



## **Declaration on Human Rights and Corresponding Environmental Standards**

### **Content:**

- **Foreword from Our Vice President of Global Sustainability**
- **Our Commitment to Respect Human Rights and Corresponding Environmental Standards**
- **Our Approach for the Implementation of Human Rights and Environmental Due Diligence Obligations**
  - Risk Management
  - Identified Risks and How we Deal with Them
  - Complaints Mechanism
- **Outlook and Reporting**



## Foreword from Our Vice President of Global Sustainability

Since 2020, Yanfeng has been a member of the UN Global Compact and is committed to supporting its ten principles in the areas of human rights, labor, the environment, and anti-corruption. Based on these principles, we respect human rights and maintain high environmental and social standards not only for our global business activities, but also within our supply chain.



As a leading global automotive supplier, we are aware of our responsibilities within the global supply chain. We can only be successful in the long term if the impact of our business activities as well as those of our contractual partners, direct and indirect suppliers are in compliance with human rights and environmental regulations.

On the following pages, we will explain how the two German-based Yanfeng entities –Yanfeng International Automotive Technology Europe S.a.r.l. & Co. KG and Yanfeng International Automotive Technology Germany s.r.o. & Co. KG - adhere to the legal requirements related to the German Act on Corporate Due Diligence Obligations. Yanfeng's effective date for implementation of the German Supply Chain Act is January 1, 2024.

Gunnar Büchter

Vice President Global Sustainability

Yanfeng International



## **Our Commitment to Respect Human Rights and Corresponding Environmental Standards**

Yanfeng is committed to customer, shareholder, and employee satisfaction as an industry leader with global competitiveness, and always conducting business with integrity and compliance. We adhere to the highest ethical standards and expect partners to use these principles as a basis in mutual dealings and cooperation and consider them as criteria for maintaining cooperation. Accordingly, our partners are expected to behave ethically and with integrity, and to comply with all applicable laws and regulations. Failure to do so will result in adverse consequences, including possible termination of your business relationship and cooperative relationship with Yanfeng. Complying with all applicable laws and regulations everywhere we operate – including human rights and environmental standards - is the principle and policy of Yanfeng.

## **Our Approach for the Implementation of Human Rights and Environmental Due Diligence Obligations**

### **1. Risk Management**

To fulfill our obligation with respect to risk management we have established an internal process with clear responsibilities for conducting risk analysis in our area of business as well as in our supply chain. We have defined parameters for the classification and prioritization of suppliers based on sustainability and the responsible supply chain requirements as well as measures to be taken to mitigate identified risks and to correct violations of relevant laws and regulations.



### ***Risk Analysis***

In 2022 we started to prepare for compliance with the German Act on Corporate Due Diligence Obligations in Supply Chains. To identify potential risks in our own area of business, as well as our supply chain, we continually monitor Yanfeng's German entities and supply base in alignment with government and customer regulations. In 2021, we integrated a tool that uses artificial intelligence from Prewave, a Vienna, Austria-based startup. Their supply chain risk management and compliance platform help manage supply chain risks, covering every phase of the risk life cycle in accordance with legal requirements. Their software monitors all publicly available information online and in social media, in more than 150 countries and in more than 100 languages. It monitors more than 750,000 direct and indirect suppliers and provides an alert if a risk in the supply chain is detected. This enables us to proactively identify sustainability risks along our entire supply chain such as pollution, corruption, or human rights violations in real time. By identifying, analyzing, mitigating, and reporting issues, we strive for a more transparent, resilient, and sustainable supply chain. We also continually assess potential industry and country-specific risks. Our suppliers also complete self-assessments if required.

### ***Preventive and Remedial Measures***

We are fulfilling our due diligence obligations in our area of business as well as our supply chain and further develop our suppliers by pursuing a risk-oriented approach. Besides a human rights risk analysis, our company also conducts sustainability risk assessments via standardized questionnaires as well as other internal processes. Social audits, which we conduct in justified cases in accordance with the Responsible Supply Chain Initiative (RSCI) standard, are part of these processes. This initiative assures shared values related to social responsibility and compliance within the supply chain. It also enables suppliers to share their label with other business partners and thus avoid redundant auditing. Since 2022, Yanfeng has been an active member of the Responsible Supply Chain Initiative (RSCI), which enables us to identify, control, and eliminate risks along our supply chain. The initiative was founded in October 2021 under the German Association of the Automotive Industry (VDA) governance as a coalition of



companies and organizations to join forces for a common assessment standard within the automotive supply chain.

All of our suppliers must act according to the ethical and legal principles defined in our Partner Code of Conduct, which can be found on our official website. This document outlines the minimum requirements that must be met as well as the clear expectations that we have of our business partners. It applies to all suppliers – regardless of the materials or services they provide. We expect our partners to conduct their operations in an environmentally and socially responsible manner and require them to commit to our global supplier standards. Partners who do not accept and comply with our requirements could be restricted from receiving any new business. We also encourage them to adopt business values and practices aligned with the UN Global Compact's Ten Principles for environmental and social responsibility as well as sustainable development. These requirements also apply to their own supply chain.

In the event of violations of human rights and environmental standards, we have defined corrective measures that can range from an escalation process to on-site audits to termination of the business relationship with the supplier in cases of serious violations and lack of cooperation on the part of the supplier.

## **2. Identified Risks and How We Deal with Them**

We have identified the following risks in our area of business as well as in our supply chain which we have addressed in our Human Rights and Working Conditions Standard as well as in our Partner Code of Conduct.

### ***Working Age***

Yanfeng will ensure that child and young workers, who are under the legal minimum working age, are not employed at any of our sites or at our supplier's sites.



### ***Wages and Benefits***

Yanfeng will ensure that its wages and benefits are competitive and meet applicable regulations and prevailing industry packages, including respecting laws and regulations governing minimum wage, overtime compensation, medical leave, and government-mandated benefits.

### ***Working Hours***

Yanfeng will respect regular work week standards (working hours) for the countries in which we operate. Laws and regulations on the maximum number of working hours and time off shall be respected. Employees should have a minimum of one day off every seven days.

### ***Involuntary Work***

Yanfeng will ensure no conditions of “modern slavery,” which refers to all work or services exacted from any person under the menace of any penalty and for which that person has not offered themselves voluntarily, exist at any of our sites. Examples include forced overtime, retention of identity documents, and human trafficking.

### ***Lawful Recruitment***

Yanfeng will ensure that the company employs ethical recruiting methods and hires workers lawfully, in line with the International labor standards, and in a fair and transparent manner that respects human rights. Examples of unethical recruitment include misleading or defrauding potential workers about the nature of the work, asking workers to pay recruitment fees and/or confiscating, destroying, concealing, and/or denying access to worker passports and other government-issued identity documents. Workers must receive a written notification at the start of their recruitment in a language well understood by them, stating in a truthful, clear manner their rights and responsibilities.



### ***Freedom of Association***

Yanfeng will respect freedom of association, which relates to the right to freedom of peaceful assembly and to freedom of association at all levels; in particular, in political, trade union, and civic matters, which includes the right of everyone to form and join trade unions for the protection of their interests. Yanfeng will respect collective bargaining, as a process of negotiations between employers and a group of employees, aimed at reaching an agreement that regulates working conditions.

### ***No Harassment***

Yanfeng will ensure no harassment is tolerated, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuse of workers.

### ***Non-Discrimination***

Yanfeng will ensure our policies support non-discrimination in the workplace. This requires the equal treatment of an individual or group, regardless of their characteristics, including sex, race, color, ethnic, or social origin, genetic features, language, religion, or belief, political or any other opinion, membership of a national minority, property, birth, disability, age, or sexual orientation. The Company will ensure equivalent pay and benefits for work of equal value not only regarding gender but also all other potential bases for discrimination. This does not, however, prohibit unequal payment due to different local living costs.

### ***Women's Rights***

Yanfeng will ensure women's rights are protected. The Company respects that women are entitled to political, economic, and social equality. Gender inequality underpins problems such as unequal opportunity in employment and unequal pay for equal work.



### ***Diversity and Inclusion***

Yanfeng will ensure the company policies promote diversity, equity, and inclusion. The company will develop and promote inclusive cultures where diversity is valued, celebrated, and everyone is able to contribute fully and reach their full potential. The company will encourage diversity in all levels of their workforce and leadership, including the boards of directors.

### ***Minority and Indigenous Peoples' Rights***

Yanfeng will ensure the rights of minorities and indigenous peoples by respecting the rights of local communities to have decent living conditions, education, employment, social activities, and the right to free, prior, and informed consent (FPIC) to developments that affect them and the lands on which they live, with consideration for the presence of vulnerable groups.

### ***Land, Forest, and Water Rights***

Yanfeng will support land, forest, and water rights. The company will avoid forced eviction and the deprivation of land, forests, and waters in the acquisition, development, or other use of land, forests, and waters.

### ***Security Forces***

Yanfeng will avoid the use of private or public security forces to protect the business, as this may lead to violations of human rights.





### ***Environmental Protection***

Yanfeng respects, protects, and cares about the environment and the communities where it operates. Our products, services and manufacturing reflect this commitment, which is beneficial to the environment and Yanfeng. All partners of Yanfeng must comply with all applicable government regulations of manufacturing and selling countries relating to the health and safety of employees, environmental protection, toxic and hazardous substances, and free trade. Yanfeng has achieved ISO14001 and ISO45001 management system certifications and encourages all partners to achieve these certifications as well.

The use of hazardous materials, chemicals and substances can pose risks to those involved handling such materials. Yanfeng has adopted and expects all partners to adopt processes that secure the supply of parts and components and address the environment as well as health and safety concerns involved. These materials shall be labeled in accordance with the applicable laws and regulations and shall be handled, transported, and stored safely as well as reused, recycled, or disposed of properly. The provisions of the following conventions are to be adhered to: Minamata Convention on the use of mercury; Stockholm Convention on persistent organic pollutants; and Basel Convention on the control of transboundary movements of hazardous wastes and their disposal.

### **3. Complaint Mechanism**

Yanfeng has implemented a process to report potential conflicts of interest or law violations. Our partners have a duty to report all suspected or actual violations of the Code of Conduct, or of any applicable laws and regulations, and they must make all such disclosures to us. Reports can be made anonymously, online via our integrity helpline (for all countries outside of China) or the corresponding integrity helpline in China. To find more information about our complaints procedure or how to contact our integrity helpline, please visit our website (<https://www.yanfeng.com/en/complaints-procedure>).



## Outlook and Reporting

Since 2019 Yanfeng has provided the public with information on our voluntary human rights and environment-related commitments within our annual Corporate Social Responsibility (CSR) report. In 2023 we changed the structure and content and published our first Environment, Social and Governance (ESG) report for 2022. The latest report can be found on our website ([https://www.yanfeng.com/en/ESG\\_Report](https://www.yanfeng.com/en/ESG_Report)).

From financial year 2024 onwards, we will also report annually to the German Federal Office for Economic Affairs and Export Control about the significant human rights and environment-related risks we have identified, as well as on the impact of our business activities within our supply chain. This report will also be published on our website.

### **Published by:**

Yanfeng International Automotive Technology Europe S.a.r.l. & Co. KG

Jagenbergstr. 1

41468 Neuss

Germany

December 2023