal services, along with more information on the waste disposal practices, is detailed below:



The numbers of used tyres and batteries disposed of by our major distribution subsidiaries in 2023 and 2024, and by the distribution segment as a whole in 2025 are as follows:



In 2025, our manufacturing segment saw an increase in total waste disposal as both Suzhou and Taiwan factories ceased productions and cleaned out their factory floors, offices and warehouses.

For our distribution business, we have included our non-major distribution subsidiaries in our 2025 reporting, and records showed that they disposed fewer tyres and batteries compared to the major distribution subsidiaries. Also, as highlighted in our previous year report that in line with relevant local regulatory reporting requirements, from 2024 onwards we will not include the used tyres disposed directly from our customers' premises in our reports, therefore, there was a substantial drop in the number of disposed tyres in 2024 and 2025 compared to 2023.

Since the number of waste batteries and tyres requiring disposal is directly influenced by customer needs, our focus remains on ensuring strict compliance with all relevant waste disposal regulations.

Throughout the year, we maintained adherence to environmental regulations governing hazardous waste management, with no recorded instances of non-compliance. We remain committed to sustaining this standard in the years ahead.

# SOCIAL PILLAR

## EMPLOYEE MANAGEMENT

### Why is it Material?

The success of our business hinges on the contributions of our employees. Their commitment is vital to achieving our economic objectives, expanding our operations, and furthering our sustainability goals. We are dedicated to cultivating a workplace culture that fosters creativity, teamwork, and innovation, ensuring employees have the support and opportunities to grow both professionally and personally. By prioritising respect and kindness, we are committed to providing the resources necessary for their ongoing development.

### Our Management Approach

YHI is committed to providing equal employment opportunities to everyone, irrespective of gender, age, ethnicity, cultural background, or religious beliefs. We highly value hiring local talent who possess a deep understanding of the local market. It is with pride that we report nearly all management positions across our international subsidiaries are occupied by members of the local community.

In recent years, we have placed greater importance on offering competitive salaries and benefits to attract and retain top talent. To ensure our compensation policies remain fair and competitive, we conduct regular assessments against industry standards, continually working to improve our remuneration strategies.

In addition, we understand the importance of maintaining a healthy work-life balance. To foster this, we encourage employee participation in team-building activities, such as holiday outings and celebratory events, which YHI financially supports. Some of our subsidiaries also provide volunteer leave to employees to participate in social work. These initiatives help enhance team cohesion, job satisfaction, and productivity. We have also established grievance policies and procedures, ensuring that employees have a safe and confidential space to raise concerns without fear of retaliation.

### Our Performance<sup>8</sup>

We have included our non-major distribution subsidiaries in the performance reporting for 2025 and at the close of the reporting period, the distribution segment collectively employed 633 individuals. The manufacturing segment had a workforce of 600 employees after the closures of the Suzhou and Taiwan factories. The number of temporary, part-time employees is insignificant and thus considered immaterial for disclosure in this Report.

In 2025, YHI's distribution segment recorded 95 new hires across its major distribution subsidiaries, translating to a new hire rate<sup>9</sup> of 24% (2024: 28%). A further 43 employees were onboarded across the Group's non-major distribution subsidiaries, representing a new hire rate of 18%. In total, the distribution segment added 138 new employees, resulting in an overall new hire rate of 22%.

During the same period, the distribution segment recorded 101 resignations from major distribution subsidiaries and 27 from non-major subsidiaries, corresponding to turnover rates<sup>10</sup> of 26% (2024: 22%) and 11%, respectively. Overall, this amounted to 128 resignations and an aggregate turnover rate of 21% for the distribution segment.

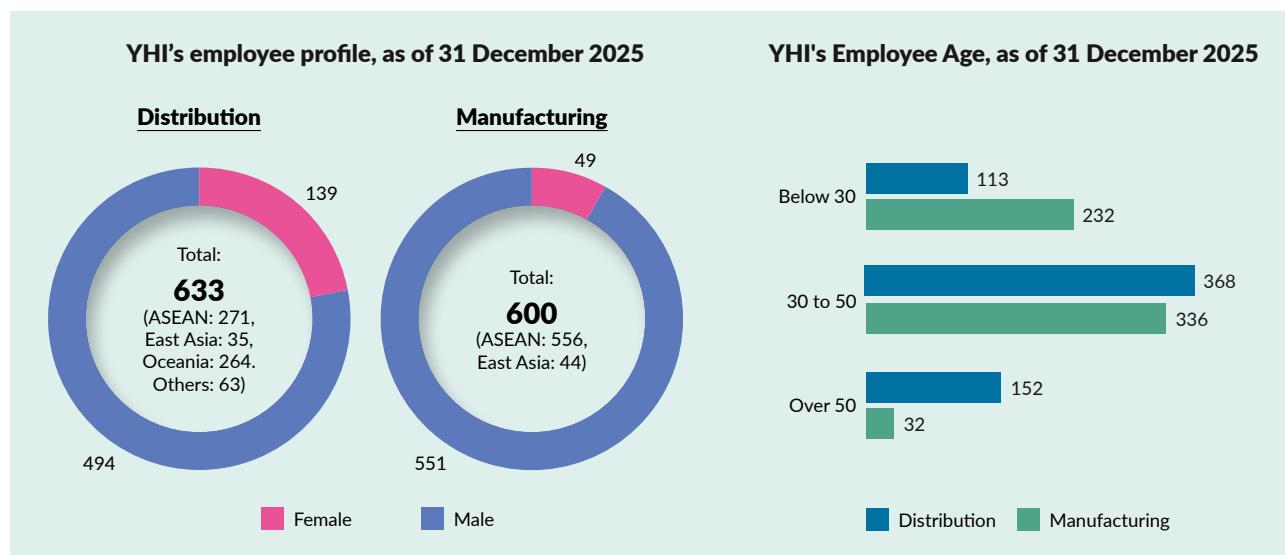
The manufacturing business recorded a total of 84 new hires following Malacca factory's ramp-up of production and 463 departures as both Suzhou and Taiwan factories ceased their production business. The new hire rate and employee turnover rate was 9% (2024: 31%) and 47% (2024: 32%) respectively.

<sup>8</sup> FY2024 new hire and turnover rates have been restated due to a change in formula

<sup>9</sup> New hire rate = Total new hires/total employees at the end of the previous reporting period

<sup>10</sup> Turnover rate = total resignees/total employees at the end of the previous reporting period

The breakdown of new hires and employee turnover by gender, age group and region are as follows:



#### New hires and turnover<sup>11</sup>

Year	2025				2024			
	New Hires		Employee Turnover		New Hires		Employee Turnover	
Category	D	M	D	M	D	M	D	M
<b>D: Distribution</b> <b>M: Manufacturing</b>								
<b>By Gender</b>								
Male	112	82	98	404	89	278	73	287
Female	26	2	30	59	14	30	9	36
<b>By Age Group</b>								
Below 30	46	39	48	54	46	125	46	122
30 to 50	63	35	51	321	33	161	26	184
Over 50	29	10	29	88	22	22	10	17
<b>By Region</b>								
ASEAN	41	84	42	57	23	141	22	98
East Asia	3	N.A.	5	406	N.A.	167	N.A.	225
Oceania	80	N.A.	78	N.A.	80	N.A.	60	N.A.
Others	14	N.A.	3	N.A.	N.A.			
<b>Total</b>	<b>138</b>	<b>84</b>	<b>128</b>	<b>463</b>	<b>103</b>	<b>308</b>	<b>82</b>	<b>323</b>

<sup>11</sup> 2024 employee figures do not include non-major distribution subsidiaries

In 2025, the total number of employees from our key distribution subsidiaries remained stable with new hires modestly outweighing employee departures. Our operations continued to show a net increase in their headcounts in 2025, in line with the expansions in sales activities. As 2025 is the first year in which data from non-major subsidiaries is included, a definitive trend across the wider Group has yet to be established.

However, our manufacturing segment experienced a significant net decrease in headcount compared to the previous year, primarily due to workforce reductions at the Suzhou and Taiwan factories. This was partially offset by Malacca factory's increased workforce as it ramped up production activities. This adjustment reflects the ongoing challenges within the business landscape in China and the shift of global supply chains to other countries.

Despite these changes, we remain committed to workforce stability and strategic talent management across all our operations.

We encourage each of our subsidiaries to conduct an employee satisfaction survey to identify potential areas for improvement we achieved our target that as of end 2025 all our subsidiaries had performed at least one employee satisfaction survey in the last few years while some had performed more than once. Our next target is for all our subsidiaries to perform at least one employee satisfaction survey between 2026 and 2030.

#### PHOTO GALLERY – SOME EMPLOYEE ACTIVITIES IN 2025



YHI Singapore's employee holiday trip to Phuket (left) and YHI Power Australia's Christmas party (right)

## EMPLOYEE TRAINING AND EDUCATION

### Why is it Material?

We prioritise continuous development opportunities for our employees, enabling them to gain new skills and progress in their careers. To remain competitive in the market, equipping our employees with the necessary skills to thrive in their roles is essential. Through investing in their growth, we also secure a sustainable future for our business.

### Our Management Approach

The management teams at our subsidiaries are tasked with assessing employees' training and development needs, then creating tailored training plans to support both operational and business growth. In addition to role-specific on-the-job training, we provide a variety of educational opportunities across several areas. These include product and quality knowledge, machine operation, ISO certifications, workplace health and safety, leadership and sales skills, personal development, IT, data analytics, financial reporting, and tax compliance. The training is delivered either by our internal staff members or external experts.

### Our Performance

Our goal is to boost the annual average training hours per employee in our major subsidiaries and manufacturing segment by at least 20% compared to the 2018 average, with a target date of 2025. We consistently made progress toward this objective and achieved the target ahead of timeline.

We have included our non-major distribution subsidiaries in the performance reporting for 2025. However, as both Suzhou factory and Taiwan factory were closed in the year, we did not consider their employee training hours in our computation. Nevertheless, the manufacturing segment achieved same level of average training hours as 2024 because the Malacca factory continues to ensure that the employees are equipped with the necessary knowledge and skills for work.

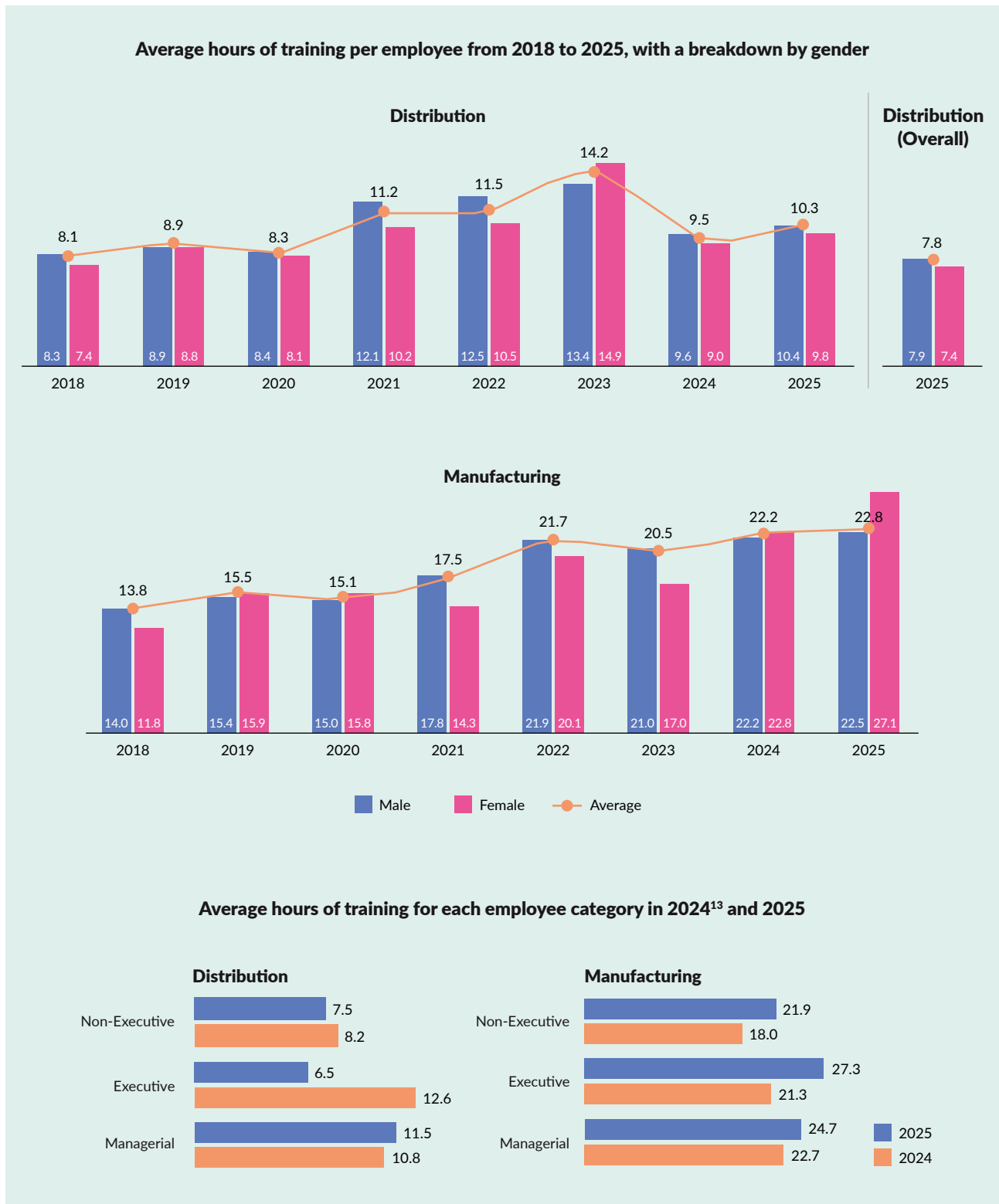
In view of the challenging and uncertain global business landscape and outlook, both the distribution and manufacturing segment target to maintain the average employee training hours achieved in 2025 in years to come till 2030.

## PHOTO GALLERY – SOME TRAINING ACTIVITIES IN 2025



First aid, CPR and AED training (left) and reach truck training (right) attended by warehouse employees

The following charts illustrate the average training hours per employee, categorised by gender and employee category, from 2018 to 2025.<sup>12</sup>



<sup>12</sup> There are no comparative figures available for the overall distribution segment as training data for the non-major distribution subsidiaries has only been captured from 2025.

<sup>13</sup> Distribution segment's average training hours for 2024 do not consider the performance of the non-major distribution subsidiaries.

## OCCUPATIONAL HEALTH AND SAFETY

### Why is it Material?

A core element of our sustainability strategy is prioritising a safe and healthy workplace. The well-being of our employees remains our top priority, and we are fully committed to occupational health and safety ("OH&S") across all aspects of our operations. To ensure this, we regularly assess and strengthen our safety protocols, creating a work environment that supports both the physical and mental health of our team members.

### Our Management Approach

Given the varied locations of YHI's subsidiaries, each subject to unique legislative requirements, we have established a unified framework of principles to guide our OH&S management system. These principles include:

1. Actively identifying and mitigating safety hazards and health risks associated with our operations;
2. Providing employees with the necessary training and resources to perform their roles safely and effectively;
3. Monitoring OH&S performance by recording, analysing, and reporting safety incidents to the appropriate authorities.

To support these efforts, each site appoints safety officers responsible for overseeing health and safety matters. First-aid kits are strategically placed to ensure they are easily accessible and visible. Furthermore, all employees are supplied with the necessary personal protective equipment, and they are required to attend regular safety trainings.

Local management teams at each subsidiary are tasked with ensuring compliance with workplace health and safety laws specific to their region. They are also responsible for creating and implementing OH&S policies suited to their operational environment and ensuring that workers are protected against reprisals when highlighting safety concerns.

In the case of work-related accidents, a detailed investigation is conducted to uncover the root cause, corrective actions are implemented, and insights are shared across YHI's business units to prevent recurrence.

### Our Performance

There was no surge in the number of recordable injuries in 2025 for distribution segment compared to 2024 despite including our non-major distribution subsidiaries in the performance reporting.

Meanwhile, our manufacturing segment recorded a decrease in the number of injuries while the lost day rate increased due to higher lost days and lower man-hours following the closures of factories. The main types of work-related injuries were muscle sprains and finger cuts or fractures and most of them were sustained during the closures and consolidation of factories. Following thorough investigations and root cause analyses, corrective measures were implemented to enhance workplace safety.

We remain steadfast in our commitment to preventing accidents, injuries, and occupational illnesses. Our proactive approach to workplace safety is reflected in our continuous efforts to minimise hazards and strengthen preventive measures. We are dedicated to further reducing workplace accidents while upholding our record of zero work-related fatalities.

	Distribution			Manufacturing		
	2023	2024	2025 <sup>14</sup>	2023	2024	2025
<b>Number of recordable injury cases</b>	5	12	11	15	16	13
<b>Number of high-consequence work injury</b>	1	1	2	0	0	0
<b>Number of work-related fatalities</b>	0	0	0	0	0	0
<b>Total man-hours worked (x 100,000 hours)</b>	7.75	7.74	12.38	27.74	31.23	24.05
<b>Injury rate<sup>15</sup></b>	1.3	3.1	1.8	1.1	1.0	1.1
<b>Total number of lost days</b>	55	312	489	470	759	1,352
<b>Lost day rate per 200,000 man-hours</b>	23.1	76.0	79.0	33.9	48.6	112.4

<sup>14</sup> Distribution segment's performance for 2025 covers both major and non-major subsidiaries

<sup>15</sup> Injury rate = Total number of work-related injuries/Number of hours worked x 200,000

# GOVERNANCE PILLAR

## ECONOMIC PERFORMANCE

### Why is it material?

As a publicly listed company on the SGX-ST, we are dedicated to maintaining financial stability while continually increasing shareholder value through sustainable economic growth. Our commitment also encompasses delivering value to other stakeholders such as customers, employees, and suppliers. We also thoroughly evaluate how our business activities influence the broader economy, society, and environment.

### Our management approach

YHI employs targeted strategies across its operations to enhance efficiency, expand offerings, and maintain a competitive edge in the market. Across the Group, we employ a '3R' strategy aimed at reducing inventory levels, accounts receivable, and operational costs. This strategy has been instrumental in strengthening our financial stability, allowing us to adapt effectively to periods of uncertainty and challenging market conditions.

In the distribution segment, YHI continually broadens its product portfolio by adhering to the '3M' strategy—'Multi-product,' 'Multi-brand,' and 'Multi-category.' By keeping a close watch on global economic developments and local market trends, we ensure the introduction of products that align with market requirements.

On the manufacturing side, YHI capitalises on its diversified ODM operations, and its investments in research and development have led to the creation of proprietary manufacturing technologies, solidifying YHI's reputation as a top producer of premium aftermarket alloy wheels.

### Our performance

Despite the challenging global trade environment in 2025 the distribution segment continued to be the main growth driver, and it achieved a notable revenue increase. The manufacturing segment, however, registered a drop in revenue as Suzhou and Taiwan factories ceased productions in the second half of 2025 and the manufacturing business is consolidated into the Malacca factory. YHI is cautiously optimistic about the outlook in 2026 following the consolidation and restructuring exercise.

Key Economic Performance Indicators	2025	2024	2023
<b>Direct Economic Value Generated</b>			
Group revenue (in SGD' million)	393.3	406.6	376.9
Revenue from distribution (in SGD' million)	331.8	329.6	297.7
Revenue from manufacturing (in SGD' million)	61.5	77.0	79.2
<b>Economic Value Distributed</b>			
Operating costs (in SGD' million)	93.2	94.9	86.1
Employee costs (in SGD' million)	60.1	57.8	51.8
Tax paid (in SGD' million)	5.3	4.8	4.9
Payments to providers of capital	-	-	-
Interest expense (in SGD' million)	3.5	3.2	3.3
Dividends per share (in SGD cents)	1.72	2.30	3.15
Economic Value Retained <sup>16</sup>	<b>231.2</b>	<b>245.9</b>	<b>230.8</b>

For more details on the direct economic value generated and distributed by YHI in 2025, please refer to our Annual Report ("AR") 2025, which can be found at our website on [www.yhigroup.com](http://www.yhigroup.com).

<sup>16</sup> Economic value retained is defined as 'direct economic value generated' less 'economic value distributed'

## ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

### Why is it material?

YHI prioritises anti-corruption as a fundamental aspect of its operations, guided by the core corporate values of integrity and honesty that shape every business decision and activity. Our consistent adherence to compliance has enhanced our reputation as a dependable and reputable organisation, fostering strong customer loyalty. Furthermore, we actively support fair and ethical competition, understanding its critical role in improving economic efficiency and driving sustainable growth. By maintaining this focus on anti-corruption, we not only uphold our ethical principles but also ensure long-term success and stability in the market.

### Our management approach

YHI's Code of Conduct sets clear expectations for employees to uphold the highest ethical standards in all aspects of their work. These expectations are communicated to both new hires and current staff through the Employee Handbook, which is distributed to all employees.

To address the potential risks of corruption and anti-competitive practices, particularly in procurement activities, we have implemented a Group Management Policy. This policy ensures that all interactions with principals and suppliers are conducted with fairness and transparency. It also emphasises the need for due diligence to confirm that our business partners comply with relevant regulations.

In addition, our Whistle-Blowing Policy provides employees with a secure and confidential mechanism to report concerns about potential violations of the Code of Conduct or instances of financial misconduct. Reports involving corruption, anti-competitive behaviour, or breaches of anti-trust laws are promptly escalated to senior management for immediate review and action.

### Our performance

In 2025, we did not record any incidents of anti-corruption, anti-competitive behaviour, or breaches of anti-trust/monopoly regulations. We are committed to maintaining this record and aim to continue with zero incidents in 2026.



## CLIMATE-RELATED DISCLOSURES

The World Economic Forum's Global Risk Report 2023 highlights the failure to address climate change as a significant risk, both in the medium (2-5 years) and long (5-10 years) term, with wide-ranging consequences for societies, economies, and the environment. This serves to emphasise the considerable challenge climate change poses to our operations, workforce, local communities, and the ecosystems we depend on.

Understanding the crucial role that businesses must play in tackling climate change, we are committed to reducing our environmental impact while bolstering our resilience to climate-related risks. This commitment reflects our continuous efforts to protect our operations and contribute to global climate action.

### IMPLEMENTATION ROADMAP

YHI recognises that climate change presents both risks and opportunities for business and is committed to addressing these challenges. Following SGX-ST's Sustainability Reporting Guide Practice Note 7.6, the Group will work towards establishing and adopting a phased approach to integrate ISSB climate-related disclosures into future sustainability reports.

### GOVERNANCE

#### **Board oversight:**

The Board provides strategic leadership on climate change and environmental matters, while the Audit Committee is tasked with overseeing the YHI Group's climate reporting program. This includes reviewing how management identifies climate-related risks and opportunities, developing business strategies, and establishing risk management practices and internal controls.

On behalf of the RMEC, the Chief Financial Officer ("CFO") is responsible for reporting significant or emerging climate-related issues to the Audit Committee at least once a year, along with the corresponding actions taken. Management is also expected to update the Audit Committee or the Board on new climate-related developments and action plans. To ensure thorough oversight, management periodically requests clarification on specific climate-related issues, ensuring that these matters are fully integrated into the broader sustainability strategy.

#### **Management's roles and responsibilities:**

At YHI, the RMEC is tasked with overseeing the management of climate-related risks and opportunities. Senior management, including the Executive Chairman and CFO, play key roles in guiding the Group through the complexities of climate issues. The CFO, representing the RMEC, is responsible for formally reporting climate-related developments to the Audit Committee.

YHI employs a comprehensive, two-way approach to monitor, assess, and manage climate-related concerns. Frontline management is actively involved in identifying relevant issues from both business and compliance perspectives and escalates significant matters to the RMEC. At the same time, the RMEC takes a top-down approach, addressing concerns raised by frontline staff while proactively overseeing climate-related issues from strategic and operational perspectives. This dual approach ensures that assessments are thorough and actions are taken in a timely manner.

While YHI does not have a full-time in-house sustainability or climate change team, frontline management in each country or jurisdiction is responsible for managing climate-related matters and ensuring compliance. When specialised advice is needed, external consultants are engaged. Additionally, senior management is prepared to consult external experts on business management or governance issues when necessary.

Looking forward, the management team remains dedicated to working with external consultants to navigate climate-related risks and opportunities. This partnership underscores YHI's proactive approach to climate governance, ensuring the company stays ahead in addressing and capitalising on the evolving climate landscape.

## RISK MANAGEMENT

### Identifying and assessing climate-related risks

YHI employs a dual approach to managing climate-related issues, utilising both "bottom-up" and "top-down" strategies for effective oversight. Frontline management is vital in monitoring climate concerns and ensuring their escalation to the RMEC, which evaluates the issues from both strategic and operational viewpoints. To develop YHI's climate reporting, the Group conducted a comprehensive climate risk assessment across its global operations. This evaluation allowed the identification and prioritisation of climate-related risks and opportunities throughout the value chain, reinforcing the company's commitment to mitigating the impacts of climate change.

As climate change presents a growing challenge, countries are setting ambitious net-zero goals to shift toward a low-carbon future. YHI stays informed about the latest regulations in the regions where it operates, ensuring its business practices align with national climate goals. In particular, the company focuses on integrating energy-efficient and low-emission technologies into its operations, aligning with Singapore's climate objectives. YHI also proactively identifies new business opportunities arising from the global transition to net-zero emissions, ensuring that its operations stay compliant with shifting regulatory requirements.

The increasing intensity of physical climate risks, driven by weather events and long-term climate shifts, requires urgent action to transition to a lower-carbon economy. YHI actively monitors both acute and chronic physical climate risks within its risk management framework. The company identifies areas at risk of heavy rainfall and flooding, assessing the potential impact on its operations and supply chain continuity. Based on these assessments, YHI is committed to developing and implementing mitigation plans and regularly reviewing their effectiveness to ensure preparedness for emerging climate-related challenges.

Transition risks emerge when policies, regulations, or shifts in market dynamics, technology, and consumer preferences are introduced to address climate risks. YHI recognises that these risks will have an increasing impact on its strategy and operations. These risks are already incorporated into the company's business planning process, where YHI continuously refines its business models to leverage emerging green technologies. For example, with the growth of electric vehicles and technological advancements in related fields, YHI's senior management is reviewing automotive parts distribution strategies to maintain operational support and ensure a competitive advantage. YHI is dedicated to evolving its strategies to not only adapt to the green transition but also lead the way in driving a more sustainable economy.

### Managing climate-related risks

The RMEC is responsible for evaluating and analysing climate-related risks to better understand their drivers and potential financial impacts. This process includes assessing risks both before and after the implementation of mitigation measures. The committee also continuously monitors the Group's sustainability landscape, periodically reassessing the likelihood and potential impact of each risk.

To determine the relative importance of climate-related risks in the broader risk context, the organisation carefully examines these risks by considering potential events, underlying factors, and financial consequences. This thorough analysis is incorporated into the Enterprise Risk Management ("ERM") framework, ensuring that climate-related risks are consistently assessed alongside other identified risks.

## STRATEGY

Our analysis of climate-related risks and opportunities spans three distinct timeframes: short-term (2025-2027), medium-term (2027-2030) and long-term (2030-2050 and onwards). In order to determine the relative significance of climate-related risks within its overall risk profile, the organisation conducts a comprehensive analysis of potential events, driving factors, and financial impacts, taking into account both pre- and post-mitigation measures. This analysis is integrated into the ERM framework, which enables the RMEC to perform ongoing evaluations of these risks in relation to other identified risks. The results of our risk assessment are presented in the following tables.

### Climate-Related Risks Faced by YHI











Distribution









Manufacturing

TYPE	DESCRIPTION OF RISK	SCOPE	TIME FRAME	POTENTIAL FINANCIAL IMPACT	RISK MITIGATION STRATEGY	
Physical	Acute	Disruptions to the supply chains and delays in product deliveries, due to frequent and severe torrential rain, inland flooding and bushfires		Short-to long-term	<ul style="list-style-type: none"> <li>Increase in logistic costs and insurance premiums</li> </ul>	<ul style="list-style-type: none"> <li>To set up warehouses in regions that are less vulnerable to flooding and bushfires</li> <li>To vigilantly monitor the weather forecast when arranging delivery routes and provide timely updates to customers about any delays</li> </ul>
	Chronic	Significant fluctuation in the demand for winter wheels, resulting from global warming and unpredictable snowfall patterns		Short-to long-term	<ul style="list-style-type: none"> <li>Significant year-on-year fluctuations in the sales of winter wheels, as unsold inventories age and impair in value</li> </ul>	<ul style="list-style-type: none"> <li>To diversify the revenue streams of our manufacturing segment and minimise any potential financial impacts arising from the fluctuation in demand for winter wheels</li> </ul>
	Chronic	Reduced productivity and increased absenteeism rates at the production floor and our warehouses, due to rising temperature and heatwaves	 	Medium-to long-term	<ul style="list-style-type: none"> <li>Increase in capital expenditure, operating expenditures and staff costs</li> </ul>	<ul style="list-style-type: none"> <li>To retrofit the air ventilation and cooling system within our facilities</li> <li>To provide additional monetary incentives, on par with or above market rates, to workers manning certain functions (e.g., furnaces for aluminium ingot smelting), especially during hot spells and in the summer</li> </ul>

TYPE	DESCRIPTION OF RISK	SCOPE	TIME FRAME	POTENTIAL FINANCIAL IMPACT	RISK MITIGATION STRATEGY	
Transition	Policy and Legal	Government impositions of carbon tax or carbon credits to the manufacturing and distribution of products	 	Medium-to long-term	<ul style="list-style-type: none"> <li>Increase in cost of purchase and cost of production</li> </ul>	<ul style="list-style-type: none"> <li>To optimise the production levels to minimise the carbon tax incurred</li> <li>To work with product principals and customers to determine the transferability of increased costs</li> </ul>
	Policy and Legal	Stringent regulatory requirements and taxes be imposed on the disposal or recycling of production waste and used products	 	Medium-to long-term	<ul style="list-style-type: none"> <li>Increase in waste handling and disposal costs</li> </ul>	<ul style="list-style-type: none"> <li>To work with product principals and customers to determine the transferability of increased costs</li> <li>To conduct a rigorous evaluation when appointing waste collectors</li> </ul>
	Technology	High-emitting assets, such as diesel-powered delivery vehicles and forklifts are banned by governments or phased out from the asset supply market	 	Medium-to long-term	<ul style="list-style-type: none"> <li>Increase in capital expenditures, as repair and maintenance costs increase, and high-emitting operational assets are replaced</li> </ul>	<ul style="list-style-type: none"> <li>To formulate an asset replacement plan to comply with regulatory requirements within the stipulated timeline, especially for countries or jurisdictions that have imposed restrictions on the use of high-emitting assets</li> </ul>
	Market and Reputation	Stigmatisation of businesses - business is perceived by stakeholders as being high-emitting or laggard in the adoption of eco-friendly practices	 	Medium-to long-term	<ul style="list-style-type: none"> <li>Decreased sales due to lower consumer demand</li> <li>Increase in purchase costs arising from less favourable purchase rebates and product distribution terms</li> <li>Ineligibility for "green loans" that offer lower interest charges to businesses</li> </ul>	<ul style="list-style-type: none"> <li>To align our business practices with industry best practices and regulatory requirements by implementing climate- and sustainability-related measures</li> <li>To present our key climate- and sustainability-related achievements with our stakeholders in a timely and transparent manner</li> </ul>

## Climate-Related Opportunities for YHI

TYPE	DESCRIPTION OF OPPORTUNITY	SCOPE	TIME FRAME	POTENTIAL FINANCIAL IMPACT	MANAGEMENT APPROACH
Resource Efficiency	Minimisation of operating costs through efficient utilisation of resources	 	Short-to long-term	<ul style="list-style-type: none"> <li>Minimise operating costs and increase profitability</li> </ul>	<ul style="list-style-type: none"> <li>To assess resource efficiency opportunities arising from water, electricity, and fuel consumption in factories, warehouses and across our distribution channels</li> <li>To monitor the use of raw materials and encourage wider adoption of recycling practices</li> </ul>
Energy Source	Widespread availability of innovative clean energy options, coupled with attractive government subsidies and incentives	 	Short-to long-term	<ul style="list-style-type: none"> <li>Reduction in operating costs</li> </ul>	<ul style="list-style-type: none"> <li>To install energy-efficient LED lighting in YHI buildings and warehouses</li> <li>To adopt renewable energy sources, such as solar power, if suitable and to apply for relevant government subsidies</li> <li>To assess alternatives to diesel-powered vehicles, equipment and machinery</li> </ul>
Products and Services	Diversification of product offerings to include eco-friendly automotive parts and industrial products		Short-to long-term	<ul style="list-style-type: none"> <li>Diversification of revenue streams, following the constant renewal of product offerings at reasonable rates</li> </ul>	<ul style="list-style-type: none"> <li>To closely monitor recent market developments and the advent of new product ideas, designs, and technologies</li> <li>To regularly review our product portfolio and keep up with the latest market trends and consumer preferences</li> </ul>
Markets and Resilience	Equal market opportunities for business players involved in the distribution of automotive parts and industrial products		Short-to long-term	<ul style="list-style-type: none"> <li>Reduction in operating and financing costs</li> </ul>	<ul style="list-style-type: none"> <li>To be a first mover in bringing innovative products to the market by negotiating for and obtaining product distributorships, alongside favourable trade credits, discounts, and rebates</li> </ul>

## Climate scenarios analysis

The climate scenarios put forth by Network for Greening the Financial Systems (“**NGFS**”) provide a good reference for us to evaluate the risks and financial impacts of the climate-related risks exposed to our business. Our preliminary climate scenario analysis uses the “**below 2°C orderly scenario**” and “**above 3°C hot house world scenario**”. The former assumes that climate policies are introduced early and become gradually more stringent and both physical and transition risks are relatively subdued, while the latter assumes that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to half significant global warming. The physical and transition risks are severe in the hot house world scenario.

We consider climate-related risk events to be high and significant to us if, after mitigation measures, they can still affect over 1% of our annual sales turnover or 10% of our annual profit. The inputs used for our analysis include past financial data, our forward projections and the business intelligence collated from various sources. The results of our analysis are summarised as follows:

#### **At the “below 2°C orderly scenario”**

- We consider the potential impacts of various decarbonisation initiatives rolled out by governments as well as the changing technologies and consumer sentiments. We also analyse how our supply chains may be disrupted by severe physical climate conditions.
- Our mitigation measures include diversification of revenue streams and rightsizing of operational scales, transfer of increased costs to suppliers and customers, and better planning of logistic routes and warehouse locations.
- We assess that our targeted mitigation measures can effectively and significantly minimise our exposures to the known climate risk events.

#### **At the “above 3°C hot house world scenario”**

- We assess the climate-related risks which include climate conditions and government regulations to be severe and drastic.
- While our mitigation measures and contingency plans will be effective in dealing with most of the climate, regulation and market changes situations, we expect extreme climate-related risk events to emerge in this scenario, and they will have significant impacts on our sales and operational costs.

We will continue to review our climate scenarios analysis and fine-tune the process as we recognise the analysis to be pivotal in the determination of our climate risk profile and the formulation of appropriate risk mitigation measures and contingency plans.

## **METRICS AND TARGETS**

### **Climate-related metrics**

YHI consistently focuses on identifying, measuring, monitoring, and reporting quantitative metrics for each material topic. Key metrics include:

<b>Electricity consumption</b>	<b>Natural gas consumption</b>	<b>Greenhouse gas emissions</b>
<b>Freshwater usage</b>	<b>Wastewater discharge</b>	<b>Waste disposal</b>

By presenting both historical and current-year data, we offer stakeholders valuable insights into our environmental performance over time. To proactively address potential future risks, we have implemented a range of risk mitigation strategies, which are detailed in the sections on **“Energy Consumption and Emissions,” “Water and Effluents,”** and **“Waste Management.”**

### **Greenhouse gas emissions**

As part of our dedication to sustainability and transparency, YHI launched a key project in 2022 to establish a baseline inventory of Scope 1 and 2 emissions for both our distribution and manufacturing operations, as outlined in this Report. Looking ahead, our focus is on refining our carbon accounting processes within YHI's operational control, ensuring full compliance with the GHG Protocol's standards and methodology.

We use greenhouse gas emissions as a vital metric for assessing and managing our climate-related risks, while also exploring opportunities to leverage climate-related advantages. For a comprehensive understanding of YHI's carbon footprint, please refer to the **“Energy Consumption and Emissions”** section in this Report.

### **Climate-related targets**

We have set performance targets for each material topic outlined in this Report, and we are actively working on establishing a net-zero goal for the Group, including the necessary energy control targets. Our commitment includes regularly assessing the feasibility of adopting science-based targets to support the global transition to a low-carbon economy.

## APPENDIX: GRID EMISSIONS FACTORS

BUSINESS SEGMENT	COUNTRY/ REGION	GEF (tCO <sub>2</sub> e/kWh)	SOURCE
Manufacturing	Taiwan	0.0004950	Energy Administration, Ministry of Economic Affairs, R.O.C. - 2022 Electricity Carbon Emission Factor
	Malacca	0.0007740	Malaysia Energy Information Hub: <a href="#">grid-emission-factor-gef-in-malaysia</a>
	Jiangsu	0.0005827	Ministry of Ecology and Environment of the People's Republic of China, announcement 000014672/2025-00429: <a href="#">关于发布2023年电力二氧化碳排放因子的公告</a>
Distribution	Singapore	0.0004020	EMA   SES Chapter 2: Energy Transformation
	Australia	0.0006200	Australian National Greenhouse Accounts Factors 2025
	New Zealand	0.0001010	Measuring emissions guide 2025   Ministry for the Environment
	Malaysia	0.0007740	Malaysia Energy Information Hub: <a href="#">grid-emission-factor-gef-in-malaysia</a>
	Thailand	-	T09_01_15.pptx
	Indonesia (Jakarta)	0.0008000	Faktor Emisi Grk Sistem Ketenagalistrikan Tahun 2019 <a href="#">96d7c-nilai-fe-grk-sistem-ketenagalistrikan-tahun-2019.pdf</a>
	Vietnam	0.0006592	Institute for Global Environmental Strategies (2025). List of Grid Emission Factors, version 11.6. Available at: <a href="https://pub.iges.or.jp/pub/iges-list-grid-emission-factors">https://pub.iges.or.jp/pub/iges-list-grid-emission-factors</a>
	Philippines	0.0007600	Department of Energy National Grid Emission Factor: <a href="#">2019-2021-National-Grid-Emission-Factor.pdf</a>
	East Malaysia	0.0005250	Malaysia Energy Information Hub: <a href="#">grid-emission-factor-gef-in-malaysia</a>
	Hong Kong	0.0005300	CLP Group: <a href="#">2024 Sustainability Report</a>
	Guangzhou	0.0004419	Ministry of Ecology and Environment of the People's Republic of China, announcement 000014672/2025-00429: <a href="#">关于发布2023年电力二氧化碳排放因子的公告</a>
	Shanghai	0.0005737	Ministry of Ecology and Environment of the People's Republic of China, announcement 000014672/2025-00429: <a href="#">关于发布2023年电力二氧化碳排放因子的公告</a>
	USA	0.0001981	US EPA emission factors hub 2025 <a href="https://www.epa.gov/climateleadership/ghg-emission-factors-hub">https://www.epa.gov/climateleadership/ghg-emission-factors-hub</a>
Germany	0.0002980	European Environment Agency: <a href="https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emission-intensity-of-1/greenhouse-gas-emission-intensity-of-electricity-generation">https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emission-intensity-of-1/greenhouse-gas-emission-intensity-of-electricity-generation</a>	

## GRI CONTENT INDEX

<b>STATEMENT OF USE</b>	YHI International Limited has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.
<b>GRI 1 USED</b>	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	PAGE	
<b>GRI 2: General Disclosures 2021</b>	<b>The Organisation and its Reporting Practices</b>		
	2-1	Organisational details	1-4
	2-2	Entities included in the organisation's sustainability reporting	2-3
	2-3	Reporting period, frequency and contact point	2-3
	2-4	Restatements of information	11, 12, 17
	2-5	External assurance	3
	<b>Activities and Workers</b>		
	2-6	Activities, value chain and other business relationships	4-6
	2-7	Employees	17-19
	2-8	Workers who are not employees	N.A. <sup>17</sup>
	<b>Governance</b>		
	2-9	Governance structure and composition	7, 25
	2-10	Nomination and selection of the highest governance body	AR: 44-50
	2-11	Chair of the highest governance body	AR: 44
	2-12	Role of the highest governance body in overseeing the management of impacts	7, 25
	2-13	Delegation of responsibility for managing impacts	
	2-14	Role of the highest governance body in sustainability reporting	
	2-15	Conflicts of interest	AR: 41
	2-16	Communication of critical concerns	AR: 56
	2-17	Collective knowledge of the highest governance body	7
	2-18	Evaluation of the performance of the highest governance body	AR: 49-50
	2-19	Remuneration policies	AR: 50-52
	2-20	Process to determine remuneration	AR: 50-52
	2-21	Annual total compensation ratio	AR: 52-53
	<b>Strategy, Policies and Practices</b>		
	2-22	Statement on sustainable development strategy	1
	2-23	Policy commitments	24
	2-24	Embedding policy commitments	24
	2-25	Processes to remediate negative impacts	N.A.
	2-26	Mechanisms for seeking advice and raising concerns	24
	2-27	Compliance with laws and regulations	24
	2-28	Membership of associations	N.A.
	<b>Stakeholder Engagement</b>		
2-29	Approach to stakeholder engagement	9	
2-30	Collective bargaining agreements	N.A. <sup>18</sup>	

<sup>17</sup> Not applicable, as YHI does not have any workers who are not employees.

<sup>18</sup> Not applicable, as YHI's employees have not entered into any collective bargaining agreements.

GRI STANDARD	DISCLOSURE		PAGE
<b>GRI 3: Material Topics 2021</b>	<b>Materiality Assessment</b>		
	3-1	Process to determine material topics	8-9
	3-2	List of material topics	
	3-3	Management of material topics	
<b>GRI 201: Economic Performance 2016</b>	<b>Economic Performance</b>		
	201-1	Direct economic value generated and distributed	23
<b>GRI 205: Anti-corruption 2016</b>	<b>Anti-Corruption and Anti-Competitive Behaviour</b>		
	205-3	Confirmed incidents of corruption and actions taken	24
<b>GRI 206: Anti-competitive Behaviour 2016</b>	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	
<b>GRI 302: Energy 2016</b>	<b>Energy Consumption</b>		
	302-1	Energy consumption within the organisation	10-12
	302-3	Energy intensity ratio	
<b>GRI 303: Water and Effluents 2018</b>	<b>Water and Effluents</b>		
	303-2	Management of water discharge-related impacts	13-15
	303-3	Water withdrawal	
	303-4	Water discharge	
<b>GRI 305: Emissions 2016</b>	<b>Emissions Reduction</b>		
	305-1	Direct (Scope 1) GHG emissions	10, 12-13
	305-2	Energy indirect (Scope 2) GHG emissions	
<b>GRI 306: Waste 2020</b>	<b>Waste</b>		
	306-1	Waste generation and significant waste-related impacts	15-16
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-5	Waste directed to disposal	
<b>GRI 401: Employment 2016</b>	<b>Employee Management</b>		
	401-1	New employee hires and employee turnover	17-19
<b>GRI 403: Occupational Health and Safety 2018</b>	<b>Occupational Health and Safety</b>		
	403-1	Occupational health and safety management system	22
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-5	Worker training on occupational health and safety	
	403-9	Work-related injuries	
<b>GRI 404: Training and Education 2016</b>	<b>Employee Training and Education</b>		
	404-1	Average hours of training per year per employee	20-21
	404-2	Programs for upgrading employee skills and transition assistance programs	



**YHI**  
Since 1948

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