



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
2024

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BOARD STATEMENT



We believe sustainability is not just a compliance requirement, but an opportunity to innovate, improve, and create value for our stakeholders. As we move forward, the Board takes great pride in championing YHI's efforts to incorporate sustainability into every facet of our business.



Dear Stakeholders,

On behalf of the Board of Directors (the “**Board**”), I am pleased to present the eighth annual sustainability report of YHI International Limited (“**YHI**” or the “**Company**”), together with its subsidiaries, referred to as the “**Group**.” This report details our environmental, social, and governance (“**ESG**”) performance for the financial year ending 31 December 2024 (“**2024**”).

The Board of YHI International remains unwavering in its dedication to advancing sustainability in alignment with our core values of integrity, responsibility, and innovation. Our Board of Directors prioritises sustainability as a core component of our business and strategy, ensuring long-term value creation for stakeholders through robust governance, environmental responsibility, and social accountability. The Board considered sustainability issues in its business strategy, determining material ESG factors, and monitoring their effective management. Further enhancing our oversight, our independent Board members provide guidance on our sustainability policies and practices. In 2024, we continued to build upon the strong foundation laid in previous years, enhancing our governance mechanisms, improving climate-related disclosures, and striving for greater environmental and social impact.

The Group's governance structure continues to play a critical role in steering our sustainability efforts. With support from Executive Management, the Audit Committee has rigorously

overseen our climate-related strategies, ensuring that our reporting is transparent, reliable, and accurately reflects our progress.

In 2024, we made significant strides in reporting our GHG emissions, expanding the scope to include additional subsidiaries and refining data on both Scope 1 and Scope 2 emissions. While both our distribution and manufacturing segments saw increases in absolute emissions, our emissions intensity remains at the same level, showing that our emissions increases are proportional to the Group's growth. We are committed to improving energy efficiency, adopting renewable energy, and optimising resources across all operational areas.

We believe sustainability is not just a compliance requirement, but an opportunity to innovate, improve, and create value for our stakeholders. As we move forward, the Board takes great pride in championing YHI's efforts to incorporate sustainability into every facet of our business.

We express our heartfelt thanks to our stakeholders for their continued support, trust, and collaboration. Together, we are confident in our ability to build a resilient, inclusive, and sustainable future for YHI and its communities.

Richard Tay
Executive Chairman & Group Managing Director

ABOUT THIS REPORT

We are pleased to present our eighth annual Sustainability Report for the financial year from 1 January 2024 to 31 December 2024 ("2024" or the "reporting period"), reflecting our continued commitment to delivering timely and transparent ESG performance insights to our stakeholders.

REPORTING SCOPE

This Report highlights the Group's sustainability policies, practices, and performance concerning our material ESG topics, focusing on our four major distribution subsidiaries in Singapore, Australia, and New Zealand, as well as our three factories in Malaysia, China, and Taiwan.

The seven major subsidiaries outlined below define the primary scope of this Report, representing the key operational areas of the Group:

DISTRIBUTION

ASEAN



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

OCEANIA



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



YHI Power Pty Ltd
("YHI Power Australia")



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

MANUFACTURING

ASEAN



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

NORTH ASIA



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



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

We also incorporate the distribution subsidiaries that are relatively smaller in business scale but having meaningful data for reporting in our energy and emissions disclosures. To differentiate them from the major distribution subsidiaries, the smaller subsidiaries are collectively known as the “non-major distribution subsidiaries” and they include the following:



SUSTAINABILITY REPORTING FRAMEWORK

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

- ASEAN, which includes Singapore and Malaysia;
- Oceania, covering Australia and New Zealand; and
- North Asia, consisting of China and Taiwan.

In adherence to the updated sustainability reporting requirements under the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules 711A and 711B, this Report also features climate-related disclosures aligned with the recommendations from the Task Force on Climate-related Financial Disclosures (“**TCFD**”).

We emphasise continual improvement in our approach to sustainability reporting. Over the next few years, we aim to broaden our disclosures to provide more detailed information on the Group’s evolving climate strategy and performance.

ASSURANCE

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

AVAILABILITY AND FEEDBACK

A soft copy of this Report can be found on our website on www.yhigroup.com. We welcome any queries or feedback in relation to this Report, at yhigroup@yhi.com.sg.

ABOUT YHI

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

With operations spanning over 100 countries, YHI has built a strong presence through its network of 33 subsidiaries and 3 associated companies across Asia Pacific, North America, and Europe. The Group offers a wide range of high-quality products, including tyres, alloy wheels, energy solutions, buggy and utility vehicles, and other industrial goods, catering to over 5,000 customers globally.

YHI's alloy wheel manufacturing capabilities are based in three key facilities located in Suzhou, China; Taoyuan, Taiwan; and Malacca, Malaysia. These facilities have a combined annual production capacity of 2.3 million units. As a fully integrated ODM, YHI manages the entire process, from design and development to manufacturing, marketing, and distribution of alloy wheels.

OUR MISSION STATEMENT

 <p>To be a recognised global distributor of high-quality automotive and industrial products, and a familiar and trusted brand name in alloy wheels manufacturer as an Original Design Manufacturer.</p>	 <p>To position YHI Group effectively by continuously providing customers with quality products and distinctive customer services to build strong customer relationships.</p>	 <p>To provide growth and opportunities for our employees and to consistently generate stable returns to shareholders.</p>	 <p>To be committed to quality, professional and personnel management, sound business practices and teamwork.</p>
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OUR LOGO

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

OUR CORE VALUES

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



Teamwork



Mutual respect



Integrity & honesty



Quality of work



Commitment



Customer focus




Innovation



Continuous improvement
























OUR DISTRIBUTION SEGMENT


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



TYRES










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


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



ALLOY WHEELS




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


 SINGAPORE	 JAPAN	 USA	 ITALY	 ITALY	 GERMANY	 USA
 GERMANY	 GERMANY					



BUGGY & UTILITY VEHICLES















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

 SINGAPORE	 USA	 USA
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ENERGY SOLUTIONS

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

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



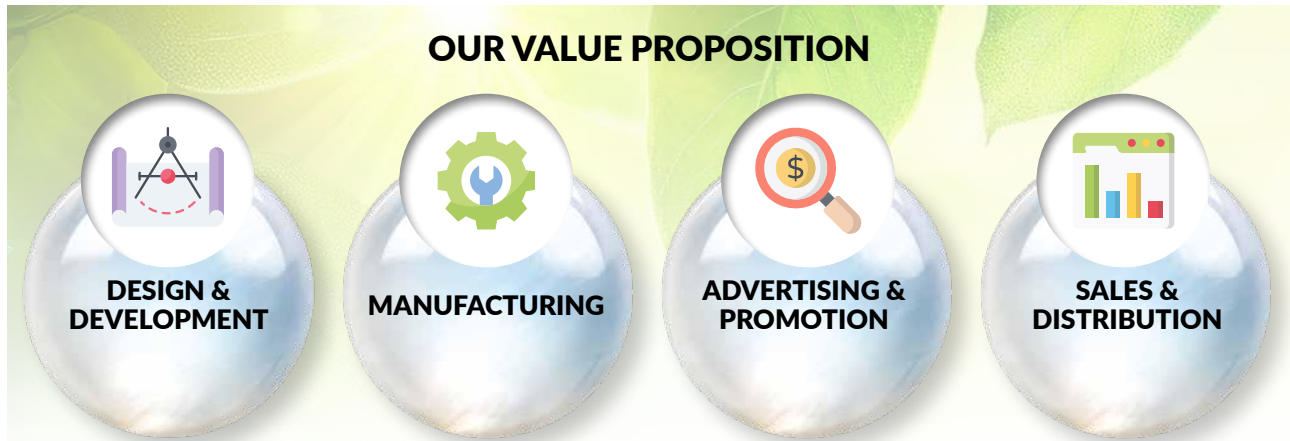
OTHER INDUSTRIAL PRODUCTS

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

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

OUR MANUFACTURING SEGMENT

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



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



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

Products:

Alloy Wheels & Precision Moulding Sets

Annual Production Capacity:

1.2 million wheels + 850 set moulds



**YHI INTERNATIONAL TAIWAN
CO., LTD**

Products:

Alloy Wheels

Annual Production Capacity:

0.2 million



**YHI MANUFACTURING
(MALAYSIA) SDN BHD**

Products:

Alloy Wheels

Annual Production Capacity:

0.9 million wheels

AWARDS AND ACCREDITATIONS

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

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

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

SUSTAINABILITY AT YHI

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

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

SUSTAINABILITY GOVERNANCE

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

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

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



STAKEHOLDER ENGAGEMENT

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

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

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









MATERIAL ESG FACTORS

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



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

To ensure ongoing relevance, we review the material ESG factors annually, considering the inclusion of new issues. We also reassess the scope of our reporting to determine whether additional subsidiaries should be covered. For 2024, the list of material ESG factors remains consistent with that of the previous year.

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

ENVIRONMENTAL PILLAR

ENERGY CONSUMPTION AND EMISSIONS

Why is it Material?

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

Our Management Approach

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

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

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

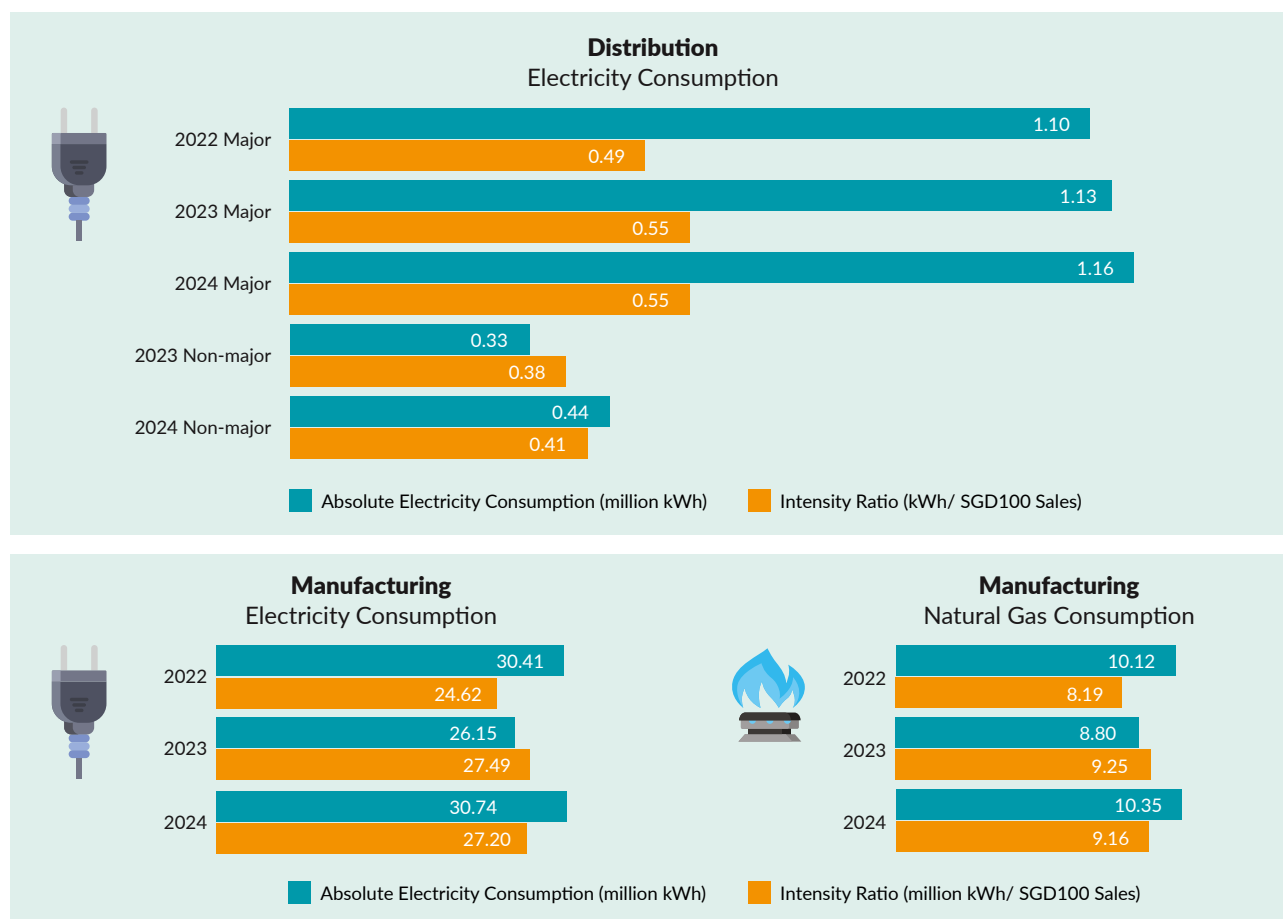
As for our fleet of vehicles, which includes delivery trucks, forklifts, and company cars, most of them run on diesel and petrol. We also operate electric vehicles, along with some powered by biodiesel, propane, or compressed natural gas.



Our Performance

Electricity and gas consumption

The total amount of electricity and natural gas consumed by the major and non-major distribution subsidiaries, and the three factories between 2022¹ and 2024, as well as their respective energy intensity ratios², are as follows:



In 2023, we began reporting the electricity consumption for non-major distribution subsidiaries, and in 2024 we incorporated newly acquired Wheelworld GmbH in the reporting.

The major distribution subsidiaries recorded an increase in the electricity consumption in 2024 primarily due to the expansions of sales activities in Australia and New Zealand. However, the electricity intensity ratio remained unchanged. Whereas, the uptick in the non-major subsidiaries' reported consumption level and the intensity ratio compared to 2023 was due to the inclusion of Wheelworld.

Considering both the major and the non-major subsidiaries, in 2024 the distribution segment recorded total electricity consumption of 1.60 million kWh, slightly more than the 1.46 million kWh reported in 2023. Despite the higher consumption level, the electricity intensity ratio remained unchanged at 0.50 kWh per SGD100 sales.

Meanwhile, our manufacturing segment recorded higher electricity and natural gas consumption compared to 2023, equivalent with 2022 levels, indicating a recovery in production activities. Due to factors such as production machine setup, equipment aging, and the evolving design and size of alloy wheels in recent years, the segment registered a higher energy intensity ratio for both electricity and natural gas compared to 2023. Despite these challenges, we successfully prevented further increases in energy intensity.

¹ As data collection for the non-major distribution subsidiaries only started in 2023, data for 2022 is not available

² The energy intensity ratio was computed with the distribution and manufacturing segment's sales (SGD100) as the denominator.

Fuel consumption

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

The table below show the amount of diesel, motor gasoline and biodiesel consumed in 2023³ and 2024 (in thousand litres):

Year	2023			2024		
Fuel Type (in '000 Litres)	Diesel	Motor Gasoline	Biodiesel & Others	Diesel	Motor Gasoline	Biodiesel & Others
Major Distribution	541.06	43.51	N.A.	572.70	43.75	N.A.
Non-Major Distribution	105.77	121.21	22.95	121.97	131.61	23.32
Manufacturing	84.61	19.35	N.A.	95.55	21.01	N.A.

Our major subsidiaries recorded a rise in the fuel consumption level in 2024 compared to 2023 primarily due to the expansions of sales activities. Whereas the increase recorded by the non-major subsidiaries in 2024 was mainly due to the inclusion of Wheelworld in the reporting. Our Malacca factory and Taiwan factory's recovery of production activities in 2024 had driven up manufacturing segment's fuel consumption level.

Greenhouse gas emissions

Using the above electricity, natural gas and fuel consumption data, the GHG emissions⁴ generated by all YHI subsidiaries in 2023⁵ and 2024 are shown as follows:

Year	2023			2024		
GHG Emissions in tCO ₂ e	Scope 1 Stationary Combustion	Scope 1 Mobile Combustion	Scope 2 Purchased Electricity	Scope 1 Stationary Combustion	Scope 1 Mobile Combustion	Scope 2 Purchased Electricity
Distribution	N.A.	2,115	630	N.A.	2,267	671
Manufacturing	18,158	271	17,854	21,354	304	21,134
Total GHG	39,028 tCO ₂ e			45,730 tCO ₂ e		
Intensity Ratio	0.10 tCO ₂ e per SGD1,000 Sales			0.11 tCO ₂ e per SGD1,000 Sales		

The total Scope 1 and Scope 2 GHG emissions for 2024 was 6,702 tCO₂e higher than 2023. Our manufacturing segment's recovery of production activities accounted for most of the increased emissions, and our distribution segment also recorded an increase in the emissions due to sales expansions and inclusion of Wheelworld in the reporting. Despite the surge in the absolute GHG emissions in 2024 our emissions intensity remains at the same level.

YHI is committed to enhancing energy efficiency and reducing consumption levels. We understand the need to set measurable targets, and we consistently monitor energy usage across our subsidiaries. Using 2024 as the base year, we commit to keep the electricity and natural gas intensity ratio at the same level in the coming three years.

³ The amount of fuel consumed by the factories in 2023 has been restated due to a factory's incorrect application of unit of measurement in previous reporting. However, the difference between the previous reported number and the restated was insignificant.

⁴ Scope 1 emissions factors were taken from the United Kingdom Department for Energy Security and Net Zero: Greenhouse gas reporting: conversion factors 2024 <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024>

Scope 2 emissions factors are from Taiwan's Bureau of Energy

https://www.moeaea.gov.tw/ECW/English/content/Content.aspx?menu_id=24200, Malaysia's MYenergySTats

<https://myenergystats.st.gov.my/documents/d/guest/grid-emission-factor-gef-in-malaysia>, the Australian Government's National

Greenhouse Accounts Factors <https://www.dceew.gov.au/sites/default/files/documents/national-greenhouse-account-factors-2024.pdf>,

New Zealand Government's Measuring Emissions: A Guide for Organisation (2023 Detailed Guide)

https://environment.govt.nz/assets/publications/Measuring-Emissions-Guidance_DetailedGuide_2023_ME1764.pdf Singapore's Energy

Market Authority <https://www.ema.gov.sg/resources/singapore-energy-statistics/chapter2>, Institute for Global Environmental Strategies

(2024). List of Grid Emission Factors, version 11.5. Available at: <https://pub.iges.or.jp/pub/iges-list-grid-emission-factors>, U.S.

Environmental Protection Agency's Emission Factors for Greenhouse Gas Inventories ghg-emission-factors-hub-2025.xlsx, the Chinese

Government's 生态环境部、国家统计局关于发布2021年电力二氧化碳排放因子的公告

http://www.mee.gov.cn/xxgk/2018/xxgk/xxgk01/202404/t20240412_1070565.html?keywords=%E4%BA%8C%E6%B0%A7%E5%8C%96%E7%A2%B3%E6%8E%92%E6%94%BE

⁵ 2023 emissions have been restated after using the updated emissions factors

We anticipate the following challenges in maintaining the energy intensity ratio in years to come:

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

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

We do not set quantitative targets for our fuel consumption at this stage as we have just begun tracking and reporting the numbers, and the emissions arising from fuel consumption were significantly less than that of electricity and natural gas usage. Nevertheless, we commit to maintaining fuel efficiency, and we will continue to identify ways to cut down the consumption level.

WATER AND EFFLUENTS

Why is it Material?

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

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

Our Management Approach

We are committed to reducing water consumption and effluent generation at our three manufacturing plants in Malacca, Suzhou, and Taiwan. This commitment aligns with the principles of reducing, reusing, and recycling.

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

Several water-saving measures have been implemented at factories:

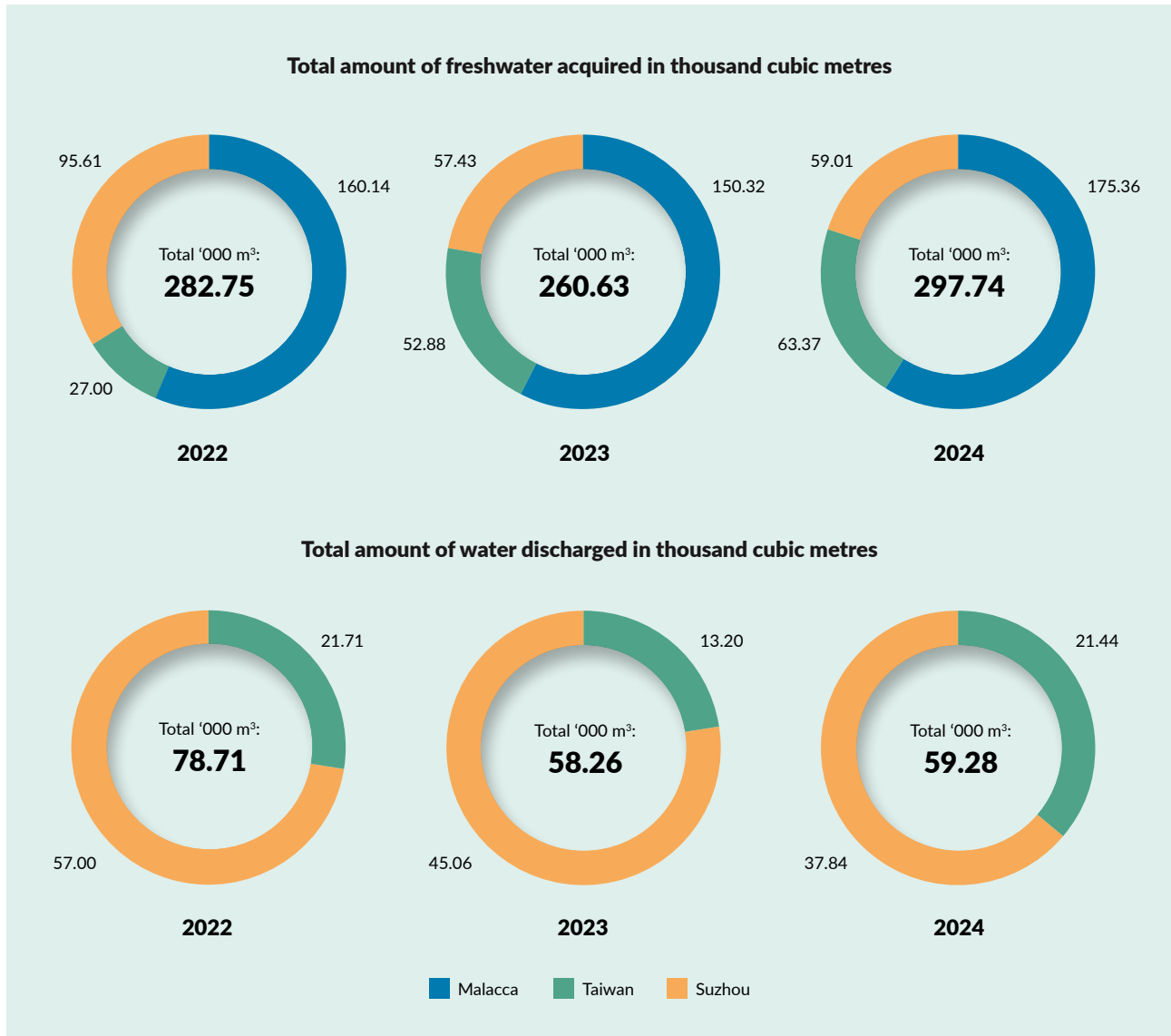
- The Malacca facility recycles and reuses all wastewater through chemical treatment.
- The Suzhou plant optimises wastewater recycling and reuse in compliance with local regulations. The regulations include wastewater discharge limits.
- The Taiwan factory extracts groundwater for use to reduce reliance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

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

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

Our Performance

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



Our three factories acquired freshwater from local water companies while Taiwan factory also extracted groundwater for use. In 2024 Taiwan factory extracted 26,540 cubic metres of groundwater compared to 38,820 cubic metres in 2023.

- For freshwater acquisition, the manufacturing segment recorded an increase in freshwater consumption in 2024 in line with the recovery of their production activities.
- For wastewater discharge, the Suzhou factory recorded a decrease in wastewater discharge in 2024, proportionate to the drop in its production level and the increase in water recycling. Conversely, the Taiwan factory registered an increase in wastewater discharge, aligned with its increased freshwater consumption.

In 2024, we maintained full compliance with all relevant environmental regulations pertaining to the quantity and quality of effluent discharge. We are committed to upholding this record of compliance, demonstrating our dedication to responsible environmental practices.

WASTE MANAGEMENT

Why is it Material?

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

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

Our Management Approach

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

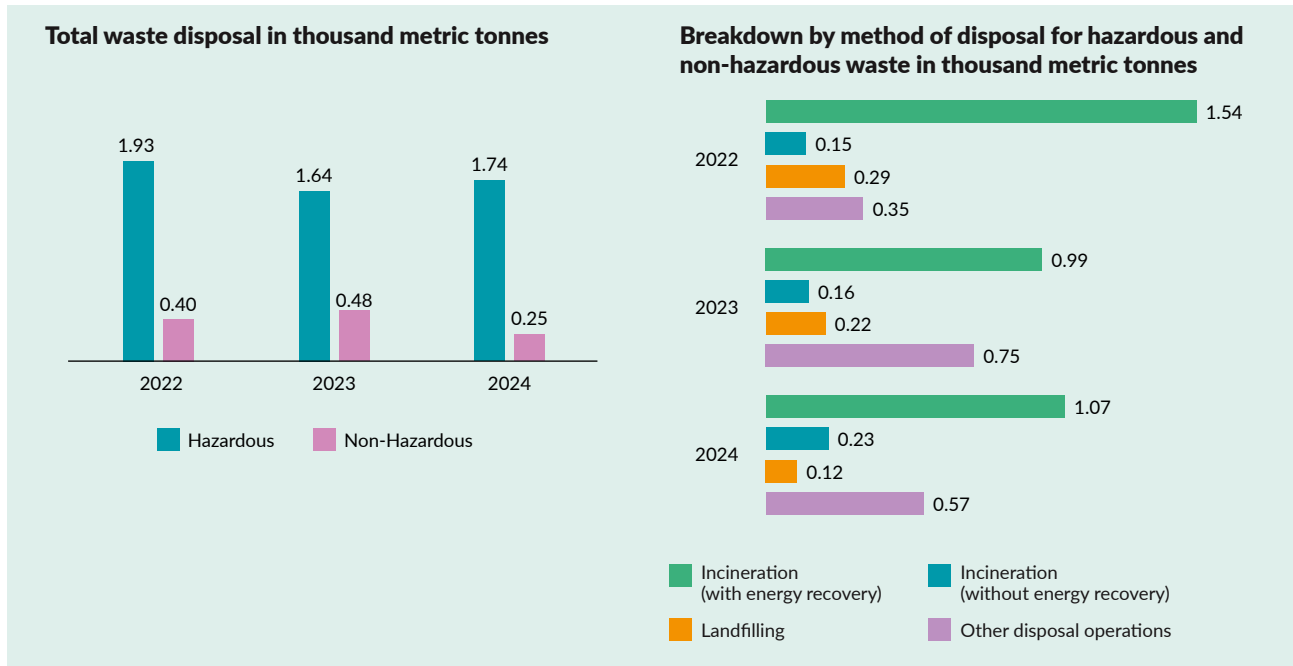
- We carefully monitor aluminium usage as well as the scrap produced during the alloy wheel manufacturing process. This scrap is collected and assessed for potential reuse, helping reduce overall waste.
- To limit packaging waste, particularly from wooden and plastic pallets, we purchase only the amount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

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

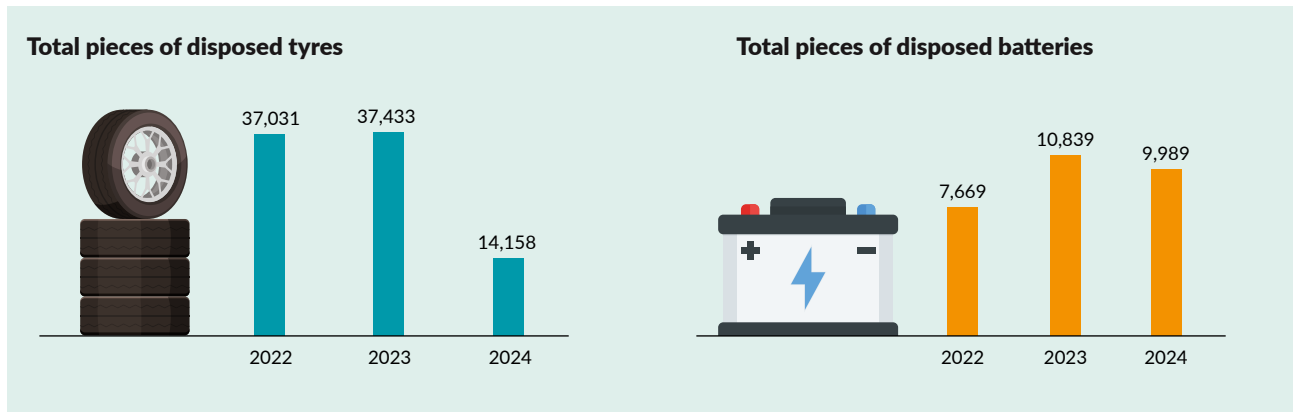


OUR PERFORMANCE

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



The total number of used tyres and batteries disposed of by our major distribution subsidiaries every year from 2022 to 2024 is as follows.



In 2024, our manufacturing segment saw an increase in total waste disposal, driven by increased production activities.

Within our distribution business, there was a substantial drop in the number of disposed tyres compared to last two years as from 2024 onwards our reporting will not include the used tyres collected and disposed of by the licensed waste collectors directly from customers’ premises. This is in line with relevant local regulatory requirements on waste management and reporting.

For batteries, the total number of used batteries disposed of by our four major subsidiaries in 2024 were slightly less than that of 2023. Since the number of waste batteries and tyres requiring disposal is directly influenced by customer needs, our focus remains on ensuring strict compliance with all relevant waste disposal regulations.

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

SOCIAL PILLAR

EMPLOYEE MANAGEMENT

Why is it Material?

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

Our Management Approach

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

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

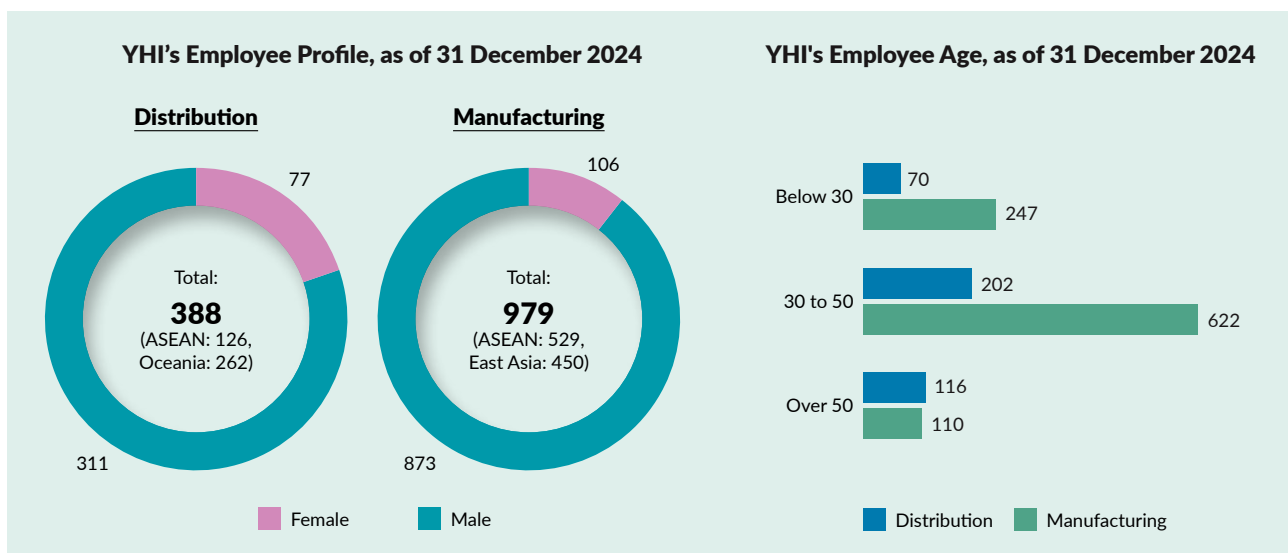
In addition, we understand the importance of maintaining a healthy work-life balance. To foster this, we encourage employee participation in team-building activities, such as holiday outings and celebratory events, which YHI financially supports. Some of our subsidiaries also provide volunteer leave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

Our Performance

At the close of the reporting period, the distribution subsidiaries collectively employed 388 individuals, while the three manufacturing plants had a workforce of 979 employees. The number of temporary, part-time employees is insignificant and thus considered immaterial for disclosure in this Report.

In 2024, we welcomed a total of 103 and 308 new hires at YHI's major distribution subsidiaries and manufacturing factories respectively, equating a new hire rate⁶ of 27% (2023: 31%) and 31% (2023: 40%). Meanwhile, our major distribution subsidiaries and factories recorded a total of 82 and 323 employees who left the Group respectively, marking an employee turnover rate⁷ of 21% (2023: 30%) and 33% (2023: 33%).

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



⁶ New hire rate = Total new hires/Total employees

⁷ Turnover rate = Total resignees/Total employees

New Hires and Turnover

Year Category	2023				2024			
	New Hires		Employee Turnover		New Hires		Employee Turnover	
D: Distribution M: Manufacturing	D	M	D	M	D	M	D	M
By Gender								
Male	101	373	94	314	89	278	73	287
Female	14	27	17	16	14	30	9	36
By Age Group								
Below 30	42	136	40	139	48	125	46	122
30 to 50	52	232	57	187	33	161	26	184
Over 50	21	32	14	4	22	22	10	17
By Region								
ASEAN	36	151	39	83	23	141	22	98
East Asia	N.A.	249	N.A.	247	N.A.	167	N.A.	225
Oceania	79	N.A.	72	N.A.	80	N.A.	60	N.A.
Total	115	400	111	330	103	308	82	323

In 2024, the total number of employees from our key distribution subsidiaries remained stable with new hires modestly outweighing employee departures. Mirroring the trend observed in 2023, our subsidiaries in Australia and New Zealand continued to show a net increase in their headcounts in 2024, in line with the expansions in sales activities.

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

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

We encourage each of our subsidiaries to conduct an annual employee satisfaction survey to identify potential areas for improvement. Since the COVID-19 pandemic has eased, we have been gradually reintroducing this survey across the Group. Our target is to make the employee satisfaction survey and its subsequent analysis an annual practice across all subsidiaries by 2025.

PHOTO GALLERY – EMPLOYEE ACTIVITIES IN 2024

Employee activities held by YHI Singapore



YHI Singapore's employee holiday trip to Batam



Christmas party



Health screening initiative organised for employees

EMPLOYEE TRAINING AND EDUCATION

Why is it Material?

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

Our Management Approach

The management teams at our subsidiaries are tasked with assessing employees' training and development needs, then creating tailored training plans to support both operational and business growth.

In addition to role-specific on-the-job training, we provide a variety of educational opportunities across several areas. These include product and quality knowledge, machine operation, ISO certifications, workplace health and safety, leadership and sales skills, personal development, IT, data analytics, financial reporting, and tax compliance. The training is delivered either by our internal staff members or external experts.

Our Performance

Our goal is to boost the annual average training hours per employee in our major subsidiaries by at least 20% compared to the 2018 average, with a target date of 2025. We have consistently made progress toward this objective, and even amidst a challenging macroeconomic environment, we are committed to continuing our focus on enhancing employee training and development.

In 2024, the distribution segment saw a general decrease in the average training hours primarily due to our Australia and New Zealand subsidiaries' consolidation of training programs and schedules in view of the fast expansions of sales workforce and distribution networks. Conversely, the manufacturing segment continued to show an upward trend in employee training hours.

PHOTO GALLERY – TRAINING ACTIVITIES IN 2024

Training activities held by YHI Singapore



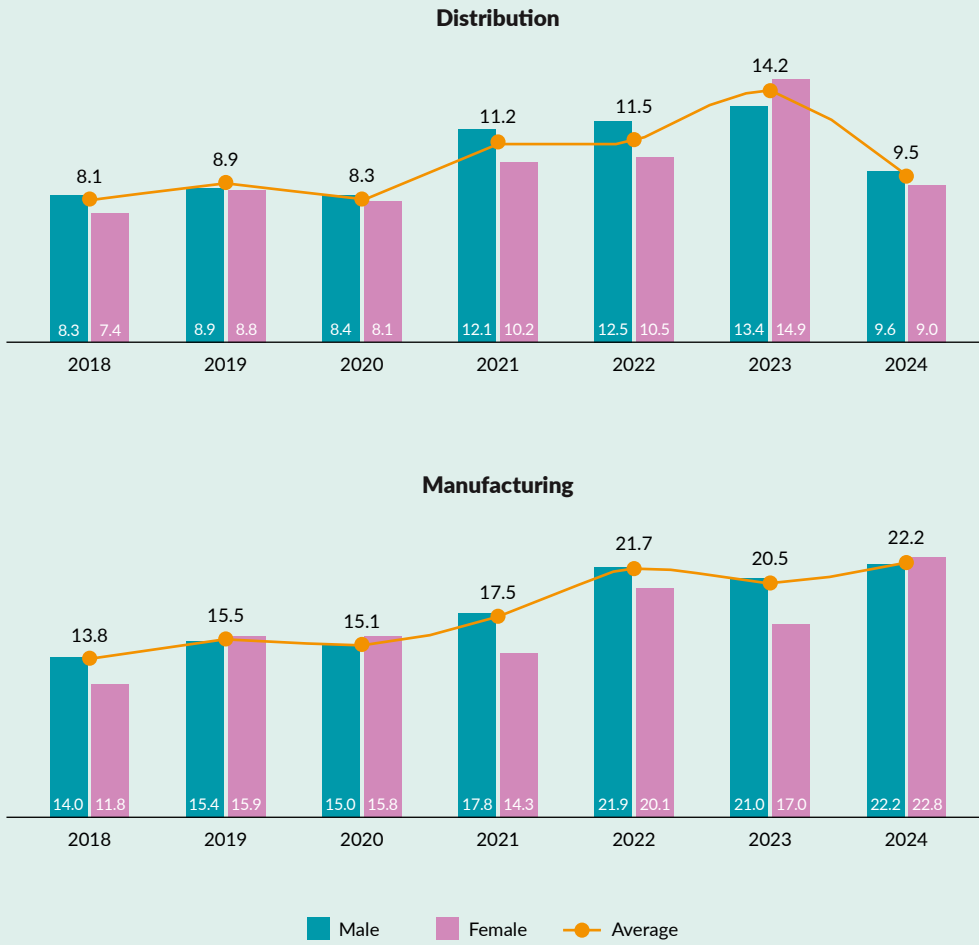
Greenery related workshop for employees



Periodic fire safety training

The following charts illustrate the average training hours per employee, categorised by gender and employee sector, from 2018 to 2024.

Average hours of training per employee from 2019 to 2024, with a breakdown by gender



Average hours of training for each employee category in 2023 and 2024



OCCUPATIONAL HEALTH AND SAFETY

Why is it Material?

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

Our Management Approach

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

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

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

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

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

Our Performance

In 2024, our distribution business experienced an increase in work-related injuries compared to previous years. Following thorough investigations and root cause analyses, corrective measures were implemented to enhance workplace safety. Meanwhile, our manufacturing segment recorded a similar number of injuries as in the previous year. The main types of work-related injuries were muscle sprains and finger cuts or fractures.

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



	Distribution			Manufacturing		
	2022	2023	2024	2022	2023	2024
Number of recordable injury cases	13	5	12	21	15	16
Number of high-consequence work injury	1	1	1	0	0	0
Number of work-related fatalities	0	0	0	0	0	0
Total man-hours worked (x 100,000 hours)	7.59	7.75	7.74	29.88	27.74	31.23
Injury rate⁸	3.7	1.3	3.1	1.4	1.1	1.0
Total number of lost days	316	55	312	947	470	759
Lost day rate per 200,000 man-hours	83.3	23.1	76.0	63.4	33.9	48.6

⁸ Injury rate = Total number of work-related injuries/Number of hours worked x 200,000

GOVERNANCE PILLAR

ECONOMIC PERFORMANCE

Why is it material?

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

Our management approach

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

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

On the manufacturing side, YHI capitalises on its diversified ODM operations spread across multiple production locations. This enables us to address varying market demands related to quality, pricing, and size. Furthermore, our investments in research and development have led to the creation of proprietary manufacturing technologies, solidifying our reputation as a top producer of premium aftermarket alloy wheels.

Our performance

Through vigilance and unfaltering commitment to stakeholders, YHI continued to deliver a resilient performance in 2024 as outlined below:

Key Economic Performance Indicators	2024	2023	2022
Direct Economic Value Generated			
Group revenue (in SGD' million)	406.6	376.9	430.9
Revenue from distribution (in SGD' million)	329.6	297.7	323.7
Revenue from manufacturing (in SGD' million)	77.0	79.2	107.2
Economic Value Distributed			
Operating costs (in SGD' million)	94.9	86.1	88.0
Employee costs (in SGD' million)	57.8	51.8	54.8
Tax paid (in SGD' million)	4.8	4.9	6.6
Payments to providers of capital			
Interest expense (in SGD' million)	3.2	3.3	3.3
Dividends per share (in SGD' cents)	2.30	3.15	3.60
Economic Value Retained ⁹	245.9	230.8	278.2

For more details on the direct economic value generated and distributed by YHI in 2024, please refer to our Annual Report ("AR") 2024, which can be found at our website on www.yhigroup.com.

⁹ Economic value retained is defined as 'direct economic value generated' less 'economic value distributed'.

ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

Why is it material?

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

Our management approach

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

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

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

Our performance

In 2024, we did not record any incidents of anti-corruption, anti-competitive behaviour, or breaches of anti-trust/monopoly regulations. We are committed to maintaining this record and aim to continue with zero incidents in 2025.



TCFD REPORT

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

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

IMPLEMENTATION ROADMAP

YHI recognises that climate change presents both risks and opportunities for business and is committed to addressing these challenges. Following SGX-ST's Sustainability Reporting Guide Practice Note 7.6, the Group will adopt a phased approach to integrating climate-related disclosures into our sustainability report.

Our climate reporting roadmap, outlined below, is based on the four key pillars of the TCFD. We will continually review and update this roadmap to ensure it stays aligned with changes in external business environments and regulatory requirements.

	PHASE 1 (2023 – 2024)	PHASE 2 (2024 – 2025)	PHASE 3 (2026)
Governance	Integrated climate risks into existing board governance structures	Internally reviewed climate change management processes	Ongoing Board and management oversight
Strategy	Identified key climate-related risks and opportunities, assessed their impact to business and formulated appropriate action plans.	Continually identified key risks and opportunities and conducted qualitative scenario analysis to determine the risk profile and materiality levels.	Assess the resilience of the Group's climate strategy, in alignment with desired climate outcomes
Risk Management	Defined the process for identifying, prioritising, and managing climate-related risks	Developed policies for managing climate-related risks and opportunities	Effectively embed climate considerations into relevant business processes
Metrics and Targets	Computed and disclosed YHI major subsidiaries' operational carbon footprint - Scope 1 and Scope 2 emissions.	Included all other subsidiaries in the computation and disclosure of carbon footprint, and defined metrics to assess the impact of climate-related risks on the Group's activities	Build up reporting capabilities for Scope 3 emissions, improve data systems, and consider appropriate science-based emissions reduction targets

GOVERNANCE

Board oversight:

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

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

Management's roles and responsibilities:

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

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

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

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

RISK MANAGEMENT**Identifying and assessing climate-related risks**

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

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

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

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

Managing climate-related risks

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

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

STRATEGY

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

Climate-Related Risks Faced by YHI











Distribution









Manufacturing

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

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

Climate-Related Opportunities for YHI

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

Climate scenarios analysis

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

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

At the “below 2°C orderly scenario”

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

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

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

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

METRICS AND TARGETS

Climate-related metrics

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

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

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

Greenhouse gas emissions

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

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

Climate-related targets

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

GRI CONTENT INDEX

STATEMENT OF USE	YHI International Limited has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards
GRI 1 USED	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	PAGE	
GRI 2: General Disclosures 2021	The Organisation and its Reporting Practices		
	2-1	Organisational details	2 – 6
	2-2	Entities included in the organisation's sustainability reporting	2 – 3
	2-3	Reporting period, frequency and contact point	2 – 3
	2-4	Restatements of information	12, 21
	2-5	External assurance	3
	Activities and Workers		
	2-6	Activities, value chain and other business relationships	4 – 6
	2-7	Employees	17
	2-8	Workers who are not employees	N.A. ¹⁰
	Governance		
	2-9	Governance structure and composition	7, 24-25
	2-10	Nomination and selection of the highest governance body	AR: 44-49
	2-11	Chair of the highest governance body	AR: 40
	2-12	Role of the highest governance body in overseeing the management of impacts	7, 24
	2-13	Delegation of responsibility for managing impacts	7, 24-25
	2-14	Role of the highest governance body in sustainability reporting	7
	2-15	Conflicts of interest	AR: 41
	2-16	Communication of critical concerns	AR: 55
	2-17	Collective knowledge of the highest governance body	7
	2-18	Evaluation of the performance of the highest governance body	AR: 44-49
	2-19	Remuneration policies	AR: 49-52
	2-20	Process to determine remuneration	AR: 49-52
	2-21	Annual total compensation ratio	AR: 51-52
	Strategy, Policies and Practices		
	2-22	Statement on sustainable development strategy	1
	2-23	Policy commitments	23
	2-24	Embedding policy commitments	23
	2-25	Processes to remediate negative impacts	N.A.
	2-26	Mechanisms for seeking advice and raising concerns	23
2-27	Compliance with laws and regulations	23	
2-28	Membership of associations	N.A.	
Stakeholder Engagement			
2-29	Approach to stakeholder engagement	8	
2-30	Collective bargaining agreements	N.A. ¹¹	
GRI 3: Material Topics 2021	Materiality Assessment		
	3-1	Process to determine material topics	8-9
	3-2	List of material topics	8-9
	3-3	Management of material topics	10, 13, 15, 17, 19, 21, 22, 23

¹⁰ Not applicable, as YHI does not have any workers who are not employees.

¹¹ Not applicable, as YHI's employees have not entered into any collective bargaining agreements.

GRI STANDARD	DISCLOSURE		PAGE
GRI 201: Economic Performance 2016	Economic Performance		
	201-1	Direct economic value generated and distributed	22
GRI 205: Anti-corruption 2016	Anti-Corruption and Anti-Competitive Behaviour		
	205-3	Confirmed incidents of corruption and actions taken	23
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	23
GRI 302: Energy 2016	Energy Consumption		
	302-1	Energy consumption within the organisation	10-12
	302-3	Energy intensity ratio	11, 13
GRI 303: Water and Effluents 2018	Water and Effluents		
	303-2	Management of water discharge-related impacts	13-14
	303-3	Water withdrawal	13-14
	303-4	Water discharge	13-14
GRI 305: Emissions 2016	Emissions Reduction		
	305-1	Direct (Scope 1) GHG emissions	12
	305-2	Energy indirect (Scope 2) GHG emissions	12
GRI 306: Waste 2020	Waste		
	306-1	Waste generation and significant waste-related impacts	15-16
	306-2	Management of significant waste-related impacts	15-16
	306-3	Waste generated	15-16
	306-5	Waste directed to disposal	15-16
GRI 401: Employment 2016	Employee Management		
	401-1	New employee hires and employee turnover	17-18
GRI 403: Occupational Health and Safety 2018	Occupational Health and Safety		
	403-1	Occupational health and safety management system	21
	403-2	Hazard identification, risk assessment, and incident investigation	21
	403-5	Worker training on occupational health and safety	21
	403-9	Work-related injuries	21
GRI 404: Training and Education 2016	Employee Training and Education		
	404-1	Average hours of training per year per employee	19-20
	404-2	Programs for upgrading employee skills and transition assistance programs	19-20

TCFD INDEX

TCFD PILLARS	RECOMMENDED DISCLOSURES	PAGE
Governance		
Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities.	24-25
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	24-25
Strategy		
Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	26-29
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	26-29
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	26-29
Risk Management		
Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks.	25-26
	b) Describe the organisation's processes for managing climate-related risks.	25-26
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	25-26
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	29
	b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	12, 29
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	29



YHI
Since 1948

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