

2021 YANFENG  
**CORPORATE SOCIAL  
RESPONSIBILITY REPORT**



'21

YANFENG, BETTER LIFE THROUGH  
AUTOMOTIVE INNOVATION

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2021 CSR REPORT  
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*2021 is Yanfeng's second year as a member of the UN Global Compact.*

*In 2021, Yanfeng completed the buyout of Adient's share of the Yanfeng Adient Seating Co., Ltd.*

*To date, 100% of Yanfeng's European plants use green energy.*



Gerald Jia, CEO  
Yanfeng International

## LETTER FROM OUR CEO MILESTONES IN SUSTAINABILITY

Welcome to the 2021 Yanfeng Corporate Social Responsibility (CSR) report. With this report, we express our intent and ongoing commitment to support the UN Global Compact by implementing its 10 principles into our company's strategy, culture and operations to advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. This report is intended for our key stakeholders, partners, customers and employees. It outlines our 2021 global CSR performance in the areas of Human Rights, Labor Practices, Environment and Anti-Corruption.

### BUSINESS SUSTAINABILITY

2021 was a year of multiple milestones for Yanfeng, particularly in the areas of globalization and sustainability. In 2021, we completed the buyout of Adient's share of the Yanfeng Adient Seating Co., Ltd, making our seating business wholly owned. With this acquisition, Yanfeng maintains its position as the complete seat leader in China, covering virtually all domestic automakers. Our seating business now spans nine countries on four continents with 16,000 employees.

This change in equity further enhances Yanfeng's comprehensive service capabilities and market influence in the global automotive seating field, enabling us to better provide global customers with one-stop automotive seating and full cabin solutions. It also solidifies our position as a supplier capable of meeting future mobility trends and ever-changing market needs. In the future, Yanfeng plans to form a global seat supply chain and a fully globalized seat business.

Our Safety Systems business also continues to grow. We added a new European location in Serbia and are working on our manufacturing footprint in North America. Having Safety Systems in our portfolio uniquely positions Yanfeng as the only supplier that can provide passive safety components integrated into our seating and interiors products. In all areas of our business, despite challenges in the industry due to supply chain issues, the Yanfeng team continues to secure new program wins with key customers globally.

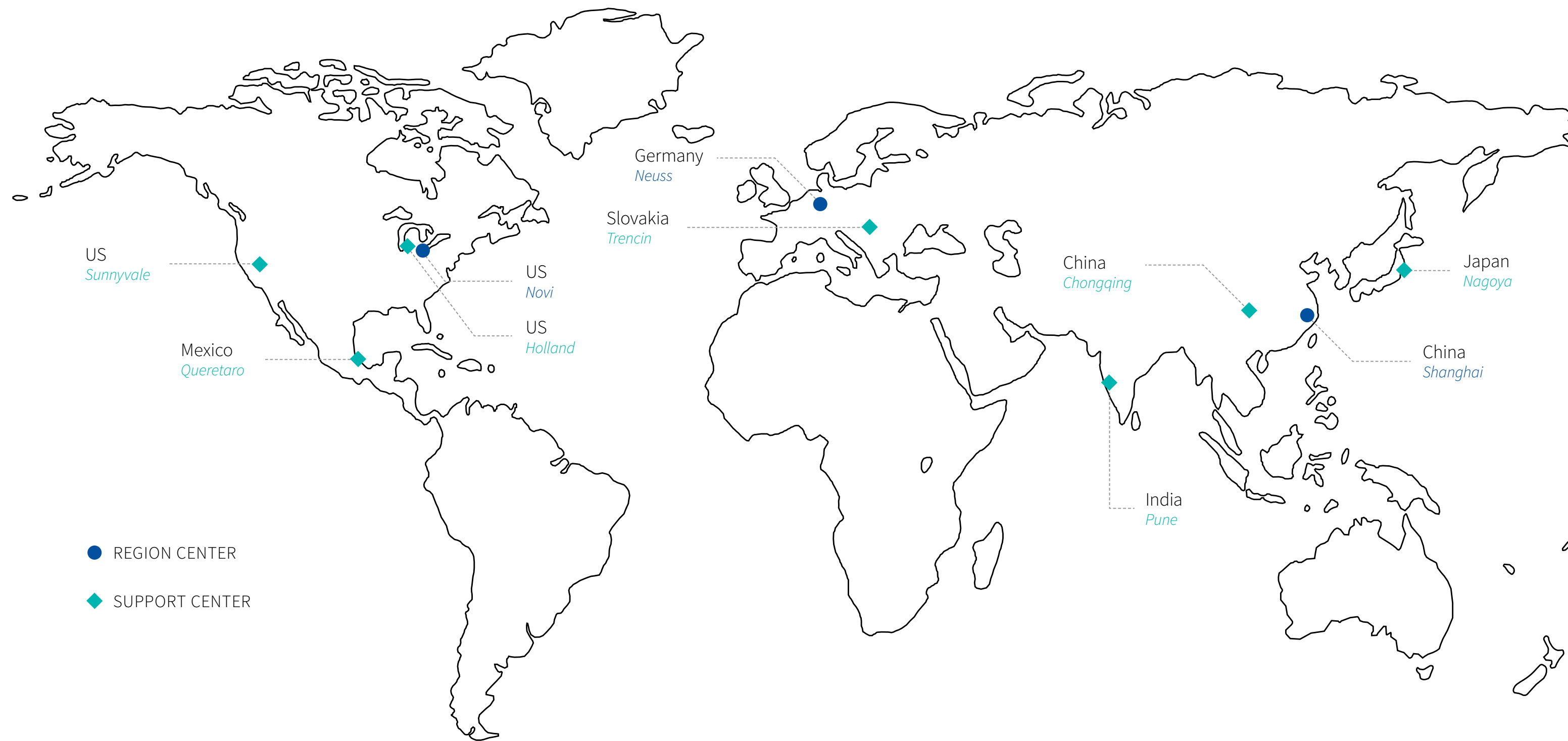
### ENVIRONMENTAL SUSTAINABILITY

For decades, Yanfeng has designed, developed and manufactured sustainable products that are lightweight and made from renewable materials. Some of our key accomplishments in this area for 2021 include:

*> Global procurement of 3,735,160 kg recycled materials.*

- > Achieving sustainable product milestones: we have 5 million CHyM door panels on the road today.*
- > Installing and operating 27 new solar panel projects to be realized in 2022-23.*
- > Converting our European and South African plants to renewable energy, with a clear path for other regions. To date, our plants in China have converted to 20% green energy buy.*
- > Reducing our carbon footprint and receiving an A minus rating from CDP and an A rating in supplier performance.*

All of these milestones would not be possible without the hard work, dedication and focus of our global Yanfeng team. Our employees are committed to our core values, acting with the utmost integrity and upholding the highest ethical standards as outlined in our company Code of Conduct. These principles guide our sustainability and success as One Yanfeng team.



Billion in Sales Revenue in 2021 **\$13.75**

Global Employees **67,000**

Locations/Global Footprint **240+**

Global Automotive Supplier Ranking **16<sup>TH</sup>**  
Source: Automotive News Top Global Supplier Ranking

ABOUT YANFENG  
**WHO WE ARE**

Yanfeng is a leading global automotive supplier, focusing on interior, exterior, seating, cockpit electronics and passive safety. Focusing on Smart Cabin and lightweight technologies, Yanfeng supports automakers to explore future mobility and provide leading cabin solutions.

**Our Values:**

- > Customer
- > Striving
- > People
- > Innovation
- > Respect
- > Integrity
- > Teamwork
- > Sustainability

**Our Vision:**

> To be the best automotive component supplier in the world

COMMITTED TO  
SUSTAINABILITY

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## SUSTAINABILITY STRATEGY GOVERNANCE & LEADERSHIP

Yanfeng is committed to sustainability in all areas of the company. As part of this commitment, we recently formed a Sustainability function focused on best-practice sharing to accelerate achieving our strategic sustainability goals. We appointed Gunnar Büchter as Vice President of Global Sustainability. He now oversees Yanfeng's global vision, strategy and progress for all areas of the business.

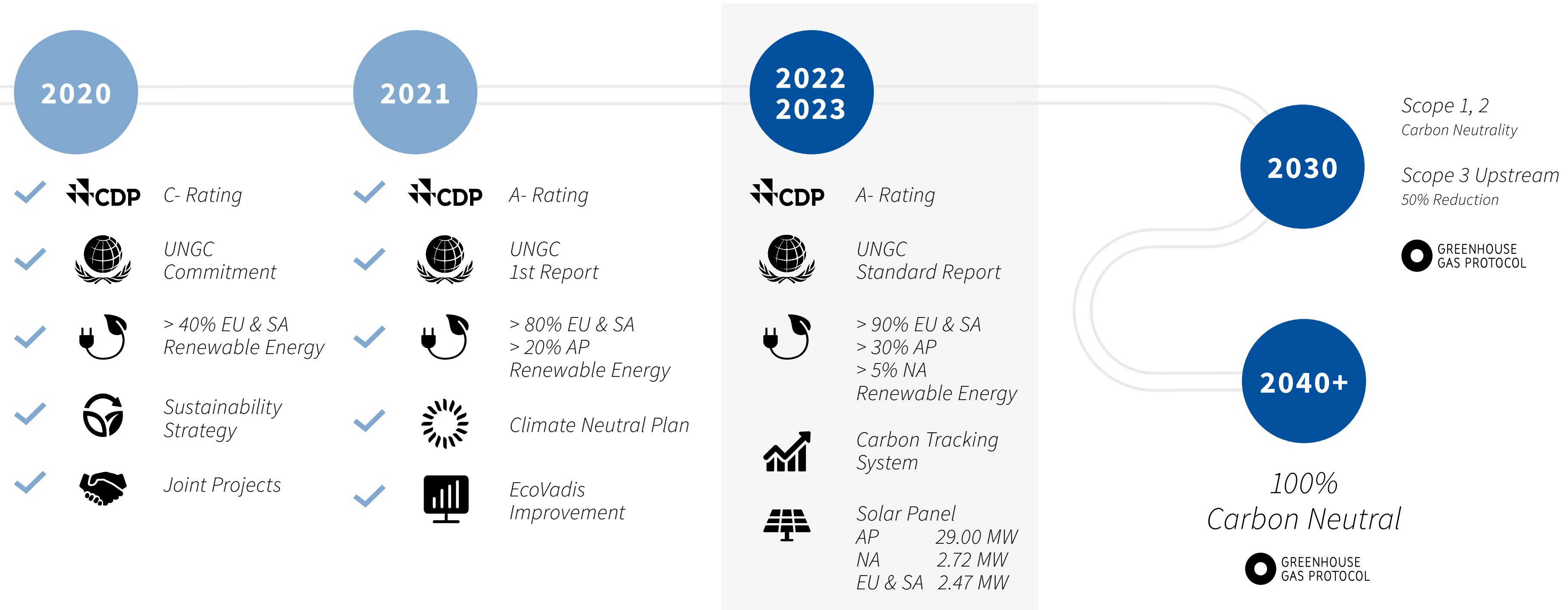
We are continuing to use the governance model that was established several years ago, comprised of an Executive Steering Committee that meets quarterly, and is now chaired by the company's CEO and VP of Global Sustainability. In addition, there is a Global Sustainability Council that meets biweekly.



Gunnar Büchter, VP  
of Global Sustainability

*“At Yanfeng, sustainability is not new. We've been making lightweight products from renewable materials for four decades. We look to integrate sustainability into all areas of our business — from our products to our buildings and how we develop our employees.”*





SUSTAINABILITY STRATEGY  
**OUR ROADMAP**

In the automotive industry, sustainability is increasing in importance, particularly in the areas of carbon neutrality, reducing greenhouse gas emissions and having a product portfolio that reduces weight, enhances fuel economy and reduces landfill waste.

Yanfeng's sustainability strategy hinges upon a dedicated Sustainability Roadmap that includes short- and long-term goals.

To help achieve our carbon neutrality goal, we have partnered with various organizations, including PWC, Schneider Electric, Sphera, iPoint and, most recently, the German VDA's organization Responsible Supply Chain Initiative (RSCI).

With our endorsement for the UN Global Compact, Yanfeng is committed to keeping its key stakeholders informed of actions and continuous progress, not only in the area of the environment, but on social aspects as well.



EQUITABLE AND JUST  
RELATIONSHIPS FOR ALL



## HUMAN RIGHTS

### CODE OF CONDUCT

The Code of Conduct functions as part of Yanfeng's comprehensive Global Compliance Management System, guiding our growth and ensuring that we uphold ethical behavior in all that we do. The Global Compliance Management System trains our employees to recognize and deal with legal compliance questions or ethical dilemmas. In addition to our Code of Conduct training, we deploy micro-learning modules to our manufacturing employees via screens/monitors in all our facilities, globally.

In addition, Yanfeng has a confidential reporting system, the Global Integrity Helpline, that allows employees to, in good faith, report (anonymously or otherwise) any issue that potentially violates our Code of Conduct. A total of 51.9% of the reports received through the Helpline are anonymous. The anonymity of our reporters is an important tool to build trust among our employees. 83.9% of the reports received in 2021 were related to HR matters.

Yanfeng periodically conducts a Global Compliance Risk Assessment in order to understand our operational risk and prioritize resources.

As part of the risk assessment, we consider the following:

**Inherent Risk:** *The amount of risk that exists in the absence of controls.*

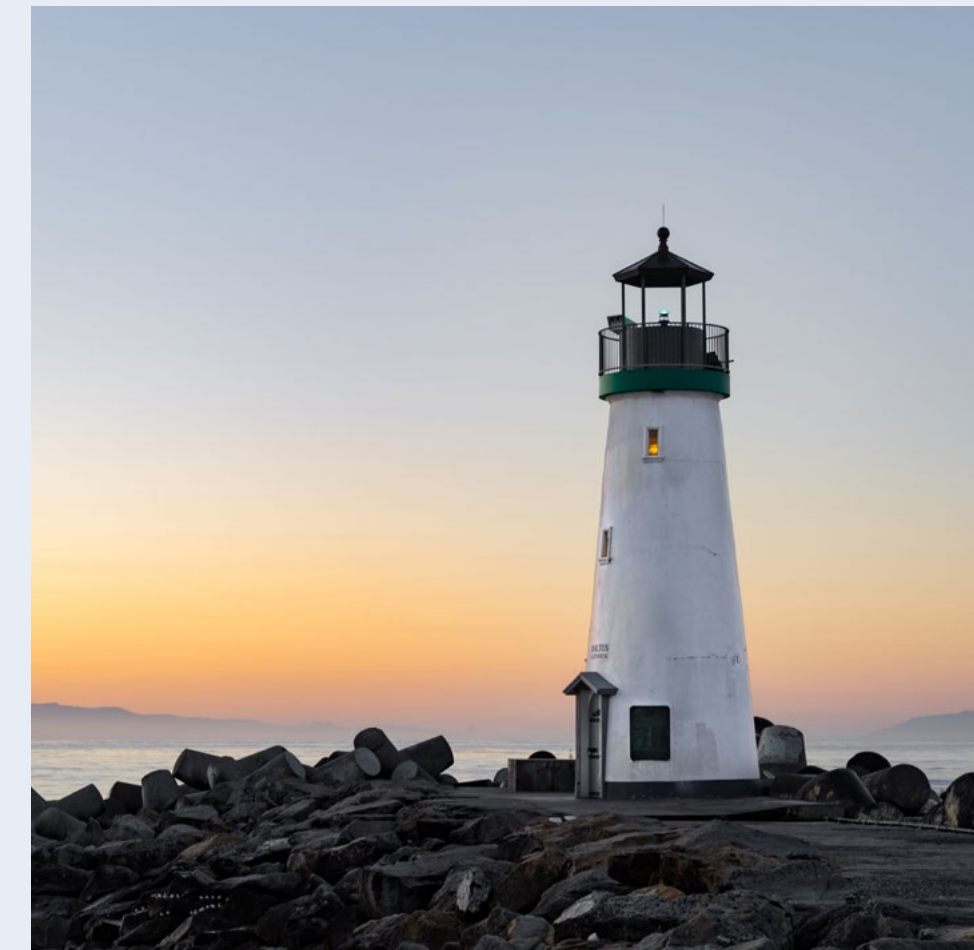
**Residual Risk:** *The risk remaining after risk treatment.*

**Risk Appetite:** *The amount and type of risk that the company is willing to pursue or retain.*

**Risk Tolerance:** *Our readiness to bear the risk, after risk treatment, in order to achieve our strategic objectives.*

### GUIDING PRINCIPLES

- > *We obey the laws and regulations wherever we conduct business.*
- > *We safeguard the health and safety of our employees.*
- > *We are committed to providing safe, high-quality goods and services.*
- > *We always act in Yanfeng's best interest.*
- > *We use Yanfeng's assets and resources honorably and only for Yanfeng business.*
- > *We do not tolerate corruption anywhere in our business.*
- > *We believe in fair and open competition and will not engage in unethical behavior to obtain business.*
- > *We ensure our records are accurate, complete and appropriately maintained and our internal controls sound.*
- > *We communicate accurately with our shareholders and the public.*
- > *We do not engage in insider trading or self-dealing.*
- > *We comply with international trade laws.*
- > *We protect Yanfeng's confidential information and respect that of our customers and business partners.*
- > *We protect the privacy of our employees.*
- > *We take responsibility for the environment by making sure that we follow environmental laws and regulations everywhere we conduct business.*
- > *We value diversity and equal treatment in our workplace.*



*We do not offer, pay or authorize the payment of money or anything of value to any individual or entity for the purpose of obtaining or retaining business. Such behavior is illegal in every country where we do business.*

*Yanfeng refuses the giving or receiving of any kind of gift to or from business partners when its value may influence or appear to influence our decisions.*

*Of global salaried workforce completed our Code of Conduct training in 2021*

95.4%

FOSTERING DIVERSITY, EQUITY,  
INCLUSION & BELONGING



## DIVERSITY, EQUITY, INCLUSION & BELONGING **COMMITTED TO DIVERSITY**

Yanfeng creates and maintains a diverse, inclusive and professional environment that fosters an atmosphere of trust and mutual respect. We understand the creative power that comes from bringing knowledgeable people with diverse backgrounds together. That's why in 2018, with the support of leadership and in alignment with the Yanfeng Competency model, the Women's Resource Network started the Diversity & Inclusion Group (DIG), recognizing the need for greater diversity and inclusion initiatives within the company.

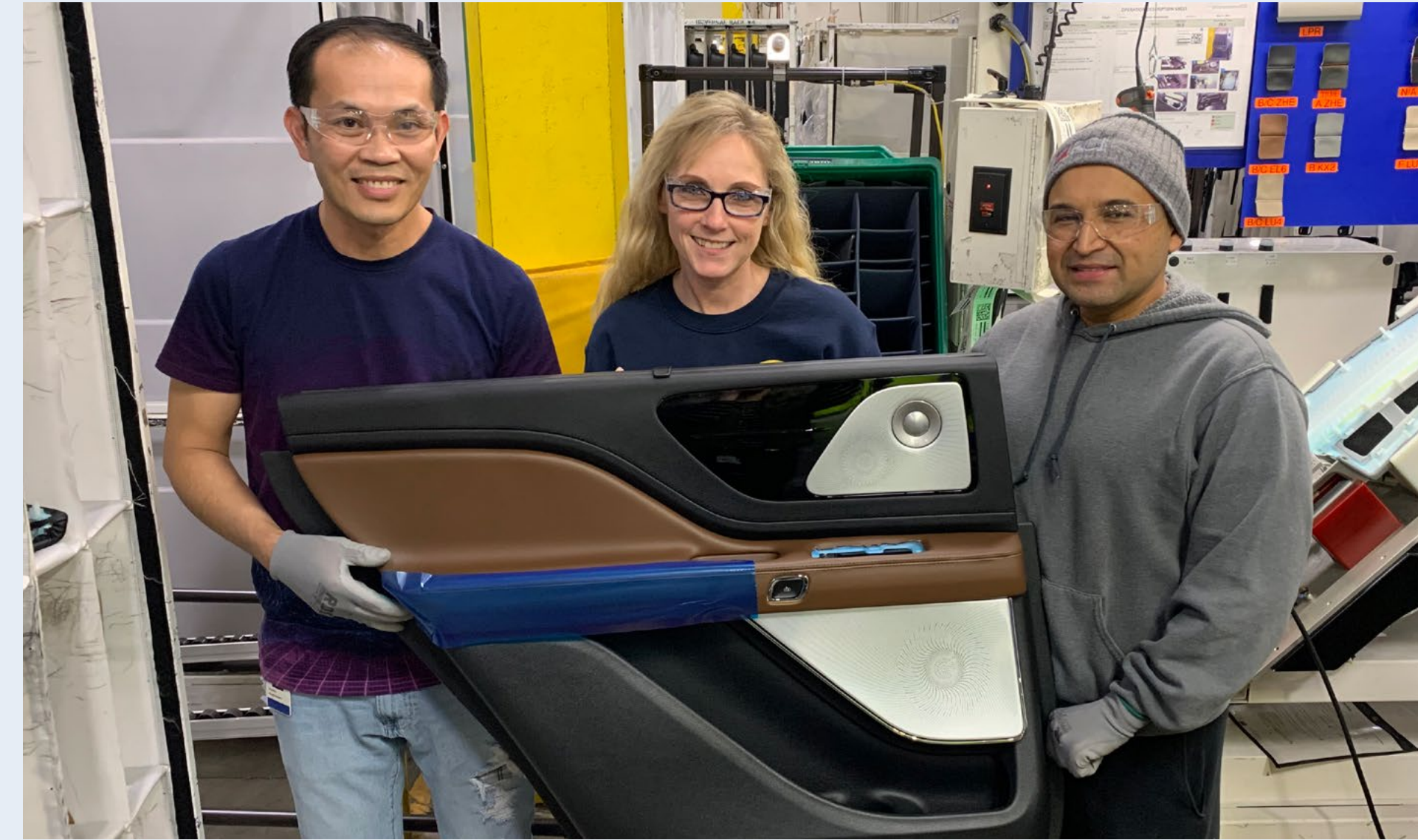
*We will provide an inclusive culture and equitable talent journey, one that values employees for who they are and is rooted in trust and respect.*

Over the past four years, the DIG team has continued to grow. Each month, employees are welcomed from across the region for virtual all-team meetings with follow-up initiatives planned at their home campuses. DIG and the employee resource groups that are associated with it are dedicated to promoting tolerance and the equal treatment of all people, regardless of race, ethnicity, religion, gender, sexual orientation, age, medical condition, disability or any other factors protected by applicable law.



### **Statement on Diversity, Equity, Inclusion & Belonging:**

*One Yanfeng — committed to diversity, equity, inclusion and belonging. We will provide an inclusive culture and equitable talent journey, one that values employees for who they are and is rooted in trust and respect.*



## DIVERSITY, EQUITY, INCLUSION & BELONGING

### EMPLOYEE RESOURCE GROUPS (ERGS)

#### Black Affinity Network (BAN)

BAN creates an inclusive and equitable workplace where Black and Brown employees feel safe, valued and respected. Through education and open discussion, BAN seeks to raise awareness of the inequities experienced by people of color.

Since 2020, BAN has pledged to increase the representation of diverse employees annually through intentional initiatives that focus on recruitment, retention and career development in the United States. All employees, hourly and salaried, are eligible to participate in BAN regardless of ethnicity.



#### Mexico Diversity & Inclusion Group (DIG Mexico)

DIG Mexico is a committee of mental health specialists, plant representatives, internal communications professionals and learning and development regional leaders committed to developing initiatives and trainings that promote awareness, engagement and equitable opportunities to all employees. By focusing on racial, social, sexual and gender diversity, the committee provides employees of Yanfeng's Mexico plants with an immersive culture and a positive work experience within a professional and inclusive environment.



#### Women's Resource Network (WRN)

WRN promotes favorable working conditions for women in order to further develop and retain female talent at Yanfeng. There are four cornerstones that shape all WRN initiatives:

- > Culture
- > Career
- > Community
- > Collaboration

All initiatives promote inclusivity, upward career mobility, social responsibility and community outreach and collaboration.



#### Young Professionals Network (YPN)

YPN encourages and promotes the development of diverse young (at heart) talent at Yanfeng by fostering meaningful relationships, community and culture.



## DIVERSITY, EQUITY, INCLUSION & BELONGING INDUSTRY & INDIVIDUAL AWARDS

Industry and individual awards for diversity, equity and inclusion were given this year to recognize the efforts and commitments of Yanfeng.

Jacinto Blanco, Senior Manager of Supplier Diversity for North America, was honored as a Diversity Business Leader for the Salute to Diversity Awards hosted by *Corp! Magazine*.

Innovation Engineer MacKenzie Gibson was awarded the 2021 CADIA Impact Award in the category of Creating Inclusive Cultures.

Vice President of Global Procurement James G. Bos was nominated as an Executive of the Year for the Ambassadors Championing Excellence Award from the Michigan Minority Supplier Development Council.

Director of IT Priya Gurumurthy was recognized as one of *Automotive News'* inaugural Notable Champions of Diversity, which featured 18 leaders from across the automotive industry. She was also recognized as one of the runners-up for the Leadership Commitment Award.

### 2021 RECIPIENTS



Jacinto Blanco  
Senior Manager of Supplier Diversity



MacKenzie Gibson  
Innovation Engineer



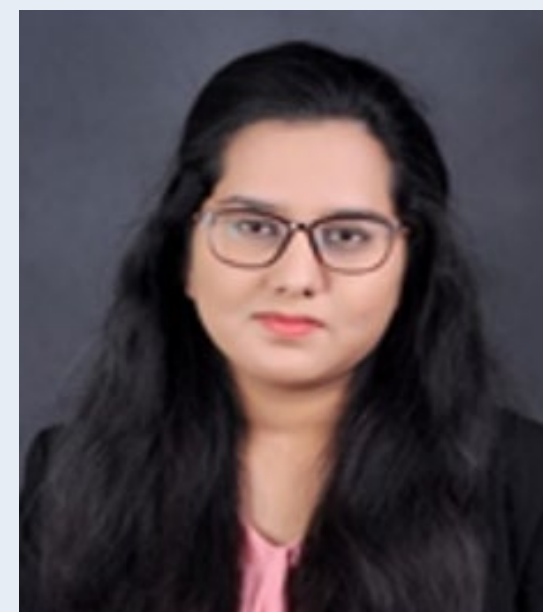
James G. Bos  
VP of Global Procurement



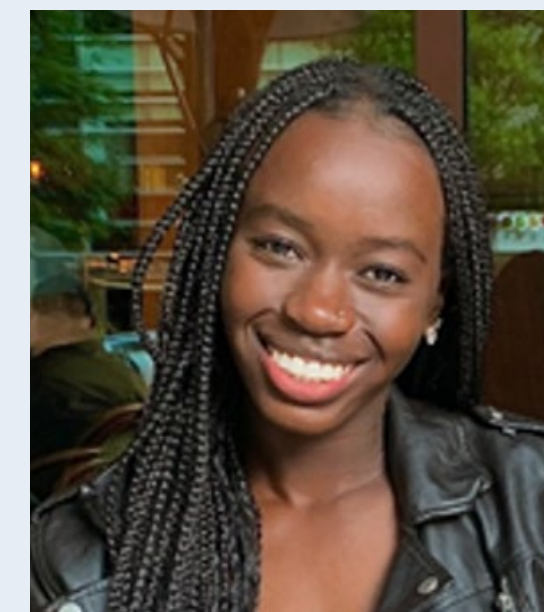
Priya Gurumurthy  
Director of IT

### Diversity & Inclusion Group Scholarships

Each year, participants in Yanfeng's College Internship Program are eligible to apply for Yanfeng's Diversity & Inclusion Group Scholarship. This one-time scholarship of \$2,500 goes toward the student's pursuit of their degree and is available to undergraduate and graduate students.



Rosheen Tahir  
A Quality Improvement Intern from Michigan State pursuing a Master of Science degree in Business Analytics



Francine Kibwana  
A Continuous Improvement Intern from Northwestern University pursuing a degree in Mechanical Engineering and Economics



*Yanfeng partners with AAM through Upbound at Work to improve the economic integration, wealth and independence of job seekers with disabilities.*

*In 2021, Yanfeng hosted a dozen TeamTalks, each offering multiple sessions with opportunities for employees to engage, connect and converse on relevant issues they're experiencing in their communities every day.*

## DIVERSITY, EQUITY, INCLUSION & BELONGING INITIATIVES & PROGRAMMING

As Yanfeng grows together as One Yanfeng and further globalizes, it is important to understand one another in order to create better collaboration. As a company, Yanfeng is committed to creating and maintaining a diverse, inclusive, and professional environment that fosters trust and mutual respect. Positive culture comes from respecting one another and embracing our differences. In 2021, new communication opportunities and monthly programming were held.

### Global Inaugural Diversity & Inclusion Week

In September 2021, Yanfeng recognized our first Culture Yanfeng Diversity & Inclusion Week with the theme: We are One Yanfeng. A series of events were held in the Asia Pacific, North America and Europe/South Africa regions throughout the week.

### Autism Alliance of Michigan (AAM)

Yanfeng North America teams partnered with AAM to learn about neurodiversity. An AAM guest speaker highlighted the impact and importance of Yanfeng's continued collaboration with them on their Upbound at Work program. Upbound at Work aims to improve the economic integration, wealth and independence of job seekers with disabilities through coordinated advocacy, access to evidence-based services and support and, ultimately, inclusion in employment.

### Internal & External Mentorship Programs Launched

The launch of Yanfeng's internal mentorship program included thirty-two mentor and mentee pairs meeting over six months and monthly newsletters with mentorship resources and conversation topics.

The first formal Yanfeng external mentorship program with Calvin University's Center for Intercultural Student Development (CISD) included twelve mentor and mentee pairs meeting over 8 months, with support from the Black Affinity Network (BAN).

### TeamTalks Foster Discussion & Growth on DEIB

These internal meetings often leverage publicly available TED Talks for employees to watch together and have a moderated discussion on diversity, equity, inclusion and belonging topics.

### Yanfeng Book Club

Covering a broad range of themes and diverse authors' perspectives, the Yanfeng Book Club read twelve books (4,093 pages) across eight different genres to learn and grow with one another. The authors chosen represented five different countries, an equal number of men and women, and a majority of voices represented a minority group.

## DIVERSITY, EQUITY, INCLUSION & BELONGING

### CULTURAL AWARENESS & COMMUNITY OUTREACH

#### Making a Difference Where We Live & Work

Giving back through volunteerism, education, training and fundraising are some of the ways Yanfeng employees are impacting their communities. Many of the company's campuses host events for, donate to or volunteer at local organizations. Through Yanfeng's Diversity & Inclusion Group, organizations were identified and supported with initiatives throughout the year.

#### 2021 EVENTS



**Women's Service Day** offered a chance for members of the Yanfeng Holland, Michigan, Southview Tech team to donate their time and talents to Nestlings Diaper Bank of West Michigan. Together they wrapped 7,140 diapers that will be distributed to other local diaper banks to provide for families who may not be able to access or afford them.

The following week, 35 team members from Yanfeng's North America Headquarters in Novi, Michigan, participated in an extension of Women's Service Day benefiting Capuchin Soup Kitchen at Earthworks Urban Farm, Crossroads of Michigan, Food Gatherers, First Step and Michigan Council of Women in Technology.



**Life Remodeled Volunteerism Event** with the Black Affinity Network, encouraged members of our Novi, Michigan teams, to spend the day beautifying the city of Detroit. This project helped clear and clean 150 blocks in the neighborhoods surrounding the Durfee Innovation Society.



**Juneteenth Celebration**, hosted by the Black Affinity Network, held a T-shirt fundraiser that raised more than \$8,500 for the Equal Justice Initiative, a nonprofit organization that works with communities marginalized by poverty and discouraged by unequal treatment.



**Habitat for Humanity Women's Build Event** brought a group of 20 Yanfeng women from Holland, Michigan, together in order to give a mother and her three young children a home that was made entirely from donated materials, volunteer labor and money from the community to save on costs.

**Junior Achievement Passport to STEM Virtual Experience** brought 12 women from Yanfeng's Diversity and Inclusion Group together to encourage middle school students to be curious about their futures and to consider STEM-related careers.



YANFENG AND  
OUR COMMUNITY

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## COMMUNITY ENGAGEMENT ICARE & OUR REGIONAL COMMUNITIES

Since 2016, Yanfeng's global involvement program, iCARE, has been empowering employee projects focused on environmental stewardship, social service and education in their local communities. In 2021, employees from eight locations in the Europe and South Africa region completed 13 iCARE projects, donating their time and other resources to support local communities.



**Grugliasco, Italy**  
Employees support an NGO that cares for Belarusian children living a few hundred meters from the exclusion zone created after the Chernobyl accident in 1986.



**Neuss, Germany**  
Volunteers continue to support the charity GuteNachtBus – Düsseldorf, a bus that travels around Düsseldorf to distribute food and clothing to people in need, particularly a growing number of homeless women.



**Neustadt, Germany**  
A Yanfeng team redesigned the outside area and terrace of a nearby retirement home so that residents could enjoy the warmer season in a nice environment.



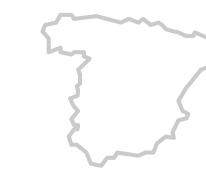
**Žatec, Czech Republic**  
iCARE supported a children's sports club by donating sports equipment and improving children's safety in the gym.



**Papá, Hungary**  
One team collaborated with the Felpéc Foundation to renovate and maintain a traditional house used to preserve cultural traditions for future generations.



**Papá, Hungary**  
Another team adopted a roundabout located next to the company building and planted flowers to embellish the area.



**Valencia, Spain**  
Employees teamed up with Operation Christmas Child and helped collect gifts, hygiene products and school supplies for children experiencing need in North African countries such as Togo and the Sahara.



**Namestovo, Slovakia**  
The local team supported the Community Center in caring for children, teenagers, seniors and families in need or who are facing a critical life situation.



COMMUNITY ENGAGEMENT  
**CORPORATE SOCIAL  
RESPONSIBILITY PROJECTS IN CHINA**

**Live with Harmony:** supports community service activities for the purpose of building a harmonious society and promoting co-prosperity development with the local community.

**Live with Green:** focuses on environmental protection and encourages employees to pay attention to environmental issues.

**Live with Hope:** focuses on child development and supporting underprivileged children and children of all abilities. Live with Hope also contributes to local in-car safety education.

8

Department/plant  
volunteer activities

74+

Volunteer service  
hours in China

5

Company  
volunteer activities

## COMMUNITY ENGAGEMENT REGIONAL HOLIDAY CHARITY INITIATIVES

As part of a regional donation initiative on the occasion of Christmas, each site in Europe and South Africa was given the opportunity to donate 1,000 euros to a charity of their choice.

**Trencin and Bratislava, Slovakia** – both teams donated to a YES for HELP home for people who are either faced with a strong mental disability, have a severe visual impairment or need permanent assistance.

**Planá nad Lužnicí, Czech Republic** – the team donated to the Children's Home in Radenin to support camps for the children.

**Kragujevac, Serbia** – the team supported the Neonatal ward of the Kragujevac Clinical Center by donating funds to purchase a special device that is used to diagnose neonatal jaundice.

**East London, South Africa** – the team donated to the Lanky Educare Centre, which takes care of young children loitering around unsafe community streets while their parents are out looking for work or trying to make a living.

*Fourteen different organizations around the world received a special Yanfeng Christmas present. This past holiday season, each site in Europe and South Africa was given the opportunity to donate 1,000 euros to a charity of their choice.*

**Melfi, Italy** – the team decided to donate to the Alessandra Bisceglia W Ale Onlus nonprofit organization, which supports research projects and medical and social assistance for people with vascular anomalies.

**Cicerale, Italy** – the team donated to Legambiente, a nonprofit that cares about the protection of the environment in all its forms, quality of life, and a more equitable, just and supportive society.

**Valencia, Spain** – the team donated to Casa Caridad, a nonprofit that's open 24 hours a day, 365 days a year for all those who need help and shelter.

**Rocca d'Evandro, Italy** – the team donated to Exodus Cassino, an association that carries out prevention, care, treatment, vocational training, and social and labor reintegration for young drug addicts and those suffering from other forms of disability.

**Neuss, Germany** – the team donated to the Initiative Schmetterling Neuss e.V. The organization accompanies families with life-shortened, severely disabled or deceased children.

**Žatec, Czech Republic** – the team donated to an Asylum House that provides homeless people with temporary accommodation, clothing, food and individualized social work.

**Neustadt, Germany** – the team donated to the local food bank Abensburger Tafe. Its aim is to distribute the highest-quality food to people in need.

**Rosslyn/Pretoria, South Africa** – the team donated to the Tshwane Place of Safety, a nonprofit organization that is aimed at rescuing children who are abandoned at birth by their parents.

**Papá, Hungary** – the team donated to the Foundation for the Healthy Education of Handicapped Children.

**Namestovo, Slovakia** – the team donated to the Misia Mladych organization whose primary goal focuses on the prevention of drug addiction and bringing spiritual and cultural values closer to children and young people.

**Lüneburg, Germany** – the team donated to the Paul-Gerhardt-Haus, an organization that supports the most vulnerable groups within its communities.





## COMMUNITY ENGAGEMENT **NORTH AMERICAN CHARITY INITIATIVES**

This year, our global teams held many activities throughout the year to give back to their communities and support meaningful causes.

**Breast Cancer Awareness Month** – our teams in North America organized several activities to celebrate and support cancer organizations like Susan G. Komen, Casa Rosa Saltillo, Ayuda Rosa Saltillo and Damas Azules.

**Free Bikes 4 Kidz** – the Novi Seating Team spent an afternoon at FB4K in Detroit, repairing bikes that are given to kids for free.

**Care & Share** – the Yanfeng charitable program celebrated 38 years of giving to the community. In 2021, 36 charities received funds that employees contributed and the company matched, raising more than \$310,000.

**Our North American teams continued their tradition of supporting families during the holiday season.**

**Harrison Township, MI** – the team held its fifth annual toy drive to partner with Core City Neighborhoods Inc. to supply gifts for 400+ children in need.

**McCalla, Alabama** – the team partnered with their local Salvation Army to sponsor 31 families for the holidays.

**Novi & Holland, MI** – the team supported A Girl Like Me Inc.'s second annual toy drive to collect 100 toys for 100 children. A Girl Like Me Inc. is a nonprofit dedicated to supporting at-risk, low-income girls and young mothers ages 11-25.



OUR PEOPLE — OUR  
GREATEST RESOURCE

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## LABOR PRINCIPLES

### LABOR RIGHTS

The key to a successful and sustainable Yanfeng is strong relationships with our customers, employees, suppliers, shareholders and communities. Our commitments to human rights enable us to achieve sustainability in our businesses.

#### **No Child Labor.**

*The employment of underage workers as described by law in the countries where we operate is prohibited.*

#### **No Forced Labor.**

*The use of forced labor, bonded, indentured or involuntary prison labor is prohibited. Any use or support of human trafficking in the labor force is forbidden.*

#### **Freedom of Association and Collective Bargaining.**

*We recognize and respect the voluntary freedom of association within the limits established by applicable laws. Where worker representation and collective bargaining are restricted by law, efforts will be made to facilitate open communication and receive employee concerns.*

#### **No Harassment or Discrimination.**

*We will maintain workplaces free of physical or mental harassment, abuse or any other behavior that diminishes a person's integrity and self-esteem. This includes harmful comments related to color, race, gender, sexual orientation, age, pregnancy, caste, disability, union membership, ethnicity or religious beliefs.*

*If a human rights issue is brought to the attention of the Legal and Compliance team, it's triaged and investigated as per our internal Compliance Investigation and Remediation Standard.*

*In 2021, Yanfeng did not have any significant breaches or incidents related to human rights violations.*

Yanfeng's score for  
China Top Employer '22

91.69%

Percentile among 112  
certified Automotive  
Industry Top Employers

75-100%

LABOR PRINCIPLES  
**EMPLOYER AWARD**

The Top Employer Institute confirmed Yanfeng International as a Top Employer 2022 in China, especially in the field of people strategy, digital HR and talent development at all organizational levels.

Yanfeng's focus on People Strategy, Work Environment, Talent Acquisition, Learning and Development, Well-being and Diversity & Inclusion has led to an ever-improving work culture and outstanding performance in human resources, creating a better place to work and helping Yanfeng become a more innovative, sustainable and trustworthy top employer.





## LABOR PRINCIPLES

### CAREER MANAGEMENT, TALENT DEVELOPMENT & WORKING CONDITIONS

Yanfeng's employees are the company's greatest asset. In 2021, we continued our focus on cultivating a "Talent Advocator" culture in a number of ways.

#### Strategic Talent Review

This effort identifies high potential (HIPO) talent at various levels to continually strengthen the talent bench. We highlighted:

- > 100 global employees
- > 800+ regional employees
- > 100+ employees identified as emerging talent

#### Investing in Talent

Even with the challenges posed by COVID-19, Yanfeng invested in talent in three key areas during 2021:

- > Global leadership development program for global talent
- > All-level leadership development program for region talent
- > Lead in future talent program for emerging talent

#### Yanfeng Academy

This program provides targeted learning and development for leadership and functional areas of Yanfeng via classroom, online and action learning opportunities. It also assists with development plans for individuals and groups. In 2021, the program included:

- > 22 academies
- > 1,100+ learning courses
- > 120 learning journeys
- > Strong regional training plans for each region and function; in 2021, 93% (AP = 91%, EU = 94%, NA = 93%) completion rate of the annual training plan

#### Yanfeng Annual Scholarship Program

Yanfeng began an annual scholarship program in 2018. It is an achievement-based scholarship offered to the children of employees based in North America who will attend two- and four-year accredited colleges and universities. In 2021, 15 students were awarded a collective \$60,000.

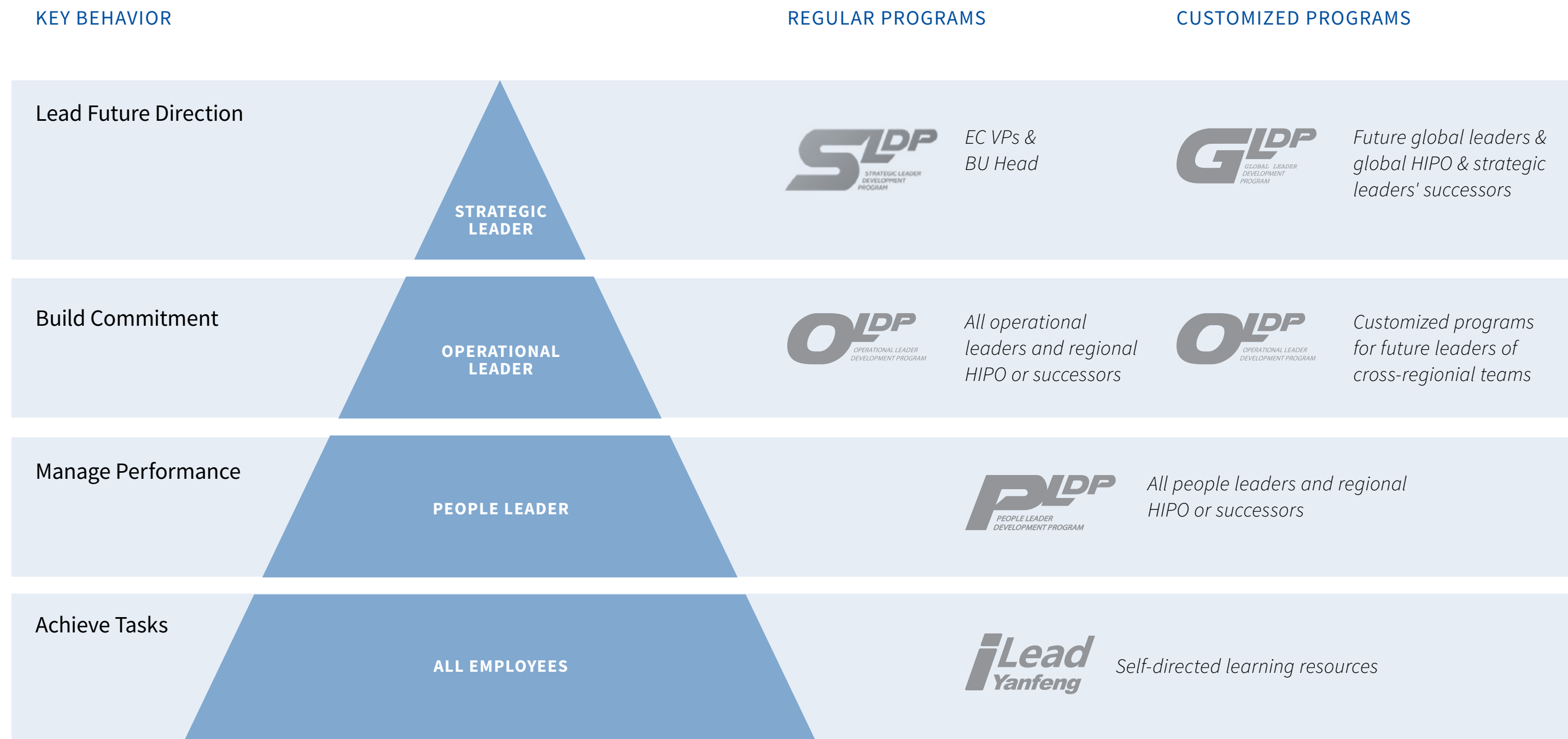
#### Compensation & Benefits

Yanfeng International offers a total rewards strategy with the purpose of attracting, motivating and retaining talent through a combination of compensation, benefits, personal growth opportunities and a favorable working environment. Corporate Compensation Strategy is based on the principles of a 3P Compensation Model: pay for position, pay for person and pay for performance. One hundred percent of employees have access to all statutory benefits.

- > *Pay for Position: All individuals in the same grade have the same reference salary and benefits, which is reflected in new hire, promotion and transfer practices*
- > *Pay for Person: Competency determines actual salary relative to reference salary and competencies in high demand receive a premium, which is commonly reflected in new hire salaries and merit increases*
- > *Pay for Performance: Pay for both short-term and long-term performance; performance pay is variable, which is commonly reflected in bonus payments*

*See Figure 1 in the Appendix to learn more about the scope of the Yanfeng Academy.*

*See Figure 2 in the Appendix to learn more about how Yanfeng manages employee performance.*



## LABOR PRINCIPLES

### DEVELOPMENT PROGRAMS

Yanfeng introduced several global leadership development programs in 2020 focused on providing comprehensive, targeted learning and development of leadership skills via classroom training and online resources. These programs have continued to thrive in 2021.

#### Global Leader Development Program (GLDP)

- > 44 global high-potential employees
- > 16-week learning session
- > 58% of 2021 participants were promoted or changed positions to access further career development in Yanfeng

#### Operational Leader Development Program (OLDP) & People Leader Development Program (PLDP)

- > 5 modules
- > 17 high-quality courses
- > 160 employees participated in OLDP globally
- > 380 employees participated in PLDP globally

#### New Professional Programs

Yanfeng's cross-rotational program (XRP) focuses on recent university graduates and provides a rotation into various roles within the company, as well as a College Intern Program (CIP).

## LABOR PRINCIPLES

### EMPLOYEE RECOGNITION PROGRAMS

#### Vision Week

*A strategic teaching opportunity and global, top-down celebration of Yanfeng's culture.*

In recognition of Yanfeng's 85 years, the theme for 2021 Vision Week was "Gathering Our Strengths & Advancing." There were several activities held, including a Service Award ceremony and town hall style meetings focused on Yanfeng's 85th Anniversary. A video commemorating the anniversary was also released. To help increase global collaboration and mutual understanding, a cross-culture workshop was hosted by employees from four countries, and was viewed more than 8,000 times.

#### Team Rally

*An innovative display platform for the company's continuous improvement culture.*

Since 2007, Yanfeng has held an annual cross-company team rally competition. Each participating team selects the most distinctive continuous improvement projects in the past year and presents them in a series of qualifying events at local and regional levels. Winners from around the globe progress to the Global Team Rally Final.

#### Yanfeng Merit Award Ceremony

*A recognition of the many ways Yanfeng employees focus on the corporate vision and create change.*

The ceremony recognized the winners of various corporate awards, including:

- > Yanfeng Golden Award
- > Yanfeng Synergy Award
- > Yanfeng Advanced Technology Award
- > Yanfeng Management Progress Award

*Celebrated around the globe, Vision Week is a top-down way to promote Yanfeng's culture and teach employees about the company's strategy.*



## LABOR PRINCIPLES

### TAKING THE LEAD WITH COVID-19

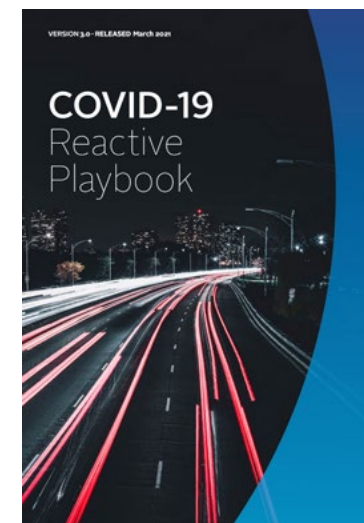
When the first confirmed cases were reported in early 2020, Yanfeng immediately set up a COVID-19 cross-functional leadership committee covering all regions and sites around the world. A daily reporting mechanism was established to report confirmed/suspected cases and emergency supplies inventory and to monitor health conditions of employees on expatriate assignments or business trips across different continents.

*In 2021, the company's Global Pandemic Response & Prevention Standard as well as the COVID-19 Prevention Playbook continued to provide guidance to all Yanfeng locations on how to manage, communicate and implement preventive measures that kept all guests and staff safe:*

*"Nothing is more important than the health and well-being of everyone working at or visiting any of our global locations."*

- Yanfeng's Health and Safety Policy

- > 10,000,000 masks produced in-house
- > Daily temperature checks, routine disinfection, case monitoring and tracking, and promotion of good hygiene habits
- > 0 confirmed COVID-19 cases among expatriates or overseas business travelers in 2021
- > 0 interruptions to operations caused by COVID-19
- > A lower infection rate in Yanfeng plants globally than that in the local community
- > Government recognition for most Yanfeng plants for their contribution to COVID-19 prevention
- > No cross-infection COVID-19 cases in Yanfeng sites



*The Derramadero, Mexico, plant administered nearly 20,000 COVID-19 vaccines to employees, their families and other companies in the area, thanks to the plant's vaccination center. The team organized transportation for employees at other Yanfeng plants in the northern Mexico region, and more than 20 other plants from various companies in the region have received a vaccine.*



COMMITTED TO PROTECT  
THE ENVIRONMENT



Green Energy

## ENVIRONMENT SUSTAINABILITY IN THE AUTOMOTIVE INDUSTRY

When it comes to sustainability, there is a spotlight on environmental and ecological issues in the automotive sector, especially concerning the industry's response to the challenges posed by climate change.

With responsibility for 24% of global direct CO<sub>2</sub> emissions, the transportation sector is one of the major contributors to GHG emissions from human activities. With many existing regulations, such as the EU regulation on reducing CO<sub>2</sub> emissions from road vehicles, several net-zero commitments issued by major automotive companies and a rising demand from end consumers for sustainable products, the automotive sector is facing a complete and disruptive overhaul that is already underway.

24%

*Of global direct CO<sub>2</sub>  
emissions are created by  
the transportation sector*





## ENVIRONMENT

### ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) POLICY & COMMITMENT

Yanfeng will reduce the negative impact on the environment by developing green products and processes and will build a green production system through continuous improvement to protect the ecological environment.

#### OUR COMMITMENTS

- > *Implement sustainable development strategy to create value sustainably*
- > *Fulfill all applicable environmental, legal or other requirements*
- > *Encourage the innovation of environmental protection technology and management, continually improve environmental management system and performance from a life-cycle perspective and strive to exceed the expectations of interested parties*
- > *Facilitate energy saving and emission reduction, improving ecological benefits*

*Total solar panel  
square meters used  
globally in 2021*

348,000



## ENVIRONMENT

### ENERGY POLICY & COMMITMENT

Yanfeng will continuously improve energy efficiency and performance, reduce energy consumption and reduce greenhouse gas emissions while producing and providing products and services to customers.

#### OUR COMMITMENTS

- > Establish and implement an efficient energy management system to support global manufacturing capacity and achieve our energy targets.
- > Prioritize energy performance when purchasing energy services, products and equipment that have or may have an impact on energy usage, both when building and improving facilities, equipment, systems and processes.

- > Encourage employees to continuously improve energy efficiency in work and personal activities.
- > Understand the development trend of internal and external energy efficiency and innovative technology.



## ENVIRONMENT

### ON THE ROAD TO RENEWABLE ENERGY

Yanfeng is making great strides toward our goals in the realm of renewable energy.

#### 2021 PROGRESS

- > 348,000 square meters of solar panels used at Yanfeng globally
- > 100% green energy for all European plants achieved by Q4 2021 (solar plus green energy purchasing)
- > 1,600,000 kilograms of plastic saved in over 6,000,000 door panels globally through our CHyM process
- > Yanfeng European Headquarters in Neuss, Germany, opened the biggest e-charging park in Neuss
- > 2,135,160 kilograms of recycled materials procured in Europe and South Africa (mainly used for door panel production)
- > 1,600,000 kilograms of recycled materials procured in North America
- > 3,735,160 kilograms of recycled materials procured globally

#### 2021 PARTNER ORGANIZATIONS & INITIATIVES

To help us reach goals in sustainability and report our progress, Yanfeng works with the following organizations and initiatives:

- > United Nations Global Compact (UNGC)
- > Responsible Supply Chain Initiative (RSCI)
- > CDP
- > EcoVadis
- > Responsible Mineral Sourcing Initiative

#### PARTNER ORGANIZATIONS



Yanfeng international  
locations obtained the  
ISO 45001:2018

(Occupational Health & Safety  
Management System) Certification

101

## ENVIRONMENT

### HEALTH & SAFETY POLICY & COMMITMENT

Nothing is more important than the health and well-being of everyone working at or visiting Yanfeng's global locations.

#### OUR COMMITMENTS

- > Create a safe and healthy workplace, continually improving occupational health and safety management systems and performance in order to prevent all work-related injuries and ill health.
- > Fulfill all applicable legal and other requirements regarding Occupational Health and Safety (OH&S) hazards at each location.
- > Focus on the prevention of injuries and risk controls during the early phase of new projects.
- > Systematically and comprehensively identify risks, improve effectiveness of risk control and reduce occupational health and safety risks by formulating continuous and forward-looking risk control measures.
- > Enhance the engagement and demonstration of leadership, facilitate and promote the consultation and participation of workers, improve the safety awareness of employees and build the brand of Safety Culture.

#### ENVIRONMENTAL HEALTH & SAFETY (EHS) MANAGEMENT SYSTEM

Yanfeng focuses on the establishment and continual improvement of its EHS management system in order to promote pollution reduction and prevent all occupational injuries and illnesses.

**106 company locations obtained their ISO 14001:2015. (Occupational Health & Safety Management System) Certification.**

**101 company locations obtained their ISO 45001:2018. (Occupational Health & Safety Management System) Certification.**

**Compression Hybrid Molding (CHyM) for Door Panels**  
Use of eco-friendly natural fibers (with 50% kenaf/flax blend fiber) that saves weight in comparison to a standard plastic carrier.

**Large Heated Surfaces**  
Supporting the traditional heating system for the overall vehicle level thermal management to save energy. Used for door and instrument panels and floor consoles.

**EcoSkin®/Injection Molded TPE Skin**  
Eliminating high-energy consumption process (slush) and replacing unfriendly chemistry (PVC) with inert and 100% recycled material (TPE), with up to a 50% reduction in CO<sub>2</sub>. Used for door and instrument panels.

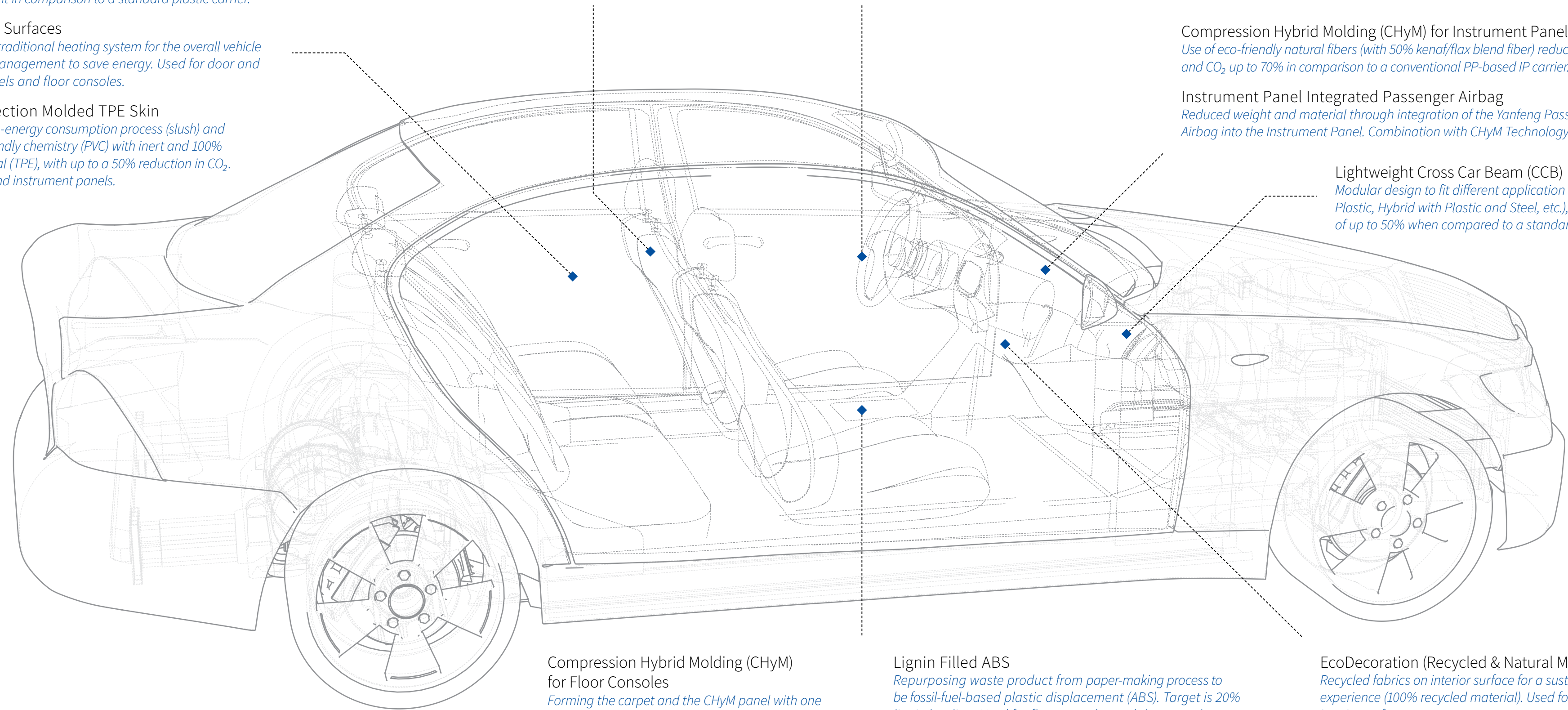
**Lightweight Seat Structure**  
Seating structure with light-weight steel and composite seat back frame.

**Sustainable Steering Wheel**  
Steel armature instead of a Magnesium armature to reduce the CO equivalent in production by > 95% per KG material. Also EPP as PU foam replacement: Reduces weight by 75%, CO equivalent in production by 90% per KG material with mechanical recyclability.

**Compression Hybrid Molding (CHyM) for Instrument Panels**  
Use of eco-friendly natural fibers (with 50% kenaf/flax blend fiber) reduced weight by 25% and CO<sub>2</sub> up to 70% in comparison to a conventional PP-based IP carrier.

**Instrument Panel Integrated Passenger Airbag**  
Reduced weight and material through integration of the Yanfeng Passenger Airbag into the Instrument Panel. Combination with CHyM Technology possible.

**Lightweight Cross Car Beam (CCB)**  
Modular design to fit different application scenarios (Full Plastic, Hybrid with Plastic and Steel, etc.), weight reduction of up to 50% when compared to a standard steel CCB.



**Compression Hybrid Molding (CHyM) for Floor Consoles**  
Forming the carpet and the CHyM panel with one step including all trimming operations. Lightweight, sustainable and complete elimination of material and process for adhesive.

**Lignin Filled ABS**  
Repurposing waste product from paper-making process to be fossil-fuel-based plastic displacement (ABS). Target is 20% lignin loading. Used for floor consoles and door panels.

**EcoDecoration (Recycled & Natural Materials)**  
Recycled fabrics on interior surface for a sustainable experience (100% recycled material). Used for all interior surfaces.

## ENVIRONMENT SUSTAINABLE PRODUCTS

In everything we do, we focus on protecting people and the planet. That's why we prioritize cutting process waste down to a minimum and manufacturing products that use resources responsibly.

Every aspect of our designs is engineered to enhance overall vehicle efficiency, which reduces pollution even further. Because Yanfeng is committed to meeting market demands and improving our resilience, we have embedded sustainability as one of the main pillars of the company's global strategy.

**Business Units:**

- > Interiors
- > Seating
- > Safety

**Sustainability Categories:**

- > Renewable Material
- > Reduced Weight
- > Reduced CO<sub>2</sub> Footprint
- > Process Step Elimination
- > Elimination of All Adhesives
- > Recycled Material
- > Reduced Energy Consumption
- > Repurposing Waste

PRODUCT/TECHNOLOGY	SUSTAINABILITY FEATURES	SUSTAINABILITY CATEGORY	APPLICATION
Instrument Panel Integrated Passenger Airbag	Reduced weight and material through integration of the Yanfeng Passenger Airbag into the Instrument Panel. Combination with CHyM Technology possible.	Renewable Material, Reduced Weight, Reduced CO <sub>2</sub> Footprint, Process Step Elimination	Instrument Panel
Compression Hybrid Molding (CHyM) for Instrument Panels	Use of eco-friendly natural fibers (with 50% kenaf/flax blend fiber) reduced weight by 25% and CO <sub>2</sub> up to a 70% in comparison to a conventional PP-based IP carrier.	Renewable Material, Reduced Weight, Reduced CO <sub>2</sub> Footprint, Process Step Elimination (PAB Scoring, Textile Hinge Mfg, Chute Molding, Chute Welding)	Instrument Panel
Compression Hybrid Molding (CHyM) for Door Panels	Use of eco-friendly natural fibers (with 50% kenaf/flax blend fiber) that saves weight in comparison to a standard plastic carrier.	Renewable Material, Reduced Weight, Reduced CO <sub>2</sub> Footprint	Door Panel
Compression Hybrid Molding (CHyM) for Floor Consoles	Forming the carpet and the CHyM panel with one step including all trimming operations. Lightweight, sustainable and complete elimination of material and process for adhesive.	Renewable Material, Reduced Weight, Elimination of All Adhesives	Floor Console
EcoDecoration (Recycled & Natural Materials)	Recycled fabrics on interior surface for a sustainable experience (100% recycled material).	Recycled Material	Interior Surfaces
Large Heated Surfaces	Supporting the traditional heating system for the overall vehicle level thermal management to save energy.	Reduced Energy Consumption	Various Areas: Instrument Panel Lower, Door Panel, Floor Console
Lignin Filled ABS	Repurposing waste product from paper-making process to be fossil-fuel-based plastic displacement (ABS). Target is 20% lignin loading.	Repurposing Waste	B-Surface Applications: Door Panels, Floor Console Carriers
EcoSkin®/Injection Molded TPE Skin	Eliminating high-energy consumption process (slush) and replacing unfriendly chemistry (PVC) with inert and 100% recycled material (TPE), with up to a 50% reduction in CO <sub>2</sub> . Used for door and instrument panels.	Reduced Energy Consumption, Recyclable Material	Instrument Panel, Door Panel Skins
Lightweight Cross Car Beam	Modular design to fit different application scenarios (full plastic, hybrid with plastic and steel, etc.), weight reduction of up to 50% when compared to a standard steel CCB.	Reduced Weight	Cross Car Beam (CCB)
Lightweight Seat Structure	Seating structure with lightweight steel and composite seat back frame.	Reduced CO <sub>2</sub> Footprint	Seat Structure
Sustainable Steering Wheel	Steel armature instead of a magnesium armature to reduce the CO equivalent in production by > 95% per KG material. Also EPP as PU foam replacement: Reduces weight by 75%, CO equivalent in production by 90% per KG material with mechanical recyclability.	Reduced CO <sub>2</sub> Footprint	Steering Wheel

## ENVIRONMENT HEALTH & SAFETY

The health and safety of our employees and those visiting Yanfeng locations is of the utmost importance. Yanfeng focuses on continuous improvement and cultivates a culture focused on Environment, Health and Safety (EHS). Yanfeng has an EHS management system that tracks company performance in pollution reduction, energy consumption and injury and illness prevention at our locations around the world.

*We are committed to training our employees to help achieve our safety goals.*

In 2021, Yanfeng achieved annual injury-reduction targets. Here is an overview of the company's safety performance:

	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	THRESHOLD /TARGET
Total Incident Case Rate (TIR)	0.14	0.11	0.09	0.20
Lost Time Case Rate (LTR)	0.04	0.03	0.02	0.06

• Total Incident Case includes Lost Time Case, Medical Treatment Case, Fire Alarm Accident, Occupational Illness and Environmental Incident.

• TIR = Annual Total Incident Case count \* 200,000 / Annual Total Employee Hours

• LTR = Annual Lost Time Case count \* 200,000 / Annual Total Employee Hours

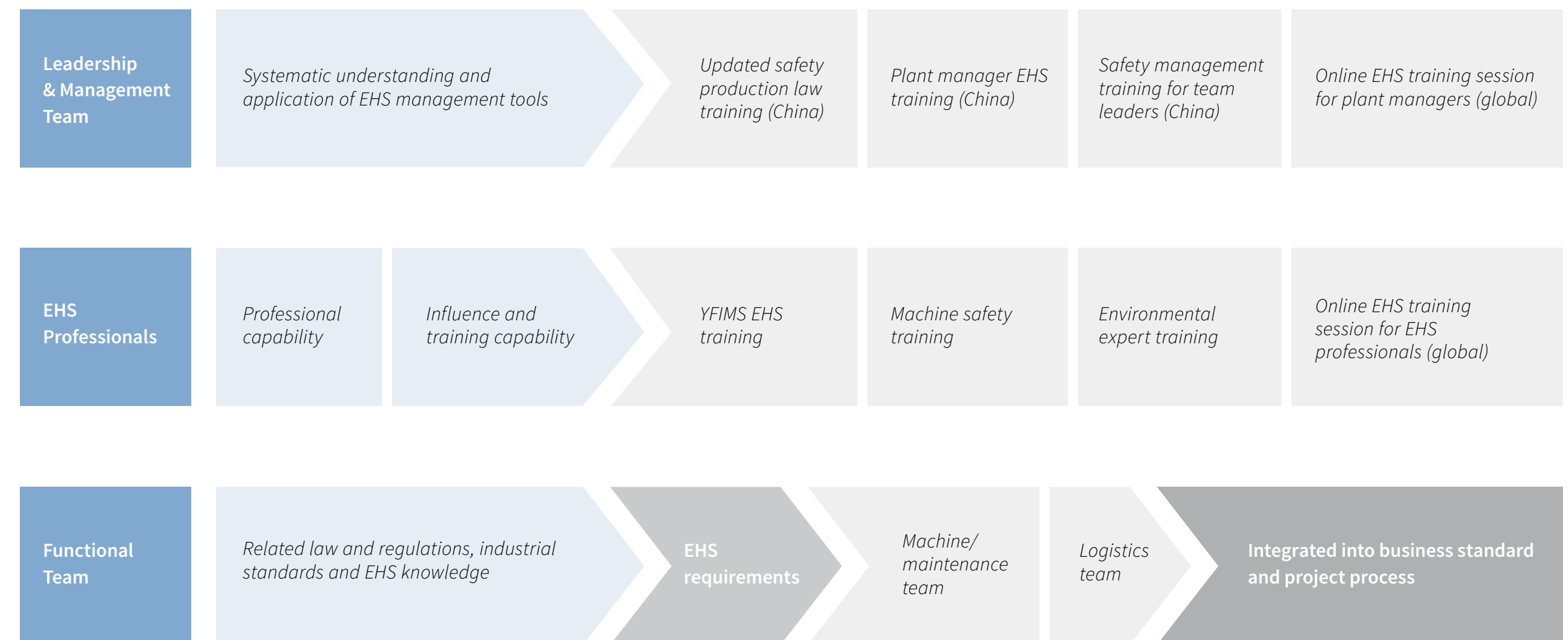
### EHS MONTH

June is Environmental Health & Safety (EHS) Month at Yanfeng, and includes World Environment Day and Safety Week. In 2021, the theme and events focused on environmental and safety topics. As part of the World Environment Day event, more than 750 employees around the world submitted ideas for a global sustainability tagline. The winning entry was "One Yanfeng. One Blue Planet."

The second theme of EHS month was "Emergency Response – Be Safe, Be Prepared." To support this theme, there was a leadership safety video, a preparedness quiz, online training and onsite events at plants.



### ENVIRONMENT, HEALTH & SAFETY — EHS TRAINING SUMMARY



ENVIRONMENT

**CARBON ACCOUNTING**

**COMPANY CARBON FOOTPRINT (CCF) SCOPE 1 – 3**

One key element to better understand and monitor a company’s impact on climate change is to create a corporate-level GHG emission inventory in the form of a corporate carbon footprint. Therefore, Yanfeng Automotive Interiors has been calculating its corporate carbon footprint, including Scope 1, Scope 2 and Scope 3 upstream emissions, on a yearly basis on a global scale since 2020.

The applied accounting standard for the carbon footprint was the GHG Protocol Corporate Accounting and Reporting Standard. A well-designed corporate carbon footprint that is in alignment with an accounting standard and maintained on an annual basis serves several important business goals, including:

- > Identifying and managing climate-related risks and opportunities
- > Aligning sustainability strategy with value chain partners
- > Improving credibility and leadership on climate-related reporting
- > Target setting for energy efficiency and GHG reduction

To contribute to the transition to a carbon-free economy, we aim to reduce our emissions in line with climate science. We have therefore set the goal for 2022 of having our contribution to the 1.5-degree target validated by the Science Based Targets Initiative (SBTi).

**PRODUCT CARBON FOOTPRINT (PCF)**

In addition to climate-related efforts at the company level there is a growing interest from stakeholders to request environmental and climate-related impacts at the product level. This is of special importance for Yanfeng as a leading supplier in the automotive industry. To better understand our environmental impacts and improve our environmental reporting towards our customers on a product level, in 2021 Yanfeng Automotive Interiors introduced a Product Carbon Footprint (PCF) software to calculate the Product Carbon Footprint for various applications in the interior. Since then, Yanfeng has supported its customers with detailed calculations on product-related GHG accounting for many of the company's products.

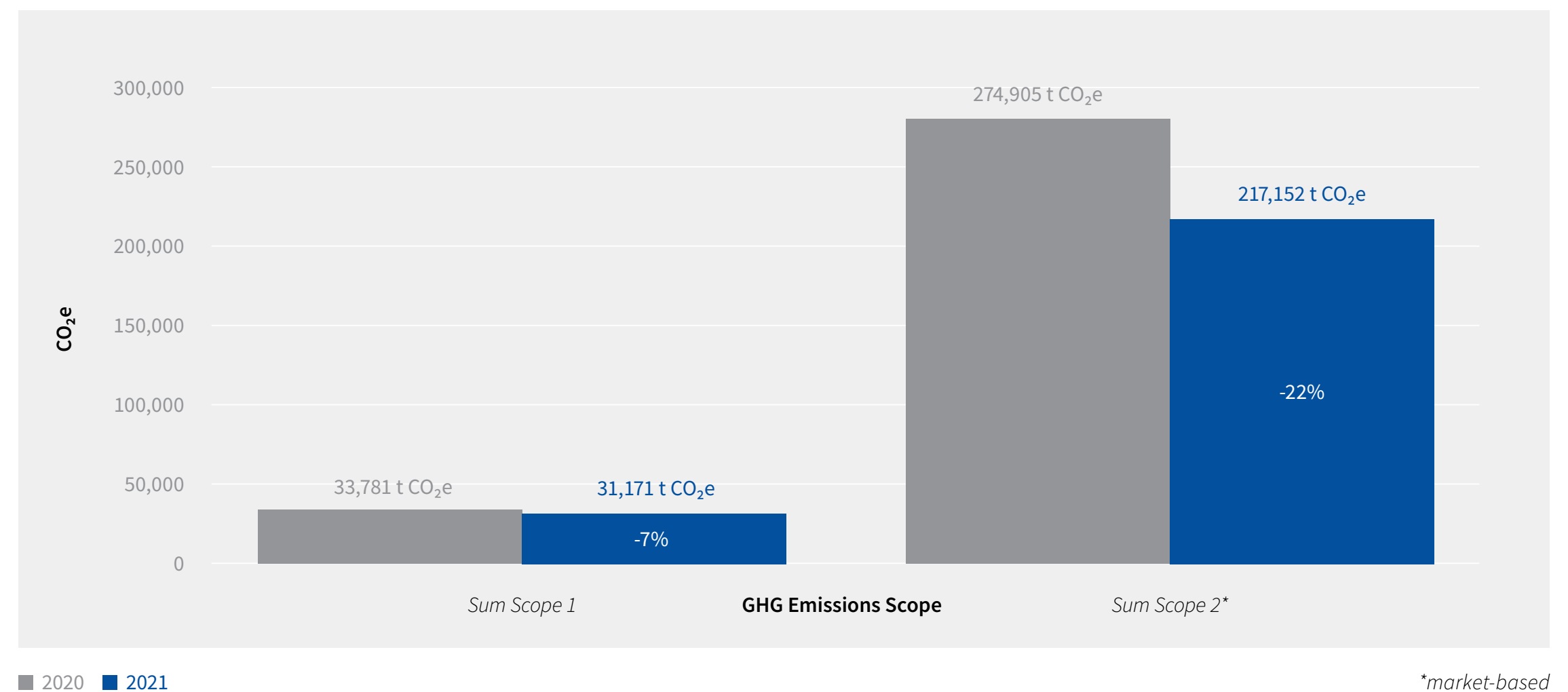
Greenhouse gas accounting at a corporate as well as at a product level is a key element for Yanfeng to manage, control and realize our climate-related ambitions. It is our goal to improve our sustainability efforts and take energy-efficiency and emission-reduction aspects into consideration whenever possible at a strategic and operational levels as well as for our procurement management.

**ENERGY & GHG**

Monitoring KPIs & their coverage:

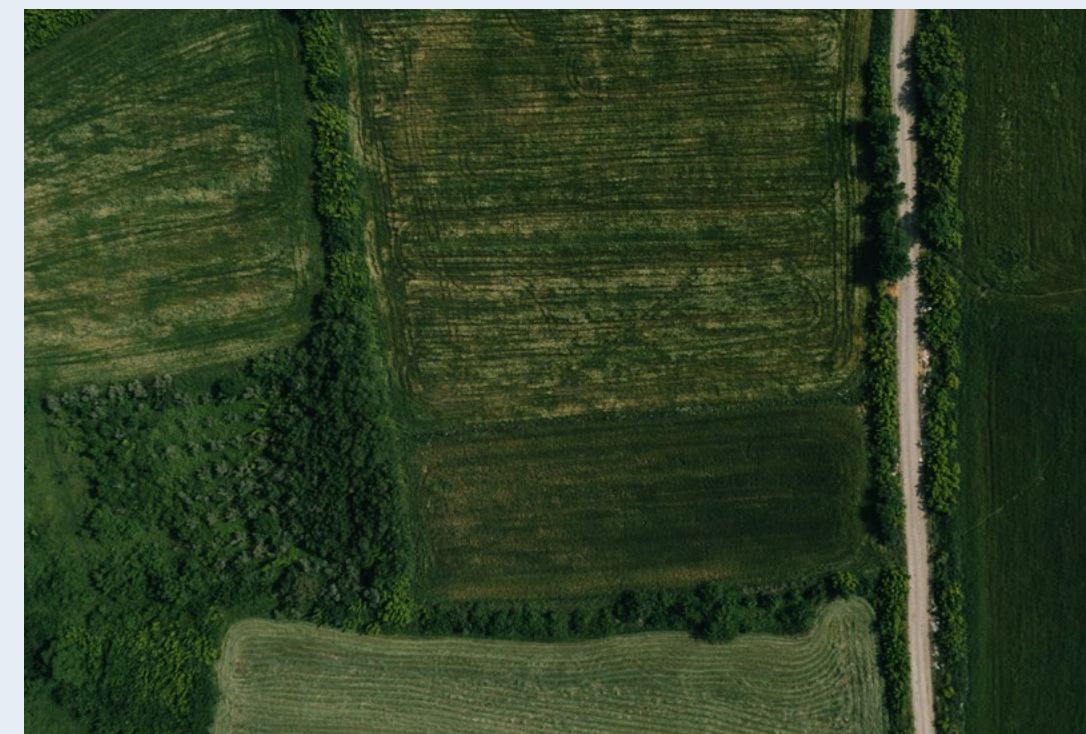
Figure 1: Global CO<sub>2</sub> Emissions for Scope 1 & Scope 2 (in metric tons CO<sub>2</sub>e)

**YANFENG AUTOMOTIVE INTERIORS CARBON FOOTPRINT 2021**



The graph above shows the global Scope 1 and Scope 2 CO<sub>2</sub>e emissions for Yanfeng Automotive Interiors for the calendar year 2021. Our Corporate Carbon Footprint will serve as a crucial monitoring tool to evaluate all our efforts to realize our Sustainability Roadmap on our path toward carbon neutrality. With our first assessment of our Scope 3 emissions for Yanfeng Automotive Interiors, we gained a better and deeper understanding of our upstream and downstream activities and related indirect emissions. This is important in order to effectively engage with our customers and suppliers with regard to more sustainable solutions and reducing emissions across all stages in our value chain.

Note: The reporting for GHG and Energy are focused on Yanfeng Automotive Interiors only for 2021. In 2022, this will be expanded further to include more company business units.



## ENVIRONMENT

### A- RATING FROM CDP

For 2021, Yanfeng received an A minus rating from CDP on the company's performance on Climate Change. In addition, we also received an A rating for Supplier Engagement.

CDP is a not-for-profit that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

To receive this rating, the company completed a questionnaire focused on the areas of business strategy and financial planning; value chain engagement; targets; emission reduction initiatives; Scope 1, 2 and 3 emissions; energy; governance and opportunity disclosure as well as risk disclosure and risk management processes.

In the area of climate reduction, Yanfeng has commitments in multiple areas. The company has a Sustainability Roadmap with goals related to Corporate Carbon Footprint Scopes 1, 2 and 3. In addition, we conduct a Risk and Opportunity Assessment that has Emission Reduction Targets for each region and has increased the company's use of renewable energy sources.





## ENVIRONMENT KEY ACTIONS

- > In 2021, the Yanfeng Global Headquarters Park opened and features sustainable aspects. The project team took a number of measures to save energy and reduce emissions, such as the use of innovative thermal insulation materials, building automation systems, rainwater recycling irrigation systems, biodegradable wastewater treatment and photovoltaic power generation.
- > Yanfeng has started work on six additional solar panel projects with the company's partners globally to produce energy at its plants. The first project in Neustadt, Germany, recently launched. We are reducing CO<sub>2</sub> emissions by turning the sun's rays into electricity with 1,373 solar panels covering nearly 27,000 square feet of the Neustadt plant roof. The solar panels are expected to produce around 532,000 kWh of electricity per year. This milestone is yet another achievement on our journey to a climate-neutral future at our production sites.
- > At the Neuss, Germany, European headquarters, 40 charging points have been installed next to the main building, while another 12 charging points are planned next to the testing building. In addition, we rely on e-cars/hybrid cars in our fleet and have 60 cars currently on order. With the measures we have taken, our charging park is one of the largest in the region, and 100% of the energy we use is generated from renewable sources.
- > We have an Energy Hunt Program that applies to all worldwide locations of Yanfeng Automotive Interiors. It is a team-based energy management program that leverages continuous improvement practices and tools to reduce energy use and waste, improve resource efficiency, and meet business unit and corporate sustainability goals. At the plant level, the plant manager selects an energy champion who is responsible for identifying cost-effective and achievable energy efficiency actions. Such champion will then receive specific training. The program is supported through frequent (at least quarterly) communication and recognition of Energy Hunt Program activities and achievements and encourages participation by the entire plant staff.
- > We have awareness trainings for employees on energy saving, recycling, waste, ergonomic and EHS issues.
- > As of January 2022, all locations in Europe are powered by renewable energy.



YANFENG STANDS  
AGAINST CORRUPTION

Design Studio  
造型  
Meeting Room  
洽谈区



## ANTI-CORRUPTION **FAIR, HONEST & TRANSPARENT BUSINESS PRACTICES**

There is no place for corruption at Yanfeng. It harms our company, destroys our reputation, hinders the business environment and is detrimental to society. At Yanfeng, we are known for fair, honest and transparent business practices. We win business fairly and legally, relying only on the integrity of our products, services and personal commitment to our customers. Unethical or corrupt behavior by our employees or business partners is forbidden and will not be tolerated.

*Yanfeng's Compliance Team completed training for all finance, purchasing and legal function employees on the US Foreign Corrupt Practices Act (FCPA).*

A broader online training called "Spotting Bribery and Corruption: What You Need to Know" was held for all global salaried employees.

*> 62.5% of employees have completed this voluntary assignment, globally*

*> This training focused on various company standards in the Yanfeng International Operating System, including Receiving Gifts, Entertainment and Travel, Customer Gifts, Entertainment & Travel Standard Charitable Contribution Standard, and our Customer Travel Authorization*





## ANTI-CORRUPTION YANFENG INTERNATIONAL OPERATING SYSTEM

As our company expands, we must continue to develop our business processes to meet the needs of our customers, the environment and an ever-changing automotive industry. The Yanfeng International Operating System (YF IOS) is a centralized management operating system that embodies decades of optimization and serves as our framework for making global collaboration more efficient.

Introduced in 2020, YF IOS applies to all wholly owned subsidiaries and both unconsolidated and consolidated joint ventures and affiliates of Yanfeng International. Previously, all Yanfeng business units had their own operating system. In 2021, all company business units were fully migrated to YF IOS and all employees trained in YF IOS top-level documents.

YF IOS consists of 473 documents that support our high-level processes of Business Planning, Program Management, Manufacturing Excellence and Leadership. Leadership covers several areas, including Human Resources, Finance, Legal and Environmental and Health and Safety, where many of our compliance policies such as anti-corruption, bribery, fraud, money laundering and rules for gifts and entertainment are controlled.

Compliance with YF IOS is audited annually both internally and by an external certification body. Yanfeng certifications include IATF16949, ISO45001, ISO 14001 and ISO 27001.

Yanfeng International conducts mandatory cybersecurity awareness training online. This is held annually as cybersecurity threats are changing over time and the training is adjusted accordingly. Additional classes related to information security are also available. In the Yanfeng International Operating System, there are multiple process documents related to Information Security management, awareness, training and reporting.

*In 2021, all company business units were fully migrated to YF IOS.*

*YF IOS consists of 473 documents that support Yanfeng's high-level processes. Compliance with YF IOS is audited annually internally and by an external certification body.*



YANFENG'S SUPPLY CHAIN,  
STRENGTHENING EVERY LINK

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## SUPPLY CHAIN COMMITTED TO SUSTAINABILITY & HUMAN RIGHTS

Yanfeng is committed to sustainability in our supply chain. The company monitors the engagement of our suppliers in sustainability and human rights. All suppliers are required to comply with the Yanfeng Code of Conduct or an equivalent policy. Our Code of Conduct provides guidance for ethical business conduct and serves as a foundation for our commitment to integrity as a company. Suppliers must demonstrate their level of compliance to these requirements.

Yanfeng will follow up with suppliers on their performance in the areas of human rights, working conditions, employee safety and environmental management, including energy. This will be incorporated into the overall sustainability rating. The resulting sustainability rating is used for measuring sustainability activity within Yanfeng's supply base and as an input to the supplier scorecard.

Suppliers are required to be able to show documented evidence of compliance with ISO14001 and OHSAS 18001/ISO 45001 or conformance to local country regulations. Specific to the Asia-Pacific region, suppliers must obtain an official environmental protection approval and fire completion acceptance from local government.

Supplier sustainability risk assessments are performed by a third party conducting regular onsite audits. As a result, Yanfeng has a clear status of supplier environmental performance and can request further actions if necessary. Sustainability is embedded at the core of the purchasing processes as sustainability is a criterion for the supplier scorecard. The majority of the company's direct suppliers have completed this process.



### ADDRESSING HUMAN RIGHTS & ENVIRONMENTAL RESPONSIBILITY IN THE SUPPLY CHAIN USING AI

There is a responsibility along the entire supply chain to address and correct human rights and environmental violations within the industry. This commitment is why Yanfeng has integrated artificial intelligence (AI) into our risk management process. In 2021, Yanfeng announced its collaboration with artificial intelligence startup Prewave to bring more transparency and sustainability to the company's global supply chain. This technology enables Yanfeng to proactively identify sustainability risks such as pollution, corruption or human rights violations along the entire supply chain in real time. In addition, Yanfeng takes measures to actively work together with its suppliers and sub-suppliers in order to achieve a significant leap in supply chain transparency, particularly around critical raw materials used in production processes. Prewave is capable of monitoring all publicly available information such as social media, news and internet sources in more than 50 languages and for over 150 countries.

### SUPPLIER DAY

Annually, Yanfeng hosts a Supplier Expectations Day. Part of the agenda for this event includes current and future efforts regarding sustainability, and collaboration opportunities. In this meeting, the use of sustainable initiatives in product development was advocated. Additionally, suppliers were encouraged to use renewable energy and told it will be part of the sourcing criteria. We are driving actions to reduce our Scope 3 emissions and reach our target of climate neutrality, while at the same time making sure that suppliers are aware of our requirements, which include the use of green energy.

*In 2021, Yanfeng announced its collaboration with artificial intelligence startup Prewave to bring more transparency and sustainability to the company's global supply chain.*





## SUPPLY CHAIN

### BEST PRACTICES IN SUPPLIER DIVERSITY

Yanfeng works with diverse suppliers in North America. In 2021, we spent \$168.5 million with third-party certified diverse suppliers, exceeding our annual goal. We conduct an annual in-depth analysis of diversity spend in each commodity category.

In addition to Yanfeng's established processes and the company's participation in industry events, networking, and development programs, the dedication of our leadership to mentor, partner and advocate for supplier diversity has led to significant Minority Business Enterprise (MBE) opportunities.

#### Our Supplier Diversity Best Practices:

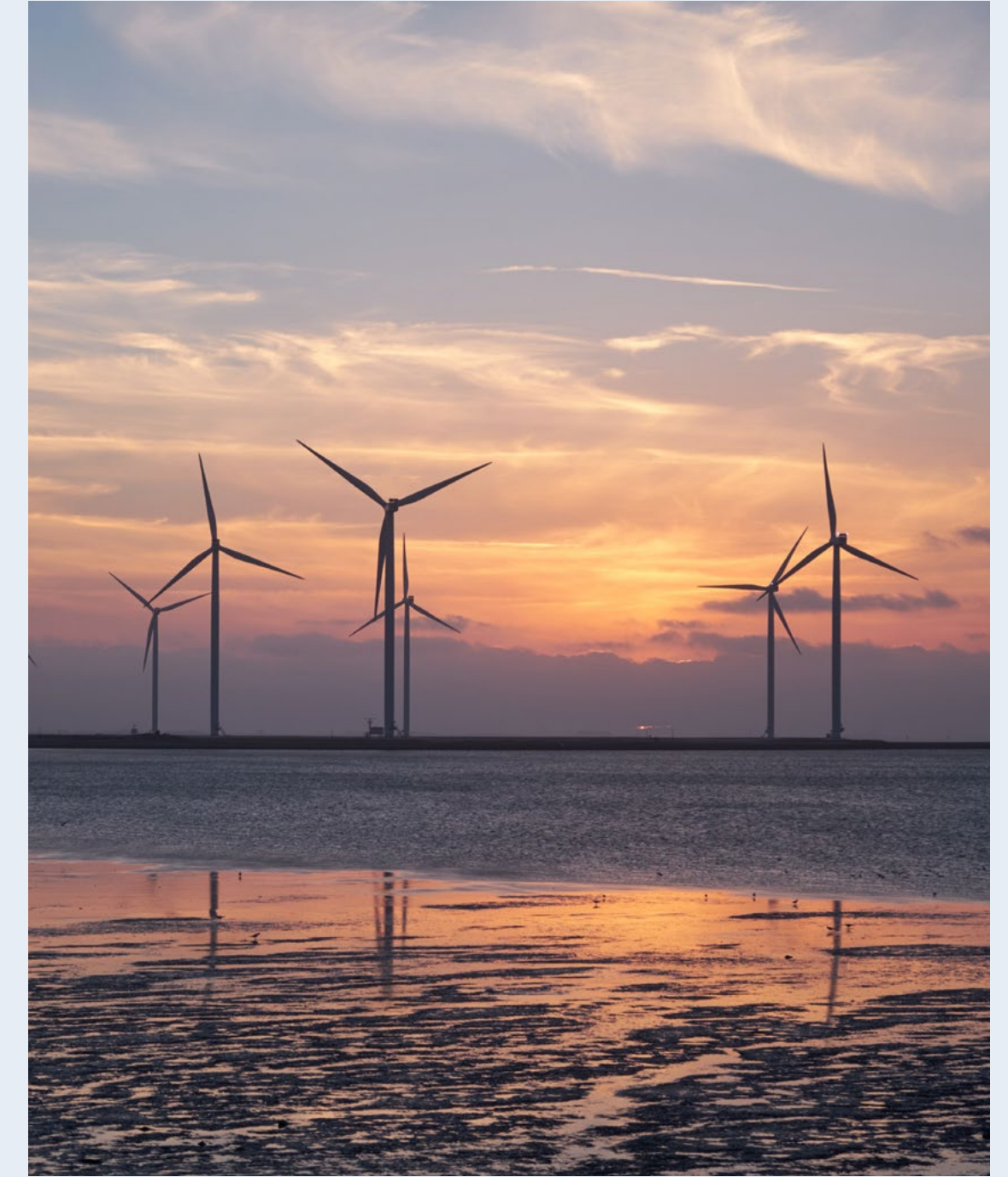
- > Established a corporate policy that is signed by our company CEO.
- > Established a corporate diverse supplier development plan.
- > Regularly identify opportunities for diverse suppliers in strategic sourcing.
- > Established a comprehensive diverse supplier development process.
- > Established tracking, reporting and goal-setting mechanisms for supplier diversity.
- > Established a second tier program.

#### Supplier Diversity Mission & Commitment Statement:

Yanfeng is committed to creating environments where people of all backgrounds can reach their full potential in an ever-changing global community. As a world-class automotive supplier, we will provide greater value to our customers through innovation, collaboration, globalization and sustainability, leveraging our supplier diversity strategy to bring best-in-class solutions to future mobility.

*Million spent with third-party diverse suppliers, accounting for 13% of Yanfeng's 2021 total spend*

**\$168.5**



SUPPLY CHAIN  
**RESPONSIBLE SOURCING FOR  
DIVERSE SUPPLIERS**

Yanfeng actively participates in multiple Minority Supplier Development Councils in the United States, including the National Minority Supplier Development Council, Women's Business Enterprise National Council, WeConnect International and National Veteran's Business Development Council. In addition to corporate involvement, our leadership holds board positions with the Michigan Minority Supplier Development Council (MMSDC), Michigan Hispanic Chamber of Commerce and the Great Lakes Women's Business Council. Our supplier diversity efforts have been lauded by multiple automakers.

Yanfeng recently completed a mentoring initiative through the MMSDC's InFuse Program. The program matches senior supplier diversity leaders with new professionals who are starting a formal supplier diversity program or process within their company. For 12 months, Yanfeng leadership mentored a Supplier Diversity Manager from the healthcare industry to discuss the benefits and challenges that come with having a best-in-class supplier diversity process. Yanfeng is continuing its participation in the mentorship program for 2022.

An aerial photograph showing a road that curves through a landscape. To the left of the road is a dense forest of tall, thin trees, possibly pines, with a light, hazy atmosphere. To the right of the road is a large, dark lake surrounded by a forest with trees in various stages of autumn, showing shades of yellow, orange, and brown. The overall scene is a mix of natural beauty and infrastructure.

OUR PEOPLE  
OUR PLANET



## YANFENG ADVANCES THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



Yanfeng's sustainability strategy supports the advancement of the United Nations Sustainable Development Goals (SDG), through a focus on the environment, our business and people. Examples of how Yanfeng is advancing SDGs are included in this report.

*Key highlights where Yanfeng is supporting the SDGs are:*

13) Climate Action and 15) Life on Land: For 2021, Yanfeng received an A- rating from CDP. Currently all locations in Europe are powered by renewable energy, with other regions increasing their renewable energy use as well. In addition, Yanfeng has started work on six additional solar panel projects with the company's partners globally to produce energy at its plants.

16) Peace, Justice and Strong Institutions: Yanfeng has a global Code of Conduct in place, and annual training is conducted. Suppliers are required to adhere to the company's Code of Conduct or an equivalent policy. The company also has a Global Ethics Hotline in place.

17) Partnerships for the Goals: Yanfeng is a member of the UNGC; Responsible Supply Chain Initiative; and actively collaborates with customers and suppliers.

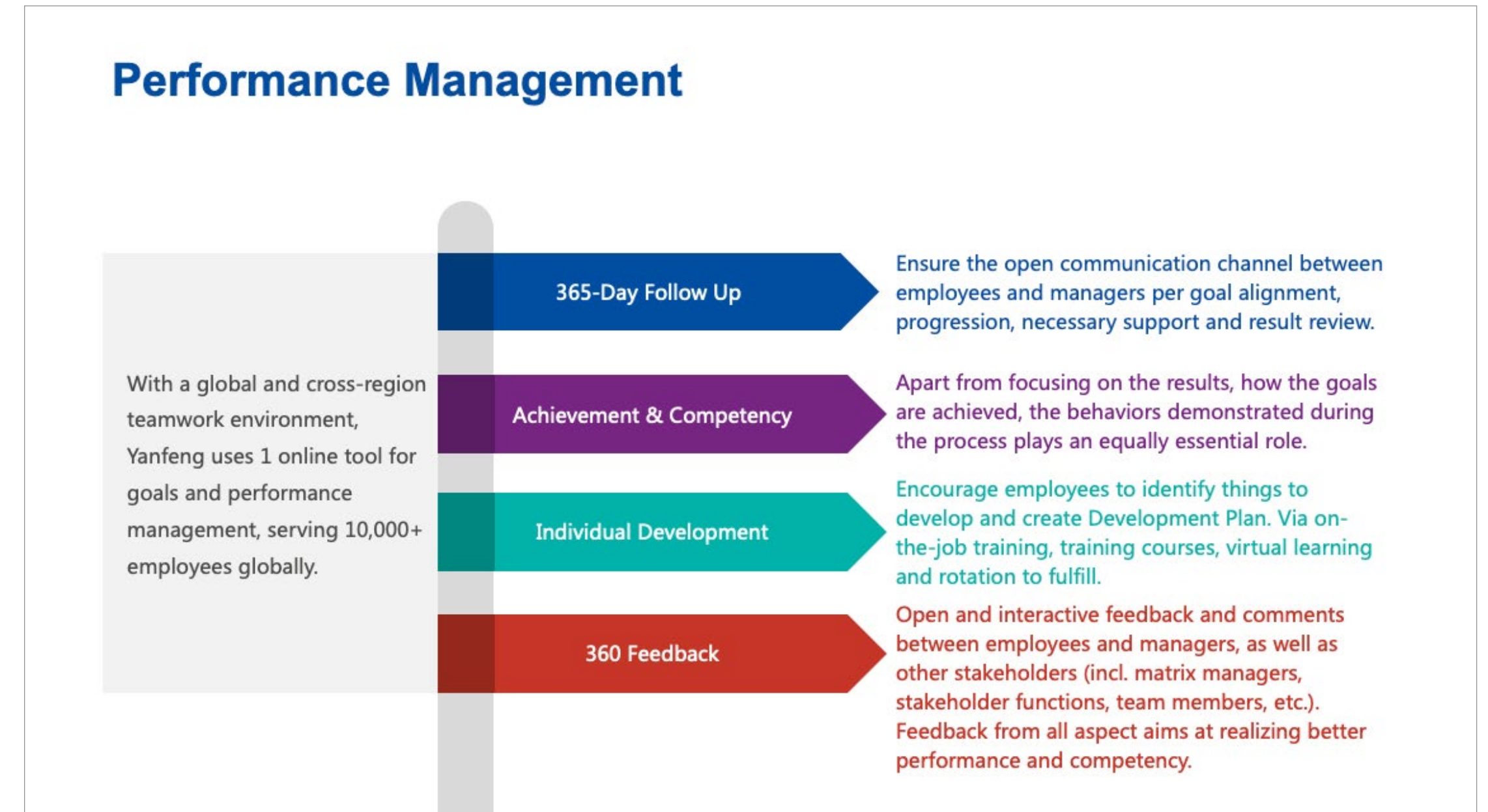
APPENDIX



**FIGURE 1**



**FIGURE 2**



Sustainability Report / Published August 2022  
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YANFENG

Yanfeng 399 Liuzhou Road Shanghai 200235, China  
Yanfeng 41935 West 12 Mile Road Novi, Michigan 48377, USA  
Yanfeng Jagenbergstr. 1 41468 Neuss, Germany

[www.yanfeng.com](http://www.yanfeng.com)

