YHI

Since 1948

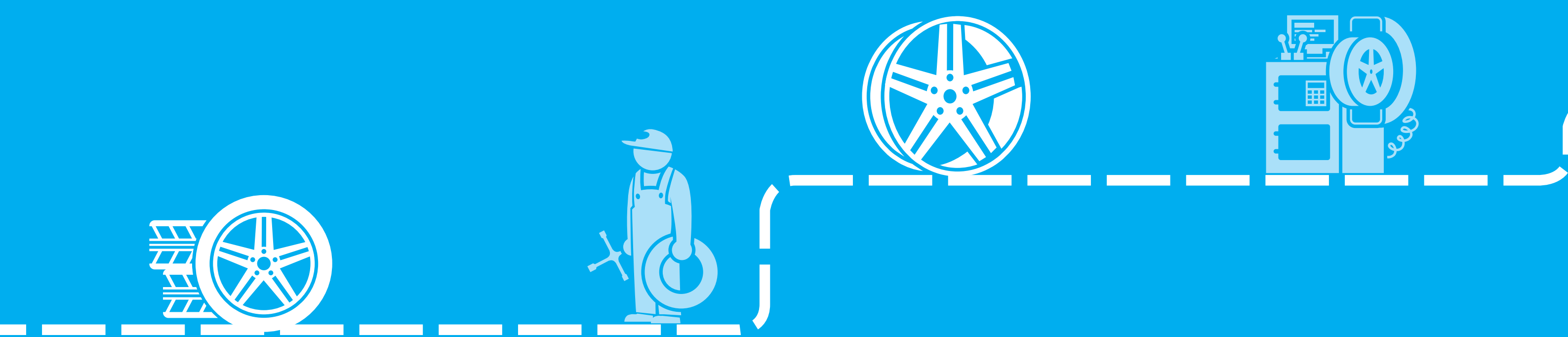
友发国际有限公司

YHI INTERNATIONAL LIMITED

Listed on the mainboard of the Singapore Exchange
Company Registration Number 200007455H

SUSTAINABILITY REPORT 2019

TABLE OF CONTENTS



CHAIRMAN'S MESSAGE

DEAR STAKEHOLDERS,

On behalf of the Board and management of YHI International Limited ("YHI" or the "Group"), I present our third annual sustainability report (the "report"). This report compiles our sustainability strategy and initiatives as we continue to evolve and improve on our sustainability journey. At YHI, we want to contribute towards making a difference to issues that matter most to our business and to the world.

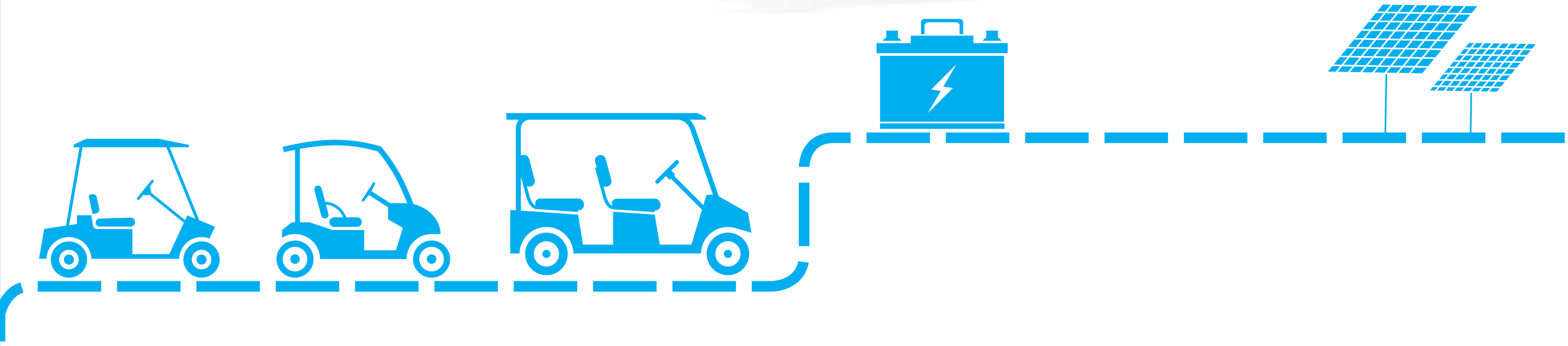
2019 was Singapore's Year of Zero Waste, an issue we are keenly aware of at YHI. Our manufacturing operations produce waste, so we continuously strive to reduce the amount of virgin materials that we require, increase the amount of waste that is recycled, and ultimately, reduce our contribution to landfills. Through our Kaizen initiatives, our various subsidiaries re-evaluate the status quo and innovate to find new ways of reducing wastage and improve efficiency.

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

It bears mentioning that at the time of this report, the COVID-19 pandemic has spread across the globe. The pandemic has had devastating effects on many lives, both from a health perspective and from a livelihood perspective. Economies have slowed down, supply chains have been disrupted, many businesses have come to a grinding halt. Although the full effects of the COVID-19 pandemic likely won't be known for some time to come, it has prompted a re-evaluation of values and priorities for many governments, businesses and individuals. At YHI, the pandemic has reinforced our belief in the importance of thinking long-term and making decisions that protect our stakeholders, including our shareholders, employees and customers. We are keeping a close eye on the situation and are shaping our decision-making accordingly.

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

Richard Tay
Executive Chairman & Group Managing Director



ABOUT THIS REPORT

This is the third sustainability report published by YHI International Limited, providing an update of the Group's sustainability performance for the year ended 31st December 2019. This report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards. For this, we sought guidance from external consultants who advised us on relevant reporting requirements set out in the GRI Standards as well as in the SGX guidelines.

This report covers our five major distribution subsidiaries in Singapore, Malaysia, Australia and New Zealand, and all three factories in Malaysia, China and Taiwan. The eight subsidiaries which form the reporting boundary for this report are provided in **Exhibit 1** below:

EXHIBIT 1: REPORTING BOUNDARY OF YHI'S SUSTAINABILITY REPORT

FIVE MAJOR DISTRIBUTION SUBSIDIARIES

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

YHI Power Pty Ltd
("YHI Power Australia")

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

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

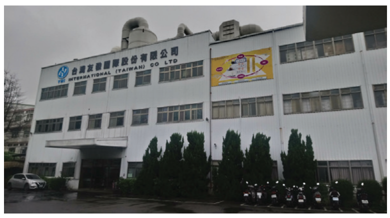
YHI (Australia) Pty Ltd
("YHI Australia")

THREE FACTORIES

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

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

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



The abovementioned five major distribution subsidiaries and three factories are considered significant based on the Environmental, Social and Governance ("ESG") footprint of their operations. As certain GRI Standards require the performance data to be reported by geographical region, we segmented the eight subsidiaries into three regions, namely "ASEAN" (comprising Singapore and Malaysia), "East Asia" (China and Taiwan) and "Oceania" (Australia and New Zealand) based on their business locations.

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

ABOUT YHI INTERNATIONAL LIMITED

OUR BUSINESS

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

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

OUR LOGO

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

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

YHI

OUR CORPORATE MISSION

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

OUR CORE VALUES

1. Teamwork
2. Mutual respect
3. Integrity & honesty
4. Quality of work
5. Commitment
6. Customer focus
7. Innovation
8. Continuous improvement

OUR DISTRIBUTION SEGMENT

Activities: Distributing tyres, alloy wheels, industrial & automotive batteries and buggy & utility vehicles

Locations of operations and markets served: Asia Pacific, North America and Europe

Awards: For the eleventh consecutive year, YHI Malaysia received the Golden Eagle 2019 Award for outstanding small and medium-sized enterprise (SME) in Malaysia

(Above) Tyres, alloy wheels, industrial & automotive batteries and buggy & utility vehicles distributed by YHI

OUR MANUFACTURING SEGMENT

Activities: Manufacturing alloy wheels

Factories: Suzhou factory, Taiwan factory and Malacca factory

Locations of operations: Suzhou, China; Taoyuan, Taiwan; and Malacca, Malaysia

Sectors and customers served: Original equipment manufacturers and aftermarket customers

Awards: For the second year Malacca factory received the Super Golden Bull 2018 Award for outstanding SME in Malaysia

(Above) YHI is also an integrated Original Design Manufacturer for alloy wheels providing customers with seamless supply chain solutions

OUR SUSTAINABILITY EFFORTS AND REPORTING APPROACH

OUR COMMITMENT

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

We firmly believe in recognising our responsibility to the environment, society at large, the market, as well as our employees. We have been incorporating and managing sustainability as part of our corporate policies, business strategy and risk management practice over the years. From our experiences, we have learned that with proper planning and implementation, our business practices can simultaneously maximise economic value creation and also achieve sustainability objectives.
When the opportunity arises, our employees strive to support the local community. For example:

- YHI Singapore was a gold sponsor of The Singapore Island Country Club May Day Charity Golf 2019. The funds raised were used to help various charitable organisations and underserved communities in Singapore.

- YHI New Zealand organises blood donation drives regularly and allows employees to take paid volunteering leave to participate in community service activities. In 2019, YHI New Zealand organised a donation drive to support the victims and families of the tragic Christchurch mosque shootings.

- YHI New Zealand is also a platinum sponsor for Totara Park Riding for the Disabled, an Auckland-based charity bringing differently-abled individuals to interact with horses. The activities help improve physical ability, independence and self-worth for children and adult with physical, intellectual, emotional and social challenges.

(Above) YHI New Zealand supports Totara Park Riding for the Disabled to fulfil its charitable mission. Photo source: Totara Park Riding for the Disabled

The COVID-19 pandemic is sweeping through the planet at the time of this report's preparation. The pandemic has caused unprecedented damage to global communities. High rates of spread and mortality, economic disruption through the halting of business activity across entire value chains has placed great strain on many economies and individuals. While it is unclear when the pandemic will end and how extensive its impact will be, the pandemic has prompted much reflection on prevailing values and actions. YHI is vividly reminded of the importance of being a responsible business for its stakeholders, namely customers, principals/suppliers, employees and shareholders, as YHI's actions and business sustainability will have direct impact on their economic and social wellbeing.

OUR REPORTING APPROACH

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

- In our first sustainability report we provided an overview of the identified material ESG factors, how we are addressing these factors, and data on our performance.

- In our second and third sustainability report, we reported on our material ESG factors, tracked performance progress and set future targets for the material ESG factors.

GOVERNANCE OVER SUSTAINABILITY MATTERS

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

STAKEHOLDER ENGAGEMENT

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

EXHIBIT 2: YHI'S STAKEHOLDER ENGAGEMENT MECHANISM

OUR STAKEHOLDERS	KEY ISSUES OR CONCERNS	KEY ENGAGEMENT METHODS	FREQUENCY
Customers	• Products quality • Product pricing • Customer service	• Official get-together events, such as "Dealers' Night" • Trade fairs and exhibitions • Customer visits • Customer satisfaction surveys	• Regularly throughout the year
Principals/ Suppliers	• Sales growth • Market share	• Regular meetings and visits	• Quarterly
Employees	• Business performance • Remuneration • Career growth	• Meeting or talks held by management • Appraisals and discussions • Employee surveys	• Quarterly • Annual
Shareholders	• Business growth • Financial results • Return on investment	• Corporate website • Periodical financial announcement • Annual Report • Annual General Meeting	• Continuous • Quarterly • Annual
Regulators	• Regulatory compliance • Societal well-being	• Regulatory notices and updates • Industry dialogues and visits	• Ad hoc

MATERIAL ESG FACTORS

Material ESG factors are areas that impact our business and that we impact through our activities. We determined our material ESG factors by reviewing the entire value chain and practices of our distribution and manufacturing business, conducting industry peer-benchmarking, and taking valuable stakeholder input into consideration.

We continue to find our material ESG factors relevant and therefore have made no changes since our first sustainability report in 2017. Our material ESG factors and performance targets are provided in **Exhibit 3** below:

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

MATERIAL ESG FACTORS FOR YHI	YHI'S PERFORMANCE TARGETS
Environmental	
• Energy consumption & emissions	• To increase efficiency and minimise energy consumption
• Effluents & waste management and reduction	• Zero incidents of non-compliance with relevant water discharge or hazardous waste handling regulations
Social	
• Employee management	• By 2021 employee satisfaction survey and review will become a routine annual exercise for all subsidiaries
• Employee training and education	• To increase the annual average hours of training for each employee by at least 20% by 2021
• Occupational health and safety	• Zero work-related fatalities
Governance	
• Economic performance	• To deliver stable and sustainable economic growth for the business and financial returns for the shareholders
• Anti-corruption and anti-competitive behaviour	• Zero incidents of anti-corruption, anti-competitive behaviour or anti-trust/monopoly practices

MATERIAL ENVIRONMENTAL TOPICS

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

ENERGY CONSUMPTION & EMISSIONS

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

Our energy consumption level is generally aligned with our business activities. For example, an increase or decrease in the storage and shipment of goods, or an increase or decrease in the production level has a direct impact on the distribution segment or our factories' energy consumption. However, there are other factors that also affect energy consumption such as the use of more energy-saving equipment or lighting or factories producing more energy or resource intensive products.

YHI consistently strives to increase efficiency and minimise energy consumption.

Over the years, we have implemented various energy efficiency and energy conservation policies and guidance for both business segments. For example:

- For factories, energy consumption is closely monitored and systematically assessed for potential savings. Where feasible, we undertake energy saving initiatives. One good example is the Suzhou factory's in-house innovation under the Kaizen initiative of channelling the waste heat discharged from air compressors of the casting department to the painting department to heat up the water used for alloy wheel washing. The recovery and innovative use of waste heat in the painting department has led to a significant decrease in the amount of natural gas consumption and reduction in associated emissions.
- For warehouses and offices, we have a clear policy that we should turn off lights and air-conditioners while not in use. Where feasible, we will opt for individual workspace lighting instead of centralised lighting in order to conserve energy. Energy-saving LED lighting or light control switch and motion sensors have also been installed so as to reduce the energy consumption level.

The total energy consumed by the five major distribution subsidiaries and the three factories in 2019 is provided in **Table 1**. The scope 2 emissions associated with our electricity consumption is also provided.

Table 1: Total energy consumed by the five major distribution subsidiaries and three factories between 2017 and 2019

MAJOR SOURCE OF ENERGY	DISTRIBUTION			MANUFACTURING		
	2019	2018	2017	2019	2018	2017
Electricity						
Annual consumption in million kWh	1.25	1.31	1.5	40.93	40.11	35.3
CO2 equivalent emissions (Indirect (Scope 2) GHG emissions)[1]	545 tCO2e	595 tCO2e	759 tCO2e	28,333 tCO2e	32,405 tCO2e	28,435 tCO2e
Natural gas						
Annual consumption in million cubic metre	Na.[2]	Na.	Na.	13.8	14.0[3]	12.4

Note 1: The emission factors used are latest available factors (2017 and 2018): Singapore: 0.419, Taiwan: 0.554, Malaysia: 0.645, East China: 0.805, New South Wales: 0.82, South Australia: 0.51, New Zealand: 0.1
Note 2: Distribution segment does not consume natural gas
Note 3: Natural gas consumption restated from the 13.3 million cubic metre originally reported in 2018 sustainability report

For 2019 as compared with previous years:

- The five major distribution subsidiaries recorded a lower level of electricity consumption largely due to the installation of energy-saving LED lighting and motion sensors in some of our major warehouses.
- The factories recorded increase in electricity consumption due to an increase of energy intensive production activities based on customer specifications.

EFFLUENTS & WASTE MANAGEMENT AND REDUCTION

At Manufacturing Segment

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

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

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

(Above) Furniture and garden trellis hand built by factory workers in Malacca and Suzhou using damaged wooden pallets.

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

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

Table 2 provides the aggregate water discharge by quality and destination for the three factories between 2017 and 2019. **Table 3** provides the aggregate amount of waste disposal by type and disposal method for the factories between 2017 and 2019.

Table 2: Water discharge by quality and destination for the three factories between 2017 and 2019

FACTORY	QUALITY OF WATER DISCHARGED	DISCHARGE DESTINATION	WATER DISCHARGE IN THOUSAND METRIC TONNES		
			2019	2018	2017
Suzhou	Wastewater	External wastewater treatment plant	65.00	65.00	75.0
Taiwan	Chemically treated water	Public sewer	13.65	19.77	22.0
Malacca	No discharge of water				

Table 3: Waste by type and disposal method for the three factories between 2017 to 2019

WASTE TYPE	DISPOSAL METHOD	TOTAL WASTE DISPOSAL IN THOUSAND METRIC TONNES		
		2019	2018	2017
Hazardous	Waste disposal collectors	1.5	1.8	1.7
Non-hazardous	Waste disposal collectors	0.7	0.8	0.7

For 2019 as compared with previous years:

- The amount of wastewater discharged by Suzhou factory in 2019 was same as last year in compliance with the discharge quota imposed by local authority. Wastewater not discharged was treated and reused in the factory; whereas, the decline in the amount of chemically treated water discharged by Taiwan factory was primarily due to the factory's adoption of new water treatment equipment and method.
- The factories had recorded reduced amount of hazardous and non-hazardous waste primarily due to their continual control of material planning and consumption and prompt actions taken to reuse or recycle certain materials.

There were no incidents of non-compliance with the relevant water discharge or hazardous waste handling regulations between 2017 and 2019. YHI aims to maintain zero incidents of non-compliance in 2020.


1

2

(1) Malacca factory does not discharge wastewater to external destination as wastewater is centrally collected and treated for reuse. **(2)** Production wastes in Malacca factory are centrally kept and identified before disposal to waste collectors.

At Distribution Segment

The waste produced at our distribution subsidiaries primarily includes damaged tyres and batteries. We do not find the amount of wastewater produced to be material for this reporting period.

Our damaged tyres and batteries are disposed of by our distribution subsidiaries to waste collectors. Given the varying disposal and measurement methods based on relevant local regulations, we encountered difficulties in standardising and consolidating the disposal data and have not provided this data in this report. We aim to improve our data collection and consolidation methods and report the relevant information in our future reporting. From 2017 to 2019, there were no incidents of non-compliance with the relevant hazardous waste handling regulations. YHI aims to maintain zero incidents of non-compliance in 2020.

MATERIAL SOCIAL TOPICS

EMPLOYEE MANAGEMENT

Our employees are key to the success of our business. Without them, we would have been unable to achieve the business growth we have experienced. It is stated in our corporate mission that we treat our employees with care, consideration, respect and provide them with the growth opportunities they seek in order to have long, successful careers at YHI. The core values of YHI also specifically promote “teamwork”, “mutual respect”, “integrity & honesty”, “quality of work” and “commitment”.

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

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

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

All our subsidiaries are encouraged to conduct annual employee satisfaction surveys and review the results to identify areas for improvement. It is YHI’s goal that by 2021 the employee satisfaction survey and review will become a routine annual exercise for all subsidiaries.

(1) Employees of YHI Philippines organised a retreat at Boracay Island. **(2)** Dinner gathering organised by YHI Power Australia’s Victoria office.

The employee hire and turnover information for the five major distribution subsidiaries and the three factories in 2019 is provided in **Table 4.** The number of our non-permanent employees is not significant and is therefore immaterial for this report.

Table 4: Employee hire and turnover for the five major distribution subsidiaries and the three factories between 2017 and 2019

	DISTRIBUTION			MANUFACTURING		
EMPLOYEE DATA	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Total employment						
Employee head count	**420**	**421**	**406**	**1,226**	**1,304**	**1,332**
Breakdown by gender						
Male	318	321	–[4]	1,111	1,191	–
Female	102	100	–	115	113	–
By age group						
Below 30	106	131	–	407	477	–
30 to 50	219	206	–	762	763	–
Over 50	95	84	–	57	64	–
By region						
ASEAN	192	189	–	547	541	–
East Asia	Na.[1]	Na.	–	679	763	–
Oceania	228	232	–	Na.	Na.	–
New hire						
New hire head count and rate[2]	**114 (27%)**	**167**	**140**	**510 (42%)**	**630**	**697**
Breakdown by gender						
Male	87 (21%)	125	–	471 (38%)	600	–
Female	27 (6%)	42	–	39 (3%)	30	–
By age group						
Below 30	50 (12%)	93	–	324 (26%)	305	–
30 to 50	49 (12%)	62	–	182 (15%)	322	–
Over 50	15 (4%)	12	–	4 (0.3%)	3	–
By region						
ASEAN	38 (9%)	52	–	201 (16%)	90	–
East Asia	Na.	Na.	–	309 (25%)	540	–
Oceania	76 (18%)	115	–	Na.	Na.	–

Table 4 (cont'd)

	DISTRIBUTION			MANUFACTURING		
	2019	2018	2017	2019	2018	2017
Turnover						
Turnover head count and rate[3]	**115 (27%)**	**152**	**140**	**588 (46%)**	**658**	**635**
Breakdown by gender						
Male	90 (28%)	124	–	553 (48%)	629	–
Female	25 (25%)	28	–	35 (31%)	29	–
By age group						
Below 30	49 (41%)	74	–	341 (77%)	303	–
30 to 50	50 (24%)	63	–	238 (31%)	350	–
Over 50	16 (18%)	15	–	9 (15%)	5	–
By region						
ASEAN	35 (18%)	53	–	195 (36%)	142	–
East Asia	Na.	Na.	–	393 (55%)	516	–
Oceania	80 (35%)	99	–	Na.	Na.	–

Note 1: No major subsidiary in the region
Note 2: New hire is calculated by diving new hires by category by total employee headcount
Note 3: Turnover is calculated by dividing number of departures by average number of employees in the financial year
Note 4: Breakdown not provided in 2017 sustainability report

For 2019 as compared with previous years:

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

EMPLOYEE TRAINING AND EDUCATION

To stay competitive, it is important to ensure that our employees are adequately trained and equipped with the knowledge and skills required by their roles. Our subsidiaries' management teams are tasked with identifying employee training needs and training schedules in accordance with operational and business development plans.

For both the distribution and manufacturing businesses, training topics provided to employees include product and quality knowledge, machine operations, relevant ISO standards, workplace health & safety policies, sales and management skills, self-development skills, information technology, relevant financial reporting standards and tax regulations. The trainings are either delivered by in-house personnel or external trainers. Certain job functions in both the distribution and manufacturing businesses also require supervised on-the-job training.

The average hours of training per employee from 2017 to 2019 is provided in **Table 5**. There were no significant changes in the average hours of training per employee between 2018 and 2019 for both distribution subsidiaries and factories. Using 2018 as the base year, YHI aims to increase the annual average hours of training for each employee by at least 20% by 2021.

(Left) In-house training organised by YHI Singapore for the relevant personnel to understand more about the requirements under the Personal Data Protection Act.

Table 5: Average hours of training per employee for the five major distribution subsidiaries and the three factories between 2017 and 2019

AVERAGE TRAINING HOURS	DISTRIBUTION 2019	DISTRIBUTION 2018	DISTRIBUTION 2017	MANUFACTURING 2019	MANUFACTURING 2018	MANUFACTURING 2017
Average hours per employee	**8**	**8**	**11**	**15**	**14**	**17**
Average hours for each gender group						
Male	8	8	–[1]	15	14	–
Female	7	7	–	16	12	–
Average hours for each employee category						
Non-executive level	5	7	–	14	13	–
Executive level	12	15	–	21	20	–
Managerial level	13	6	–	19	18	–

Note 1: Breakdown not provided in 2017 sustainability report

OCCUPATIONAL HEALTH AND SAFETY

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

While the specific policies developed by subsidiaries may vary in accordance with local work environment and regulations, all such policies entail workplace risks and hazard identification and the formulation of effective measures to minimise them.

There were zero incidents of work-related fatalities between 2017 and 2019. YHI aims to maintain zero work-related fatalities in 2020. The aggregate number of work-related injuries and lost days for the five major distribution subsidiaries and the three factories from 2017 to 2019 is provided in **Table 6**.

Table 6: Aggregate number of work-related injuries and lost days for the five major distribution subsidiaries and the three factories between 2017 and 2019

WORK-RELATED INJURIES AND LOST DAYS	DISTRIBUTION 2019	DISTRIBUTION 2018	DISTRIBUTION 2017	MANUFACTURING 2019	MANUFACTURING 2018	MANUFACTURING 2017
(1) Work-related injury cases						
Total no. of reported injury cases	**5**	**5**	**0**	**38**	**24**	**25**
By gender						
Male	3	5	–[3]	38	23	–
Female	2	0	–	0	1	–
By region						
ASEAN	4	3	–	12	6	–
East Asia	Na.[1]	Na.	–	26	18	–
Oceania	1	2	–	Na.	Na.	–
No. of cases per 200,000 man-hour[2]	**1.2**	**1.2**	**0**	**2.0**	**1.4**	**1.4**
By gender						
Male	0.9	1.6	–	2.2	1.4	–
Female	1.9	0	–	0	0.8	–
By region						
ASEAN	1.9	1.5	–	1.6	0.9	–
East Asia	Na.	Na.	–	2.4	1.6	–
Oceania	0.5	0.9	–	Na.	Na.	–

Table 6 (cont'd)

WORK-RELATED INJURIES AND LOST DAYS	DISTRIBUTION			MANUFACTURING		
	2019	2018	2017	2019	2018	2017
(2) Lost days resulted from injury						
Total lost days	**123**	**132**	**0**	**1,198**	**723**	**786**
By gender						
Male	111	132	–	1,198	632	–
Female	12	0	–	0	91	–
By region						
ASEAN	117	122	–	279	57	–
East Asia	Na.	Na.	–	919	666	–
Oceania	6	10	–	Na.	Na.	–
Lost days per 200,000 man-hour$_2$	**28.5**	**31.8**	**0**	**64.5**	**40.9**	**41.9**
By gender						
Male	34.0	41.8	–	70.1	38.6	–
Female	11.4	0	–	0	69.2	–
By region						
ASEAN	55.4	61.8	–	36.2	8.8	–
East Asia	Na.	Na.	–	84.6	59.6	–
Oceania	2.7	4.6	–	Na.	Na.	–

Note 1: No major subsidiary in the region
Note 2: Calculated based on scheduled work hours
Note 3: Breakdown not provided in 2017 sustainability report

For 2019 as compared with previous years:

- For the distribution business, the number of injury cases reported is the same as in 2018, with fewer severe injuries resulting in fewer lost days.
- For the manufacturing business, there was an increase in the number of injury cases and lost days reported. The factories have investigated the injury cases and strengthened the preventative measures at workplace and reminded the employees to observe workplace safety and exercise care at all times.

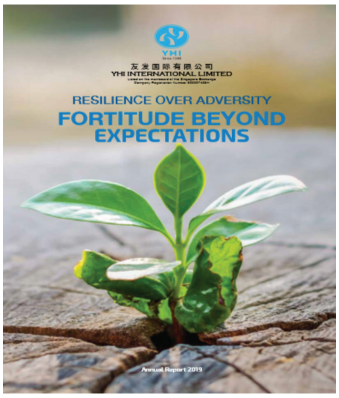
Lessons from the work-related accidents are shared across YHI to prevent recurrence and we will continuously work towards reducing the occurrence of workplace accidents.

MATERIAL GOVERNANCE TOPICS

ECONOMIC PERFORMANCE

As a corporate business, we are committed to deliver stable and sustainable economic growth for the business and financial returns for the shareholders.

2019 brought many challenges given an unconducive political atmosphere. Export and manufacturing-led regional economies were impacted by the China-USA trade war and the downturn in the electronics sector. To mitigate the difficult operating environment, YHI adhered strictly to the tried and tested strategy of keeping a strong balance sheet while seeking opportunities to expand revenue streams. Through cost, inventory and receivables management in tandem with our marketing strategy of extending the depth, breath and reach of products, we have been able to ensure our businesses remained robust, efficient and on course for long-term growth.



The direct economic value generated and distributed by YHI Group as a whole in 2019 and by various significant segments is provided in our Annual Report 2019. A softcopy of our Annual Report can be found on our website on www.yhigroup.com. An extract of YHI Group's key financial indicators on business operations and return to shareholders from 2017 to 2019 from the Annual Report 2019 are provided in **Table 7**

Annual Report 2019

Table 7: An extract of YHI Group's key financial indicators on business operations and return to shareholders between 2017 and 2019 from Annual Report 2019

FINANCIAL INDICATORS	2019	2018	2017
Group revenue (in SGD' million)	448.2	455.6	442.9
- Revenue from distribution (in SGD' million)	325.8	332.3	322.4
- Revenue from manufacturing (in SGD' million)	122.4	123.3	120.5
Net profit attributable to equity holders (in SGD' million)	13.0	13.7	8.8
Return on shareholder equity	5.1%	5.4%	3.5%
Earnings per share	4.43 cents	4.70 cents	2.99 cents
Dividend per share	2.22 cents	2.35 cents	1.50 cents

ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

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

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

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

There were zero incidents of anti-corruption, anti-competitive behaviour or anti-trust/monopoly practices reported between 2017 and 2019. YHI aims to maintain zero incidents in 2020.

MEMBERSHIP OF ASSOCIATIONS AND EXTERNAL CHARTERS/INITIATIVES

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

GRI STANDARDS CONTENT INDEX

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NO.
General disclosures		
102-1	Name of the organization	4
102-2	Activities, brands, products, and services	6
102-3	Location of headquarters	5
102-4	Location of operations	4-6
102-5	Ownership and legal form	5
102-6	Markets served	4-6
102-7	Scale of the organisation	Refer to annual report
102-8	Information on employees and other workers	13
102-9	Supply chain	4-6
102-10	Significant changes to the organisation and its supply chain	Consolidation of some distribution warehouses
102-11	Precautionary Principle or approach	N/A
102-12	External initiatives/charters	19
102-13	Membership of associations	19
102-14	Statement from senior decision-maker	3
102-16	Values, principles, standards, and norms of behaviour	5
102-18	Governance structure	7
102-40	List of stakeholder groups	8
102-41	Collective bargaining agreements	Nil
102-42	Identifying and selecting stakeholders	8
102-43	Approach to stakeholder engagement	8
102-44	Key topics and concerns raised	8
102-45	Entities included in the consolidated financial statements	Refer to annual report
102-46	Defining report content and topic boundaries	4,7
102-47	List of material topics	8
102-48	Restatements of information	9
102-49	Changes in reporting	No changes
102-50	Reporting period	4
102-51	Date of most recent report	30th May 2019
102-52	Reporting cycle	4
102-53	Contact point for questions regarding the report	4
102-54	Claims of reporting in accordance with the GRI Standards	4
102-55	GRI content index	20-21
102-56	External assurance	4

SPECIFIC DISCLOSURES		
GRI 302 Energy Management (2016)		
103-1/2/3	Management Approach	9
302-1	Energy consumption within the organisation	9
GRI 305 Emissions (2016)		
103-1/2/3	Management Approach	9
305-2	Indirect (Scope 2) GHG emissions	9
GRI 306 Waste and Effluents (2016)		
103-1/2/3	Management Approach	10-11
306-1	Water discharge by quality and destination	11
306-2	Waste by type and disposal method	11
Employment (2016)		
103-1/2/3	Management Approach	12
401-1	New employee hires and employee turnover	13-14
Training and Education (2016)		
103-1/2/3	Management Approach	14
404-1	Average training hours per year per employee	15
Occupational Health and Safety (2016)		
103-1/2/3	Management Approach	15
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	15-16
GRI 201 Economic Performance (2016)		
103-1/2/3	Management Approach	17
201-1	Direct economic value generated and distributed	17
GRI 205 Anti-Corruption (2016)		
103-1/2/3	Management Approach	18
205-1	Operations assessed for risks related to corruption	18
GRI 206 Anti-competitive (2016)		
103-1/2/3	Management Approach	18
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	18

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

No. 2 Pandan Road Singapore 609254
Tel: (65) 6264 2155 • **Fax:** (65) 6265 9927 / 6266 5368
Email: yhigroup@yhi.com.sg
Website: www.yhi.com.sg