友发国际有限公司
YHI INTERNATIONAL LIMITED

Since 1948

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

SUSTAINABILITY REPORT 2018

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Chairman's Message

Dear stakeholders,

On behalf of the Board and management of YHI International Limited ("YHI" or the "Group"), I present our second Sustainability Report (the "Report"), which compiles our sustainability approach and performance with the aim of bringing a positive change within YHI and the wider community. YHI International Limited is pleased to continue its sustainability reporting journey.

At YHI, we want to contribute towards making a difference to issues that matter most to our business and to the world.

With the belief that business growth should consider the impact on society and natural resources, we have set a vision that aims to reduce our environmental footprint and increase our positive social impact, while driving business growth. 2018 was Singapore's Year of Climate Action, and as a manufacturer and distributor, it is important for us to recognise the impact of our operations. Our energy consumption contributes to greenhouse gas emissions, so we strive to increase our efficiency and minimise our usage. Similarly, we aim to minimise our waste output to decrease the risk of hazardous effluents entering the environment, or the space and energy being used for waste disposal.

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 determined YHI's material Environmental, Social and Governance factors, and exercises oversight in the management and monitoring of these factors. The Board considers sustainability issues as part of its strategy formulation. As a listed company, YHI is committed to the Code of Corporate Governance of Singapore. The Code provides the framework for controls, checks and accountabilities and requires the Board of Directors to consider sustainability issues in business decisions.

We hope this Report will provide our stakeholders with valuable insights on our sustainability efforts. We appreciate your interest and welcome your feedback on this Report.

Richard Tay
Executive Chairman & Group Managing Director

About this Report

This is the second Sustainability Report published by YHI International Limited, providing an update of the Group's sustainability performance for the year ended 31st December 2018. This report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards. For this second Report, 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. Please refer to **Table 1** for the reporting boundary for this Report.

Table 1: Reporting boundary for this Report

Business segment	*Significant subsidiaries identified*
Distribution	• YHI Corporation (Singapore) Pte Ltd ("YHI Singapore") • YHI (Malaysia) Sdn Bhd ("YHI Malaysia") • YHI (Australia) Pty Ltd ("YHI Australia") • YHI Power Pty Ltd ("YHI Power Australia") • YHI (New Zealand) Ltd ("YHI New Zealand")
Manufacturing	• 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 we 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

YHI International Limited's head office at No.2, Pandan Road, Singapore

Our business

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.

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 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 tenth consecutive year, YHI Malaysia received the Golden Eagle 2018 Award for outstanding small and medium-sized enterprise (SME) in Malaysia

From top: Tyres, alloy wheels, industrial & automotive batteries and buggy & utility vehicles distributed by YHI Group

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

From top: Suzhou factory, Taiwan factory and Malacca factory

Our sustainability efforts and reporting approach

Our commitment

As a corporate, it is our responsibility to continuously create and achieve greater economic value for our shareholders, and we aim to operate in such way that the economy and society will 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 if the well-being and development of the environment, society and people are not unfairly sacrificed and the resources used for our activities are not irresponsibly depleted or wasted. To ensure sustainability, there is no other better way than the consistent monitoring of the inputs and outputs of our commercial activities and the proper balancing of respective stakeholders' interests.

We hold this belief firmly and continuously recognise 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.

For example, 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 constantly reviewing their existing business and operational practices to identify areas for continual improvement.

Improvements can be delivered through innovation, enhancing productivity or reducing waste. Other than Kaizen, our "3R" policy of reducing stock-holding, accounts receivables and operating costs also assists us to minimise resource consumption and waste.

Above: Some waste recycling and reuse kaizen ideas identified by our employees

Above: ITE Students are given an introductory tour at YHI Singapore's vehicle serving centre before starting their internships

Another example is the internship programme partnership between YHI Singapore and the Institute of Technical Education (ITE) in Singapore. This is a win-win arrangement that not only allows YHI Singapore to obtain manpower support but also enables students from the Institute to gain practical, real-world work experience.

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 material ESG factors identified and determined by us and how we are committed to address these factors, and also presented applicable information and statistics for some of the factors across our reporting boundary.
- In this second and our forthcoming Sustainability Reports, we plan to continually evaluate and report on our material ESG factors. We also plan to expand and provide comparisons or statistics against previously disclosed information. We intend to monitor and improve our sustainability performance and plan to include realistic and progressive performance targets in our subsequent reports.

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 of our business operations and sustainability strategy. We engage with our stakeholders, namely customers, principals/suppliers, employees and shareholders 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. Please refer to **Table 2** for our stakeholder engagement mechanisms:

Table 2: Our 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

Table 2 (Cont'd)

Our stakeholders	*Key issues or concerns*	*Key engagement methods*	*Frequency*
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 • Quarterly financial announcement • Annual Report • Annual General Meeting	• Continuous • Quarterly • Annual

We also engage with regulatory authorities in the locations where we operate through industry dialogues and visits. Beyond ensuring we are following relevant rules and regulations, we also cooperate with authorities to ensure the well-being of local communities is not compromised and that we address any issues or concerns they may raise.

Photo gallery – engaging our stakeholders

Employee dialogue sessions in Philippines (left) and Indonesia (above) together with representatives from Singapore

Above: Our Board members address a shareholder's enquiry (left); Executive Chairman & Group Managing Director Mr Richard Tay (sitting in the middle with necktie) has a close dialogue with shareholders during tea break (right)

Material ESG factors

Material ESG factors are factors that are materially important to our organisation and also have impact over environment and communities. Our reporting boundary is based on the identified factors.

We determined the material ESG factors for our first Sustainability Report by reviewing the entire value chain of our distribution and manufacturing business, conducting industry peer-benchmarking, as well as taking into consideration valuable inputs from our internal stakeholders. We additionally sought guidance from external consultants to organise a sustainability workshop and survey exercise to assist us in reviewing and prioritising material ESG factors.

After due review and evaluation, we noted that there are no significant changes to the material ESG factors for our second Sustainability Report. Please refer to **Table 3** for the ESG factors determined for this year's reporting and the performance targets determined.

Table 3: Material ESG factors and performance targets determined for second Sustainability Report

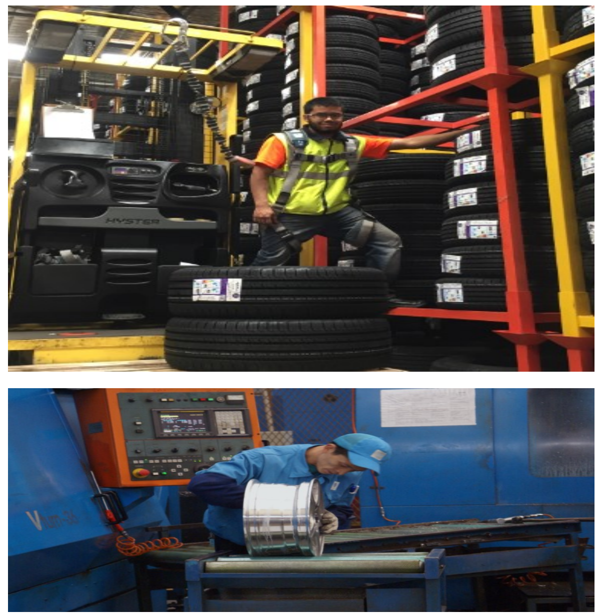
Material factors determined	*Performance targets*
Environmental	
• Energy consumption & emissions	• To increase efficiency and minimise energy consumption
• Effluents & waste management and reduction	• Zero incidents of non-compliance with relevant water discharge or hazardous waste handling regulations
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

Energy consumption & emissions

We consume a significant amount of energy to manufacture and distribute our products. The major source of energy consumed by our distribution subsidiaries' offices and warehouses is electricity, whereas the major sources of energy consumed by our factories are both electricity and natural gas.

Our energy consumption level is generally aligned with our business activities. For example, the increase or decrease in the storage and shipment of goods, or the increase or decrease in the production level has a direct impact on our distribution segment or our factories' energy consumption. However, there are other factors that also affect energy consumption. Those factors include relocation or consolidation of warehouses, or factories producing more energy or resource intensive products. Despite the challenges, YHI strives to increase efficiency and minimise energy consumption on a continual basis.



Above: A warehouse assistant is arranging tyre stocks for storage (top); A factory operator is machining an alloy wheel semi-product (below)

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

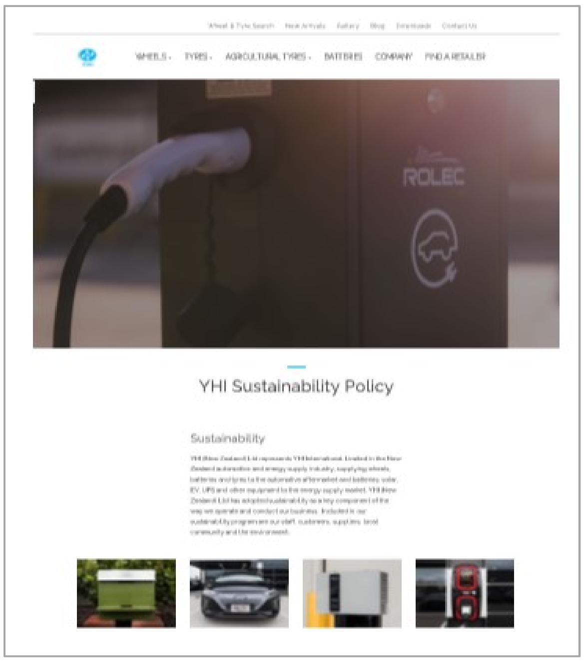
- For factories, energy consumption is closely monitored and systematically assessed for potential savings. Where feasible, we undertake energy saving initiatives, such as making investments that will lead to a reduction in energy consumption. One good example is the Suzhou factory's in-house innovation 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.

YHI New Zealand which is awarded with Eco Warranty Certificate has also adopted a sustainability program governing the way it operates and conducts the business.

YHI New Zealand embracing sustainability

YHI New Zealand was established in 1995 and operates from eight locations across New Zealand. It is a member of Sustainable Energy Association New Zealand and its head office in Auckland has been awarded with Eco Warranty Certificate.

YHI New Zealand adopts sustainability as a key component of the way it operates and conducts business. YHI New Zealand determines its sustainability commitment every year and reports its key achievements on its website on http://yhi.co.nz/



Source: Screenshots taken from YHI New Zealand's website

The aggregate amount of energy consumed by the five major distribution subsidiaries and the three factories in 2017 and 2018 is provided in **Table 4** and **Table 5** respectively. The metric tonnes of carbon dioxide equivalent emissions calculated under Greenhouse Gas (GHG) Protocol Corporate Standard for the electricity consumed, i.e. Indirect (Scope 2) GHG emissions, are also provided in the tables. The emission factors are based on the information available in the public domain at the date of this Report.

Table 4: Aggregate amount of energy consumed by the five major distribution subsidiaries in 2017 and 2018

Major source of energy	*Aggregate amount of consumption*	
	2018	*2017*
Electricity (Indirect (Scope 2) GHG emissions[1])	1.3 million kWh ($590\ tCO_2e$)	1.5 million kWh ($748\ tCO_2e$)

Note 1: Emission factors (kg/kWh) for 2018: Singapore 0.4192 (2017: 0.424); Malaysia 0.653 (2017: 0.653); Australia 0.820 (2017: 0.728); New Zealand 0.090 (2017: 0.152)

Table 5: Aggregate amount of energy consumed by the three factories in 2017 and 2018

Major source of energy	*Aggregate amount of consumption*	
	2018	*2017*
Electricity (Indirect (Scope 2) GHG emissions[1])	40.1 million kWh ($28,219\ tCO_2e$)	35.3 million kWh ($24,777\ tCO_{2e}$)
Natural gas	13.3 million cubic meter	12.4 million cubic meter

Note 1: Emission factors (kg/kWh) for 2018: Taiwan 0.612 (2017: 0.578); Malaysia 0.653 (2017: 0.653); Suzhou 0.811 (2017:0.811)

For distribution business, the electricity consumed by each subsidiary is affected by various factors including business activity levels and warehouse size. The decrease in the aggregate consumption for 2018 could primarily be attributed to the restructuring and warehouse consolidation exercise carried out in Australia.

For factories, the increase in the electricity and natural gas consumption level in 2018 was aligned with the increase in the production activities. Certain new product designs ordered by customers also required higher amounts of electricity and natural gas used during the manufacturing process.

Effluents & waste management and reduction

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' effluents and waste discharge or disposal level is largely aligned with overall 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 we practise recycling and/or reuse where feasible. For example:

- Both Suzhou and Malacca factory practise water recycling and reuse:
  - In compliance with the wastewater discharge quota imposed by the local authority and to minimise the overall water consumption, Suzhou factory recycles and reuses the wastewater. The wastewater discharged by the factory strictly adheres to the quota as well as the pollutant limits (such as the level of chemical oxygen demand contained in the wastewater) imposed by the authority; and
  - There is no wastewater discharge at Malacca factory as wastewater is 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 (such as Malacca factory) also recycle their scrap metals by giving the scraps to external contractors to weld and build into storage racks and shelves for reuse.

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

- As mentioned above, Suzhou factory's wastewater is discharged 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 drains.
- 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 the respective local regulations.

In 2017 and 2018, there were no incidents of non-compliance with the relevant water discharge or hazardous waste handling regulations. YHI aims to maintain zero incidents of non-compliance in 2019.

Table 6 provides the aggregate amount of water discharge by quality and destination for the three factories in 2017 and 2018. **Table 7** provides the aggregate amount of waste disposal by type and disposal method for the factories in 2017 and 2018.

Table 6: Water discharge by quality and destination for the three factories in 2017 and 2018

Factory	*Quality of water discharge*	*Discharge destination*	*Water discharged (in thousand metric tonnes)*	
			2018	*2017*
Suzhou	Wastewater	External wastewater treatment plant	65.0	70.0
Taiwan	Chemically treated water	Public drains	19.8	22.0
Malacca	*No discharge of wastewater*			

Table 7: Waste by type and disposal method for the three factories in 2017 and 2018

Waste type	*Disposal method*	*Waste disposed (in thousand metric tonnes)*	
		2018	*2017*
Hazardous	Waste disposal collectors	1.8	1.7
Non-hazardous	Waste disposal collectors	0.8	0.7 [1]

Note 1: Restated from the 0.3thousand metric tonnes originally reported in 2017 Sustainability Report

The decline in the amount of wastewater discharged by Suzhou factory in 2018 was primarily due to variations of the discharge quota imposed by the local authority and the wastewater not discharged was being recycled and reused in the factory; whereas, the decline in the amount of chemically treated water discharged by Taiwan factory in 2018 was primarily due to the factory's consolidation of production shift and schedule during the year.

For factories' waste disposal, we have restated the aggregate amount of non-hazardous waste disposal for 2017 after making some revisions to our calculations. We believe that the revisions can help to enhance comparison and aggregation of data across factories over time. The increase in the amount of waste disposal in 2018 was largely aligned with overall production activities.

Distribution Segment

The waste produced 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 in each respective country. 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.

In 2017 and 2018, there were no incidents of non-compliance with the relevant hazardous waste handling regulations. YHI aims to maintain zero incidents of non-compliance in 2019.

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.

At YHI, we commit to provide equal job opportunities in the countries we operate regardless of gender, age and race. We also place a lot of emphasis on fair and equal remuneration and employee development to upgrade their future competency levels. 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.

Photo gallery – some of our employee activities in 2018

Employee activities held by YHI Singapore

Above: YHI Singapore's employee holiday trip to Bangkok (left) and family day held at a prawn farm (right)

Right: Free health screening initiative organised for employees

Employee activities held by other subsidiaries

Above (from top): YHI Power Australia's employee dinner and YHI New Zealand's Christmas celebration

Above (from top):

- ***Photos taken at YHI Malaysia and Taiwan factory's employee holiday trip (first two photos)***
- ***Photo taken at Suzhou factory's family day (last photo)***

The employee hire and turnover information for the five major distribution subsidiaries and the three factories in 2017 and 2018 is provided in **Table 8**.

Table 8: Employee hire and turnover for the five major distribution subsidiaries and the three factories in 2017 and 2018

Breakdown not provided in 2017 Sustainability Report

	Distribution		*Manufacturing*	
	2018	*2017*	*2018*	*2017*
Total employment				
Employee head count	**421**	**406**	**1,304**	**1,332**
Breakdown by gender				
Male	321		1,191	
Female	100		113	
By age group				
Below 30	131		477	
30 to 50	206		763	
Over 50	84		64	
By region				
ASEAN	189		541	
East Asia	NA. 1		763	
Oceania	232		NA. 1	
New hire				
New hire head count	**167**	**140**	**630**	**697**
By gender				
Male	125		600	
Female	42		30	
By age group				
Below 30	93		305	
30 to 50	62		322	
Over 50	12		3	
By region				
ASEAN	52		90	
East Asia	NA. 1		540	
Oceania	115		NA. 1	

Table 8 (Cont'd)

	Distribution		*Manufacturing*	
	2018	*2017*	*2018*	*2017*
	Turnover			
Turnover head count	**152**	**140**	**658**	**635**
By gender				
Male	124		629	
Female	28		29	
By age group				
Below 30	74		303	
30 to 50	63		350	
Over 50	15		5	
By region				
ASEAN	53		142	
East Asia	NA.[1]		516	
Oceania	99		NA.[1]	

Note 1: Not applicable for the business segment not having major subsidiary in the region for this reporting

The portion of our business activities performed by non-permanent employees is immaterial for this reporting. For the factories, the hiring and turnover of production workers was aligned with the industry norms in respective countries and the labour supply conditions; for distribution business, the hiring and turnover was aligned with respective distribution subsidiaries' sales revenue.

All our subsidiaries are encouraged to conduct annual employee satisfaction survey and review the results for improvements. It is YHI's target that by 2021 the employee satisfaction survey and review will become a routine annual exercise for all subsidiaries.

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, applicable regulatory requirements and respective annual financial budgets.

For both the distribution and manufacturing businesses, training topics provided to employees include product and quality knowledge (some of which is provided by our principals/suppliers), 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. **Table 9** provides the average hours of training per employee in 2017 and 2018.

Table 9: Average hours of training per employee for the five major distribution subsidiaries and the three factories in 2017 and 2018

Breakdown not provided in 2017 Sustainability Report

Employment	*Distribution*		*Manufacturing*	
	2018	*2017*	*2018*	*2017*
Average hours for each employee	**8**	**11**	**14**	**17**
Average hours for each gender group				
Male	8		14	
Female	7		12	
Average hours for each employee category				
Non-executive level	7		13	
Executive level	15		20	
Managerial level	6		18	

Both distribution subsidiaries and factories recorded lower average hours of training per employee in 2018. Intensive trainings were provided by some subsidiaries in 2017 to equip employees with the knowledge of a new ERP system. The training hours were gradually reduced after the new system stabilised in 2018.

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.

Photo gallery – in-house training provided to employees

Above: Training provided to employees in YHI Singapore (left) and Suzhou factory (right)

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, broadly speaking, all such policies entail the process of identifying workplace risks and hazards and formulating effective measures to minimise them. There were zero incidents of work-related fatalities in 2017 and 2018. YHI aims to maintain zero incidents in 2019.

The aggregate number of work-related injuries and lost days for the five major distribution subsidiaries and the three factories in 2017 and 2018 is provided in **Table 10**.

Table 10: Aggregate number of work-related injuries and lost days for the five major distribution subsidiaries and the three factories in 2017 and 2018

Breakdown not provided in 2017 Sustainability Report

Work-related injuries and lost days	*Distribution*		*Manufacturing*	
	2018	*2017*	*2018*	*2017*
Work-related injury cases				
Total no. of reported injury cases	**5**	**0**[1]	**24**	**25**
Breakdown by gender				
Male	5		23	
Female	0		1	
By Region				
ASEAN	3		6	
East Asia	NA.[2]		18	
Oceania	2		NA.[2]	
No. of cases per 200,000 man-hour[3]	**1.2**	**0**[1]	**1.4**	**1.4**
By gender				
Male	1.6		1.4	
Female	0		0.8	
By Region				
ASEAN	1.5		0.9	
East Asia	NA.[2]		1.6	
Oceania	0.9		NA.[2]	
Lost days resulted from injury				
Total lost days	**132**	**0**[1]	**723**	**786**
By gender				
Male	132		632	
Female	0		91	
By Region				
ASEAN	122		57	
East Asia	NA.[2]		666	
Oceania	10		NA.[2]	

Table 10 (Cont'd)

Work-related injuries and lost days	*Distribution*		*Manufacturing*	
	2018	*2017*	*2018*	*2017*
Lost days per 200,000 man-hour [3]	**31.8**	**0** [1]	**40.9**	**41.9**
By gender				
Male	41.8		19.3	
Female	0		34.6	
By Region				
ASEAN	61.8		8.8	
East Asia	NA. [2]		59.6	
Oceania	4.6		NA. [2]	

Note 1: Restated from the 22 cases originally reported in 2017 Sustainability Report
Note 2: Not applicable for the business segment not having major subsidiary in the region for this reporting
Note 3: Calculated based on scheduled work hours

We have made some revisions to the calculation of injury cases and lost days. For this Report, the injury cases do not include minor (first-aid level) injuries that do not result in more than three days of medical leave (or lost days). On this basis, we restated the number of cases reported for our distribution subsidiaries in 2017. We believe that the revised numbers enhance comparison and aggregation of data across subsidiaries over time.

There was an increase in the number of injury cases and lost days reported by the distribution segment but the manufacturing segment reported lower injury cases and lost days in 2018. While the reported cases were either work or non-work related accidents and they were not found to be attributable to systematic causes, we continue to remind respective subsidiaries and the employees to observe workplace safety and exercise care at all times.

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

Material governance topics

Economic performance

As a corporate, we are committed to deliver stable and sustainable economic growth for the business and financial returns for the shareholders. The direct economic value generated and distributed by YHI Group as a whole in 2018 and by various significant segments is provided in our Annual Report 2018. A softcopy of our Annual Report can be found on our website on www.yhigroup.com.

An extract of our Annual Report 2018 is provided below:

Annual Report 2018

- The Group reported a 2.9% (or $12.7 million) increase in turnover to $455.6 million (FY2018) from $442.9 million (FY2017) mainly due to higher sales in both distribution and manufacturing business as compared to last year.
- A review of the Group's turnover by geographical markets of ASEAN, North East Asia, Oceania and Others contributed 45%, 22%, 29% and 4% respectively. The turnover in ASEAN, our largest revenue contributor, increased by 8.6% to $206.1 million mainly due to higher revenue in Singapore, Malaysia, Philippines and Vietnam.
- Profit before income tax was $18.0 million in FY2018, an increase of 18.6%, compared to $15.2 million in FY2017. Income tax expense decreased by 34.1 % (or $1.9 million) to $3.7 million compared to $5.6 million in FY2017 mainly due to higher group profit before tax and certain profitable subsidiaries had claimed tax deduction from accumulated tax losses brought forward from prior years in FY2018.
- Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by 56.8% to $13.7 million in FY2018 as compared to $8.8 million in FY2017.
- Earnings per share was 4.70 Singapore cents for FY2018, increased by 57% from 2.99 Singapore cents for FY2017.
- Dividend payout for FY2018 was 2.35 Singapore cents per share, up from 1.50 Singapore cents per share for FY2017. This translates to a dividend yield of 5.9% based on $0.395 as at the closing share price of last practicable date before printing of the Annual Report and a dividend payout ratio of 50% based on earning per share of 4.70 Singapore cent for FY2018.

Anti-corruption and anti-competitive behaviour

We are especially proud of our growth from our humble beginning because our progress is couched in our values of honour and integrity. 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 in 2017 and 2018. YHI aims to maintain zero incidents in 2019.

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)

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