

2018 YFAI Supplier Expectations Day

N.A. Region

February 27, 2018



2018 Expectations Day Agenda



Welcome & Logistics	Kelly Weibel	01:00 - 01:05
Opening Remarks	Jim Bos / Wang Tao	01:05 - 01:20
2017 Award Recipient Recognition / 2017 Recap	Jeff Sweitzer	01:20 – 01:40
2018 Business Strategies	Nathan Bowen	01:40 – 02:05
Break		02:05 – 02:20
Voice of the Customer	David Wang	02:20 – 02:45
Innovation Trends & Supplier Involvement	Jeff Stout	02:45 – 03:05
Legal Compliance Requirements	Will Kramer	03:05 – 03:15
Supplier Development & FY18 Expectations	Matt Macek	03:15 - 03:35
Supplier Diversity	Jacinto Blanco	03:35 – 03:45
Break		03:45 – 04:00
Program Management & Phase 1 Process	Bryan Nyeholt	04:00 – 04:15
MBBP / Continuous Improvement	Dan Middleton	04:15 – 04:40
Team Rally – Internal CI	Joel Beezholt, Timashion Jones	04:40 – 04:55
Questions & Wrap-up	Jim Bos, Wang Tao, Jeff Sweitzer	04:55 – 05:00

Opening Remarks

James Bos – Vice President
Wang Tao – Vice President

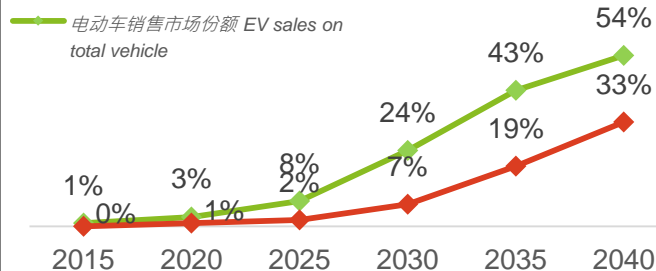
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NA Region – Feb 27, 2018



E-Car Megatrend

Growth Forecast on Electric Vehicle

(2015-2040, from Bloomberg New Energy Finance)



More aggressive EV adoption is forecasted primarily due to battery costs falling faster than expected and rising commitments from OEMs and governments

By 2040, 54% of new car sales and 33% of the global car fleet is forecasted to be electric

Countries' Schedule to Allow Only EV Car Sales



Netherlands



European



France



Norway



India



U.K.

2025

2030

2035

2040



China

New energy vehicles market share (sales) targets to reach 20% by 2025, and 40% by 2030

OEM Move Strategic Focus onto EV

OEM	Models	Volume
VW	80 by 2025	
Audi	3 by 2020	Over 600K by 2025
Daimler	10 by 2022	500K ~ 800K by 2022
BMW	25 by 2025	
GM	20 by 2023	
Ford	13 by 2022	
PSA	Over 25 by 2023	
H-K	28 by 2020	
Volvo	5 from 2019 to 2021	1mil by 2025
Mazda	All by early 2030s	

YFAI Product Strategy



**Follow Mega Trend,
Strengthen Competency**

Focus on Core Products

Electrification

Connectivity

Intelligence

Shared Mobility

... ..



Completed
Global Footprint



Good
Customer Interface



Advanced
Integration Tech



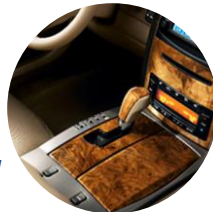
**Smart Surface
(Tech, Make)**



**OHC
(Smart)**



**Ambient Lighting
(Tech)**



**Deco
(Tech)**



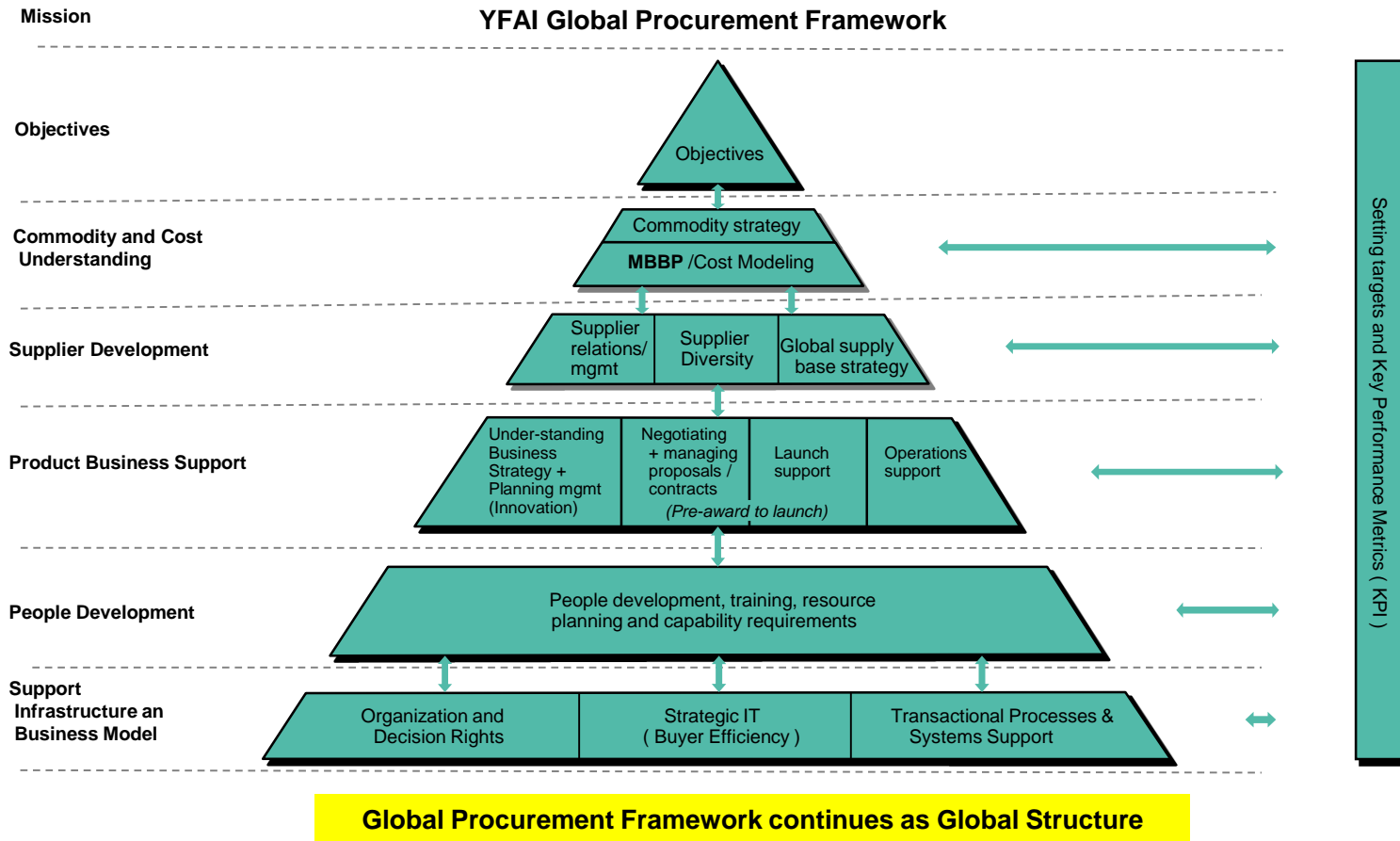
**Air Vent (Purification)
(High-end, New Tech)**

Supporting

Supporting

Global Procurement Framework

“Optimal Procured Value, Most Globally Capable Suppliers”



Yanfeng Automotive Interiors

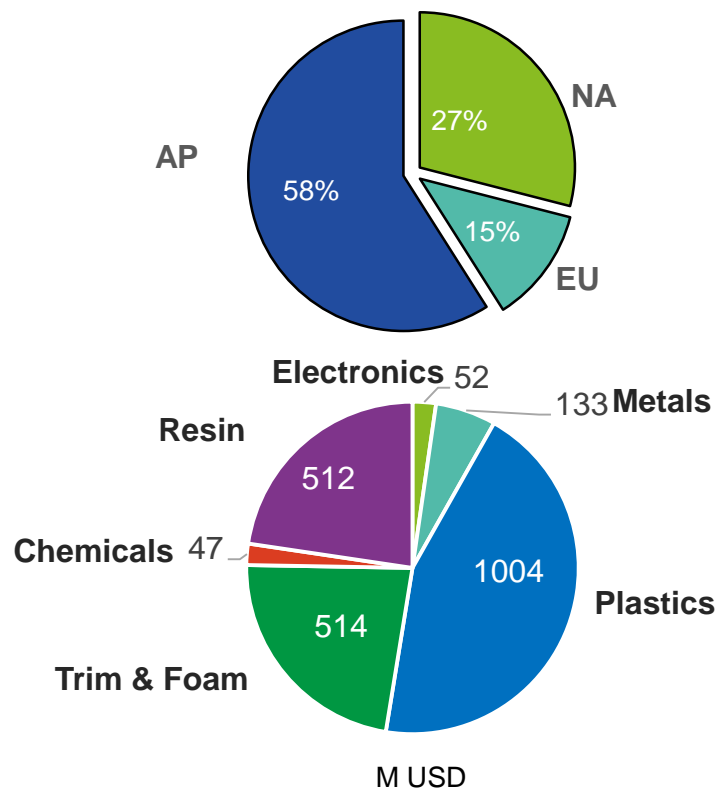
Developments over the Past Year - Procurement

- Completion of Procurement Level 3 Procedures Globally.
- Completion and release of the Global Supplier Portal.
- Financial Risk Management Process rolled out in China addressing 70% of Key Supplier spend.
- Initiated QAD roll out in EMEA and Asia.
- SJJ kick off the business integration into YFAI.
- Continued progression of Materials Best Business Practice.
- Achieved SPPM targets for each region for Controlled Suppliers.
- Completion of the Global and Regional Tooling Supplier List

Global Structure with Regional Execution

Yanfeng Automotive Interiors Global Spend – 2018

Controlled Material Spend \$2.4B



Capital and Indirect Spend (M USD)				
	NA	EU	AP	Total
Direct C	656	354	1,372	2,382
Direct OE	746	649	2,171	3,566
CET	157	90	131	378
Indirect	466	204	223	893
Logistics	108	66	48	222
IT				107

Total Spend \$7.6B

Global Commodity Team Structure

Global Commodity Lead
P=Procurement
SD = Supplier Development

Direct Material Example

Commodity	NA	EU	AP
IDO	P: Danielle Page	P: Josefine Knobloch	P: Danny Zhang
	SD: Jason Dover	SD: Simon Pella	SD: Liu Sheng
Natural Fiber	P: Kellie Smolenski	P: Houda Mounib	P: Jin Yan
	SD: Pier Avanzi	SD: Imre Gaal	SD: Shao Jing
Resin	P: Scott Postma	P: Claudia Rauhe	P: Qian, Junjie
	P: Kraig Boeve		
	SD: Jason Dover	SD: Simon Pella	SD: Liu Xiaolu
Foil	P: Manuel Fernandez	P: Manuel Fernandez	P: Kevin Pi/Jin Yan
	SD: Pier Avanzi	SD: Imre Gall	SD: Liu Xiaolu

Global Commodities

Capital Equipment

Tooling (IM)

Freight / Logistics

Information Technology

Travel

Screws / Clips

Chrome

Chemicals

Airvents

Yanfeng Automotive Interiors

2018 Priorities

- Execution Excellence
 - State of the Art Manufacturing
 - Internal Focus and Restructure
 - Deliver on Program Launch and Production Requirements
- Continuous Improvement
 - Materials Best Business Practice (MBBP)
 - Lean Methodology / Total Business Approach
- Opportunities in the Industry Mega Trends
 - Transition to EV/AV (Innovation / Capacity)
 - Supplier Partnership



2017 Supplier Award Recipients

Jeff Sweitzer- N.A. Procurement Director, BU

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2017 YFAI Supplier Excellence Award Recipients

Supplier Excellence - Quality

- Acoustek Nonwovens
- MultiTech Industries

Supplier Excellence - Service

- ExxonMobil Chemical Company
- TR Fastenings
- Clarion Technologies
- Total Fleet Solutions
- Buckland Global Trade Services
- West Michigan Molding

2017 YFAI Supplier Excellence Award Recipients

Supplier Excellence – Customer Satisfaction

- American Autocoat, Inc.
- Canadian General Tower
- Eagle Industries
- Derby Fabricating
- SGE
- Hitop Mold Industrial Co., Ltd.
- Informs

Supplier Excellence – Technology & Innovation

- Helcor-Leder-Tec GmbH
- Koops, Inc.

2017 YFAI Distinguished Supplier Award Recipients

- US Farathane Corporation
- Display Pack, Inc.
- A&K Finishing, Inc.
- Sunway
- GDC, Inc.
- Everwill Industrial Ltd.
- CS Manufacturing
- Team 1 Plastics, Inc.
- JD Norman Industries

2017 Performance Results

Jeff Sweitzer- N.A. Procurement Director

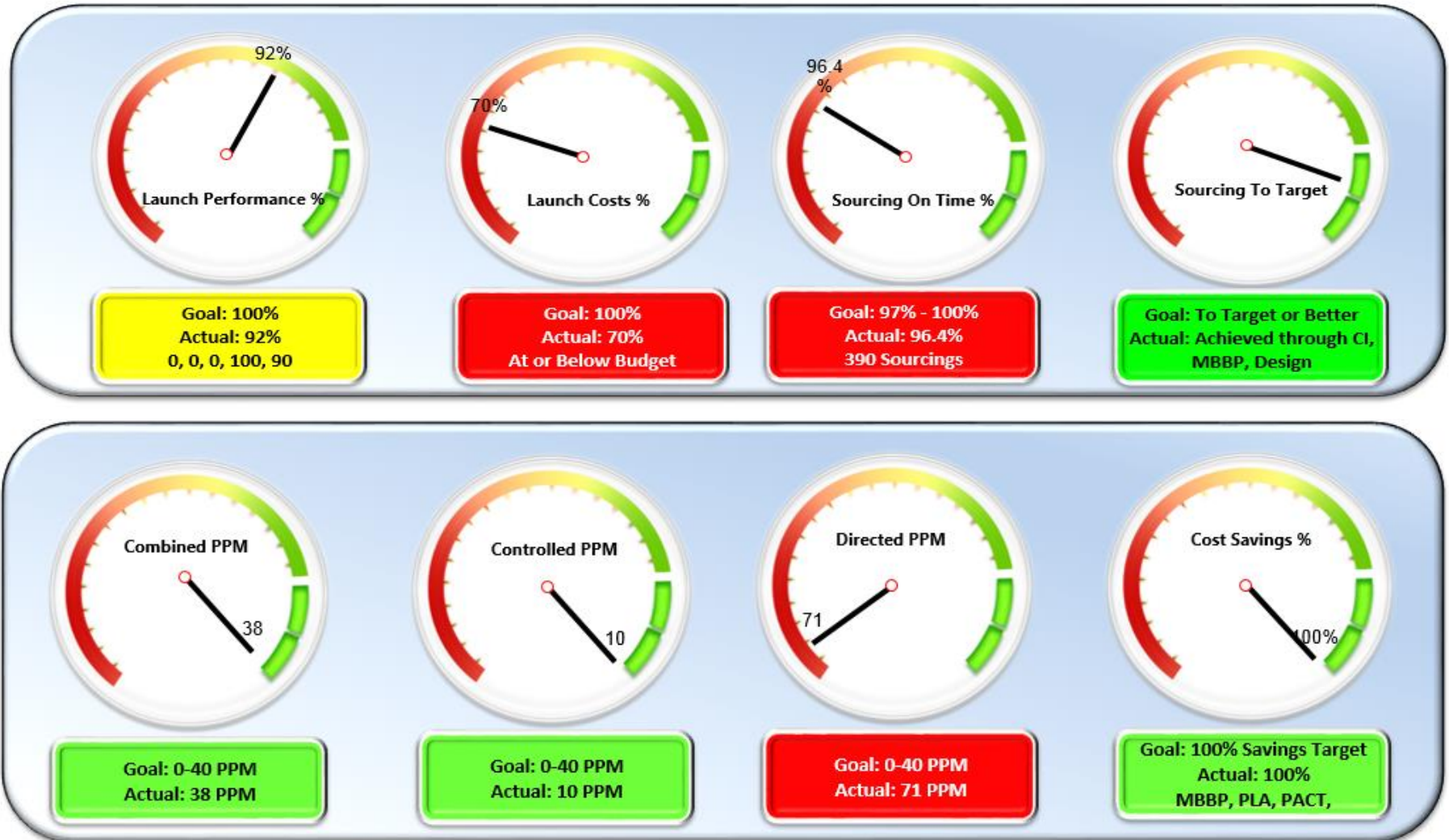
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2017 Performance Results

How Did We Do? KPI Executive Summary North America



North American Business Strategies

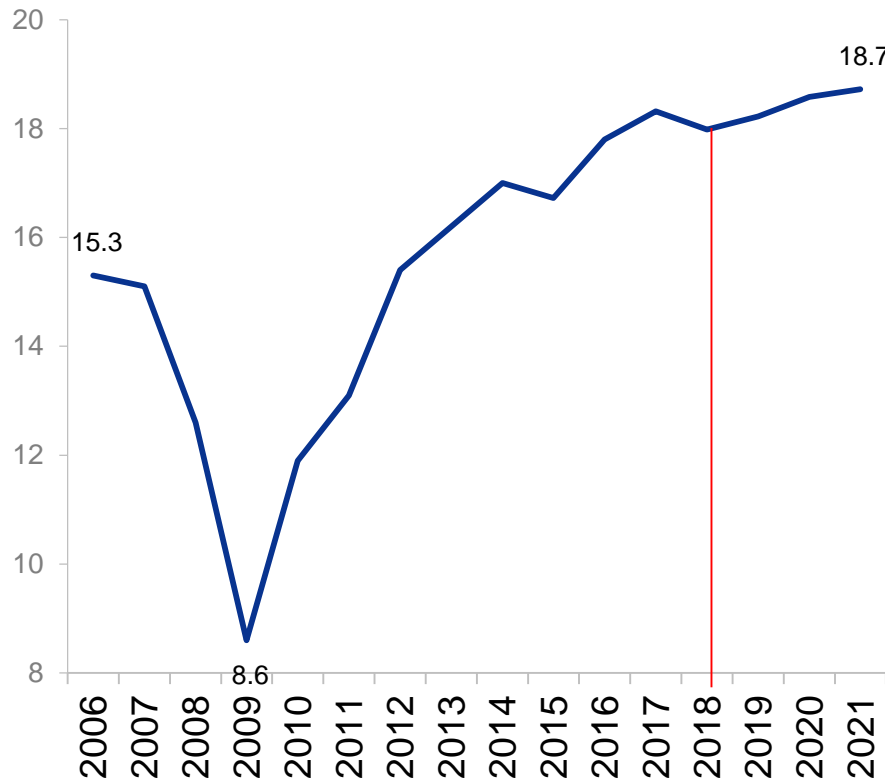
Nathan Bowen, VP & GM - Americas

Supplier Expectations Day 2018

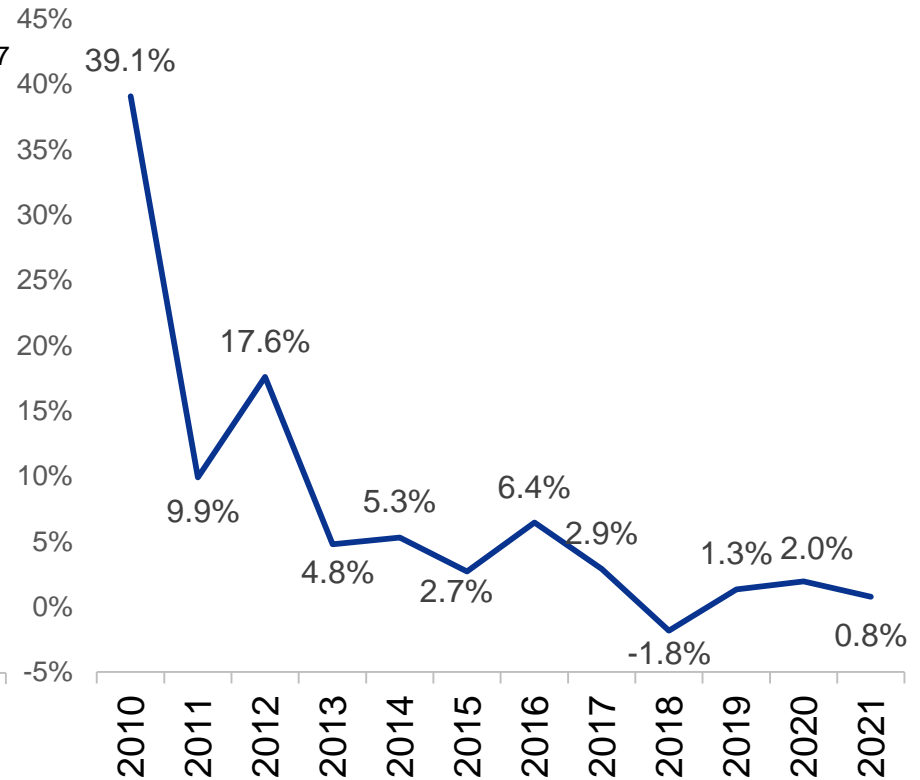


In an increasingly flat to slowing market, our focus will be on efficiency and execution

NA Annual Production Volume
2006-2021 (M units)



NA Annual Production YoY Change
2010 - 2021

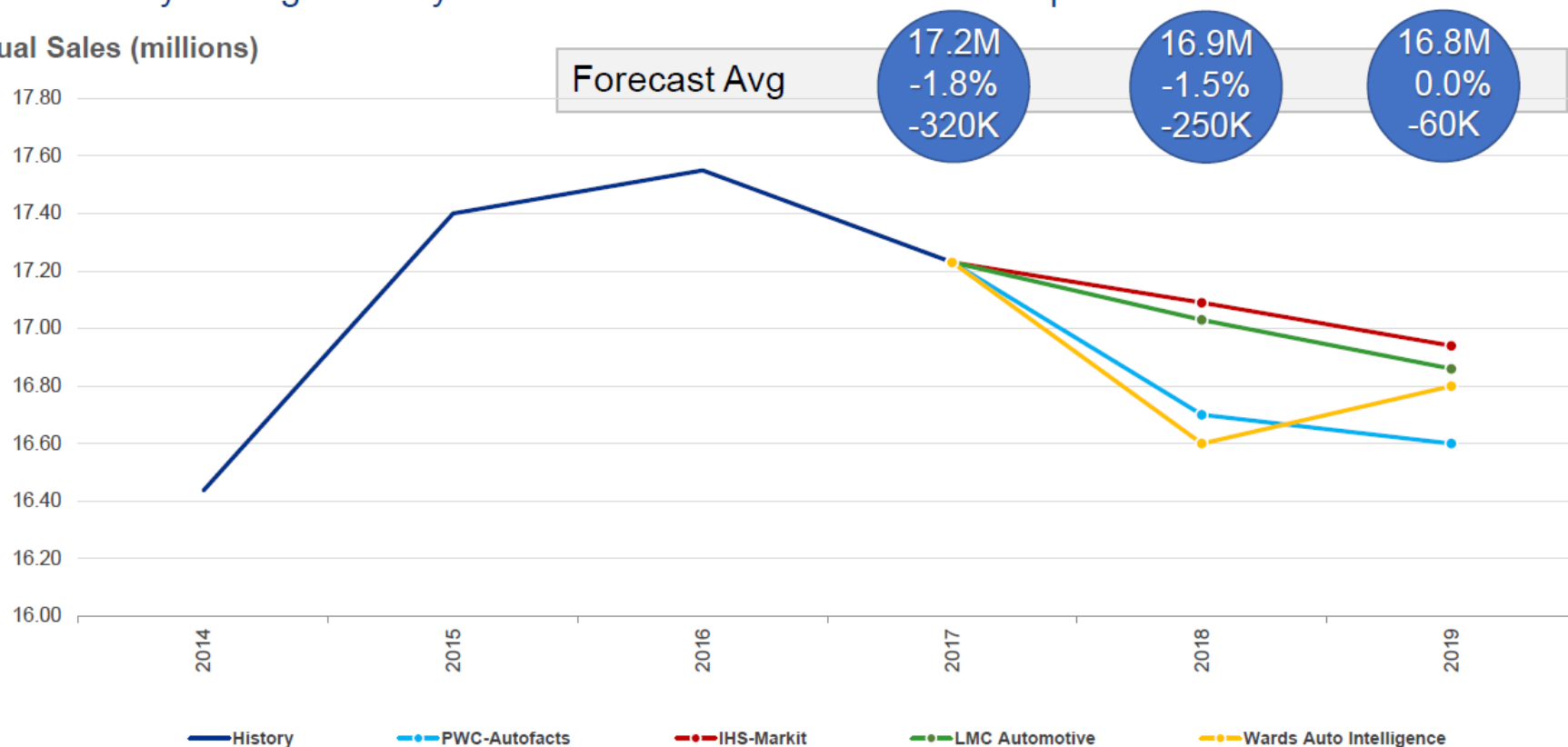


Source: YPS Forecast 2016 Q4

US: Light Vehicle Sales Outlook

Forecasts vary among firms – yet all reflect different rates of sales taper

Annual Sales (millions)



Source: 4Q OESA Affiliate Forecast Matrix – PWC/Autofacts, IHS Markit, LMC Automotive, Wards Auto Intelligence

US Light Vehicle Sales by Segment - 2017

Divergent Trajectory Remains

	Dec 2017	% Chg from Dec '16	YTD 2017	% Chg from YTD 2016
Cars	518,325	-17.0	6,332,925	-10.9
Midsize	225,471	-20.8	2,792,346	-13.1
Small	201,094	-15.8	2,615,386	-9.6
Luxury	91,742	-8.8	924,500	-7.3
Large	18	-85.5	693	-32.1
Light-duty trucks	1,084,804	1.7	10,897,511	4.3
Pickup	285,404	5.8	2,822,839	4.8
Cross-over	537,711	2.4	5,351,370	8.1
Minivan	37,918	-8.9	484,608	-12.4
Small Van	8,644	-0.5	81,950	-9.3
Large Van	32,594	-17.6	365,263	-2.0
Midsize SUV	94,584	3.2	957,964	-0.8
Large SUV	40,989	0.2	339,425	-0.3
Small SUV	19,538	-7.5	252,102	3.4
Luxury SUV	27,422	-2.1	241,990	2.7
Total SUV/Cross-over	720,244	1.9	7,142,851	6.0
Total SUV	182,533	0.5	1,791,481	0.3
Total Cross-over	537,711	2.4	5,351,370	8.1

Source: www.motorintelligence.com

Source: OESA



17.23M

-1.8%



+4.3%



North America – 2017 Year in Review

- **Exhibit at North American International Auto Show & Mobile Exhibit**

- Hosted customers, suppliers & media
- Unveiled XiM17
- Well received by customers, suppliers & media



- **Opened Novi Technical Center**

- Open, collaborative floor plan
- Combined Plymouth (Helm) and Harrison Twp. functional teams



- **Opened New Mobility eXperience Center in Sunnyvale, California**

- Targets West Coast OEs & new mobility customers
- Shared location with Adient



North America – 2017 Launches

- **Fountain Inn, SC: BMW X3 Launch**

- First major launch for BMW in NA, achieved 0-0-0-100-90
- Managed launch while taking over competitor's distressed plant per customer request.



- **Belvidere, IL: Jeep Cherokee Launch**

- Achieved building occupancy on April 1, 2017 and successfully met very aggressive FCA Start of Production on May 15, 2017.
- Received thank you from Marlo Vitous, lead Procurement Manager NA Interiors for supporting customer's strategic move



- **Chattanooga, TN: Volkswagen Atlas**

- Successful launch at new plant



North America – 2018 Expectations

2018 – Execution & Efficiency

- **Launch execution**

- We have a large launch load in 2018.
 - 25 Tier 1 launches
 - 57 program launches
 - Derramadero, MX plant launch (new vertically integrated plant)
 - These need to be flawless and well executed

- **Customer**

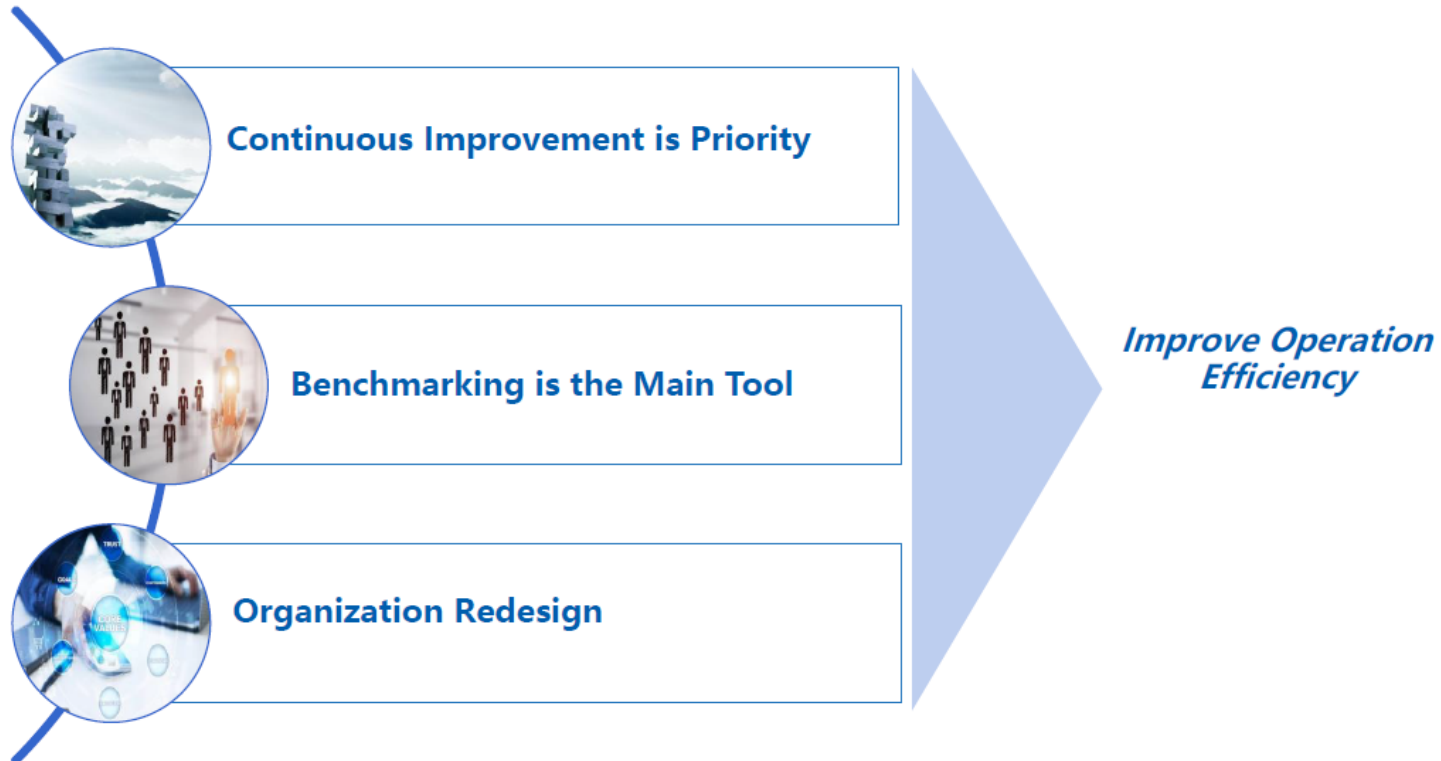
- Quality scorecards
- Existing & New Mobility OEMs

- **Supply Chain**

- Focus on supplier quality
- Focus on execution and efficiency

Supply Chain: Focus on Efficiency & Execution

Just as Efficiency and Execution are our focus, they need to be the focus for our supplier partners as well.



Operations is the Cornerstone of Enterprise Development

Voice of the Customer

David Wang – Vice President, Deputy
Regional Leader & GM

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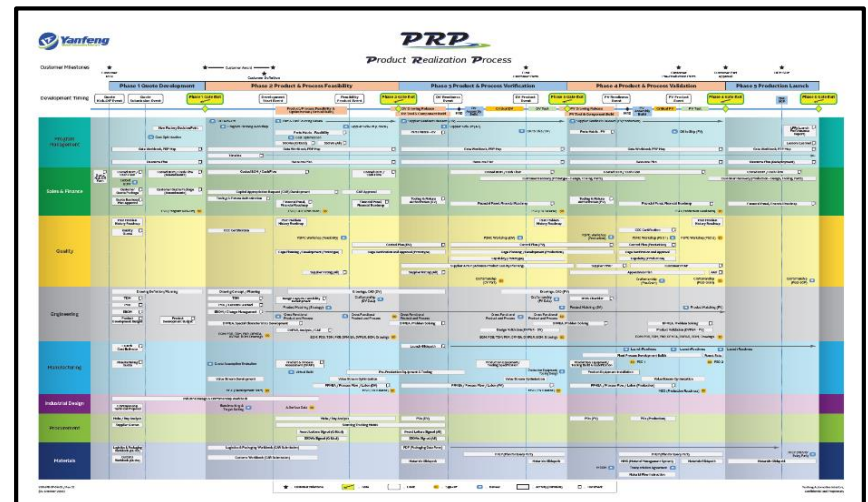
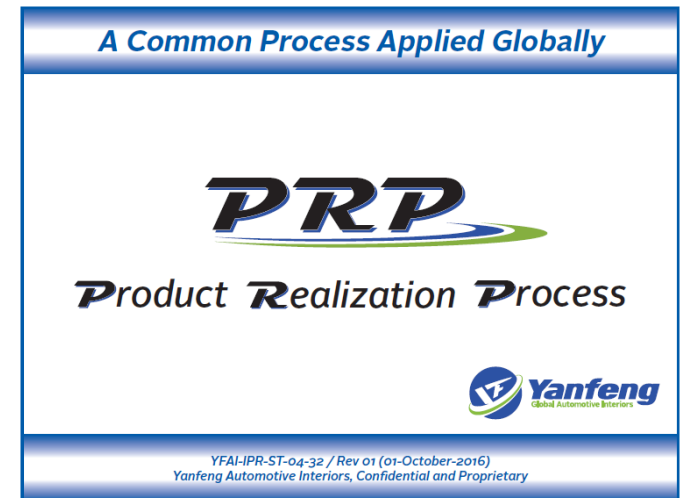


2018 YFAI NA Key Initiatives Highlight

- Customer Satisfaction
 - Large launch load in 2018; 25 Tier 1 launches and 57 program launches; achieve 0-0-0-100-90
 - Achieve 0 majors on TS audits and Pass all customer specific Certification/Audit
- Delivery and Quality
 - Achieve green status on Quality and Delivery for all FCA supply plants
 - Continued transition of focus from internal KPI's (eg. Customer PPM) to Customer balanced score card.

Key Message 2: Launch Excellence

- How do we measure Launch Performance?
 - KPI: 0-0-0-100-90
 - Gate Timeliness
- Supplier Expectation
 - Ensure you have robust process/system/part before launch
 - Put sufficient resource in launch
 - Focus on critical path
 - Escalate issues quickly



Key Message 4: Innovation



Key Message 4: Innovation

Mega Trends - Next Stage of Accelerating Innovation:

- Autonomy
- Electrification
- Connectivity
- Mobility
- Advance Manufacturing
- New Material

YFAI is transforming the automotive interiors industry by redefining the way people live inside their vehicle.



IVXX : Quality of Life

What we require from supplier partners:

- Embrace the future
- Think big
- Move fast
- Proactive & Collaborative



Innovation Trends

Jeff Stout – Executive Director,
Research & Advanced Product
Development

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Speed of Change...



Personal mobility will reduce up to 50% for those who live in big cities

Carmakers risk losing 40% of today's profit pools to SAEV's

Interior Experience driving consumer mobility brand choice



Speed of Change...



Only 1 Car
New York City Easter Parade 1900

13
years



Only 1 Horse
New York City Easter Parade 1913

YFAI Vision...

***Better life on board
through our
superior automotive interior solutions***



APDS Global Network

- A cross functional team 150 researchers, designers, innovation engineers, product managers and business builders



YFAI Global Compliance

Will Kramer – Director, Compliance, NA

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Flawless Execution

The automotive business is tough. It demands flawless in execution in every aspect of our business. YFAI is committed to our sustainable growth but not at the expense of doing business the **RIGHT** way...we must also excel in the **WAY** we conduct our business.

Our Code of Conduct lays the foundation the way we deal with customers, suppliers, employees, competitors and the public with **integrity** and in a fair and **ethical** manner. In all facets of our business.

- Ethics
- Labor
- Health and Safety
- Environmental
- Social Responsibility
- Risk Management
- Conflict Minerals



Guiding Principals



1. We obey the laws and regulations of all countries where we conduct business and comply with our company's policies and procedures.
2. **We do not tolerate corruption in our businesses.**
3. We ensure our records are accurate, complete and appropriately maintained and our internal controls sound.
4. **We do not use illegal or unethical means to gain an advantage over a competitor.**
5. We comply with international trade laws.
6. We protect the privacy of individuals
7. **We act in the Company's best interests at all times.**
8. We safeguard the health and safety of our employees.
9. We use company assets responsibly and honorably.
10. **We protect the Company's confidential information and respect that of our customers and competitors.**
11. **We are committed to providing safe and high-quality products and services.**
12. We value diversity and equal treatment in our workplace.

Integrity & Compliance

Zero tolerance for non-compliant behavior

We conduct our business responsibly in compliance with all of the laws and regulations in the countries where we do business. The company does not tolerate illegal and unethical behavior.

We have one Code of Conduct globally. We expect ALL of our employees, partners and agents to behave ethically and obey the local laws and regulations where we do business.

The Guiding Principles contained in the Code of Conduct form the basis of our relationships with our employees, business partners, customers and competitors.



**INTEGRITY &
COMPLIANCE**

Let's focus for a few
minutes on Conflicts
of Interest...

Conflicts of Interest



The dictionary defines a conflict of interest as:

- *A situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity.*
- How many of you have seen a situation like...?
 - A manager provides paid consulting services on the weekend to a company customer or supplier.
 - A buyer sources business to a vendor that in turn sources business to the buyers family member's business.
 - An employee who is a member of a company hiring team fails to disclose that he is related to a job candidate whom the hiring team is considering for a position.
 - A manager accepts trips and gifts from a vendor and then recommends the vendor's products for purchase by the company.
 - A purchasing agent hires his brother-in-law to provide vending services to the company lunch areas.

Conflicts of Interest



What do you do if you see a conflict of interest or you potentially may be in a conflict of interest?

- **DISCLOSE** the conflict to your supervisor, Human Resources or Legal/Compliance department. Or to YFAI if it involves YFAI.
- Clear **DOCUMENTATION** shall be made with decision coming from the responsible supervising team.
- Even if you are not sure there is a conflict...**DISCLOSE**...not all situations will be crystal clear...Legal and Compliance will help you work through it.
- To avoid even the appearance of a conflict of interest, you need to **BE TRANSPARENT** about it.

And remember...

- Generally speaking a relationship with a third party is not necessary a problem. You must **PREVENT** an actual conflict from occurring.
- Sometimes choices will have to be made.



Partnership

- Common Goals
- Mutual Trust
- Risk Sharing
- Long-term Cooperation



Just as YFAI may be liable for misconduct of our business partners your company may be liable for the misconduct of your supply base!

Integrity Helpline



INTEGRITY & COMPLIANCE

THINK QUESTION ACT

ONE company, ONE code, ONE commitment to INTEGRITY.

If you have any questions or concerns related to Compliance, we are ready to help!

24/7 Integrity Helpline

You may call the Integrity Helpline or visit www.yfai.ethicspoint.com to report a Code of Conduct violation or ask a question.

The website is available in your local language. All calls will be answered in the language of the country from which you are calling. You may choose to remain anonymous for reporting your concern. We are committed to the principle that there will be no retaliation against those who report possible misconduct in good faith.



- The YFAI Integrity Help Line is an avenue for employees or third parties to report any Code of Conduct violation or to report any unethical behavior of a YFAI employee.
- The Helpline is available either via phone or web in all local languages.
- A dedicated team looks into these issues / reports and deals with them based on the merits of the case.
- The reporter has the option to remain anonymous if he / she so chooses.
- The Helpline complies with all EU data privacy rules.

Access to the Help Line: www.yfai.ethicspoint.com

By phone:



1-855-831-3125



001-844-291-1779



400-820-1938



000-117
Dial 855-831-3125



0066-33-830645/
00531-11-0414/
0034-800-600286



1-800-80-8641
001-803-011-3570
007-803-011-0160



1-855-831-3125



0-800-225-5288
Dial 855-831-3125



800-144-254



0-800-000-101
Dial 855-831-3125



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800-787814



900-99-0011
Dial 855-831-3125



0800-980-905

Think

Recognize the warning signs



Question

Ask about questionable actions



Act

Escalate your concerns

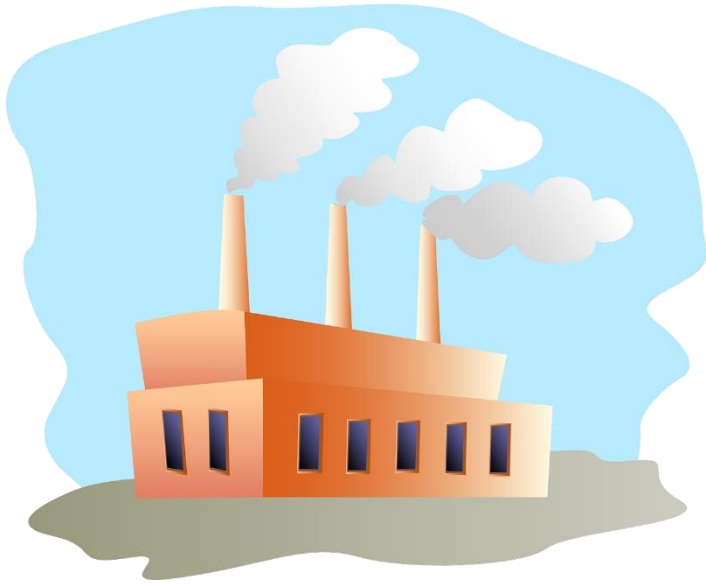


COLLABORATION

Matthew Macek
Director of Supplier Development

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Agenda

- 2017 Quality Results
- New YFAI Website
- QAD / QMS Update
- 2018 Expectations



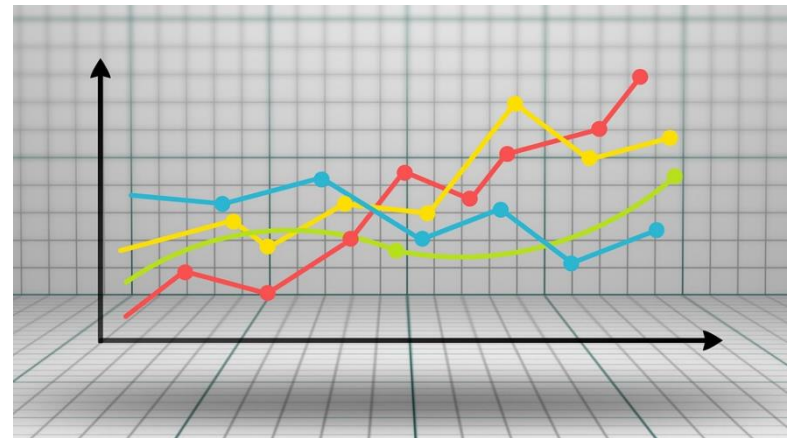
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How Was Our Supplier Quality in 2017?

- 26 PPM for Controlled suppliers (worse than last year 19)
- 13 MQR1/2/3's (worse than last year 6)
- Potential Safety Issues (PPSC's): 0 (same as last year)
- Supplier Development performed 161 onsite audits across the global network (better than last year)
- 21 Rating Improvements (R>Y>G) of SAS audits with the focus on strategic suppliers (better than last year)



What Did We Observe In the Supply Base?

- High turnover of key resources, poor notification to YFAI
- Better onsite support at the YFAI plants but still very sporadic and not always voluntary
- Adherence to change notification process much worse. Lack of proper planning, notifying the wrong people and late. Moving process prior to official approval and testing results !
- Launch performance still to be improved. PPAP's quality and timing, tool tracking and containment measures.
- Many suppliers at capacity limit, especially from resources point of view (PM) and too many cases of poor communication to YFAI







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YFAI Has A New Supplier Portal

- YFAI launched an all new external website; www.yfai.com
- The new site is hosted in 3 languages; English, German, and Chinese.
- The site has a revamped Supplier Section with easy links to key documents and information

ENGLISH | CORPORATE WEBSITE | CAREERS | MEDIA CENTER | SUPPLIERS | CONTACT US |    

 PRODUCTS | INNOVATION | CAPABILITIES | SUSTAINABILITY | ABOUT US | 

Our Supplier Portal

... TO KEEP YOU INFORMED

A note to our suppliers

During our first full year as a new company in 2016, we were very successful in achieving a strong customer order book and favorable market reputation around the world. We kept pace with industry changes, enhanced our strong brand and delivered on our promises to customers through our expertise, execution and passion.

Our goal is to bring our customers superior interior solutions for every market where they compete. In 2017, we will build an even stronger YFAI brand, and transform how people experience vehicle interiors by creating the next living space where look, feel and function are seamlessly integrated. Our company's focus remains on the following: Innovative products, flawless execution, and sustained growth through continuous improvement. To accomplish these objectives, we depend upon you, our supply base, to partner with us. You as our supplier are a key partner, as well as an important resource for Yanfeng Automotive Interiors.

We truly appreciate and value your strong commitment to that partnership.

Best Regards,

James Bos
Vice President, Procurement

Tao Wang
Vice President, Procurement

Supplier Information & Forms

Our suppliers are key partners, as well as an important resource for Yanfeng Automotive Interiors. We rely on the competitive high-quality products and services provided by our suppliers.

- + Supplier Communication
- + Supplier Expectations
- + Terms and Conditions
- + Supplier Diversity
- + Corporate Responsibility
- + Online Resources

Agenda

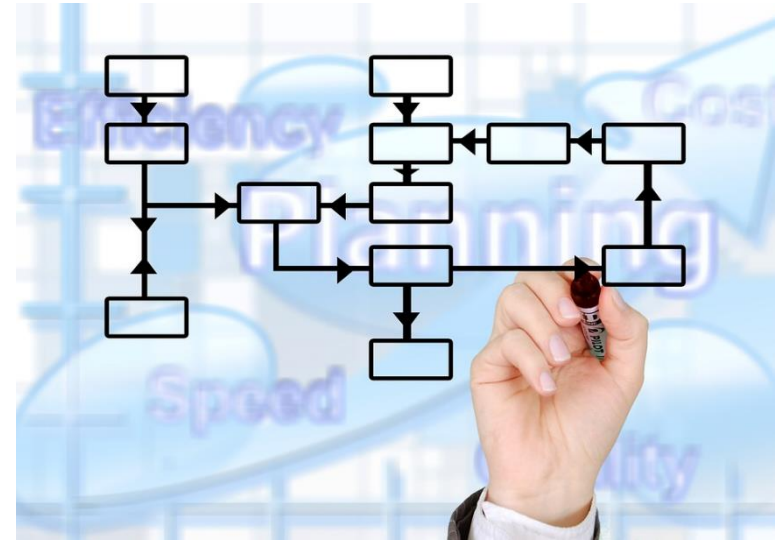
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Where Are We With Our Rollout Of QAD/QMS?

QAD

- 8 plants live in EU/AP no major issues
- 2 plants live in NA; Grand Rapids & PSMC.
- Rollout will continue through FY18
- New Vendor Codes
- New shared service center for invoices
- Replacement for Taulia
- New eRFQ & Sourcing Collaboration Platform called SupplyOn in Q2



Where Are We With Our Rollout Of QAD/QMS?

QMS

- New QMS solution that is highly collaborative
- Phase 1 (Q3) will include Supplier Monitoring, Scorecard, Supplier Audits, and Certifications
- Phase 2 (FY19) will include APQP, PPAP, LPA, and other internal modules
- IRIS functionality limited once QAD is installed, workaround solution in place.
- 2018 Supplier Scorecard will be a hybrid of manual inputs and legacy reporting.



Agenda

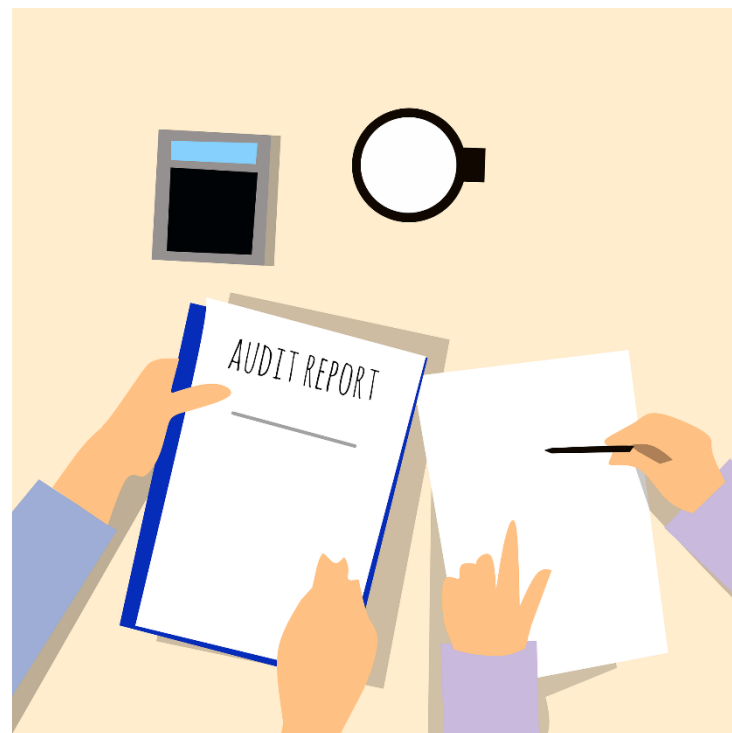
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What Does **Risk Management** Need From You In 2018?

Risk Management Assessment Is A Condition Of Sourcing!

- Required: Direct Material and Tooling/CAPEX
- Utilize 3PI system
- Submit 2x's per year (Fiscal year end, 6 month YTD)
- Require audited/externally reviewed statements to confirm the year end data
- Evaluate by legal entity or parent commitment
- Confidential to Risk Management team



What Does **Indirect Procurement** Need From You In 2018?

Take The Relationship With YFAI To The Next Level.

- Strategic Partnerships with YFAI and with others in your industry to support us across our network.
- Excellence and quality within your commodity scope to ensure the best support and execution for our operations teams.
- Innovative ideas and solutions to bridge gaps created in the face of challenging business climate
- Cost savings opportunities and service level improvements to support YFAI objectives



What Does **Tooling and Capital Equipment** Need From You In 2018?

Do Not Over Commit, Continue To Develop New Talent and Only Sell Proven Technology

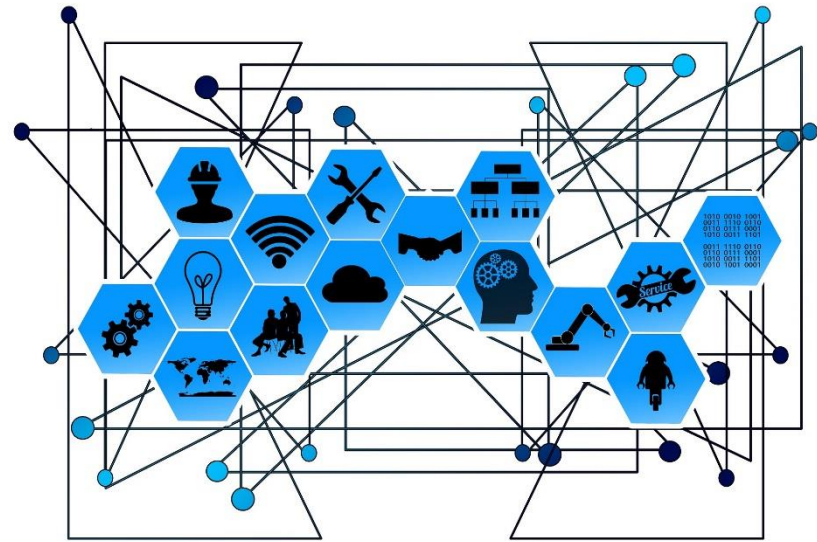
- Don't be one of those suppliers who puts YFAI at risk due to inadequate resources
- Invest in your technical apprenticeship and mentoring programs so we are all prepared for the future
- Ensure your innovations and ideas are proven out before introducing them to our launches. YFAI is not your 'proving ground' for new concepts.



What Does **Direct Materials Procurement** Need From You In 2018?

Correct parts, correct quantity, correct quality at correct time

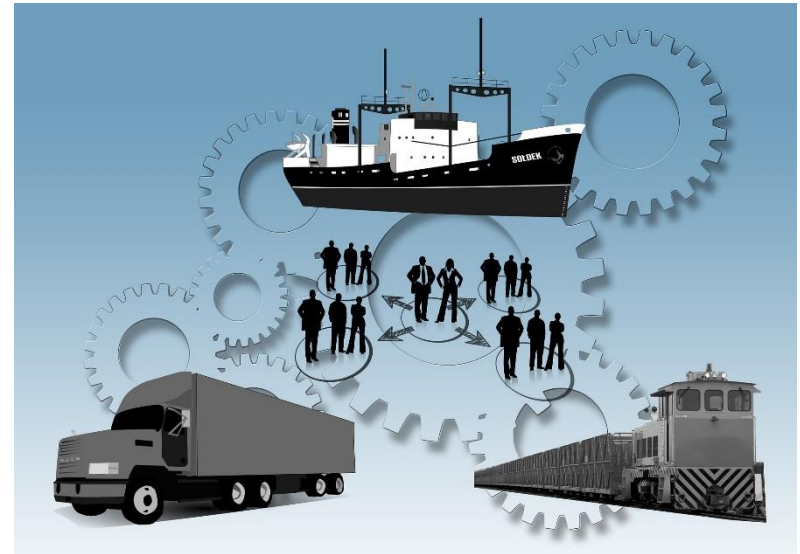
- Must have EDI connectivity 12 months before SOP
- Prototype pricing ends at Phase 4 not when you think you are production ready
- Provide cost reduction ideas upfront, help us win the business
- Improve your quote process; faster turnaround and better detail
- Be prepared for post launch audits (PLA)
- Drive Continuous Improvement and VAVE
- Continue to support MBBP process
- Drive to 100% on-time delivery



What Does **Logistics Procurement** Need From You In 2018?

Ensure Compliance to the Routing Guide

- YFAI controls inbound freight to our plants unless PO Terms are different (i.e.. Bulk & Tooling)
- A current routing guide should be on file from each YFAI plant you support. Compliance to that routing guide is required when choosing both Transportation Mode and Carrier.
- Do NOT ship PREPAID and add to invoice unless spelled out on PO.
- Repeated Non-Compliance on Unapproved Carriers may result in carrier charges being reversed, DMR's and potentially an MQR.



What Does **Supplier Development** Need From You In 2018?

Improved Collaboration With YFAI Plants

- Protect from all NOK parts, implement containment outside production (GP12 type)
- Communication! Up to date escalation matrix
- Signed boundary samples
- Timely support & response to SMRR's
- Participate and be active to Plant Supplier Days and slow builds

Improved Collaboration With Advanced Supplier Quality

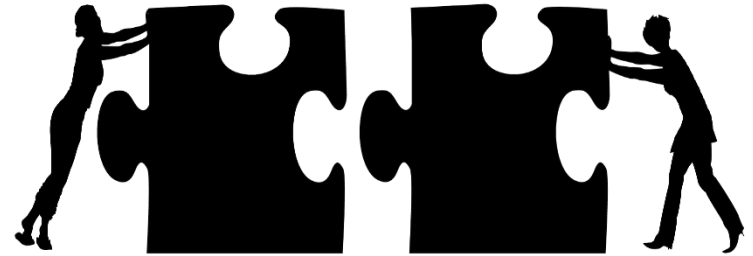
- Monthly updates
- PPAP perfection; 18 Elements, Zip Files
- Run @ Rates at right time and to prove you meet overall capacity requirements
- Understand and respect Customer Requirements
- Over communicate! Do not assume we know



What Does **Supplier Development** Need From You In 2018?

Improved Collaboration With Supplier Development

- Zero PPM, Zero Safety Issues, Zero MQR's
- Manage your sub-suppliers, including tool makers! Audits, CI, Inspection, Containment
- Implement “customer risk thinking”
- Evidence based problem solving
- Supplier Change Request: No Approval = No change
- Invest in your quality system. Drive all audit actions to closure. Achieve IATF 16949 compliance.
- Senior Leadership engaged to ensure right resources at the right time



Coming together is a beginning; keeping together is progress; working together is success.

~ Henry Ford

Supplier Diversity Tier 2

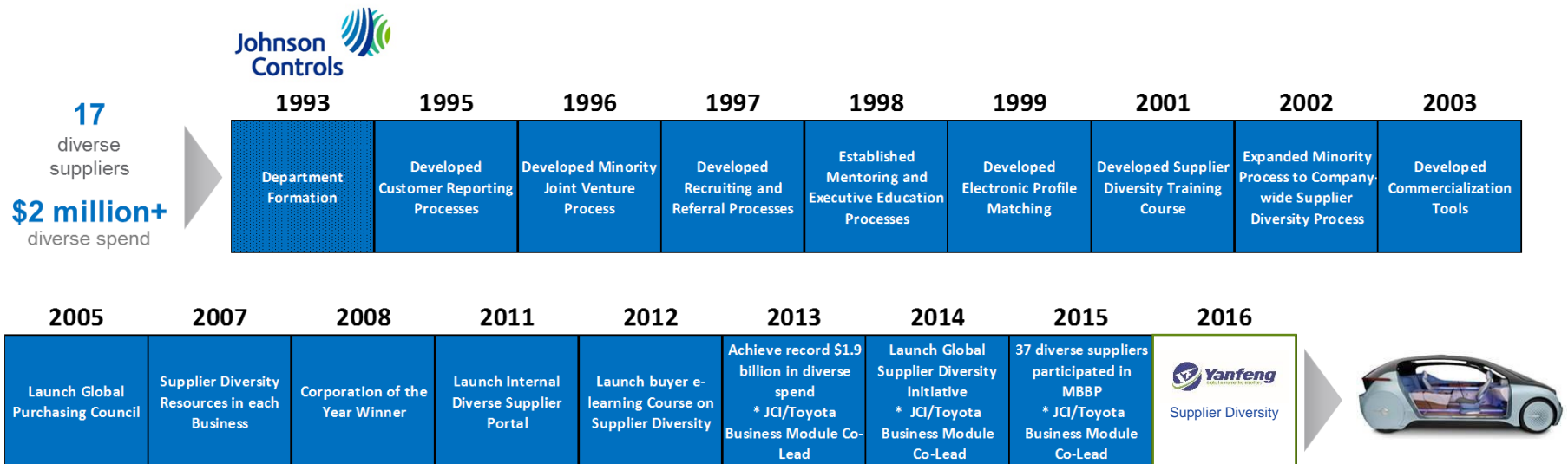
Jacinto Blanco – Supplier Diversity Manager

YFAI SUPPLIER EXPECTATIONS DAY

February 27, 2018



Our History



Tier Two Definitions

Direct Spend

1. Purchases that *directly* support Yanfeng's business.
2. The preferred supplier must be able to trace the use of a diverse supplier directly for a specific contract or purchase order with Yanfeng
3. 100% of Direct Spend will be allocated to Yanfeng.

Indirect Spend

1. Purchases that support the Tier 2 supplier's own business operations.
2. Indirect Spend cannot be traced back to a specific customer's purchase order.
3. Be sure you don't include any Direct Spend for other clients when calculating your Indirect Spend.
4. Examples of Indirect Spend might include a travel agency, office supplies, fuel, janitorial services, insurance, etc.
5. A % of indirect spend will be allocated to Yanfeng (Allocation factor: $\text{Yanfeng Sales} / \text{Total Company Sales} = \text{Allocated \%}$)

Second Tier Spend Initiative

Expectations

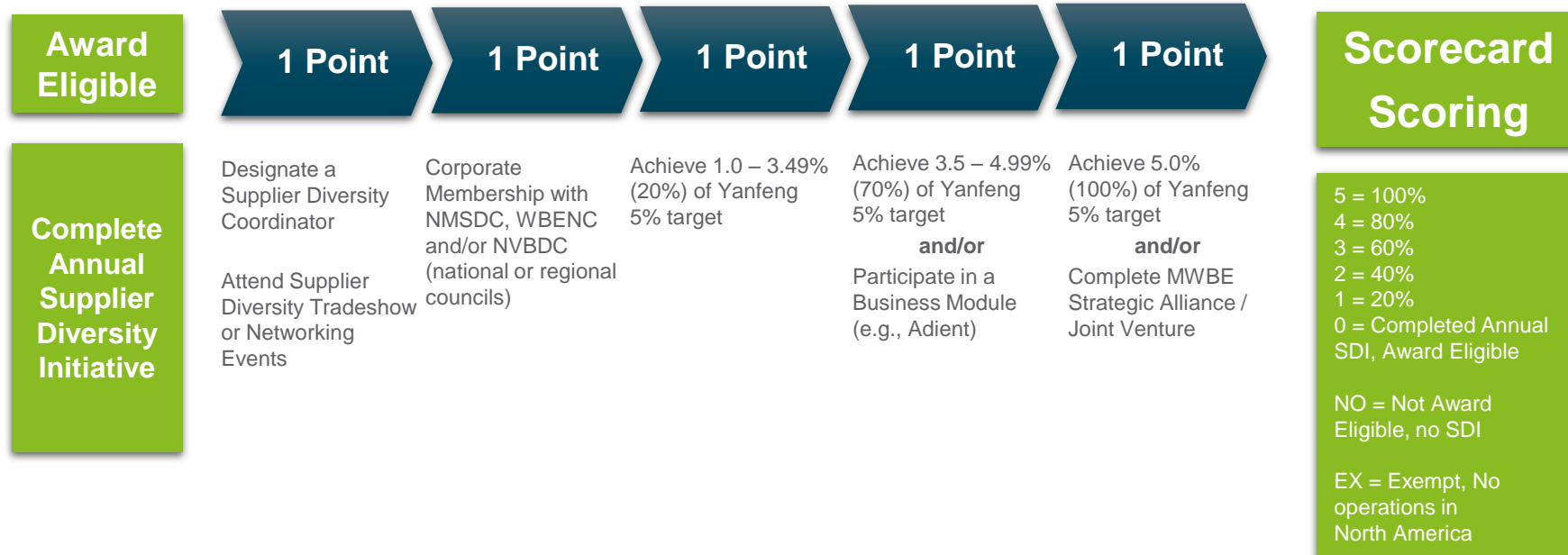
- **Submit an annual plan to develop and grow your supplier diversity initiatives**
- **Designate a supplier diversity coordinator**
- **Become a regional or national member of:**
 - NMSDC
 - WBENC
 - NVBDC
- **Attend a non-governmental organization (NGO) supplier diversity procurement trade show or networking event**
- **Report quarterly diverse spend with a 5% goal**

Supplier Diversity Excellence Award Nomination

- Must achieve maximum 5 points
- Demonstrate year over year improvement
- Performance period is based on Yanfeng's current calendar year activity (Jan—Dec)

Diversity Business Involvement/DBI Scoring

GOAL is to grow your corporate supplier diversity initiative and achieve a minimum of 5% of Yanfeng Sales



Tier Reporting Tool

Our Partner – Northbound LLC

- Certified minority- and women-owned organization.
- Developer of Quantum, a complete diverse supplier management and tracking solution.
- *Contact Northbound to learn more about their capabilities at www.northboundllc.com*



**“Diversity: the art of thinking
independently together.”**
— *Malcolm Forbes*

Executing for Success!

Bryan Nyeholt

Vice President, Global Program Management

**YFAI SUPPLIER EXPECTATIONS
DAY**

February 27, 2018



Organizational effectiveness

Peter Drucker

“Only three things happen naturally in an organization:

- 1. Friction**
- 2. Confusion**
- 3. Underperformance**

Everything else requires leadership!”

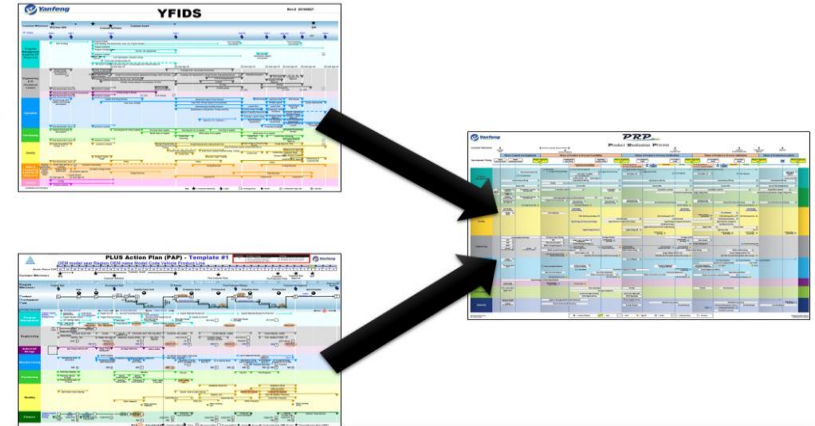
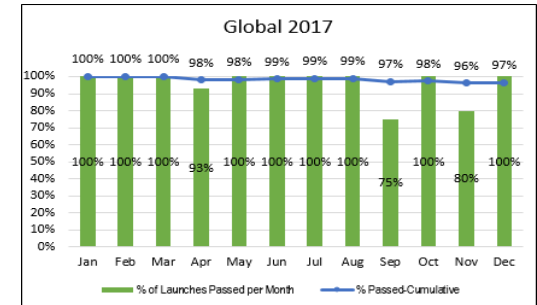
This is very true of our programs, as well.

Do not assume success, assume failure.

Engaged leadership and active management of the projects enables success!

Program Management 2017 Highlights...

- Globally 0-0-0-100-90 launches improved from 90% to 97%! Thank you!
- 139 of 144 launches passed globally.
 - NA 11 of 12 92% (45% in 2017)
 - AP 123 of 125 98%
 - EU 5 of 7 71%
- 300 programs transitioned to PRP complete. YFIDS and PLUS now done. One YFAI PRP system.
- Gate timeliness metrics at historic lows for late gates and average days late. 390 of our 417 programs globally are being quietly managed.
- New customer program launched successfully in AP and NA, customer satisfied. Miss on volumes.
- Implementation of Interior Program Portfolio (IPP) Generation 1.5 supporting PRP with global integration to track programs.



Yanfeng Interior Program Portfolio Gen 1.5

Complexity	Annual average sales (MUSD)	Design Responsibility	PLM No	Program Name	ODM	Program Manager	SCF	Days Late	MinuPMP	Phase
Low	> \$50 or 30M USD	White Box	1215034	2016 AP BSAC K247, Selections @ China, IP	Yanfeng	Xiaohu Liu	03 Nov 2016	0	100%	Phase 2
High	> \$50 or 30M USD	White Box	2000107	2016 AP BSAC Z177, A-Class, IP	Yanfeng	Daniel Han	04 Nov 2016	0	100%	Phase 4
Low	< \$50 or 30M USD	White Box	2000021	2016 AP BSAC K255, SLC, Overview	Yanfeng	Chen Feng	16 Sep 2016	0	100%	Phase 4

Program Management 2018

Let's get it done

- Our launch load is up 49% this year globally with 202 launches.
- NA is up 125% this year with 25 launches
- The launches will need more determined focus than ever to achieve successful 0-0-0-100-90.
- Lets all work together to get it done!
 - Trained people
 - Parts on time
 - Tools on time dimensionally correct and at rate
 - Equipment on time and at rate

MBBP / CI

Dan Middleton– Procurement
Commodity Director

**YFAI SUPPLIER EXPECTATIONS
DAY**

February 27, 2018



The first step toward change is
awareness

– *Nathaniel Branden*

Change Culture

Manufacturing
Skills Gap

Continuous Improvement

ROI of Continuous Improvement

33% of Improvements have a Financial Impact (Sales/Cash-flow/Cost Savings)

80% will be annually reoccurring

Quality Customer Satisfaction Safety

23% of Improvements
Save Time

Leadership Development

Reduced Turnover

Reasons Why **CI** Cultural Transformations **Fail**

Success rate for continuous improvement efforts is **less than 60%**

Small minority of transformations manage both to **increase** an organization's performance and **sustain** it over time

1: Top Management Commitment

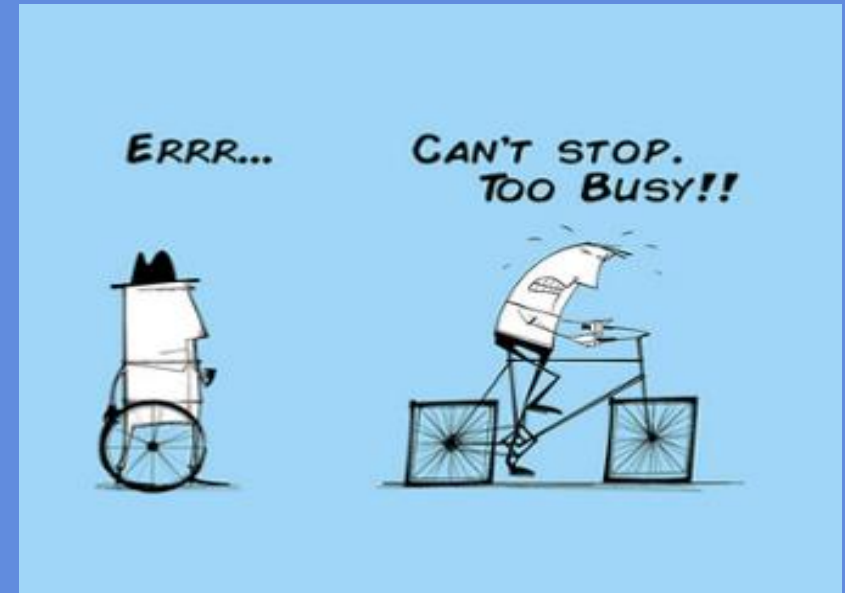
2: “We have done this” / “We have tried this”
Past Failures
Resistance to Change SYNDROME

3: Fail to engage everyone

4: CI is considered as a project (time bound activity like ISO certification) and not done consistently

5: Lack of training (needed skills & knowledge)

Distraction



Effect

3D Printing
Additive Mfg.

Industry 4.0 /
Automation

Continuous Improvement

Evolving
Workforce

BIG
DATA

General Feedback

*The first step toward change is
awareness*

*The second step is **acceptance***

– Nathaniel Branden

Internal CI & Team Rally

Joel Beezhold – VP, Global Operations

Timashion Jones – Manager, CI & BBP - Romulus

**YFAI SUPPLIER EXPECTATIONS
DAY**

February 27, 2018



YFIMS整体框架/YFIMS Overall Graphic

Yanfeng Interiors Manufacturing System

Driving execution excellence

Foundation

- Customer focus
- Stable production environment
- Organize around pull
- Zero tolerance for waste

Principles

- EHS and sustainability
- Empowered people
- Total quality
- Continuous improvement culture
- Value stream flow
- Material control
- Visual factory
- Design for manufacturing



Maturity model

- Metric
- Assessment
- Checklist
- Standard
- Practice
- Tools

Action plan

- The vision and the means to move forward
- One-to-two year roadmap
- Clear deliverables and ownership
- Measurable improvement in ops performance
- Plan, do, check, act
- Follow up, follow up, follow up

8个原则
8 principles

One Yanfeng Way of manufacturing to attain

execution excellence. We are **engaging** employees,

driving **manufacturing excellence** and

growing our business.

53个目标
53 objectives

34个标准
34 standards

38个指标
38 supporting metrics



What is Team Rally

- Team Rally is a program that recognizes our employees' commitment to delivering results through Continuous Improvement.
- Teams present their successful projects in a series of qualifying rallies at the local and regional levels.
- Regional winners from around the globe will progress to the YFAI Global Team Rally, to be held in different locations across the globe each year.

Team Rally Score Sheet

Judge's Score Sheet

Continuous Improvement (16 points)

Team presented documented evidence of:

1. Continuous Improvement / Problem Solving Tool(s): How/why were the tools selected and used appropriately?
2. Application of Team Member Training: Training, empowerment, and standardization of the team members was integral to the solution?
3. Results Measurement: Extent that a high standard was established.
4. Results Measurement: Extent the project improved cost.

Shareability (14 points)

1. Extent team included detail, resources and tools on their project to facilitate replication.
2. Extent project was implemented within the plant.
3. Extent project was implemented outside the plant.

Value to the Company (25 points)

Vision and Strategic Objectives

1. Project will guarantee growth.
2. Project has significant impact on employee engagement?

Supports YFAI to become the most capable Global Automotive Interiors company in the world (YFIMS)

1. Safe Workplace
2. Empowered People
3. Total Quality
4. Continuous Improvement Culture
5. Value Stream Flow
6. Material Control
7. Visual Factory / Office
8. Environment & Sustainability
9. Design for Manufacturing

Value to the Customer (Internal / External)

1. Direct impact on internal/external customer.
2. Customer expectations met /exceeded.
3. Customer was made aware, involved, and /or knowledgeable of the project

Safety / Sustainability (10 points)

1. Supports YFAI to become the most safe workplace in the world.
2. Supports improvements to reduce ergonomic issues
3. Impacts our sustainability mission for our business and environmental (greenhouse gas, water reduction, electricity reduction, gas reduction, lead time reduction, customer satisfaction...)

Innovation (10 points)

1. Innovation to YFAI processes and practices.
2. Project is or has the potential to become a new Best Business Practice.

Presentation (25 points)

1. Team effectively communicated the content of their presentation in an easy to follow.
2. Team members are passionate and enthusiastic with the information being presented.
3. Presentation was focused on a unified project / theme throughout.
4. Presentation captured the audience's attention and was engaging.
5. Presentation showcased the project in a creative way.

100 pts total

The Team Rally Process

- Project Selection
- Application process
- Defending The project
- Selecting The Team
- Coming up with the Theme and a Creative Way of sharing project
- Writing Script and Making Music
- Building Props
- Choreographing Dances or Stage Action
- Practice Practice Practice
- Regional Event
- Global Event
- Implement Shared Best Business Practices
- Use skits for training during Kaizen Events

Team Rally Area of Focus

- 5S
- Standardize Work
- Value Stream Mapping
- MODAPTS/Time Study
- Molding Machine
- Cost Reduction
- Thinking Lean
- Process Improvement.

The Biggest Room in the world is the
Room for Improvement.