



**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



# SUSTAINABILITY REPORT 2022



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## BOARD STATEMENT



The Group remains steadfast in our commitment to bettering the world by positively impacting the economy, environment, and society. We are constantly on the look-out for novel innovations that can help reduce our consumption of natural resources and improve the sustainability of our waste management practices.



### Dear Stakeholders,

On behalf of the Board of Directors (the “**Board**”), I am pleased to present the sixth annual sustainability report by YHI International Limited (“**YHI**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), covering our environmental, social and governance (“**ESG**”) performance during the financial year ended 31 December 2022 (“**2022**”).

The past few years, marked by the persistent effects of the coronavirus pandemic, coupled with macroeconomic uncertainties and geopolitical pressure, has shown us the importance of building our strategic resilience as a Group. By embracing fortitude in adversity, YHI has been able to deliver creditable financial performance in 2022 despite the challenging business environment. Forging ahead, the Board will continue to lead the Group in delivering sustainable growth for our stakeholders while upholding the key tenets of integrity, accountability, and transparency in our corporate governance.

The Board is dedicated to driving the ESG agenda across our businesses, by embedding sustainability within YHI’s core strategy and business operations while maintaining diligent oversight over the Group’s sustainability policies, practices, and performance. We recognise that creating value for our stakeholders in a sustainable manner is essential to the Group’s long-term success, and we strive to make meaningful progress in achieving our long-term sustainability goals.

In recognition of the growing threat that climate change poses to businesses and communities around the world, we have begun to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”) within this year’s sustainability report. As we embark on the first year of our climate reporting journey, we are excited to seize the opportunities that arise from the world’s transition towards a greener economy while strengthening our climate resilience over the coming few years.

The Group remains steadfast in our commitment to bettering the world by positively impacting the economy, environment, and society. We are constantly on the look-out for novel innovations that can help reduce our consumption of natural resources and improve the sustainability of our waste management practices. We provide our workers with safe and healthy working conditions, whilst investing in their professional development and providing them with opportunities for career growth.

On behalf of the Group, I would hereby like to extend our sincere appreciation to everyone who has been with us throughout our sustainability journey.

### Richard Tay

Executive Chairman & Group Managing Director



## ABOUT THIS REPORT

As testament to our commitment to providing our stakeholders with timely and transparent updates on our ESG performance, we are pleased to present the Company's sixth annual Sustainability Report (the "**Report**") for the financial year 1 January 2022 till 31 December 2022 ("**2022**" or the "**reporting period**").

### REPORTING SCOPE

This Report covers the Group's sustainability policies, practices, and performance in relation to our material ESG topics, with a specific focus on our four major distribution subsidiaries in Singapore, Australia, and New Zealand and all three factories in Malaysia, China, and Taiwan.

Constituting a significant proportion of the Group's operational footprint, the seven subsidiaries which form the reporting boundary for this Report are as follows:

## 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")

Since entering a joint venture with The Yokohama Rubber Co., Ltd. in December 2021, the Company no longer has full operational control over the distribution of all Yokohama products in Malaysia, we have thus determined that YHI Malaysia Sdn Bhd ("**YHI Malaysia**") will no longer be included within the reporting boundary of this Report, from 2022 onwards.

Accordingly, we have restated ESG data from previous reporting periods to exclude YHI Malaysia, to ensure the consistency and comparability of the information presented in this Report.

## SUSTAINABILITY REPORTING FRAMEWORK

This Report has been prepared with reference to the Global Reporting Initiative (“GRI”) 2021 Standards. The GRI Standards were selected as they provide a holistic framework for measuring, monitoring, and reporting on the Group’s impact on the economy, society, and the environment. Where the GRI Standards also required a breakdown of the relevant ESG performance data by geographical region, we have segmented the seven subsidiaries into three regions, namely ‘ASEAN’ (comprising Singapore and Malaysia), ‘Oceania’ (Australia and New Zealand) and ‘North Asia’ (China and Taiwan).

In compliance with the enhanced sustainability reporting requirements under the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B, we have included climate-related disclosures that are consistent with the TCFD recommendations within this Report. We continue to adopt a phased approach in preparing and publishing our sustainability reports, and we will progressively enhance our disclosures on the Group’s climate governance, strategy, risk management, metrics and targets in future years of sustainability reporting.

## ASSURANCE

We have not obtained any independent external assurance on the data and information reported in this Report. Instead, our internal auditor has reviewed our sustainability reporting process and performed relevant data verification work to ensure 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

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”).

Listed on SGX-ST since 2003, YHI has successfully diversified its business and carved a niche for itself in the global automotive arena since its humble beginnings as a sole proprietorship established in 1948. Today, YHI's international presence spans across over 100 countries through its 32 subsidiaries and three associated companies located across Asia Pacific, North America and Europe.

YHI distributes a diverse range of premium automotive products, which includes tyres, alloy wheels, energy solutions, buggy & utilities vehicles and other industrial products to more than 5,000 customers globally. YHI also has three alloy wheels manufacturing plants located in Suzhou, China, Taoyuan, Taiwan and Malacca, Malaysia with the capability to produce 2.3 million alloy wheels per annum. As an integrated ODM solutions provider, YHI provides integrated services ranging from the design and development to the manufacturing, marketing, and distribution of alloy wheels.

### OUR MISSION STATEMENT

1. To be a recognised global distributor of high-quality automotive and industrial products, and a familiar and trusted brand name in alloy wheels manufacturer as an Original Design Manufacturer.
2. To position YHI Group effectively by continuously providing 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 shareholders.
4. To be committed to quality, professional and personnel management, sound business practices and teamwork.



### OUR LOGO

YHI's logo serves to symbolise the strength and cohesiveness of our diversified Group. The four wings represent our stakeholders – customers, principals, employees and shareholders – coming together in a tradition of trust and responsibility, and growing through hard work, dedication and commitment. The oval shape signifies the globalisation of our operations, while the blue accentuates our philosophy of upholding fairness and integrity in all our business relationships.

### OUR CORE VALUES

To succeed within a challenging business climate, it is key that we build a corporate culture that brings out the best in our employees. YHI's core values serve as the foundation for building such a culture.



Teamwork



Mutual respect



Integrity & honesty



Quality of work



Commitment



Customer focus



Innovation



Continuous improvement

## OUR DISTRIBUTION SEGMENT

YHI distributes a diverse range of products from many global leading brands in their respective 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 Tyres.



### ALLOY WHEELS

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



### 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.



### 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.



### OTHER INDUSTRIAL PRODUCTS

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





## OUR MANUFACTURING SEGMENT

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.



All our manufacturing plants are equipped with world-class quality control facilities which have been approved by international organizations administering the highest test standards for quality control facilities and equipment used in the production of alloy wheels. This includes the Vehicle Inspection Association of Japan (“VIA”), SFI Foundation, Inc. (“SFI”) in the United States of America, as well as T Ü V CERT (“T Ü V”) in Germany.



**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



**YHI MANUFACTURING (MALAYSIA) SDN BHD**

**Products:**

Alloy Wheels

**Annual Production Capacity:**

0.9 million wheels

## AWARDS AND ACCREDITATIONS

As testament to our stringent quality management systems, we have also achieved the following accreditations: International Standardisation Organisation (“ISO”) 9001:2015 and International Automotive Task Force (“IATF”) 16949:2016.

In line with our ongoing efforts to minimise our environmental footprint, we are awarded with the ECO Warranty Certificate and the Clean Production Audit Certificate, the latter of which was issued by Suzhou New District.

The health and safety of our workers also remain a priority for the Group. We are awarded with the BizSAFE certificate issued by Singapore’s Workplace Safety & Health Council (“WSHC”), as well as the Work Safety Standardisation Certificate issued by China’s State Administration of Work Safety.



# SUSTAINABILITY AT YHI

## OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

At YHI, we recognise that the success of our business is inextricably linked to the well-being of the environment and the communities we live and work in.

Over the years, we have sought to embed sustainability into our business strategies and everyday operations, as this is critical to ensuring the resilience and adaptability of the Group. We continuously strive to create long-term economic value for our stakeholders, while responsibly managing the resource input and output from our commercial activities.

## SUSTAINABILITY GOVERNANCE

The Board of Directors is responsible for incorporating sustainability issues within the Group's strategic formulation, maintaining oversight over the management and monitoring of its material ESG factors, and reviewing and approving the contents of this Report. As required under Rule 720(7) of the SGX-ST Listing Rules, all the Directors of the Company have attended sustainability training courses to equip themselves with basic knowledge on sustainability matters.

The Board is further supported by YHI's Enterprise Risk Management Executive Committee (the "**Committee**", or "**RMEC**"), which comprises our senior management team and is jointly headed by the Executive Chairman and Chief Financial Officer. The Committee is also responsible for keeping abreast of recent sustainability trends and reporting requirements, thereby ensuring the continued relevance and effectiveness of the Group's sustainability policy. On behalf of the Committee, the Executive Chairman and Chief Financial Officer provide regular updates to the Board of Directors on all matters concerning the Group's sustainability- and climate-related risks and opportunities.

We have also established the Sustainability Working Group ("**SWG**"), which comprises the various heads of subsidiaries and the designated employees, to promote a culture of sustainability and drive sustainability efforts across the Group. The SWG is tasked to manage and execute our sustainability action plans and to monitor the progress of their respective business unit's performance against established targets.



### STAKEHOLDER ENGAGEMENT

Fostering a strong working relationship with our stakeholders is key to ensuring the long-term success of the Group.

By engaging our key stakeholders through various communication channels, we are better able to respond effectively to their needs, expectations, and concerns. The feedback we receive from our stakeholders also serve as a crucial input in our materiality assessment process, helping us to identify our material factors and strategic priorities.

Our approach towards stakeholder engagement is summarised as follows:

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</li> <li>- Financial results</li> <li>- Return on investment</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









The Group conducted its first formal materiality assessment in 2017, under the guidance of external consultants. Through the following four steps, we were able to identify and determine the Group’s material ESG factors by reviewing the entire value chain and the operational practices of our distribution and manufacturing business.





We first gathered key internal stakeholders for a workshop and online survey to identify sustainability issues that were important to YHI. We then compiled a short list of potential material ESG factors by collating the survey results and analysing our stakeholders' inputs. More in-depth evaluations were conducted until material ESG factors were prioritised and determined. We proceeded to determine our reporting boundaries by evaluating the significance and readiness YHI's distribution subsidiaries and factories.

Every year, we assess the continued relevance of our existing material ESG factors, whilst evaluating the significance of other potential ESG factors. We also review our reporting boundaries to determine whether other distribution and manufacturing subsidiaries should be included within the scope of our Sustainability Report.

MATERIAL ESG TOPICS	PERFORMANCE TARGETS	PROGRESS UPDATE
<b>Environmental Pillar</b>		
Energy Consumption and Emissions	To increase efficiency and minimise energy consumption	 In Progress
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	 In Progress
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	 In Progress
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?

Given the nature of our operations as a manufacturer and distributor of automotive and industrial products, we consume significant amounts of energy in our day-to-day operations. As part of our commitment to sustainability, we recognize the importance of minimizing our energy consumption and adopting sustainable practices to reduce our environmental impact. By doing so, we can not only reduce our operational costs but also contribute to a more sustainable future for our planet.

### Our Management Approach

The offices and warehouses of our distribution subsidiaries primarily consume electricity while our factories rely on both electricity and natural gas. Our energy consumption is generally aligned to our business activities as any key changes to our warehouse space, storage or shipment of goods, and production levels will have a direct impact on the energy consumed by our distribution and manufacturing segments. Changes in the Group's business environment and operational needs may also impact its energy consumption levels.

Over the years, we have implemented various energy efficiency and conservation policies across both business segments.

- For our factories, the production team is responsible for monitoring our energy consumption levels on a continual basis, identifying anomalies (if any) and corrective actions to be taken, and providing regular updates on potential saving opportunities to the senior management.

We have also worked on various energy saving projects in the past. For instance, in our Suzhou factory, we have channelled the waste heat that is discharged from the air compressors within the casting machineries to heat up the water used for alloy wheel washing and painting. The recovery of waste heat in this project has led to a significant reduction in the amount of natural gas consumption and associated emissions.

- For warehouses and offices, we have mandated that all lights and air-conditioners are to be turned off during non-operational working hours. Where feasible, we have also opted for individual workspace lighting, rather than centralized lighting, to reduce energy wastage. In addition, we have installed energy-efficient LED lighting, light control switches and motion sensors within our warehouses and offices as part of our electricity conservation efforts.

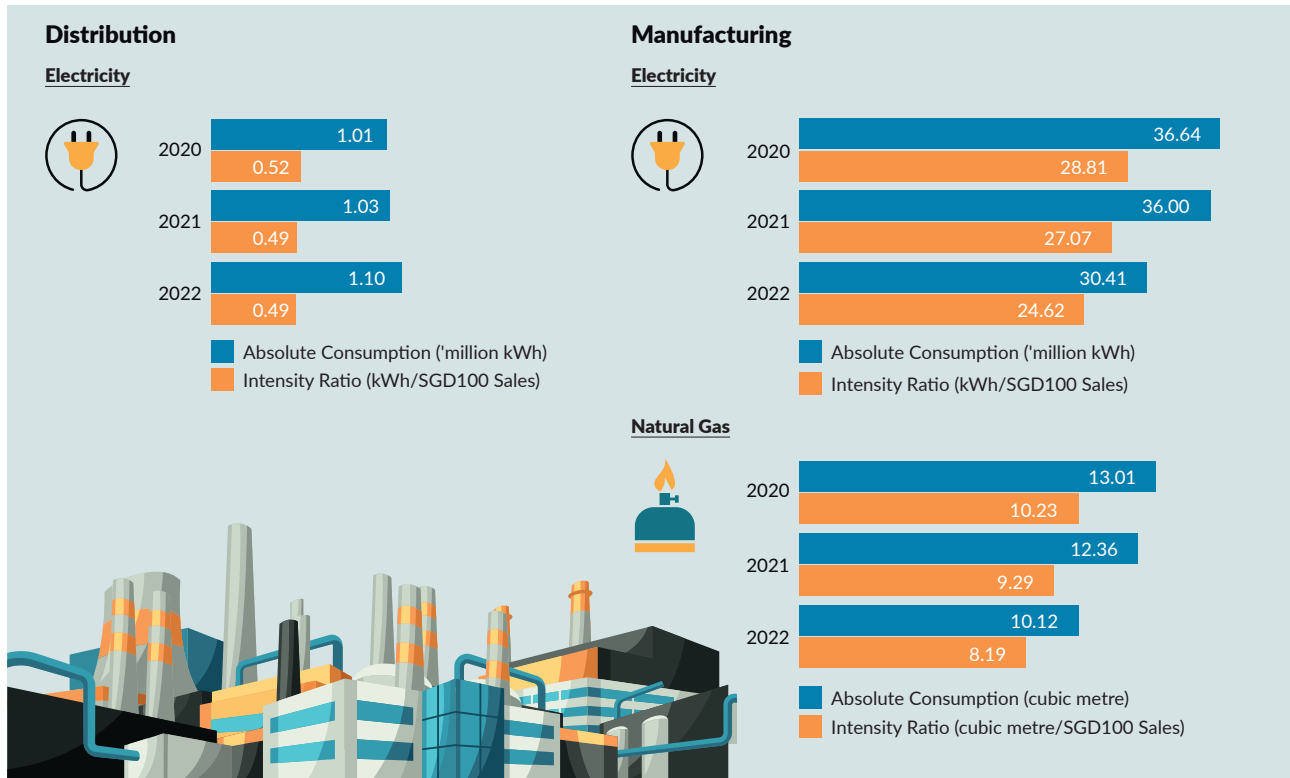
In addition, the Group also owns and operates a fleet of delivery vehicles, forklifts, and company cars to support our day-to-day operations, most of which are either powered by diesel or motor gasoline fuel, with some that are powered by electricity.



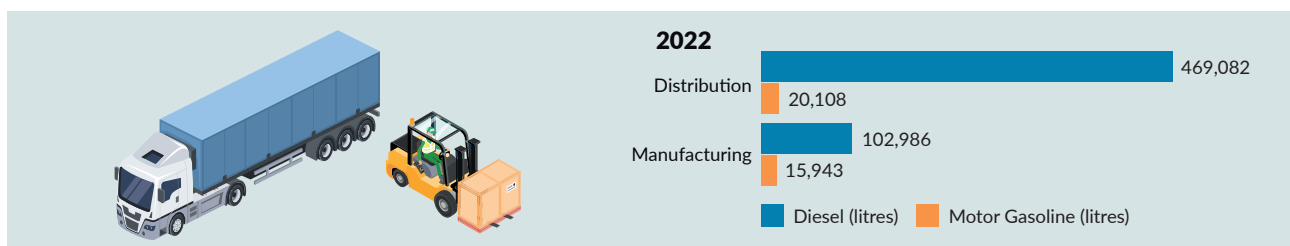


**Our Performance**

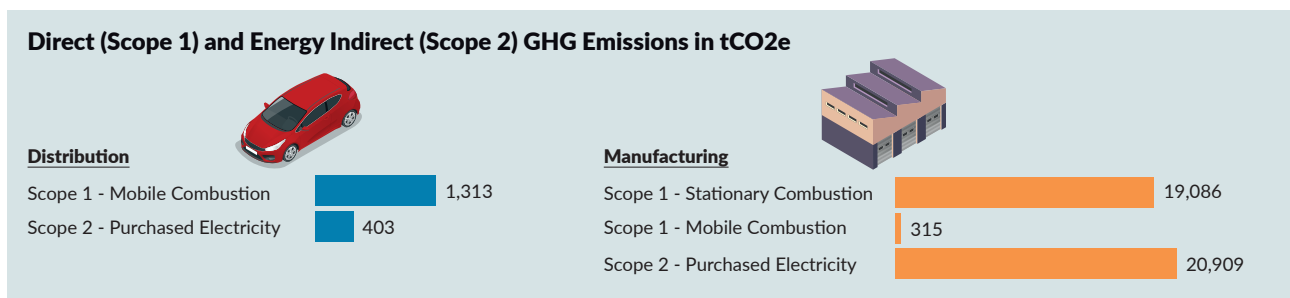
The total amount of electricity and natural gas consumed by the four major distribution subsidiaries<sup>1</sup> and the three factories between 2020 and 2022, as well as their respective energy intensity ratios<sup>2</sup>, are as follows:



In 2022, we also began tracking the total fuel consumption by the motor vehicles owned or leased by the seven major subsidiaries, as summarised in the following figures. The total fuel consumption by the motor vehicles owned or leased by all other subsidiaries will be included in our next report.



Accordingly, the following figure summarises the total amount of greenhouse gas (“GHG”) emissions<sup>3</sup> incurred by the seven major subsidiaries in 2022.



<sup>1</sup> Electricity consumption figures in 2020, 2021 and 2022 have been restated to exclude YHI Malaysia.  
<sup>2</sup> The energy intensity ratio was computed with the distribution and manufacturing segment’s sales (per SGD100) as the weightage factor.  
<sup>3</sup> Emission factors used are from Singapore’s Energy Market Authority, Taiwan’s Bureau of Energy, the Institute for Global Environmental Strategies’ *List of Grid Emission Factors (version 11.1)*, the Australian Government’s National Greenhouse Accounts Factors, and the New Zealand Government’s *Measuring Emissions: A Guide for Organisation (2020 Detailed Guide)*.

For 2022, as compared with previous years, we observed that the four major distribution subsidiaries consumed more electricity than 2021 as both YHI Power Australia and YHI Singapore increased their warehouse activities. Meanwhile, though most of our factories were no longer subject to stringent COVID-19 lockdowns in 2022, the unfavourable global economic conditions resulting from the Russian-Ukraine war had caused our manufacturing business to record lower sales, production, and correspondingly, lower energy consumption levels.

YHI consistently strives to increase efficiency and minimise energy consumption. This year, we have begun to disclose the energy intensity ratios of our distribution and manufacturing segments, which we have been monitoring all along. We acknowledge the importance of establishing quantitative reduction targets for energy-saving, and most of our subsidiaries are rigorously monitoring their energy consumption levels as part of their business costs. However, we recognise that it is challenging to establish a quantitative target for each business segment and for the Group as a whole, and it is more so in the last few years and for the years to come, because:

- Internally, our distribution subsidiaries comprise both matured and growing entities. Whilst the matured entities' energy consumptions are relatively stable, the growing entities are expected to consume increasing amounts of electricity as they scale their operations. For our alloy wheel factories, the aging of machineries, as well as the wheel size and design, will have direct impact on the energy intensity ratio; and
- Externally, over the past few years we have witnessed trade disputes and the imposition of import tariffs against certain countries' goods, as well as the outbreak of coronavirus pandemic, and we believe that the war in Ukraine and the global uncertainties ahead will have tremendous implications to our business and production activities.

## WATER AND EFFLUENTS

### Why is it Material?

Due to widespread environmental pollution and changing precipitation patterns resulting from climate change, countries around the world are facing increasingly severe water shortages. Carefully managing our water usage and effluent disposal is thus paramount to achieving resource stewardship.

While water is a key input in our manufacturing plants' production processes, the amount of water consumed and discharged by our distribution business is immaterial. As a result, we have identified water as a material consideration solely for our manufacturing segment.

### Our Management Approach

Guided by the reduce, reuse, and recycle principles, we strive to minimise our water consumption and the subsequent amounts of effluents produced across the three factories in Malacca, Suzhou, and Taiwan.

All our factories have assigned designated personnel responsible for tracking and reporting their monthly water consumption to the senior management team. As and when major fluctuations in their water consumption levels occur, they are to identify the key drivers of the increase/ decrease to facilitate subsequent discussions on the possible action plans that may be taken. They are also required to inform the senior management of any changes in environmental regulations and legislation pertaining to water quality standards for effluent discharge, and to ensure compliance with all such requirements.

We have implemented water conservation measures in our factories in Malacca and Suzhou, as follows:

- At the Malacca factory, all wastewater produced undergoes chemical treatment for recycling and reuse.
- At the Suzhou factory, local authority has imposed a quota on the amount of wastewater permitted for discharge, making it necessary for us to maximize the recycling and reuse of wastewater through our wastewater treatment processes.

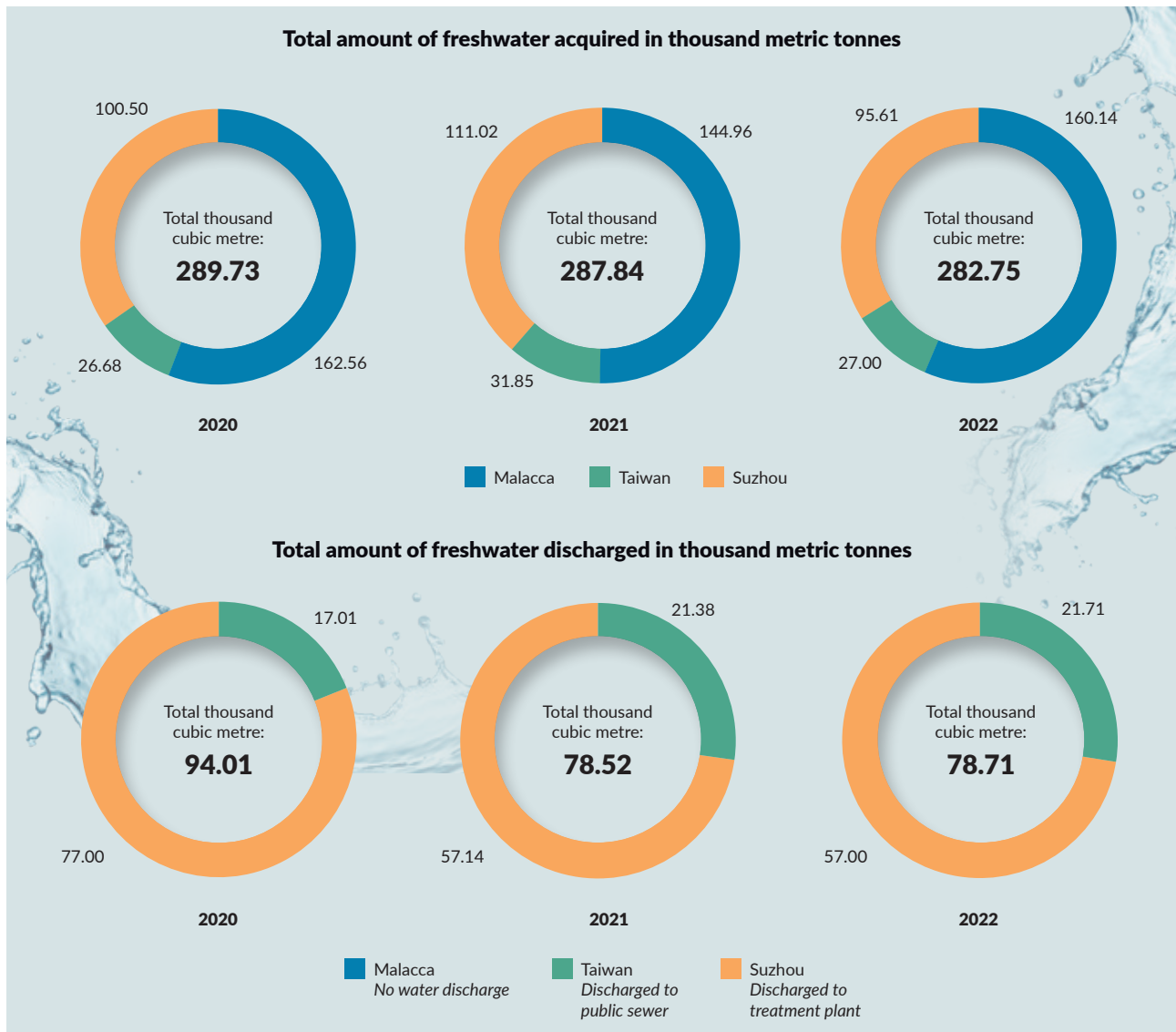
In addition, we limit the direct discharge of wastewater into local waterways, in compliance with all applicable local regulations:

- The Suzhou factory adheres to the discharge quota and pollution limits (such as the level of chemical oxygen demand contained in the wastewater) mandated by the authorities. All wastewater discharge will be directed to a designated external wastewater treatment plant.
- At the Taiwan factory, all wastewater generated is chemically treated prior to being discharged into the public sewer.



## Our Performance

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



For freshwater acquisition:

- Due to specific production requirements, the Malacca factory consumed more freshwater over the course of 2022. However, this was offset by the decline in production activities and subsequent freshwater consumption levels recorded by the Suzhou and Taiwan factories in 2022. In aggregate, the three factories used less water than in 2021.

For wastewater discharge:

- Both the Suzhou and Taiwan factories discharged approximately the same amount of wastewater or treated water as in previous year.

Overall, there were zero incidents of non-compliance with all applicable environmental regulations on the quantity and quality of effluent discharge in 2022, and we aim to maintain this record in future years.

## WASTE MANAGEMENT

### Why is it Material?

Our factories generate significant amount of waste and waste materials as by-products during the manufacturing process. Whilst the level of waste discharged and disposed across our factories primarily reflects the intensity of our production activities, it is also impacted by other factors, including varying product design requirements and disposal quotas imposed by regulatory authorities. The waste materials we generate predominantly comprises of aluminium dross, sludge, paint waste, coolant waste, and non-reusable packaging materials.

Our distribution segment does not generate as much waste as our factories, and the number of products purchased by the segment for sales that end up being disposed as waste is relatively insignificant. However, certain distribution subsidiaries do, from time to time, help our customers to dispose worn tyres and scrap batteries, at customers' request.

### Our Management Approach

In our factories, we endeavour to reduce the amount of waste generated in our day-to-day operations by introducing the following reuse and recycling initiatives that are targeted at specific waste streams:

- We closely monitor the amount of aluminium consumed and the amount of production scraps produced. Excess aluminium that is trimmed off during alloy wheel moulding and refining processes is put together and assessed for possible reuse.
- We minimise unnecessary packaging waste, such as the use of wood or plastic pallets for factory and warehouse storage purposes, by purchasing only the required amount through forecasted usage and budgeting. We reuse our pallets until they are damaged beyond repair.
- Some of our factories also recycle scrap metals by providing them to external welding contractors to make storage racks and shelves, ultimately for our reuse.

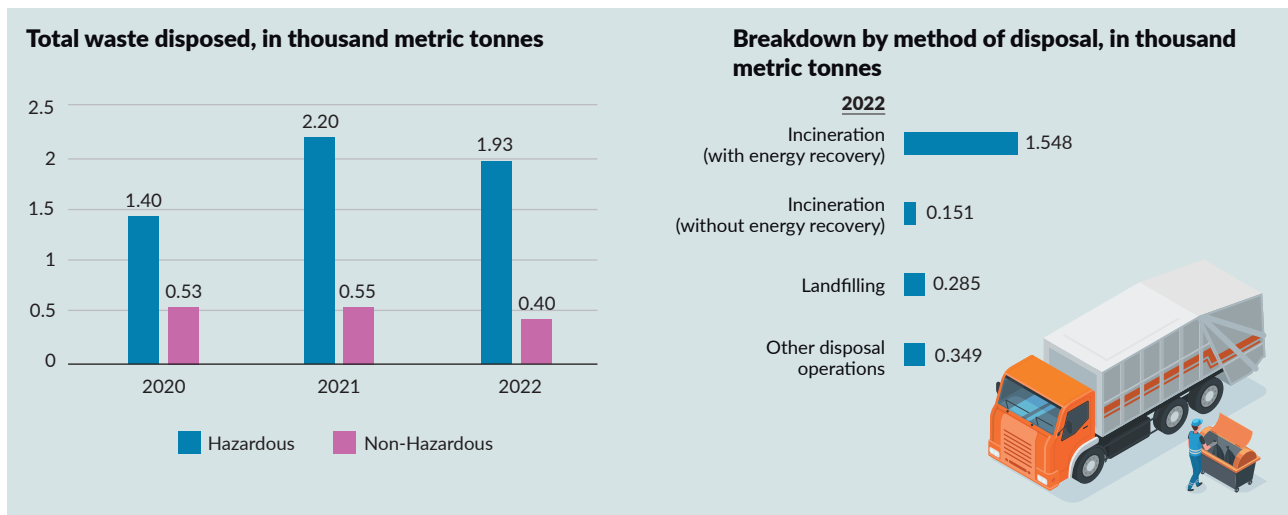
Though this is generally uncommon within the tyre and battery distribution industry, some of our distribution subsidiaries also help customers to dispose of worn tyres and scrap batteries. We have designated personnel within these subsidiaries to keep track of the number of pieces of scrap tyres and batteries received from customers and stay abreast of all relevant regulatory requirements pertaining to the proper handling of scraps.

Our distribution unit, YHI Singapore contributes the bulk of the scrap tyres and batteries we collect and dispose of, as it also offers vehicle repair services for commercial trucks and passenger cars. After providing customers with tyre replacement or battery replacement services, we will arrange for the disposal of scrap tyres, either from their premises or our own.

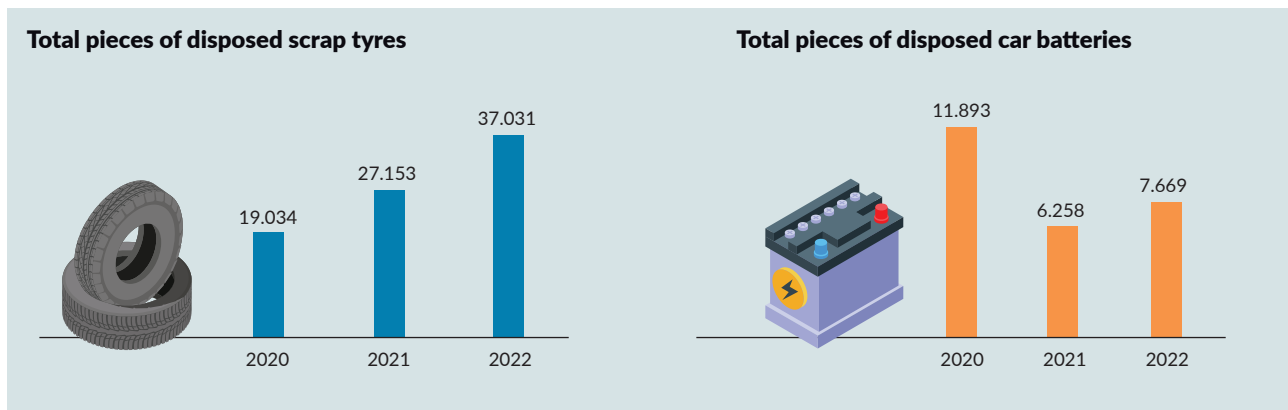
In strict adherence to local regulations, all non-recyclable waste from our factories and distribution subsidiaries are to be properly disposed of by appointed external waste collectors who are licensed by local governments.

## OUR PERFORMANCE

The aggregate amount of hazardous and non-hazardous waste disposed by the three factories through external waste disposal collectors and further details on our waste disposal methods are as follows:



The total number of scrap tyres<sup>4</sup> and batteries disposed of by our distribution unit from 2020 to 2022 is as follows.



For 2022, as compared to 2021:

- Our factories disposed less hazardous and non-hazardous waste in 2022 compared to 2021, due to lower production levels.
- There was an increase in the aggregate number of scrap tyres and batteries disposed of by our four major subsidiaries. However, as the amount of scrap tyres and batteries in need of disposal every year is the direct result of our customer's needs, our distribution business focuses on ensuring compliance with all relevant waste disposal regulations instead.

Overall, there were no incidents of non-compliance with environmental regulations on the handling of hazardous waste in 2022, and we aim to maintain this record in upcoming years.

<sup>4</sup> Figures from 2021 and 2022 have been restated to include the disposal of scrap tyres from customers' premises for greater consistency in the reported figures.

## SOCIAL PILLAR

### EMPLOYEE MANAGEMENT

#### Why is it Material?

Our employees are the cornerstone of our business. Without them, we would be unable to achieve our economic outcomes, business growth and sustainability objectives. Our goal is thus to create a workplace culture that fosters creativity, collaboration, and innovation, where our employees can thrive both personally and professionally. We treat our employees with care, consideration, and respect, and we strive to provide them with the tools and resources they need to succeed.

#### Our Management Approach

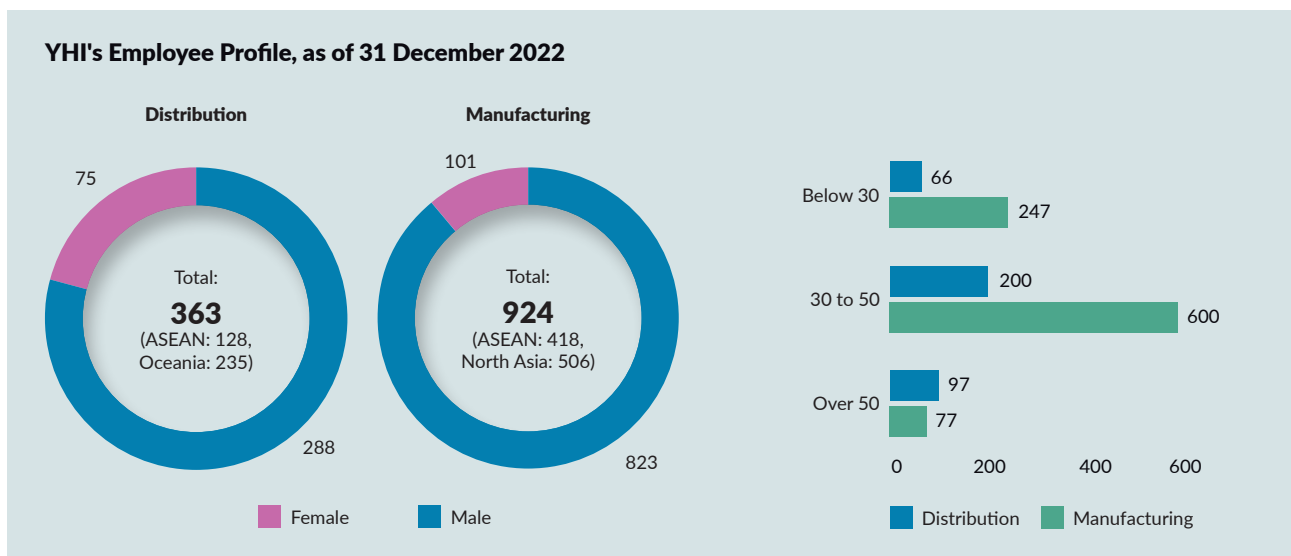
The Group is committed to providing equal job opportunities for all, regardless of gender, age, race, cultural background, or religious belief. We recognise the value of employing local talent who are familiar with the local business environment, and we are pleased to share that nearly 100% of the management of our overseas subsidiaries were hired from the local community.

Over the past few years, we have found that providing employees with competitive remuneration and benefits packages is essential to attracting and retaining a motivated talent pool. To this end, we conduct regular benchmarking exercises against our industry peers to inform, monitor, and improve upon the Group's compensation policies.

We also recognize the importance of maintaining a healthy work-life balance. We encourage our employees to participate in team bonding activities, such as holiday trips and festive gatherings, that are subsidised by YHI. We believe that these activities help to foster a strong sense of community and belonging among our employees, which in turn enhances their job satisfaction and productivity. To safeguard the health and safety of our employees, group activities were suspended during the COVID-19 pandemic in accordance with local governments' directives. However, we look forward to resuming these employee engagement activities in 2023, given that we are now transitioning into the endemic phase of the COVID-19 outbreak.

#### Our Performance

By the end of the reporting period, the four distribution subsidiaries<sup>5</sup> and three factories employed a total of 363 and 924 employees, respectively. The number of temporary, part-time employees is relatively insignificant, and thus considered immaterial for disclosure in this Report.



<sup>5</sup> Employment figures for 2020 and 2021, where available, has been restated to exclude YHI Malaysia.

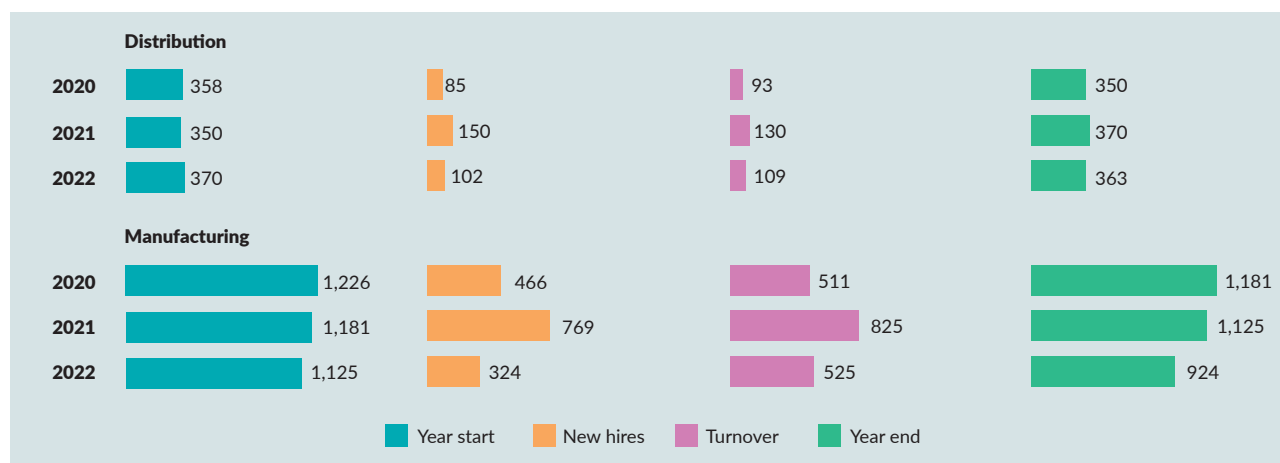


In 2022, we welcomed a total of 102 and 324 new hires at YHI's major distribution subsidiaries and factories, representing a new hire rate of 28% (2021: 41%) and 35% (2021: 68%). Meanwhile, our major distribution subsidiaries and factories recorded a total of 109 and 525 employees who left the Group, marking an employee turnover rate of 30% (2021: 35%) and 57% (2021: 73%).

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

	New Hires in 2022		Employee Turnover in 2022	
	Distribution	Manufacturing	Distribution	Manufacturing
<b>By Gender</b>				
Male	78	306	90	493
Female	24	18	19	32
<b>By Age Group</b>				
Below 30	30	106	45	190
30 to 50	50	195	43	298
Over 50	22	23	21	37
<b>By Region</b>				
ASEAN	35	96	31	163
North Asia	N.A.	228	N.A.	362
Oceania	67	N.A.	78	N.A.
<b>Total</b>	<b>102</b>	<b>324</b>	<b>109</b>	<b>525</b>

The total headcount of the four distribution subsidiaries and three factories at the start and end of each year between 2020 and 2022, and the annual total number of new hires and turnovers are as follows:



For 2022, as compared with previous years,

- We noted that there was no significant difference in the number of employees for our major distribution subsidiaries between 2021 and 2022, as the number of new hires were about the same as the number of employees who left the Group.
- Our factories continued to record a net decrease in the number of employees, as the pandemic affected the factories' labour suppliers and production rosters in 2020 and 2021 and the Russia-Ukraine war, which started in early 2022, affected the factories' sales forecast and production activities.

All our subsidiaries are encouraged to conduct an annual employee satisfaction survey to ascertain employee feedback and identify areas for improvement. Given that certain subsidiaries only administer the survey once every few years, we target for the employee satisfaction survey and subsequent review to be an annual exercise for all subsidiaries by 2025.

## EMPLOYEE TRAINING AND EDUCATION

### Why is it Material?

We are constantly working to provide our employees with continuous growth opportunities that allow them to develop new skills and advance in their careers. To maintain a competitive advantage within the market, it is important that we equip our employees with the capabilities to accomplish the demands of their job specifications. By investing in our employees, we are also building a sustainable future for our business.

### Our Management Approach

Our subsidiaries' management teams are responsible for identifying employee training and development needs and developing an effective training strategy in alignment with their operational needs and business development plans.

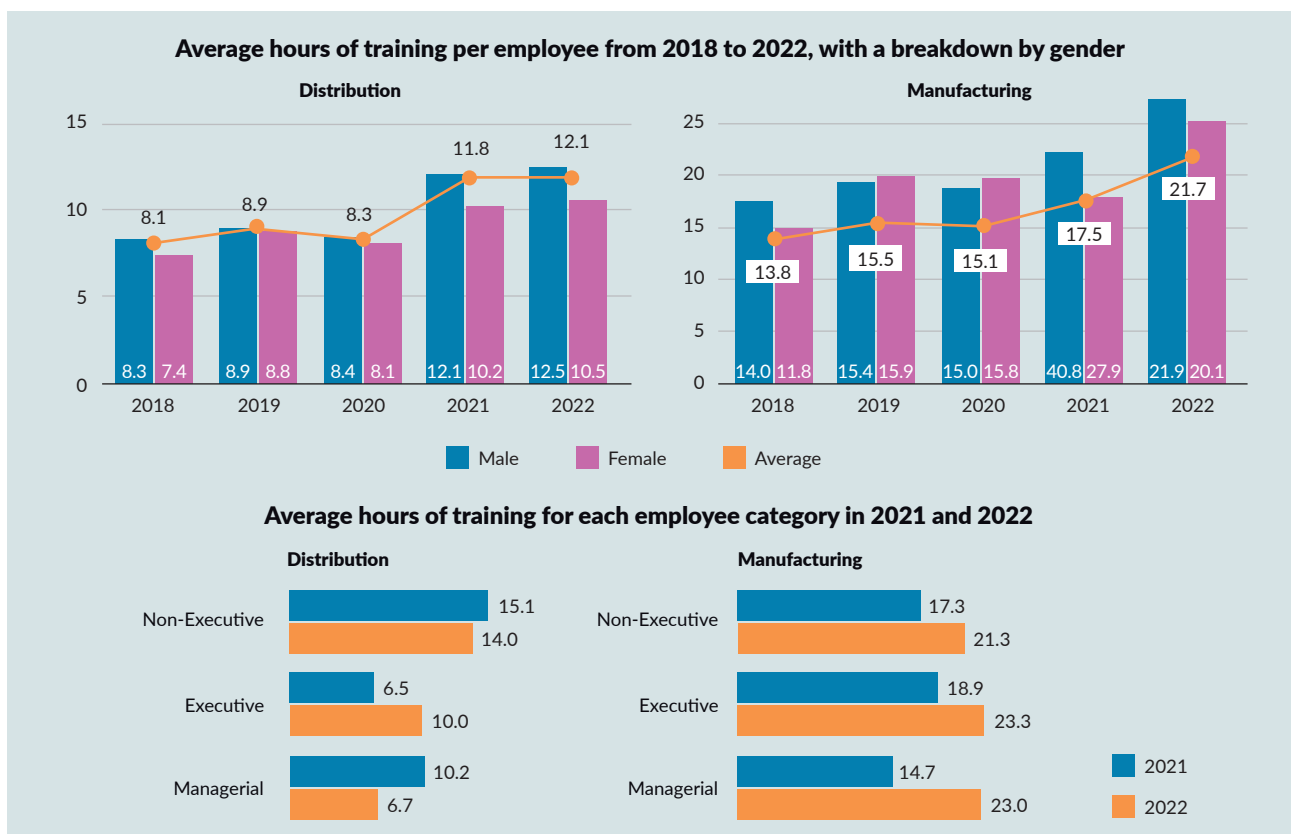
On top of providing supervised on-the-job training for specialised job functions, we also organise trainings on topics pertaining to product and quality knowledge, machine operations, relevant ISO standards, workplace health & safety policies, sales and management skills, self-development skills, information technology, data analytics, relevant financial reporting standards and tax regulations. Within the distribution and manufacturing businesses. These trainings were either delivered by our in-house personnel or external trainers.

### Our Performance

The average hours of training per employee in 2021 and 2022 for both segments were at least 20% more than the average hours recorded in 2018. However, much of the trainings that were carried out in 2021 and 2022 revolved around health and safety topics pertaining to the COVID-19 pandemic and relevant government regulations. In addition, some of the trainings were originally scheduled for prior years but were postponed due to the pandemic.

In the face of these external factors, we have revised our original achievement timeline from 2021 to 2025. As we work towards sustaining the momentum in our employee training and education program, we will continuously monitor and assess the need to define a more ambitious target.

The following figure depicts the average hours of training per employee<sup>6</sup>, with a breakdown by gender and employee category.



<sup>6</sup> Training and education figures from prior reporting periods has been restated to exclude YHI Malaysia.

## OCCUPATIONAL HEALTH AND SAFETY

### Why is it Material?

Promoting a safe and healthy work environment is an integral component of our sustainability strategy. Our commitment to occupational health and safety (“OH&S”) extends to all aspects of our operations, and we prioritise the well-being of our employees above all else.

### Our Management Approach

Given that YHI’s subsidiaries operating in different locations also face different legislative requirements, we have established a common set of principles that form the basis of the Group’s OH&S management system, as follows:


1. To be proactive in identifying and mitigating the safety hazards and health risks associated with our operations;
2. To provide our employees with adequate training and resources to perform their work safely and effectively;
3. To monitor our OH&S performance by tracking, analysing, and reporting all safety-related incidents to the relevant authorities.

In addition, on-site safety officers are assigned to take charge of health and safety matters, and first-aid kits are prominently displayed and readily available. The Group also provides the necessary personal protective equipment to all employees.

The management teams of YHI’s respective subsidiaries are responsible for ensuring compliance with all applicable local workplace health and safety regulations, whilst developing and implementing OH&S policies that are well-suited to the local context. As and when work-related accidents occur, a root cause analysis is conducted, corrective actions duly implemented, and lessons learnt are shared across YHI’s business segments to prevent recurrence of injuries.

### Our Performance

In 2022, there were zero incidents of work-related fatalities across our four major distribution subsidiaries and three factories. However, one of our distribution subsidiaries recorded a high-consequence work-related injury, whereby the employee was unable to fully recover to pre-injury health status within six months. The following figure depicts the key performance indices pertaining to the number and rate work-related injuries that occurred within YHI’s work sites.



	Distribution <sup>7</sup>			Manufacturing		
	2020	2021	2022	2020	2021	2022
<b>Number of recordable injury cases</b>	4	4	13	25	18	21
<b>Number of high-consequence work injury</b>	0	0	1	0	0	0
<b>Number of work-related fatalities</b>	0	1	0	0	0	0
<b>Total man-hours worked (x 100,000 hours)</b>	7.38	7.47	7.59	35.60	34.93	29.88
<b>Injury rate per 200,000 man-hours</b>	1.1	1.1	3.7	1.4	1.0	1.4
<b>Total number of lost days</b>	168	21	316	1,172	969	947
<b>Lost day rate per 200,000 man-hours</b>	45.5	5.6	83.3	65.9	55.5	63.4

For 2022, as compared with previous years:

- For our distribution business, the increase in the number of work-related injuries recorded in 2022 coincided with an increase in sales and warehouse activities. Investigations into all recorded injuries has concluded after a root cause analysis was conducted and the necessary rectifications were implemented.
- For our manufacturing business, the higher number of recordable injuries recorded in 2022 coincided with the resumption of factory activities after the easing of COVID-19 lock-down measures. In view of the rising number of injury cases, the factory management team had been reminded of the importance of ensuring workplace safety and minimizing the risk of injury.

Across the Group, our aim is to prevent accidents, injuries, and illnesses in the workplace. We will continuously work towards reducing the occurrence of workplace accidents whilst targeting to maintain our record of having zero work-related fatalities.

<sup>7</sup> Occupational health and safety figures for 2020 and 2021 has been restated to exclude YHI Malaysia.

## GOVERNANCE PILLAR

### ECONOMIC PERFORMANCE

#### Why is it material?

As a listed corporate business, we have a fiduciary duty to maintain our financial position and continuously create greater economic value for our shareholders. We believe that our business endeavours will also bring tangible benefits to our other key stakeholders, including our customers, employees, and principals/suppliers. We also monitor the potential impacts of our business activities on the broader economy, society, and the environment.

#### Our management approach

Across the Group, we pursue a '3R' strategy to reduce our stock holdings, accounts receivables and operating costs. Over the years, this strategy has proven beneficial, as the Group now maintains a solid financial position that allows it to navigate through challenging and uncertain business conditions with greater resilience and adaptability.

YHI's distribution segment has focused on continuously broadening its product offerings over the decades, which is in line with its '3M' strategy of having 'Multi-product', 'Multi-brand', and 'Multi-category'. In addition to prudent management, it has achieved much success in identifying the most suitable products to bring to market by staying alert and informed on global economic developments and local market conditions.

As for YHI's manufacturing segment, our diversified ODM manufacturing operations allow us to leverage the competitive strengths of each manufacturing location and cater to differences in market demand for quality, price, and size. We have also developed our own proprietary manufacturing technologies through research and development, fortifying our position as a premium manufacturer for aftermarket alloy wheels.

#### Our performance

Despite the ongoing Russia-Ukraine war and the resultant surge in energy prices, the Group recorded a respectable financial performance for 2022, as outlined below.

Key Economic Performance Indicators	2022	2021	2020
Group revenue (in SGD' million)	430.9	444.7	422.8
- Revenue from distribution (in SGD' million)	323.7	329.5	312.2
- Revenue from manufacturing (in SGD' million)	107.2	115.2	110.6
Operating costs (in SGD' million)	88.0	88.1	86.5
Employee costs (in SGD' million)	54.8	58.6	51.7
Tax paid (in SGD' million)	6.6	6.6	5.7
Payments to providers of capital			
- Interest expense (in SGD' million)	3.3	2.8	2.9
- Dividends per share (in SGD' cents)	3.60	3.60	3.30

For more details on the direct economic value generated and distributed by YHI in 2022, please refer to our Annual Report ("AR") 2022, which can be found at our website on [www.yhigroup.com](http://www.yhigroup.com).



## ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

### Why is it material?

At YHI, we constantly strive to uphold our corporate values of integrity and honesty in all business decisions and throughout our operations. By maintaining our compliance record, we have been able to secure our market position as a trusted and reputable firm that our customers are loyal towards. In addition, the Group believes that engaging in fair and healthy competition with other corporations is essential to achieving greater economic efficiency and sustainable growth.

### Our management approach

As outlined in YHI's Code of Conduct, we expect all our employees to hold themselves to the highest standards of ethical business conduct in all that they do. This is communicated to all new and existing employees through the Employee Handbook, which they all have a copy of.

Given the inherent risk of corruption and anti-competitive behaviour in the purchasing and procurement processes, we have established a Group Management Policy that sets forth clear guidelines on engaging in fair, transparent, and anti-corrupt dealings with our principals or suppliers. The Policy also emphasises the need to conduct due diligence on potential business partners and suppliers to ensure their compliance with all applicable government regulations.

We also have in place a Whistle-Blowing Policy that allows employees to report any concerns they may have, in relation to possible violations of the Group's Code of Conduct or suspected irregularities in financial reporting to the Audit Committee, through the Internal Audit function. Any incidents of corruption, anti-competitive behaviour, anti-trust, and monopoly practices will be reported to the senior management team for further action.

### Our performance

There were zero incidents of anti-corruption, anti-competitive behavior or anti-trust/monopoly practices reported in 2022. We aim to maintain zero incidents in 2023.



## TCFD REPORT

According to the World Economic Forum's Global Risk Report 2023, climate action failure presents a critical threat to the world in both the medium term (2-5 years) and long-term (5-10 years), with the highest potential to severely damage societies, economies, and the planet. Indeed, climate change poses a significant risk to our operations, employees, the local community, and the environment we live in.

We recognise the important role that businesses play in mitigating and adapting to climate change. As such, we are committed to lowering our environmental footprint, while conscientiously building resilience towards the climate-related risks and opportunities faced by the Group.

### IMPLEMENTATION ROADMAP

YHI recognizes that climate change poses significant risks and opportunities to its business, and is committed to addressing them. In line with SGX-ST's Sustainability Reporting Guide Practice Note 7.6, the Group will be adopting a phased approach towards including climate-related disclosures in our sustainability report.

Our implementation roadmap for climate reporting, mapped against the four main pillars of the TCFD, is as follows.

	PHASE 1	PHASE 2	PHASE 3
<b>Governance</b>	Integrate climate risks into existing board governance structures	Internal review of climate change management processes	Ongoing Board and management oversight
<b>Strategy</b>	Identify key climate-related risks and opportunities, assess their impact and formulate appropriate action plans	Continually identify key risks and opportunities and conduct scenario analysis to determine the materiality levels	Assess the resilience of the Group's climate strategy, in alignment with desired climate outcomes
<b>Risk Management</b>	Define the process for identifying, prioritising, and managing climate-related risks	Develop policies for managing climate-related risks and opportunities	Effectively embed climate considerations into relevant business processes
<b>Metrics and Targets</b>	Compute and disclose YHI major subsidiaries' operational carbon footprint (Scope 1 and Scope 2 emissions)	Include all other subsidiaries in the computation and disclosure of carbon footprint, and define metrics to assess the impact of climate-related risks on the Group's activities	Improve data systems, and consider appropriate science-based emissions reduction targets

### GOVERNANCE

#### Board oversight:

The Board provides strategic guidance and leadership on climate change and environmental issues. As delegated by the Board, the Audit Committee retains primary oversight responsibilities for the Group's climate reporting programme, which covers management's identification of key climate-related risks and opportunities, formulation of business plans as well as the design of related risk management and internal control systems.

At least once a year and as and when needed, the Audit Committee receives an update on any significant and/ or emerging climate-related issues facing the business, and a summary of the key measures implemented in response. The Audit Committee will usually review climate-related issues together with other sustainability-related matters, as reported by the management.

#### Management's roles and responsibilities:

Together with the other sustainability issues, climate-related risk management is under the purview of YHI's RMEC, which comprises our senior management team and is jointly headed by the Executive Chairman and the CFO, and their key roles and responsibilities are to support and advise the Audit Committee on climate-related risks and opportunities facing the Group. Following the Group's enterprise risk management framework, the RMEC is to conduct regular risk assessments,

developing strategies to mitigate risks and identifying opportunities to capitalise on emerging trends. On behalf of the RMEC, the CFO will provide timely updates on climate-related issues to the Audit Committee.

Broadly speaking YHI adopts a two-way approach to effectively track, assess, and manage climate-related issues. For the bottom-up approach, the Sustainability Working Group, which comprises the various heads of subsidiaries and the designated employees is responsible for monitoring climate-related risks and opportunities from a business and compliance perspective, and to escalate any issues to the RMEC as required. As for the top-down approach, the RMEC will vigilantly monitor climate-related topics from strategic and operational perspectives, assess the potential impacts and ensure that appropriate management actions are taken at the frontline. Over the coming years, the management team will continue to work with external consultants, as and when necessary, to assess and manage the Group's climate-related risks and opportunities.

## RISK MANAGEMENT

### Identifying and assessing climate-related risks

In the preparation of YHI's inaugural TCFD report, we have undertaken a Group-wide climate risk assessment to understand the physical and transition risks and opportunities presented by climate change, for the regions where YHI's operations and assets are located. To identify and prioritise the climate-related risks and opportunities that are relevant to YHI's value chain, we have considered:

#### 1. Existing and emerging regulatory requirements to climate change

In recognition of the growing threat that climate change poses to the economy, people and the planet, countries are progressively setting ambitious net-zero targets to hasten the transition towards a low-carbon future. At YHI, we closely monitor the latest developments in the jurisdictions we operate in, so as to align our business practices with national milestones and specific regulatory requirements. We are proactively adopting energy-efficient, low-emission technologies and business workflows where possible, and will remain on the lookout for new business opportunities emerging from the global net-zero transition.

#### 2. Actual or potential physical climate risks

As part of our enterprise risk management process, we regularly track and assess the frequency and intensity of any acute and chronic climatic events occurring within the jurisdictions we operate in. For instance, in countries that are experiencing more frequent rainfall, we recognise that this may lead to inland flooding issues that may also cause supply chain disruptions and other operational issues. After an initial risk assessment, we will formulate the corresponding action plans to mitigate the risk of their future occurrence.

#### 3. Actual or potential transition risks

We expect transition risks arising from climate change to have a greater strategic and operational implications for YHI's business. Such risks have been embedded in our business strategy planning process, and we are continually improvising new business plans to leverage on emerging green technologies, such as electric vehicles, and stay ahead of the curve in distributing automotive product parts and providing operational support to our customers.

### Managing climate-related risks

The RMEC is responsible for analysing and dissecting all identified climate-related risks to arrive at a better understanding of the risk drivers and potential financial impacts, before and after risk mitigation measures are taken. The RMEC are to monitor the Group's sustainability context and to periodically review the likelihood and impact of each risk.

Climate-related risks have also been incorporated in YHI's Enterprise Risk Management framework, and the materiality and relative significance of all sustainability- and climate-related risks and opportunities in relation to other risks were determined through consensus-seeking among the RMEC members.

## STRATEGY

We considered three sets of time horizons in our analysis of climate-related risks and opportunities: short-term (now till 2025), medium-term (2025-2030) and long-term (2030-2050 and onwards). The results of our inaugural risk assessment, performed in 2022, 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 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 the summer</li> </ul>









## Climate-Related Risks Faced by YHI (cont'd)

TYPE	DESCRIPTION OF RISK	SCOPE	TIME FRAME	POTENTIAL FINANCIAL IMPACTS	RISK MITIGATION STRATEGIES	
Transition	Policy and Legal	Stringent regulatory requirements and taxes may be imposed on the disposal or recycling of production waste and used tyres, batteries, and alloy wheels	 	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 scrap collectors or relevant service providers</li> </ul>
	Technology	High-emitting assets, such as diesel-powered delivery vehicles and forklifts may be banned by governments or phased out within 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 new regulatory requirements within the stipulated timeline, especially for countries or jurisdictions that have imposed restrictions on the use of high-emitting operational 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 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>

If material climate-related risks are not addressed with adequate risk mitigation and adaptation strategies, YHI's business, strategy and financial performance could be negatively affected. To review the resilience of our business strategies in the context of climate change, we will be undertaking a scenario analysis, whereby two contrasting climate scenarios will be considered, and we look forward to presenting the results of this assessment in our next TCFD report.

## 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>

## METRICS AND TARGETS

### Climate-related metrics

Since embarking on our sustainability reporting journey, YHI has been consistent in our efforts to identify, measure, monitor and report on quantitative metrics under each material topic, some of which include:

Electricity consumption	Natural gas consumption	Greenhouse gas emissions
Freshwater usage	Wastewater discharge	Waste disposal

By including historical and present-year data on the above metrics, we have been able to provide our stakeholders with insights into our environmental performance over time. In anticipation of potential future risks, we have implemented various risk mitigation measures, as outlined in the above sections on **“Energy Consumption and Emissions”**, **“Water and Effluents”**, and **“Waste Management”**.

As YHI progresses in its climate reporting journey by undertaking a scenario analysis exercise in the upcoming year, we may include other relevant climate-related metrics in the report as well.

### Greenhouse gas emissions

In 2022, we have started developing a baseline inventory for our Scope 1 and 2 emissions, covering the distribution and manufacturing segments that have been included within the scope of this sustainability report. Moving forward, we seek to progressively improve upon our carbon accounting methodology to include other entities within YHI’s operational control, in line with the methodology proposed by the GHG Protocol and associated standards.

Our greenhouse gas emissions serve as a key metric for us to measure and mitigate our climate-related risks, and we are constantly looking at ways to leverage on the climate-related opportunities we have identified. Please refer to the **“Energy Consumption and Emissions”** section of this Report for further details on YHI’s carbon footprint.

### Climate-related targets

While we have established performance targets for each material topic in this Report, we are still in the process of formulating a net-zero ambition for the Group and establishing the necessary mid-term reduction targets necessary to achieve this. We will continually assess the feasibility of establishing science-based targets for the Group, in support of a global transition towards a low-carbon economy.

## 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 2022 to 31 December 2022 with reference to the GRI Standards
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<sup>8</sup> Not applicable, as YHI does not have any workers who are not employees.

<sup>9</sup> Not applicable, as YHI's employees have not entered into any collective bargaining agreements.

<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>PAGE</b>	
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<b>Governance</b>		
Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities.	22 – 23
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	22 – 23
<b>Strategy</b>		
Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	23 – 26
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	24 – 26
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	25
<b>Risk Management</b>		
Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks.	23
	b) Describe the organisation's processes for managing climate-related risks.	23
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	23
<b>Metrics and Targets</b>		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	27
	b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	27
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	27



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