



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 2021



TABLE OF CONTENTS

CHAIRMAN'S MESSAGE	3
ABOUT THIS REPORT	4
ABOUT YHI INTERNATIONAL LIMITED	5
OUR SUSTAINABILITY EFFORTS AND REPORTING APPROACH	8
MATERIAL ENVIRONMENTAL TOPICS	11
MATERIAL SOCIAL TOPICS	16
MATERIAL GOVERNANCE TOPICS	21
GRI STANDARDS CONTENT INDEX	23

CHAIRMAN'S MESSAGE



DEAR STAKEHOLDERS,

On behalf of the Board and management of YHI International Limited (“YHI” or the “Group”), I am pleased to present our fifth annual sustainability report (the “report”). This report was created in tandem with our sustainability strategy and initiatives to further propel us on our sustainability journey. At YHI, we are committed to positively contributing to the economy, environment, and society to create an impactful change in bettering the world.

As we continuously strive towards achieving Singapore’s Green Plan for 2030, remaining considerate about negating our environmental footprint, prevails as a pivotal strategic and core direction for YHI. Whilst our manufacturing segments produce waste, a by-product of our operations, we are dedicated to reducing our consumption of raw resources and increasing the amount of waste we recycle to ultimately reduce our reliance on landfills, as per the national waste plan. As a result, we remain committed to capturing innovative and novel opportunities to reduce our waste through enhanced efficient operational and consumptive practices. YHI steers to contributing to its own, national and any global strategic sustainability plans to combat the detrimental effects of climate change to create a durable and healthy planet.

Enforcing robust corporate governance and ethical behavior across all our business activities remains a keystone consideration for us at YHI as we are committed to Code of Corporate Governance of Singapore, guiding our internal control mechanisms to achieve integrity, accountability, and transparency in our governance. Our Board remains unwaveringly dedicated to achieving

our sustainability ambitions through diligent oversight over YHI’s initiatives, performance and targets whilst simultaneously ensuring compliance with all regulatory and SGX guidelines imposed. We aim to achieve continuous development through reevaluation of all our material environmental, social and governance topics to maximize our positive impacts whilst driving our strategic sustainability ambitions.

Whilst the pandemic raged on for a majority of 2021, we have recently experienced hope of its final elimination. After experiencing supply chain disruptions, business impacts, health risks and overall volatile uncertainty, we look forward to welcoming the new financial year with anticipation of a better global paradigm, away from the pandemic, and a new attitude of embracing fortitude in adversity. YHI remains motivated in sustaining its drive towards reinforcing its corporate purpose, strategic ambitions, and sustainability targets to shape the organisation into a global and responsible corporate citizen.

We encourage all our stakeholders to review this report and share their valuable insights on our sustainability efforts, for future development.

Richard Tay
Executive Chairman &
Group Managing Director

ABOUT THIS REPORT

This is the fifth sustainability report published by YHI International Limited, presenting the Group’s sustainability performance for the year ended 31st December 2021. This report has been prepared with reference to the Global Reporting Initiative (“GRI”) Standards. We have chosen to prepare our report with reference to the GRI Standards as it is an internationally recognized framework that continuously develops to cater emerging Environmental, Social and Governance (“ESG”) trends whilst providing a holistic monitoring and reporting framework for all our material topics. Our management approaches, sustainability initiatives and key performance indicators (“KPIs”) for relevant material topics are developed with reference to the Standards. For this, we continue to seek guidance from external consultants who advise us on the mandatory and relevant reporting requirements set out in both the GRI Standards as well as in the SGX guidelines.

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

EXHIBIT 1: REPORTING BOUNDARY OF YHI’S SUSTAINABILITY REPORT

DISTRIBUTION

ASEAN



YHI Corporation (Singapore) Pte Ltd (“YHI Singapore”)



YHI (Malaysia) Sdn Bhd (“YHI Malaysia”)

OCEANIA



YHI (Australia) Pty Ltd (“YHI Australia”)



YHI Power Pty Ltd (“YHI Power Australia”)



YHI (New Zealand) Ltd (“YHI New Zealand”)

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”)

The major distribution subsidiaries and factories have been deemed to have a significant impact on our ESG considerations as a result of their operational footprint. Our internal audit is responsible for reviewing our sustainability reporting process. We have not obtained any independent assurance on the data and information reported in this report, but continuously work to improve on our reporting processes. A soft copy of this report can be found on our website on www.yhigroup.com. Any questions or feedback in relation to this report are welcome and 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 is present in over 100 countries through its 32 subsidiaries and three (3) associated companies 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, 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 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, YHI provides integrated services from the design and development to the manufacturing, marketing and distribution of alloy wheels.

OUR LOGO

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

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



OUR CORPORATE MISSION

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

OUR CORE VALUES

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



OUR DISTRIBUTION SEGMENT

As the key contributor to revenue, the distribution business has gone from strength to strength. YHI distribute a diverse range of products and many global leading brands. The key tyre brands distributed by YHI include Yokohama, Nankang, Nexen, Pirelli and our proprietary brand, Neuton Tyres. Our alloy wheel brand portfolio includes Enkei, OZ, Konig and Breyton and our proprietary brand, Advanti Racing.

In the energy solution segment, which encompasses automotive and rechargeable batteries for commercial and industrial use, our key brand portfolio includes Trojan, CSB, Vision and our proprietary brand, Neuton Power.

We distribute a wide range of industrial products such as solar panels, inverter, chargers and UPS (Uninterrupted Power Supply), carrying brands such as Eaton, Delta Q, Trina Solar and our proprietary brand, Neuton Power. We also distribute buggy & utility vehicles and the product brands include E-Z-GO, Cushman and our proprietary brand Neuton Electric.



TYRES

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



ALLOY WHEELS

 SINGAPORE	 JAPAN	 USA	 ITALY	 ITALY	 GERMANY	 USA
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BUGGY & UTILITY VEHICLES

 SINGAPORE	 USA	 USA
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ENERGY SOLUTIONS

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

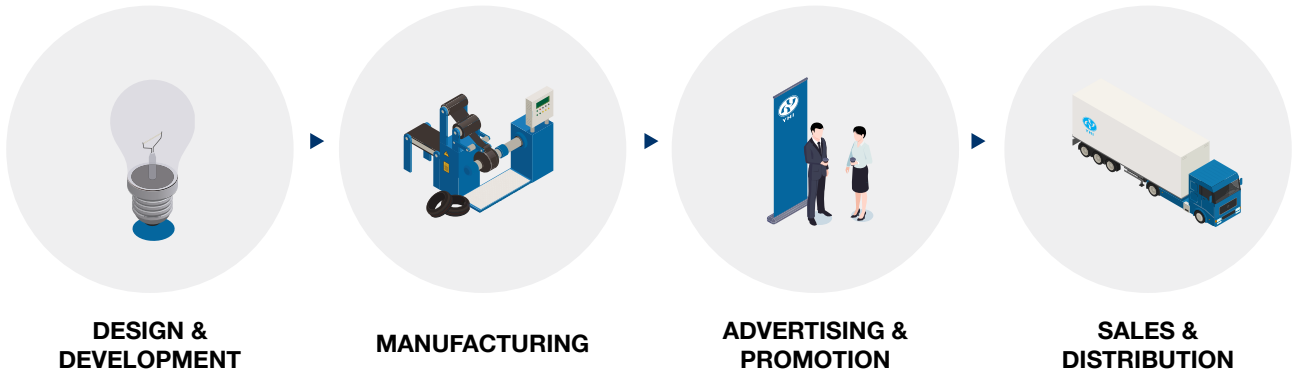


OTHER INDUSTRIAL PRODUCTS

 SINGAPORE	 TAIWAN	 FRANCE	 GERMANY	 CANADA	 USA	 USA
 CHINA	 CHINA					

OUR MANUFACTURING SEGMENT

OUR VALUE PROPOSITION



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

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

MEMBERSHIP OF ASSOCIATIONS, EXTERNAL CHARTERS / INITIATIVES AND RECOGNITIONS



- ISO 9001:2015
- ISO/TS 16949:2016
- Quality Management System – TÜV Rheinland Italia S.r.l.
- Eco Warranty Certificate
- Work Safety Standardization Certificate (issued by State Administration of Work Safety of China)
- Clean Production Audit Certificate (issued by Suzhou New District)



Our Certificates

OUR SUSTAINABILITY EFFORTS AND REPORTING APPROACH

OUR COMMITMENT

At YHI, we continuously strive to create and achieve greater economic value for our shareholders whilst simultaneously operating our business activities in a responsible manner that benefits the environment, economy and society. We believe that our value creation journey can never be a zero-sum game as sustainability can only be achieved if the well-being of the environment and society are not compromised and the resources used for our activities are deployed responsibly. There is no better way than the consistent monitoring of our resource input and output from our commercial activities and the proper balancing of respective stakeholders' interests to ensure sustainability.

We firmly believe in recognizing our responsibility to the environment, society, the market, and all our stakeholders and patrons. We have been incorporating and managing sustainability as part of our corporate governance, business strategy and risk management practices over the years. We continuously grow from our experiences through proper planning and implementation, and hope that our business practices can simultaneously generate economic value and achieve our sustainability objectives.

Measures taken by YHI during coronavirus pandemic

For many of us, 2021 was a distressing year as we witnessed the emergence of the Delta variant and were appalled at its effects. As the virus became rampant across communities, there were global struggles of lowering its spread and cases. Soon after the Delta wave, we experienced the origination of the comparatively more contagious new variant, Omicron. We were aghast at the transmissibility of Omicron as it instantaneously brought about a new global pandemic wave.

However, 2021 was also a year we saw silver lining as we experienced the global roll out of COVID vaccines and booster jabs. The vaccines have been proven effective and have curbed the infection rates and symptoms perpetuated upon contracting the virus. As we remain prepared to experience potential waves caused by new virus variants, we hope to uphold fortitude in these adverse times.

YHI enforces measures to safeguard the health and well-being of its employees across various countries and acknowledges the importance of remaining compliant with the rules and guidelines issued by local governments. During the peak of the pandemic induced by the Delta variant in 2021, we practiced work-from-home ("WFH") for nonessential work to abide by governmental-issued lockdown orders and to minimise the headcounts physically present in our offices across our operational sites. We deployed an office-planning schedule to limit employee exposure to the virus as they visited our premises to undergo essential work. Employees working in our office premises were also required to perform regular rapid antigen testing.

We provide our employees and visitors with sanitizers and face masks and promote social distancing through prominent signs across our offices and sites. We redrew our employee seating arrangements to ensure adequate physical distancing amongst all employees. In countries where face masks are mandatory, our employees are constantly reminded of the importance of wearing the face mask and remaining compliant.

YHI strongly supports vaccination against the virus by encouraging and giving time-offs to employees to attend vaccination and booster jab appointments. YHI also keeps records of employees' vaccination status.

OUR REPORTING APPROACH

We continue to follow a phased approach in preparing and publishing our sustainability reports:

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

Going forward, we expect some changes in our subsequent sustainability reporting following the SGX's announcement of new sustainability reporting requirements in December 2021, taking effect from financial year 2022.

GOVERNANCE OVER SUSTAINABILITY MATTERS

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

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

STAKEHOLDER ENGAGEMENT

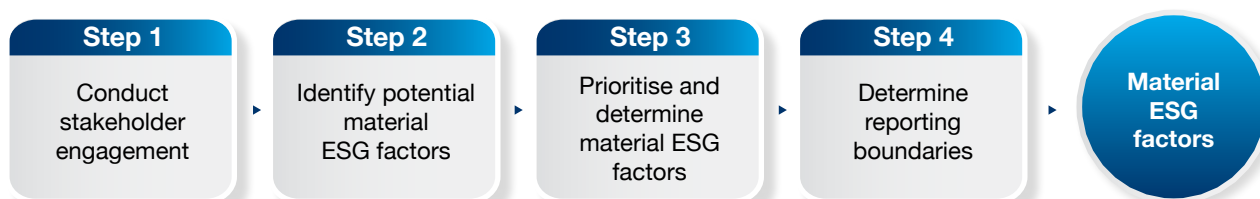
Stakeholder engagement is at the core to our business operations and sustainability strategy. We engage with our stakeholders in a fair, trust-based and responsible manner through hard work, dedication and commitment. Feedback from our stakeholders forms a crucial part of our strategic and business planning 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	<ul style="list-style-type: none"> Product quality Product pricing Customer service 	<ul style="list-style-type: none"> Official get-together events, such as “Dealers’ Night” Trade fairs and exhibitions Customer visits Customer satisfaction surveys 	<ul style="list-style-type: none"> Regularly throughout the year
Principals/ Suppliers	<ul style="list-style-type: none"> Sales growth Market share 	<ul style="list-style-type: none"> Regular meetings and visits 	<ul style="list-style-type: none"> Quarterly
Employees	<ul style="list-style-type: none"> Business performance Remuneration Career growth 	<ul style="list-style-type: none"> Meeting or talks held by management Appraisals and discussions Employee surveys 	<ul style="list-style-type: none"> Quarterly Annual
Shareholders	<ul style="list-style-type: none"> Business growth Financial results Return on investment 	<ul style="list-style-type: none"> Corporate website Periodical financial announcement Annual Report Annual General Meeting 	<ul style="list-style-type: none"> Continuous Half-yearly Annual
Regulators	<ul style="list-style-type: none"> Regulatory compliance Societal well-being investment 	<ul style="list-style-type: none"> Regulatory notices and updates Industry dialogues and visits 	<ul style="list-style-type: none"> Ad hoc

MATERIAL ESG FACTORS

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



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

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

For this report, we have segregated our previous material topic ‘Water, effluents and waste management’ to reflect the two material topics, ‘Water & effluents’ and ‘Waste management’. We believe this alteration accurately reflects the importance of each material topic on our operational scope whilst easing our alignment to relevant GRI standards. We continue to report on all our other existing material ESG factors as their reporting boundaries and influence on the business remain relevant. Our material ESG factors and performance targets are provided in **Exhibit 3** below:

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

MATERIAL ESG FACTORS FOR YHI	YHI’S PERFORMANCE TARGETS
Environmental	
<ul style="list-style-type: none"> Energy consumption & emissions 	<ul style="list-style-type: none"> To increase efficiency and minimise energy consumption
<ul style="list-style-type: none"> Water & effluents 	<ul style="list-style-type: none"> Zero incidents of non-compliance with relevant water discharge or hazardous waste handling regulations
<ul style="list-style-type: none"> Waste management 	<ul style="list-style-type: none"> Zero incidents of non-compliance with hazardous waste handling regulations
Social	
<ul style="list-style-type: none"> Employee management 	<ul style="list-style-type: none"> By 2025 employee satisfaction survey and review will become a routine annual exercise for all subsidiaries
<ul style="list-style-type: none"> Employee training and education 	<ul style="list-style-type: none"> Using 2018 as base year, increase the annual average hours of training for each employee by at least 20% by 2025
<ul style="list-style-type: none"> Occupational health and safety 	<ul style="list-style-type: none"> Zero work-related fatalities
Governance	
<ul style="list-style-type: none"> Economic performance 	<ul style="list-style-type: none"> To deliver stable and sustainable economic growth for the business and financial returns for the shareholders
<ul style="list-style-type: none"> Anti-corruption and anti-competitive behaviour 	<ul style="list-style-type: none"> Zero incidents of anti-corruption, anti-competitive behavior or antitrust/monopoly practices

In tandem with the disruptions that resulted from the COVID-19 outbreak since 2020 and uncertainty about its elimination, we have revised our achievement timeline to from 2021 to 2025, for the target set relating to our material topics of ‘employee management’ and ‘employee training and education’.

MATERIAL ENVIRONMENTAL TOPICS

ENERGY CONSUMPTION & EMISSIONS

Why is it material?

As a manufacturer and distributor, the nature of our operations results in significant consumption of energy. 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 segments or factories. The ever-changing business environments, needs and operational conditions will also give rise to new factors that could affect our energy consumptions.

Our management approach and initiatives

YHI consistently strives to increase efficiency and minimise energy consumption. Over the years, we have implemented various energy efficiency and conservation policies and guidance for both business segments. Some of our existing policies and initiatives are as follows:

- For factories, energy consumption is closely monitored and systematically assessed by responsible personnel and senior management for anomalies and corrective actions via regular reporting for consumption level and potential saving opportunities. Various energy saving projects were also being worked on in the past to reduce our consumption level, e.g., in our Suzhou factory waste heat discharged from air compressors of the casting machineries is channeled to heat up the water used for alloy wheel washing and painting. The recovery of waste heat has led to a significant decrease in the amount of natural gas consumption and reduction in associated emissions.
- For warehouses and offices, we already enforce a policy that mandates lights and air-conditioners to be turned off during non-operation for responsible personnel to follow. Additionally, when feasible, we opt for individual workspace lighting instead of centralized lighting as means of conserving energy. Energy-saving LED lighting, light control switches and motion sensors have also been installed to reduce our consumption.

Our performance

The total amount of electricity consumed by the five major distribution subsidiaries and the three factories between 2019 and 2021 are provided in **Figure 1-1**. We have also presented the scope 2 emissions in CO₂ equivalent associated with the electricity consumption. The total natural gas consumption by the three factories is provided in **Figure 1-2**.

Figure 1-1: Total electricity consumption in million kWh by the five major distribution subsidiaries and three factories between 2019 and 2021, including CO₂ equivalent emissions (Energy indirect (Scope 2) GHG emissions)

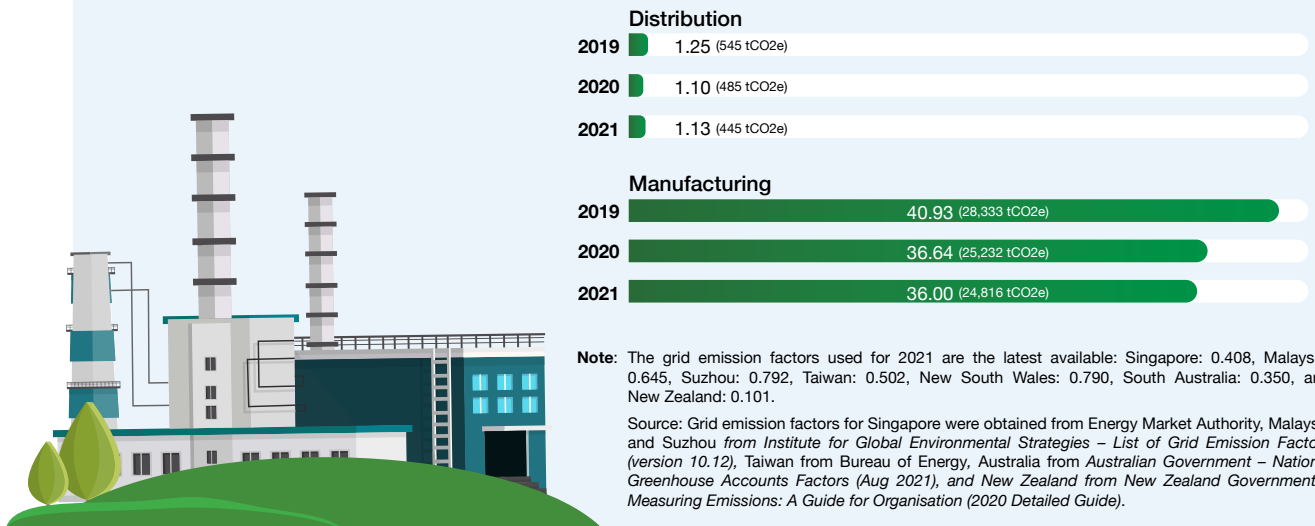
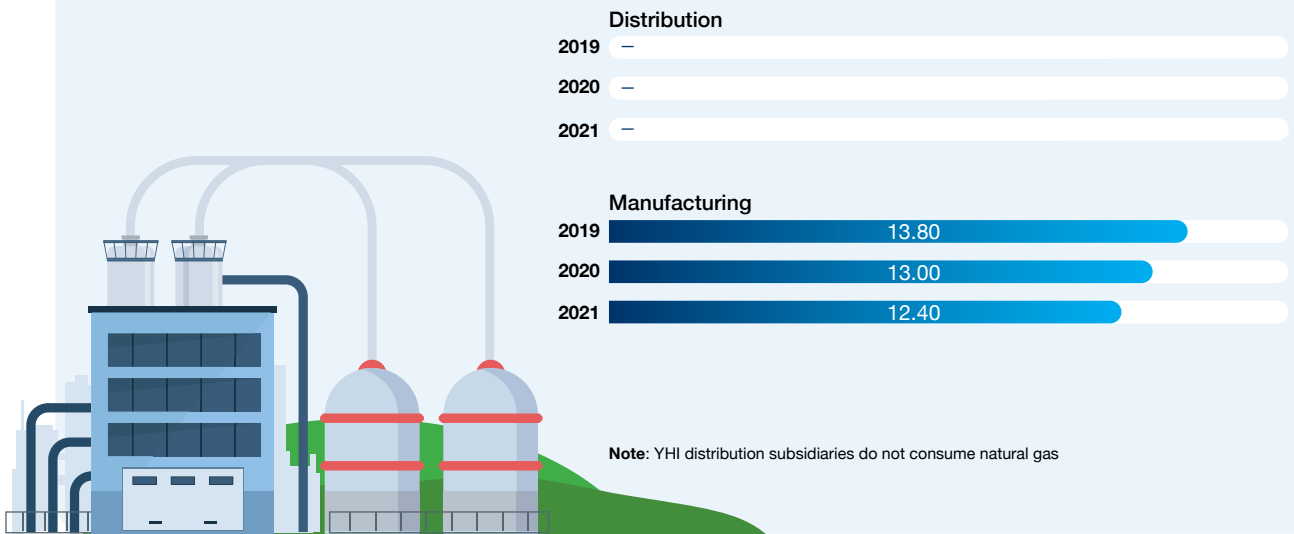


Figure 1-2: Total natural gas consumption in million cubic metre by the three factories between 2019 and 2021



For 2021 as compared with previous years:

- The five major distribution subsidiaries consumed more electricity than 2020 when the pandemic started due to gradual recovery of wholesale and distribution activities. The consumption levels were still less than the pre-pandemic of year 2019.
- The factories continued to record lower electricity consumption levels primarily due to the reduced production activities in Malacca factory during country lockdowns. The drop in production and energy consumption in Malacca factory offset the surge in production activities and energy consumption recorded by the other factories during the year.

WATER & EFFLUENTS

For this report, we have segregated our previous material topic ‘Water, effluents and waste management’ to reflect the two material topics, ‘Water & effluents’ (which is covered in this section) and ‘Waste management’ (covered in next section).

Why is it material?

Water is key to our manufacturing plants’ production processes. As water is a scarce resource, managing its consumption is paramount to achieving resource stewardship. Additionally, through our operations, we generate and discharge wastewater. At YHI, we acknowledge the importance of limiting wastewater containing hazardous materials from being directly discharged into the ecosystem.

We identified water as a material consideration solely for our manufacturing segment but not our distribution segment as the amounts of water consumed and discharged by the business is immaterial.

At Manufacturing Segment

Our management approach and initiatives

We aim to minimise our water consumption and subsequent effluents generated by remaining cognizant of resource use and areas to recycle, reduce and reuse water.

Our factories in Malacca and Suzhou strive to reuse and recycle the water consumed and wastewater generated:

- At Malacca factory, all our wastewater produced undergoes chemical treatment for recycling and reuse, which results in no wastewater discharge.
- At Suzhou factory, as the amount of wastewater discharge is limited by the quota imposed by the local authority, the factory strives to maximize its recycling and reuse of wastewater through water treatment processes.

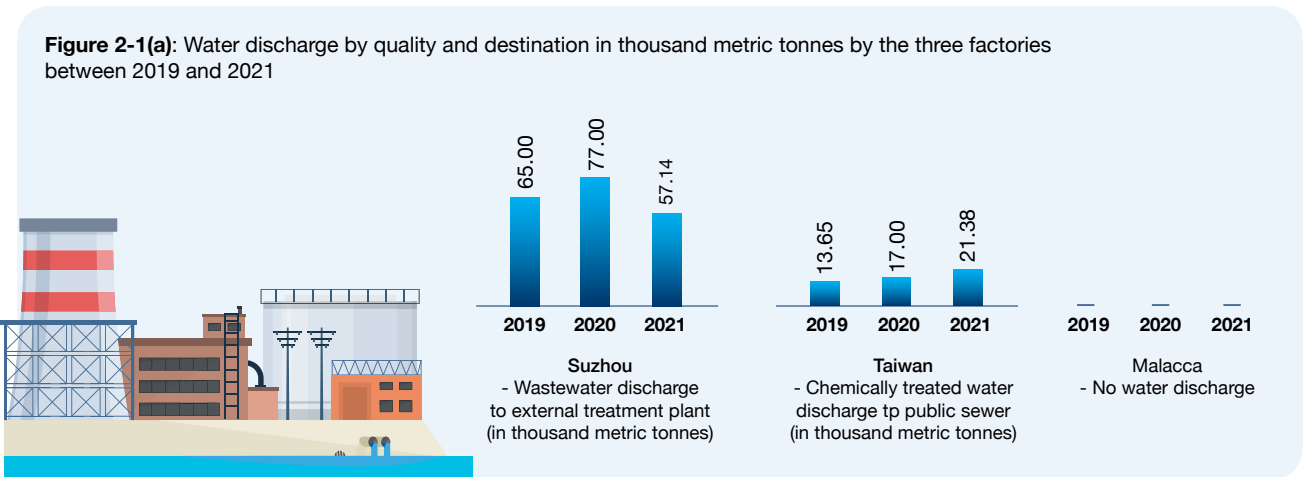
Ultimately, any wastewater that requires disposing, is discharged in accordance with all local regulations:

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

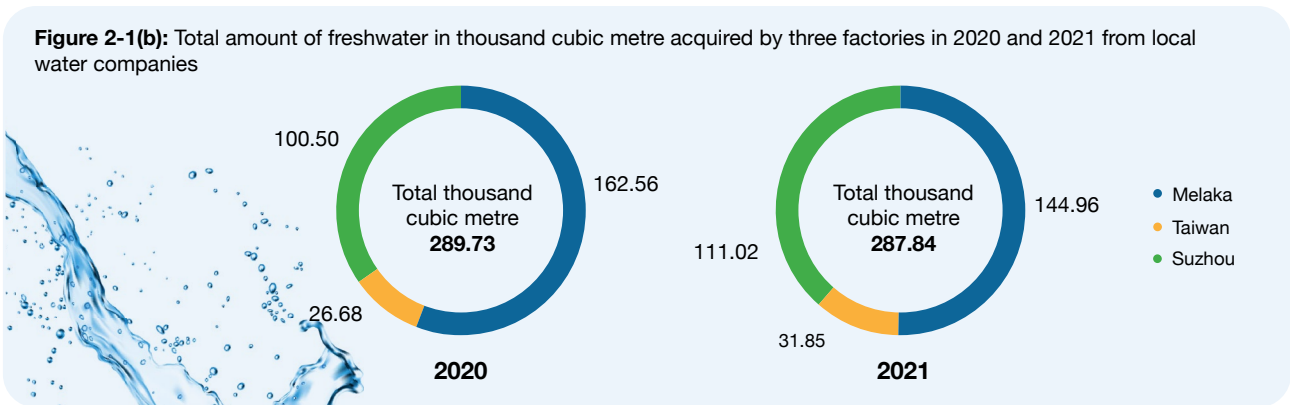
All our factories have assigned designated personnel responsible for managing and reporting water recycling and discharge. The information is recorded and presented in formats in accordance with applicable local regulations.

Our performance

The amount of water discharged by quality and destination by the three factories between 2019 and 2021 is provided in **Figure 2-1(a)**.



We commenced reporting the amount of freshwater withdrawn from local water companies by our three factories in 2020, and the total amount of water acquired, along with respective breakdowns, for 2021 is provided in **Figure 2-1(b)**.



For wastewater discharge:

- The amounts of water discharged by Suzhou factory in 2021 were significantly less than 2020 and 2019 - While the discharge level in 2020 was not a good base for comparison due to the unusual heavy rainfalls experienced by Suzhou factory resulting in more water to be discharged, a lower water discharge than 2019 signified that water recycling and reuse efforts made by the factory had shown results.
- The amounts of water discharged by Taiwan factory in 2021 was aligned with the factory’s increased production levels.

For freshwater acquisition:

- The factories recorded a cumulative drop in the annual amount of water acquired primarily due to the reduced operations of production activities in Malacca factory during country lockdowns, which offset the surge in production activities and subsequent water consumption recorded by other factories in 2021.

There were zero incidents of non-compliance with the relevant water discharge handling regulations in 2021. We aim to maintain zero incidents of non-compliance in 2022.

WASTE MANAGEMENT

Why is it material?

Waste and waste materials are a byproduct generated by our factories during the manufacturing process. The waste materials primarily include aluminum dross, sludge, paint waste, coolant waste, and non-reusable packaging materials. Whilst the level of waste discharged and disposed across our factories reflect our production activities, it is further impacted by other factors including varying product design requirements and regulations about discharge or disposal quotas imposed by regulatory authorities.

While our distribution segment does not generate as much waste as factories and the number of products purchased by the segment for sales but end up being disposed as waste are insignificant, certain distribution subsidiaries will from time to time dispose scrap tyres and batteries at customers’ requests.

For example, YHI Singapore’s business division which provides vehicle repair and tyre replacement services for commercial trucks and passenger cars will dispose worn tyres for customers. Similarly, certain subsidiaries will help customers to dispose scrap batteries after battery replacement services at customers’ requests. We recognise that disposing scrap tyres and batteries is a monumental issue requiring attention to minimise detrimental environmental consequences.

At Manufacturing Segment

Our management approach and initiatives

At our factories, through resource stewardship, we endeavor to reduce the waste we generate whilst identifying opportunities to embed reuse and recycling initiatives. Our efforts include:

- All our factories overseas closely monitor the amount of aluminum consumed, and the amount of production scraps produced. Excess aluminum trimmed off during alloy wheel molding and refining processes is put together and evaluated for possible reuse. We minimise our packaging waste through proper purchase planning and consumptions.
- Wood or plastic pallets for factory and warehouse storage use are purchased through forecasted usage and budgeting. We ensure to reuse our pallets until they are damaged beyond repair. Some of our factories recycle scrap metals by providing them to external welding contractors to make storage racks and shelves, ultimately for our reuse.

All non-recyclable waste from our factories is disposed through external waste disposal collectors whilst maintaining strict adherence to any imposed regulations by local authorities. All our factories have assigned designated department and personnel responsible for managing and recording waste disposals. Some of the information is recorded and presented in formats in accordance with local regulatory requirements.

Our performance

The aggregate amount of waste disposal by type for the factories through waste disposal collectors between 2019 and 2021 are provided in **Figure 2-2(a)**. The disposal methods for each type of waste in 2021 are provided in **Figure 2-2(b)**.

Figure 2-2(a): Total waste disposal for the three factories between 2019 and 2021 in thousand metric tonnes

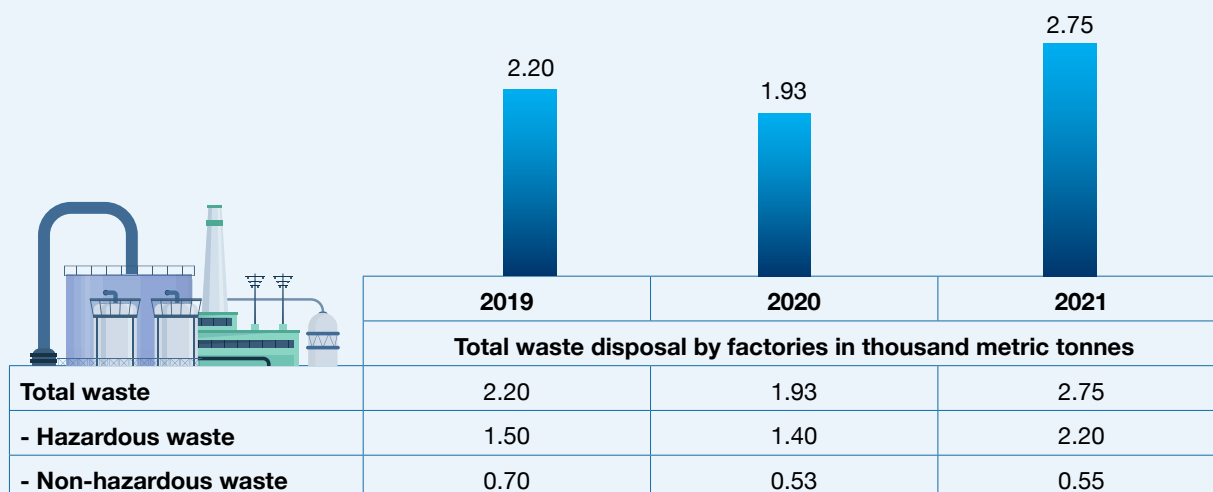
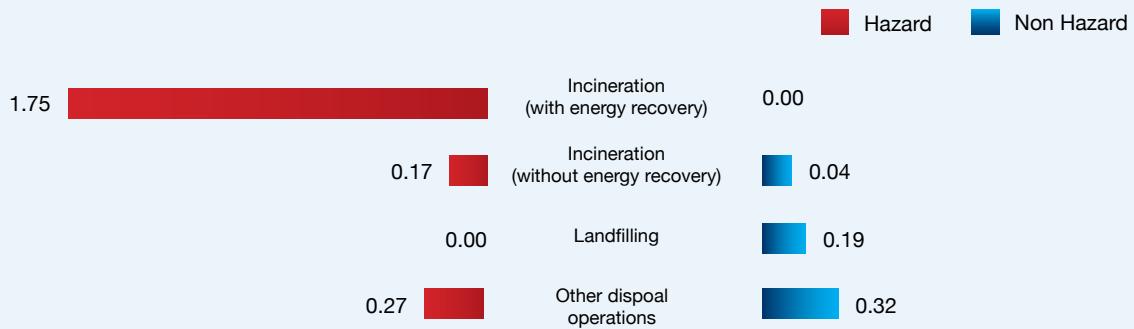


Figure 2-2(b): Disposal methods for each type of waste disposed by three factories in 2021 in thousand metric tonnes



Note: Methods of disposal are based on the information provided by waste disposal collectors

For 2021 as compared with previous years:

- Our factories recorded an increase in the amount of hazardous waste generated in 2021. The increase was primarily due to Suzhou factory’s categorizing aluminum dross as hazardous waste in 2021 following the new environmental regulations imposed by the local government. Suzhou factory also underwent some changes in its aluminum dross weighing processes to ensure compliance with the regulations.

At Distribution Segment

Our management approach and initiatives

Our distribution subsidiaries which help customers to dispose scrap tyres and batteries have assigned designated personnel to keep track the scrap tyres and batteries received from customers and keep abreast of relevant regulatory requirements in relation to proper handling of scraps. All scrap tyres and batteries are disposed by appointed external scrap collectors in the manner following local regulations.

Our performance

In 2021, our five major distribution subsidiaries disposed approximately a collective amount of 11,900 pieces of scrap tyres and 6,300 pieces of scrap batteries. While in 2020 the subsidiaries disposed approximately same amount of scrap tyres they disposed approximately 11,900 pieces of scrap batteries.

As the amount of scrap tyres and batteries in need of disposal every year are beyond our reach and reliant on customer’s needs, our distribution business focuses on ensuring compliance with all disposal regulations. There were no incidents of non-compliance with all relevant waste regulations in 2021, and we aim to maintain zero incidents in the upcoming years.

MATERIAL SOCIAL TOPICS

EMPLOYEE MANAGEMENT

Why is it material?

Our employees form the cornerstone of the business as they enable our successes. Without them, we would be unable to achieve our economic outcomes, business growth and sustainability objectives. As our corporate purpose highlights to treat our employees with care, consideration and respect, we strive to provide them with the growth opportunities they seek in order to have a durable and successful career at YHI. The core values of YHI also specifically promote “teamwork”, “mutual respect”, “integrity & honesty”, “quality of work” and “commitment”.

Our management approach and initiatives

At YHI, we are committed to providing equal job opportunities in the countries we operate in, irrespective of gender, age, race, culture and beliefs. We are also committed to recruiting local residents belonging to the communities of our overseas subsidiaries and currently, nearly 100% of the management of our overseas subsidiaries are hired from these communities. As a global distributor with business operations spanning across countries, we believe in the importance of positioning ourselves as an open-minded, fair, and responsible employer.

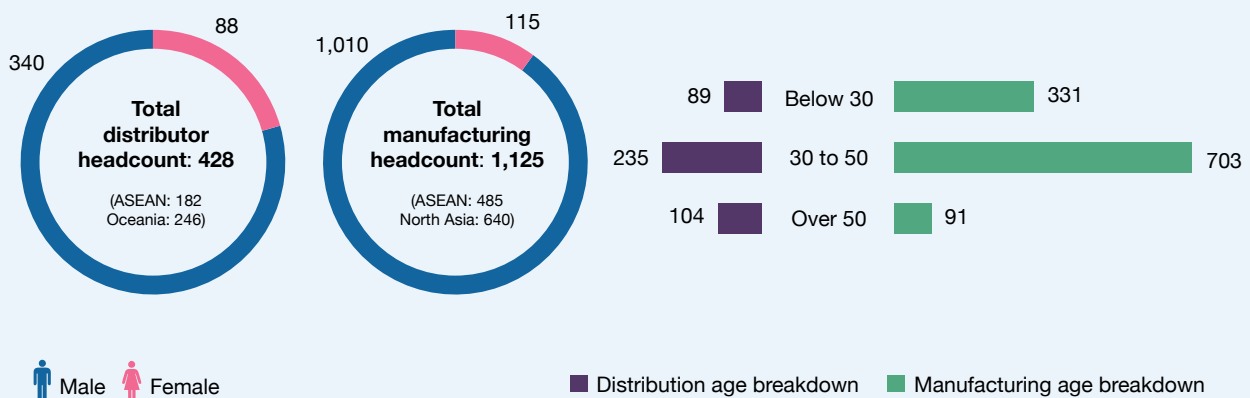
We also place emphasis on fair remuneration and employee development to further their employability and longevity with us. We believe these measures help us attract and retain a motivated talent pool whilst preparing them for leadership roles. We also conduct regular benchmarking exercises against our industry peers to inform, monitor and improve our employee remuneration and benefit packages.

We promote the importance of maintaining a work-life balance and encourage our employees to partake in group activities such as holiday trips and festive gatherings, subsidized by YHI. As we believe in inclusion, some of our employee group activities include family days to encourage family involvement of our employees. Regrettably, we suspended all group activities during the pandemic to safeguard our employees. We look forward to the abatement of the pandemic to safely resume our employee engagement activities.

Our performance

By the end of the reporting year, the total headcounts of the five distribution subsidiaries and three factories were 428 and 1,125, respectively. The age, gender and geographical breakdown of our employees for each business segment are provided in **Figure 3-1(a)**. Our non-permanent employees is not significant in number as compared to permanent employee and is immaterial for this report.

Figure 3-1(a): Total head count of the five distribution subsidiaries and three factories at end 2021, including gender, geographical location and age breakdown



In 2021, the major distribution subsidiaries and factories recorded a total of 154 and 769 new hires respectively, representing hire rate of 36% and 68%. Our distribution subsidiaries and factories recorded a total of 134 and 825 employee turnovers, representing turnover rate of 31% and 73%. Comparatively, in 2020, the distribution subsidiaries and factories recorded a total of 88 and 466 new hires, representing hire rate of 22% and 39%. The distribution subsidiaries and factories recorded a total of 100 and 511 employee turnovers, representing turnover rate of 25% and 43%.

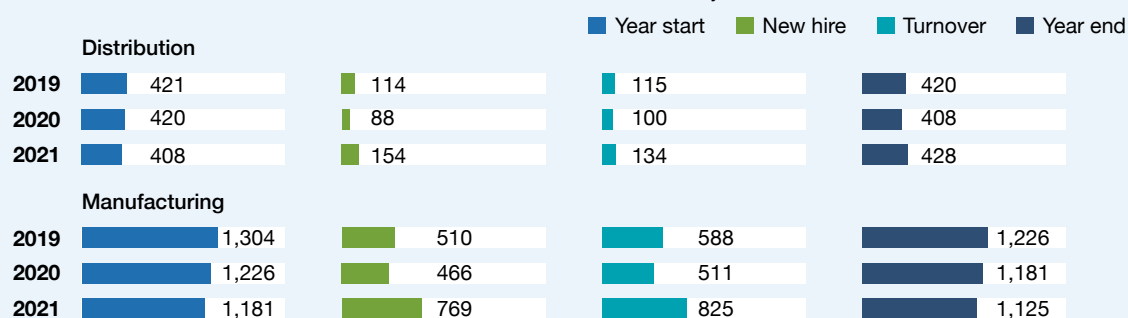
The 2021 breakdown of new hires and employee turnovers by gender, age group and region are provided in **Figure 3-1(b)** below.

Figure 3-1(b): Breakdown of new hires and employee turnovers in 2021 by gender, age group and region

	New hires in 2021		Employee turnovers in 2021	
	Distribution	Manufacturing	Distribution	Manufacturing
	For new hire of 154	For new hire of 769	For turnover of 134	For turnover of 825
Breakdown by gender				
Male	128	732	101	793
Female	26	37	33	32
By age group				
Below 30	53	247	58	354
30 to 50	76	472	61	445
Over 50	25	50	15	26
By region				
ASEAN	50	78	50	109
North Asia	Na.	691	Na.	716
Oceania	104	Na.	84	Na.

The total headcount of the five distribution subsidiaries and three factories at the start and end of each year between 2019 and 2021, and the annual total number of new hires and turnovers are provided in **Figure 3-2**.

Figure 3-2: Total headcount of the five distribution subsidiaries and three factories at the start and end of each year between 2019 and 2021, and the total number of new hires and turnovers in each year



In 2021, the pandemic remains a key factor that affects the hiring and turnover performance across both our business segments. As compared with previous years:

- Our distribution business recorded the highest new hire, turnover and total number of employees at year end. The increase in new hires was aligned with the more positive business outlook and forecasts while high employee turnover reflected the competitive labour market conditions.
- Similarly, our factories also recorded the highest new hire and turnover of employees impacted by the gradual recovery of economies and competitive labour supply conditions.

All our subsidiaries are encouraged to conduct an annual employee satisfaction survey to ascertain employee feedback and identify areas for improvement. While the survey a routine exercise for our subsidiaries, certain subsidiaries only perform it once every few years. It was YHI's achievement target that by 2021 the employee satisfaction survey and review would become an annual exercise for all subsidiaries, however, as all subsidiaries have to put the survey on hold during the pandemic and lockdowns, we alter our target of achieving this by 2025.

EMPLOYEE TRAINING AND EDUCATION

Why is it material?

As means of maintaining a competitive advantage, it is pertinent to ensure that our employees are adequately trained and equipped with the capabilities to accomplish the demands of their job specifications. We encourage the growth and development of our employees to enhance their employability and nurture a motivated workforce with diversified skills.

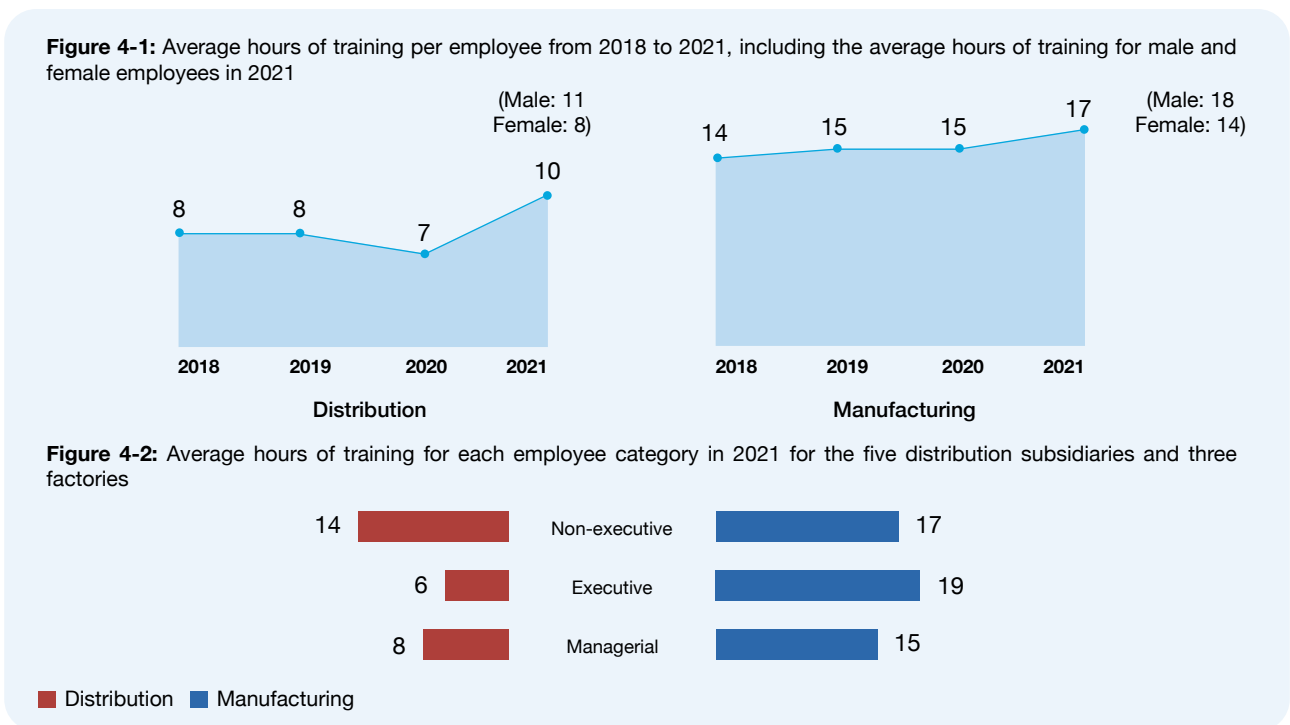
Our management approach and initiatives

The management teams at our subsidiaries are tasked with identifying employee training needs and schedules in accordance with operational and business development plans. Certain job functions in both the distribution and manufacturing businesses also require supervised on-the-job training. For both the distribution and manufacturing businesses, training disseminated to employees include honing on product and quality knowledge, machine operations, relevant ISO standards, workplace health & safety policies, sales and management skills, self-development skills, information technology, data analytics, relevant financial reporting standards and tax regulations. The trainings are either delivered by our in-house personnel or external trainers. In 2021, some of the trainings were conducted virtually by the trainers, as a result of the pandemic.

Our performance

We established our performance target for employee training and education in 2018 that we would increase the annual average hours of training for each employee by at least 20% by 2021. Therefore, 2018 is our baseline year. We subsequently revised our achievement timeline to 2025 in the face of Covid outbreak.

Figure 4-1 shows the average hours of training per employee from 2018 to 2021, including the average hours of training for male and female employees in 2021. The average hours of training for each employee category in 2021 are provided in **Figure 4-2**.



The average hours of training per employee in 2021 for both segments were at least 20% more than the average hours recorded in 2018. Despite the encouraging results we would not declare our performance target being achieved because some 2021 trainings were originally scheduled for 2020 but were postponed due to the pandemic. Additionally, certain 2021 trainings were pertaining to topics surrounding health and safety, and protective measures against COVID transmissions in factories as mandated by local regulators which may vary from time to time.

Whilst we will stick to the revised achievement timeline of 2025 due to the uncertainties ahead, we endeavor to keep the training momentum built up since 2021 and make it sustainable. Also, we will monitor and assess if we can progressively determine a higher achievement target.

OCCUPATIONAL HEALTH AND SAFETY

Why is it material?

We would not be able to fulfil our business obligations to customers without the hard work and dedication of our employees. Safeguarding the wellbeing of our employees whilst ensuring their safety at the workplace is of utmost importance to YHI and is ultimately creating a responsible and inclusive work environment.

Our management approach and initiatives

The management teams across all respective subsidiaries are required to ensure compliance with relevant local workplace health and safety regulations. Some of the common safety measures taken by the subsidiaries on top of the specific safety policies developed according to business setups and local legislations are as follows:

- Onsite safety officers are assigned to take charge of health and safety matters.
- Regular safety trainings and briefings are provided to employees.
- Personal protective equipment is required to be put on and first-aid kits are prominently and readily provided onsite.
- Safety related incidents are tracked, analysed and reported to authorities as mandated.

All health and safety policies highlight the identification and management of workplace risks and hazards, whilst subsequently identifying the proper formulation of effective measures to negate them. Lessons from any work-related accidents are shared across YHI's segments to prevent recurrence.

Our performance

Whilst the five major distribution subsidiaries recorded zero incidents of work-related fatalities between 2019 and 2020, one of our distribution segments recorded one fatal warehouse accident in 2021. The management and employees were deeply saddened by the incident, and swiftly formed a taskforce to investigate the incident in tandem with external consultants. The taskforce also performed a thorough examination of the operations at the warehouse to identify safety shortfalls and blind spots whilst implementing immediate rectifications. Despite the setback, we still strive to maintain zero work-related fatalities. In 2021, we experienced zero incidents of high consequence work-related injuries.

Across our three factories, there were zero incidents of work-related fatalities and high consequence work-related injuries in 2021.

Figure 5-1(a) shows the total number of recordable work-related injuries, injury rate per 200,000 scheduled man-hours and total man-hours of the five major distribution subsidiaries and three factories between 2019 and 2021, while **Figure 5-1(b)** shows the total number of lost days arising from the work-related injury cases and lost day rate per 200,000 man-hours. The data is compiled by respective subsidiaries following relevant local regulatory requirements.

Figure 5-1(a): Total number of recordable work-related injuries, injury rate per 200,000 scheduled man-hours and total man-hours from 2019 to 2021

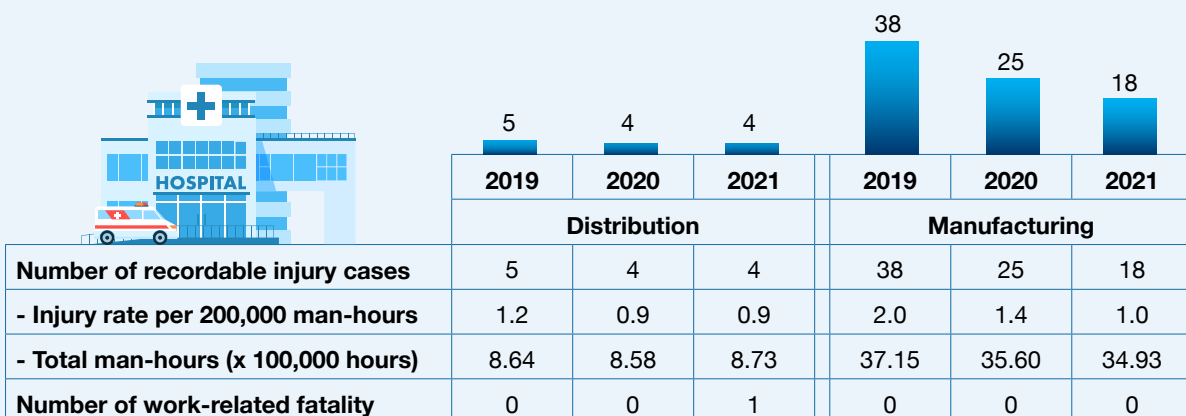
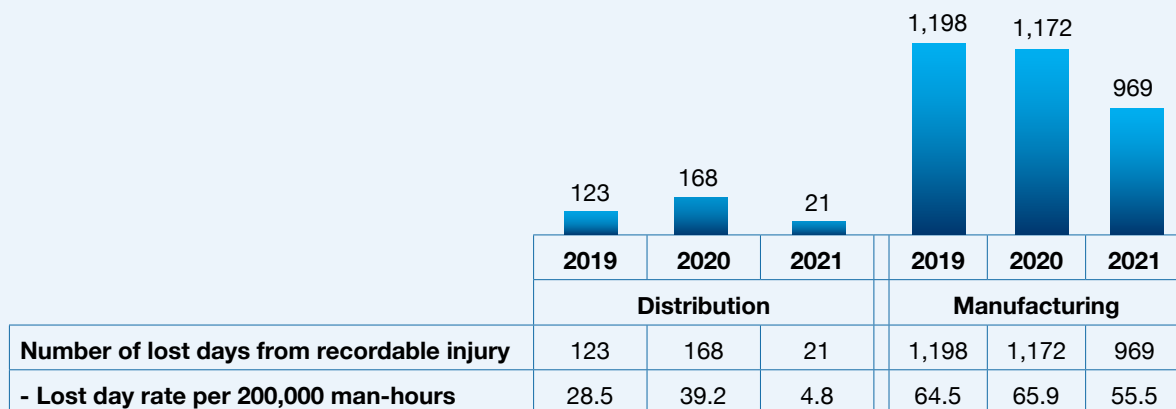


Figure 5-1(b): Total number of lost days arising from the work-related injury cases and lost day rate per 200,000 man-hours from 2019 to 2021



For 2021 as compared with previous years:

- For the distribution business, the number of recordable injury cases and injury rates were almost on par with previous years with lesser lost days recorded in 2021 compared to previous years due to the types of injuries sustained.
- For the manufacturing business, there was a decrease in the number of recordable injury cases and lost days. We believe that the safety efforts and awareness training taken by factories over the years have helped reduce the occurrence and severity of work-related injuries.

We will continuously work towards reducing the occurrence of workplace accidents whilst achieving zero work-related fatalities.

MATERIAL GOVERNANCE TOPICS

ECONOMIC PERFORMANCE

Why is it material?

As a listed business corporate, we have stewardship and fiduciary duty to sustain our financial positions and continuously create greater economic value for our shareholders and we believe that our endeavour will also bring tangible benefits to the society, our customers, principals/suppliers and employees whom we recognised as our key stakeholders.



Our management approach and initiatives

On top of prudent management, YHI distribution segment's "3M" strategy of multi-product, multi-brand and multi-category is key to its success. Over the decades YHI continuously broadens its categories and brands of products and stays alert to developments in world markets and opportunities to be captured. YHI recognizes that no one knows a market better than local businessmen and it work together with local business partners to identify the most suitable products to be offered to the market.

YHI manufacturing segment's diversified ODM (original design manufacturer) manufacturing operations enable YHI to leverage the competitive strengths of each manufacturing location to cater to the differences in quality, price and size of each market. YHI factories' proprietary manufacturing technologies reinforce the image of YHI as a premium manufacturer for aftermarket alloy wheels.

For the Group as a whole, YHI's "3R" strategy of reducing stock-holding, accounts receivables and operating costs implemented over the years has paid off by building up YHI's strong financial positions providing YHI greater resilience in the time of challenging business environment and uncertainties.

Our performance

Despite the daunting challenges posted by the Covid pandemic and supply chain disruptions YHI recorded a positive and creditable financial performance for FY2021.

The direct economic value generated and distributed by YHI Group as a whole in 2021 and by various significant segments is provided in our Annual Report 2021. A soft copy 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 2019 to 2021 from the Annual Report 2020 are provided in **Figure 6-1**.

Figure 6-1: An extract of YHI Group's key financial indicators on business operations and return to shareholders between 2019 and 2021 from Annual Report 2021

KEY FINANCIAL INDICATORS	2021	2020	2019
Group revenue (in SGD' million)	444.7	422.8	448.2
- Revenue from distribution (in SGD' million)	329.5	312.2	325.8
- Revenue from manufacturing (in SGD' million)	115.2	110.6	122.4
Operating costs (in SGD' million)	88.1	86.5	88.4
Employee costs (in SGD' million)	58.6	51.7	53.7
Tax paid (in SGD' million)	6.6	5.7	3.4
Payments to providers of capital			
- Interest expense (in SGD' million)	2.8	2.9	4.0
- Dividend per share	3.60 Cents	3.30 Cents	2.22 Cents

ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

Why is it material?

We are proud of the progress we have made from our humble beginnings as we have maintained honor and integrity across our organizational dealings. We strongly believe in our corporate values and constantly strive to uphold them in all business decisions and through our operations. We acknowledge the importance of ethical behavior and its compliance in evoking stakeholder trust and loyalty, whilst securing our position as a trusted and reputable firm. Our management approach and initiatives

We provide all our employees with a Code of Conduct handbook upon joining. As supply chain is an integral part of YHI's overall operations, YHI also has an established Group Management Policy covering ethical conduct in the purchasing and procurement processes. This policy outlines the responsibilities of purchasing personnel, including guidelines on ensuring clear, transparent, anti-corrupt and anti-bribery dealings with principals or suppliers. The policy also enforces the importance of vetting our suppliers to ensure their compliance with governing regulations.

A Group Whistle-Blowing Policy has been enforced 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 to the Group's Code of Ethics and Business Conduct or suspected irregularities to the Audit Committee through the internal audit function.

Our performance

There were zero incidents of anti-corruption, anti-competitive behavior or anti-trust/monopoly practices reported in 2021. We aim to maintain zero incidents in 2022.

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	16
102-9	Supply chain	4-6
102-10	Significant changes to the organisation and its supply chain	No
102-11	Precautionary Principle or approach	N/A
102-12	External initiatives/charters	7
102-13	Membership of associations	7
102-14	Statement from senior decision-maker	3
102-16	Values, principles, standards, and norms of behaviour	5
102-18	Governance structure	9
102-40	List of stakeholder groups	9
102-41	Collective bargaining agreements	Nil
102-42	Identifying and selecting stakeholders	9
102-43	Approach to stakeholder engagement	9
102-44	Key topics and concerns raised	9
102-45	Entities included in the consolidated financial statements	Refer to annual report
102-46	Defining report content and topic boundaries	4,8
102-47	List of material topics	10
102-48	Restatements of information	10 and 12
102-49	Changes in reporting	No changes
102-50	Reporting period	4
102-51	Date of most recent report	30 th May 2020
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	23-24
102-56	External assurance	4

SPECIFIC DICLOSURES		
GRI 201 Economic Performance (2016)		
103-1/2/3	Management Approach	21
201-1	Direct economic value generated and distributed	21
GRI 205 Anti-Corruption (2016)		
103-1/2/3	Management Approach	22
205-1	Operations assessed for risks related to corruption	22
205-2	Communication and training about anti-corruption policies and procedures	22
205-3	Confirmed incidents of corruption and actions taken	22
GRI 205 Anti-Corruption (2016)		
103-1/2/3	Management Approach	22
206-1	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	22
GRI 302 Energy Management (2016)		
103-1/2/3	Management Approach	11
302-1	Energy consumption within the organisation	11
GRI 303 Water and Effluents (2018)		
103-1/2/3	Management Approach	12
303-2	Management of water discharge-related impacts	12-13
303-3	Water withdrawal	13
303-4	Water discharge	13
GRI 305 Emissions (2016)		
103-1/2/3	Management Approach	11
305-2	Energy indirect (Scope 2) GHG emissions	11
GRI 306 Waste (2020)		
103-1/2/3	Management Approach	14
306-1	Waste generation and significant waste-related impacts	14
306-2	Management of significant waste-related impacts	14
306-3	Waste generated	14-15
306-5	Waste directed to disposal	15
GRI 401 Employment (2016)		
103-1/2/3	Management Approach	16
401-1	New employee hires and employee turnover	17
GRI 403 Occupational Health and Safety (2018)		
103-1/2/3	Management Approach	19
403-9	Work-related injuries	19-20
GRI 404 Training and Education (2016)		
103-1/2/3	Management Approach	18
404-1	Average hours of training per year per employee	18



YHI
Since 1948

友发国际有限公司

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