

# Environmental, Social & Governance

Report 2024





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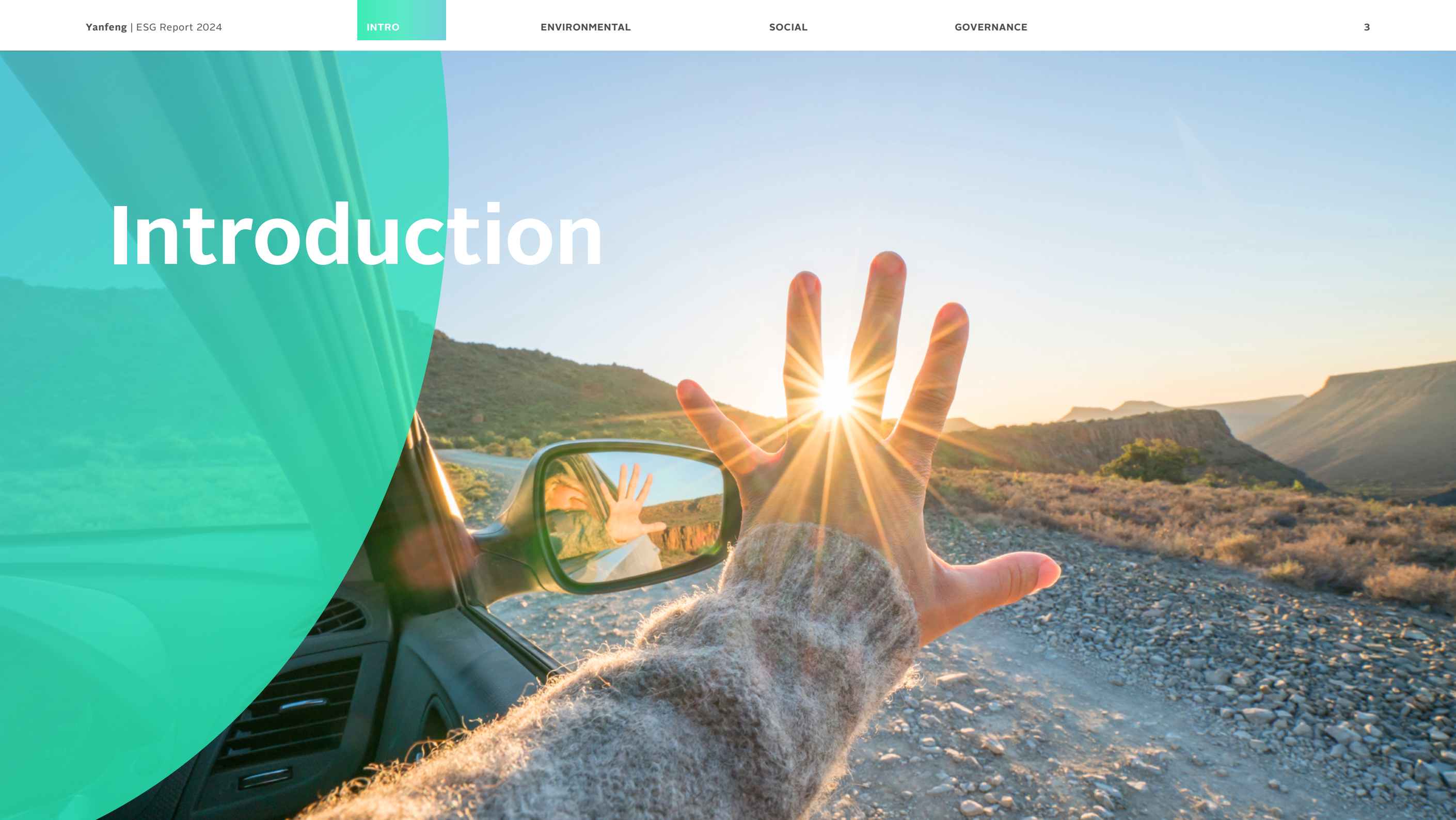
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# Introduction





# Message from Our CEO

## Dear Reader,

On behalf of the Yanfeng team all over the world, I am pleased to present the 2024 Yanfeng Environmental, Social, and Governance (ESG) Report to you. This year's report highlights Yanfeng International's performance in the areas of governance, human rights, community engagement, labor and people, the environment, anti-corruption as well as the supply chain.

Throughout 2024, the global Yanfeng team continued to make remarkable progress and is committed to ESG. Sustainability is integrated in all that we do. It's prominent in everything from how we design for sustainability in our products to how and where we manufacture them – in plants that leverage renewable energy and sustainable processes.

Yanfeng reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption.

Throughout our ESG report, we disclose our continuous efforts to integrate the Ten Principles into our business strategy, culture, and daily operations, and contribute to United Nations goals, particularly the Sustainable Development Goals.

Achieving our sustainability goals is a collaborative effort. Yanfeng continues its collaboration with several globally recognized initiatives to support our strategic goals and reinforce transparency across environmental, supply chain, and human rights disclosures such as Carbon Disclosure Project (CDP), EcoVadis, the Science Based Targets Initiative (SBTi), the Responsible Supply Chain Initiative (RSCI) and the United Nations Global Compact (UNGC).

From an external rating perspective, we were honored to receive an A minus rating for the fourth consecutive year from CDP. Additionally our global sustainability efforts have also been acknowledged by EcoVadis, where Yanfeng received a Silver Medal.

“ Sustainability  
is integrated in  
all that we do. ”

**Zang Chungao**  
CEO, Yanfeng International





Throughout 2024, the global Yanfeng team accomplished multiple milestones. Energy transition remains a core priority for Yanfeng. Our carbon reduction strategy is ambitious, with a clear target to achieve net-zero emissions by 2030 for Scopes 1 and 2. In 2024, we reached a significant milestone and more than 42% of our global energy consumption came from green sources. This achievement reflects our ongoing efforts to transition our operations to renewable energy. One of the most exciting developments in this transition is the growing contribution of solar power which reached 4.2% globally.

As part of our commitment to a circular economy, we have placed a strong emphasis on using circular materials and developing low-carbon products. In 2024, we took a major step forward in our journey towards sustainability. Our global purchases of recycled plastic resins surged by an impressive 31% compared to 2023. This significant increase reflects our proactive approach to sourcing recycled materials and integrating them into our manufacturing processes. By focusing on high-quality recycled resins, we're not only helping reduce waste but also conserving valuable resources. At Yanfeng, we believe that innovation should not only push the boundaries of technology but also

drive us closer to a sustainable future. Our approach to sustainable product development emphasizes the use of recyclable materials, modular designs that facilitate disassembly, and the integration of natural components. Through this fusion of innovation and environmental responsibility, we are actively contributing to a circular economy.

Beyond our commitment to environmental stewardship, Yanfeng employees demonstrate a strong dedication to supporting underserved populations and the communities in which we operate. This commitment is reflected in the significant number of volunteer hours contributed globally, as well as the initiatives led by our business resource groups.

Our global Head of Sustainability, together with a strong governance structure, leads our ESG efforts. This ensures we are managing our responsibilities effectively and delivering value to stakeholders.

We apply the same high expectations to our suppliers, especially in areas like environmental care, fair labor, and human rights. Regular monitoring helps us identify and address risks early, maintaining alignment with our values.

In 2024, Yanfeng took a significant step toward strengthening its sustainability commitments by launching a new Procurement Sustainability Policy. Recognizing the critical role procurement plays in shaping responsible and ethical supply chains, the policy was developed to ensure that environmental and social responsibility is embedded into every stage of the procurement process with clear guidelines and expectations for making sustainable choice.

It's inspiring to see how far our Yanfeng team around the world has come, and I'm eager to see the advancements we'll achieve together by 2026.

I appreciate you taking a moment to engage with Yanfeng's vision for sustainability and ESG priorities.

Sincerely,  
**Zang Chungao**  
CEO, Yanfeng International

“ It's inspiring  
to see how far  
we have come  
and what we'll  
achieve together  
by 2026. ”



Core Product Lines of Wholly Owned Businesses



Interiors

- Cockpits & instrument panels
- Door panels
- Floor consoles
- Overhead consoles/trim
- Deco
- Air vents



Seating

- Complete seat
- Mechanisms
- Structures
- Components



Passive Safety

- Steering wheels
- Airbag
- Seat belts
- Restraint systems

# About Yanfeng

Yanfeng International Automotive Technology Co. Ltd. (Yanfeng) with our headquarters in Shanghai, China, is a leading automotive supplier. Within our wholly owned global businesses we develop, manufacture and market automotive interior, seating and passive safety solutions for all major automotive manufactures in the world.

2024 Key information:

131

Locations

\$15.91B

Revenue in 2024

42%

Renewable electricity  
in use

18

Countries

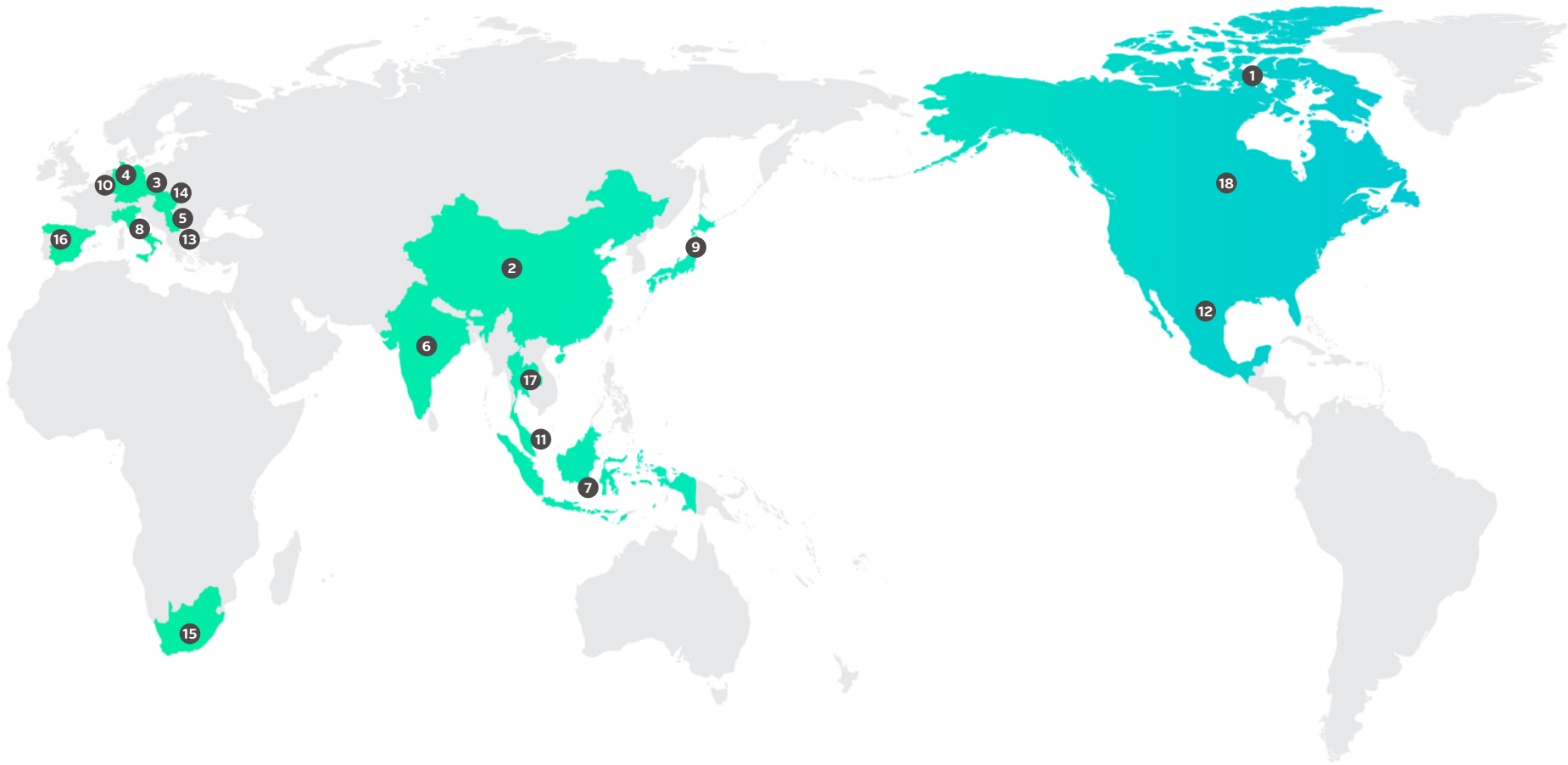
53,266

Employees

288,113 t CO<sub>2</sub>e

Corporate carbon footprint  
Scope 1 & 2





- |                  |               |                 |             |
|------------------|---------------|-----------------|-------------|
| 1 Canada         | 6 India       | 11 Malaysia     | 16 Spain    |
| 2 China          | 7 Indonesia   | 12 Mexico       | 17 Thailand |
| 3 Czech Republic | 8 Italy       | 13 Serbia       | 18 USA      |
| 4 Germany        | 9 Japan       | 14 Slovakia     |             |
| 5 Hungary        | 10 Luxembourg | 15 South Africa |             |

**Countries of Operation**

Yanfeng has research and development centers, manufacturing locations and front-offices around the world, in 18 countries. Our footprint is optimized to support the needs of our customers.

## Integrated and Innovative Solutions

Yanfeng is one of the only automotive interiors and seating suppliers that can combine and integrate a broad passive safety product portfolio into the vehicle interior. This means, wherever the passenger is seated, Yanfeng is developing advanced, integrated system solutions driving performance, cost-competitive solutions, and a consumer experience that will lead the industry.

Further examples of our integrated, cross-product line innovative solutions are:

- **Seat x Safety**
- **Interior x Safety**
- **Smart Steering Wheel**



# About This Report

This is our annual Sustainability Report. The data within this report is related to the wholly owned businesses of Yanfeng (Interiors, Seating, Safety Systems). The report captures Yanfeng's progress on our sustainability activities within the reporting period of January 1 through December 31, 2024. If you have questions regarding this report, please contact [sustainability@yanfeng.com](mailto:sustainability@yanfeng.com).

## Transparency Disclosure

We think that transparency is essential to corporate governance and provides the cornerstone for fostering trust among our employees as well as for key external stakeholders. This becomes especially essential for Yanfeng's sustainable future business ambitions. As a result, we participate in various types of ESG disclosure initiatives to demonstrate our transparency with regard to our demanding targets and our business practices and procedures, such as:

- Carbon Disclosure Project (CDP)
- EcoVadis
- SAQ 5.0
- Science Based Targets initiative (SBTi)
- The Responsible Supply Chain Initiative (RSCI)
- United Nations Global Compact (UNGC)

 [sustainability@yanfeng.com](mailto:sustainability@yanfeng.com)





# 2024 Awards

These are the awards Yanfeng received within the area of people, diversity and the environment:



James Bos, our Vice President of Procurement, retired in 2023, and was inducted into the MMSDC Hall of Fame for 2024

## 2025 Top Employer Award in China

- 2025 Top Employer Award in China



Top Employer Award in China



MMSDC Corporation of the Year Award

## Supplier Diversity 2024 Awards

- Michigan Minority Supplier Development Council (MMSDC) Corporation of the Year
- Michigan Hispanic Chamber of Commerce (MHCC) Corporate Member of the Year
- Great Lakes Women's Business Council (WBC) Excellence in Supplier Diversity Award in the 'Best-In-Class' category

## Duty of Care Awards highly honored

Yanfeng was highly honored in the ESG category at the International SOS Foundation 2024 Duty of Care Awards.



WBNC Excellence in Supplier Diversity Award



MHCC Corporate Member of the Year

**DUTY OF CARE**  
Awards 2024  
HIGHLY COMMENDED



Net-Zero Emissions Activities

- Fourth consecutive year **A Minus Rating** by CDP **Climate Change** for Yanfeng Interiors and **B score** received Yanfeng Seating.
- Yanfeng Interiors disclosed **CDP Water Intensity** and received **B score** and for the first-time disclosed **CDP Forest** which received **B Minus score**.
- Received a **Silver medal** from EcoVadis.
- **42%** of global energy consumption uses green energy.



Governance & Supply Chain Transparency

- As of 2024, Sustainability is embedded in the **corporate procurement function** to support better implementation of actions to reduce carbon footprint and drive implementation of sustainable product solutions.
- All **11 internal RSCI auditors** covering the Asia Pacific, Europe, and North America regions were successfully recertified according to the latest Responsible Supply Chain Initiative (RSCI) manual and the validity of certificates was extended.

Sustainable Materials

- In 2024 increased global procurement of recycled resins by **31%** in comparison with the previous year 2023.
- **5** in-house mechanically recycled plastics approved and applied in 2024.

Talent Development & Recognition

- **558** employees participated in Yanfeng's global leadership development programs (LiFT / PLDP / OLDLP / GLDP).
- Management awarded **9** individual employees and **93** internal teams with the highest honor of distinction for the 2024 annual awards.

Health & Safety

- **118** sites ISO 45001:2018 certified, compliant for Occupational Health & Safety.
- **117** sites ISO 14041:2015 certified, compliant for Environmental Management Systems.
- Total EHS Prevention Action Rate\* in 2024 increased by **60%** compared to previous year 2023.

\*The rate reflects how many preventive actions one employee has done in one year.

Community Involvement & Charitable Giving

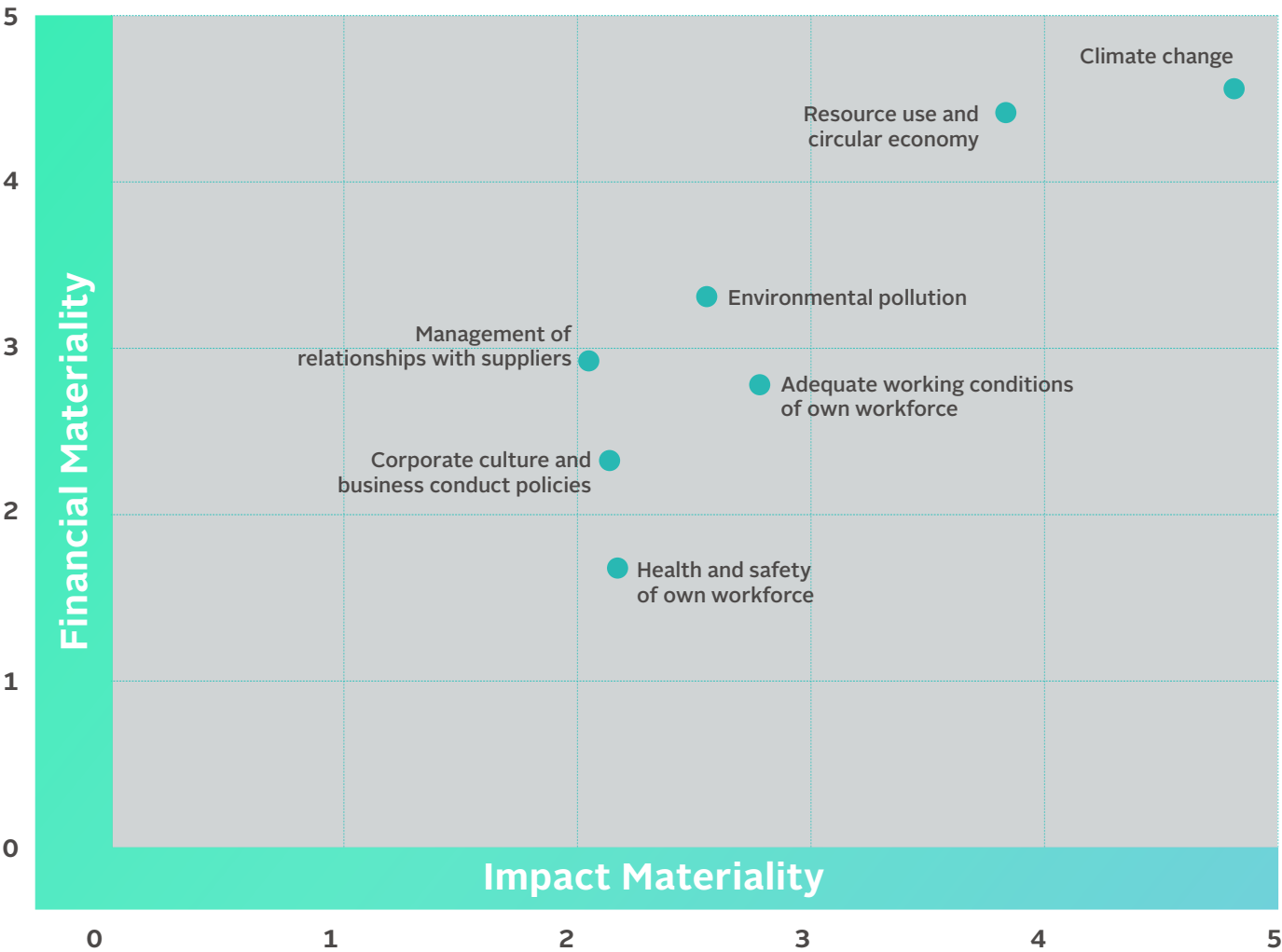
- In 2024, Yanfeng invested more than \$ 157,605 USD (cash and materials) in charity programs worldwide, with **62** volunteer teams totaling more than **1,000** people participating in activities.

2024 Highlights

In 2024, Yanfeng achieved numerous milestones and accomplishments related to environmental, social, and governance issues.



Double Materiality Matrix



# Material Topics

In 2023, Yanfeng conducted a Double Materiality Analysis to identify the most significant sustainability topics for our business. This initiative was undertaken in preparation for the upcoming European Corporate Sustainability Reporting Directive (CSRD). In 2024, we continue to take actions on the seven material topics identified through this process. To explore material topics such as Climate Change, Resource Use and Circular Economy, Environmental Pollution, Adequate Working Conditions for Our Workforce, Management of Supplier Relationships, Corporate Culture and Business Conduct Policies, and Health and Safety of Our Workforce in more detail, please refer to our ESG report 2024.

Within our assessment we focused on the following two dimensions:

- What is the potential negative or positive impact Yanfeng has in the areas of Environment and Social (Inside-Out Perspective / Impact Materiality)
- What is the potential negative or positive impact of Environment and Social to Yanfeng (Outside-In Perspective / Financial Materiality)

The methodology that we used to prioritize our Impact and Financial Materiality included context reviews (e.g., media and document analysis) in addition to various benchmark reviews (competitor and customer benchmarks). We also involved internal and external key stakeholders by conducting expert interviews and an online survey. Stakeholders we engaged represented customers, suppliers, business partners, science and trade association representatives, consultants, employees, and employee representatives.

The final prioritized seven material topics are used as the basis.





# E

## Environmental



# Climate Change



We are fully committed to sustainability and ensure that our business operations respect and support environmental protection. This dedication affects every part of our work, from product design and material selection to manufacturing processes, energy and resources conservation, to the control measures over waste and pollution.

We aim to achieve net-zero emissions through various strategies, such as carbon management, green manufacturing, renewable energy, and climate risk management.

## 2024 Key Achievements

- In 2024 Yanfeng Interiors reaffirms its global commitment to climate protection and receives the CDP Climate Change A- rating for the fourth time. Yanfeng Seating disclosed for the first-time information in the CDP Climate Change 2024 and has been awarded with B rating.
- In addition to its outstanding environmental sustainability performance, Yanfeng Interiors disclosed the information in the CDP Water Security 2024 disclosure which received a B score, and for the first-time, CDP Forests 2024 disclosure with received a B - score.
- Yanfeng Interiors has successfully completed the CDP Supplier Engagement Assessment (SEA) for the 2024 disclosure cycle, achieving an A– rating. The SEA assesses companies on their performance on governance, targets, Scope 3 emissions, and value chain engagement in the CDP climate change questionnaire.
- For wholly owned businesses and results in 2024 Yanfeng received a Silver medal from EcoVadis, a globally recognized provider of trusted business sustainability ratings. This places Yanfeng among the top 15% of companies evaluated worldwide. Yanfeng increased the overall score to 74/100. With this score is Yanfeng in the top 2% of total companies rated by EcoVadis in the Manufacture of parts and accessories for motor vehicles industry.



Our Roadmap to Net-Zero Emission

The latest climate science sends a clear warning that we must dramatically curb temperature rise to avoid the immense impacts of climate change. Science also shows that companies must act quickly and reduce their Green-House Gas (GHG) emissions as the main influencing factor to prevent climate change’s worst effects. To support this goal, in 2019 Yanfeng launched its carbon reduction strategy with a target of achieving net-zero emissions by 2030 for Scopes 1, 2, and for Scope 3 upstream by 2050. In 2023, we committed to the SBTi decarbonization targets of a 50% reduction from 2019 levels in Scope 1 and 2 by 2030; and a 27.5% reduction in Scope 3 for our interiors business.

We improved our scores in EcoVadis on every theme evaluated such as in Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. The overall score has increased with the implementation of additional measures and the publication of additional sustainability reporting. It reflects the quality of our company’s sustainability management and demonstrates a commitment to sustainability and promoting transparency throughout the value chain. We also improved our company’s policies.

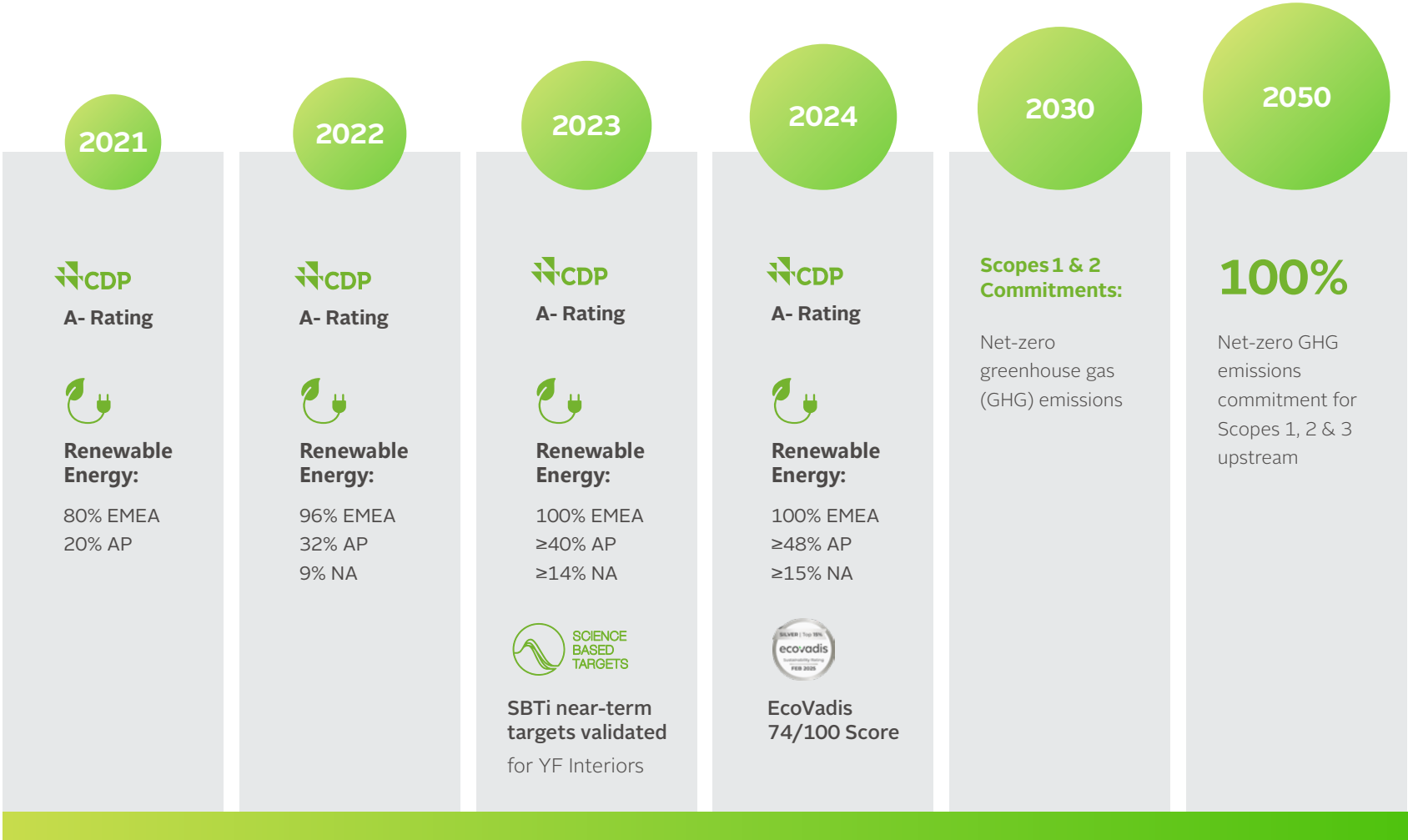
Via EcoVadis Carbon Scorecard Yanfeng achieved a leader level recognized for best-in-class GHG management system and strong decarbonization ambition with approved science-based targets.



**4<sup>th</sup>**  
consecutive A Minus score by CDP  
(Climate Change)



EcoVadis Silver medal



Carbon reduction strategy launched in 2019.



### Carbon Management

- Promote Carbon Emissions Tracking System (CETS)
- Enhancement of Data Quality and Governance



### Climate & Nature

- Climate Risk and Management



### Green Manufacturing

- Pollution and Waste
- Opportunities in Clean Technologies



### Renewable Energy

- Self-Built Roof Solar
- Energy Storage
- Use Green Electricity

Key Focus Areas to Support Our Net-Zero Emissions Strategy

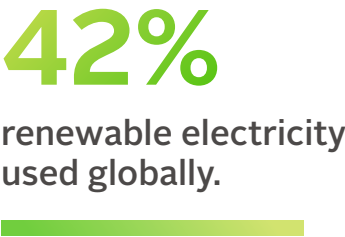
## Net-Zero Emissions Strategy

We have laid out a multi-dimensional strategy to reach net-zero emissions, incorporating various methods such as carbon management, green manufacturing, renewable energy utilization, and climate risk mitigation. Our commitment to sustainability drives us to implement rigorous carbon management protocols, focusing on quantifying, minimizing, and neutralizing our carbon footprint via process enhancements and innovative solutions.

Central to this effort is the integration of green manufacturing practices, which entail optimizing resource efficiency, minimizing waste, and prioritizing eco-friendly materials in our production processes. This transformation reduces environmental harm and enhances energy efficiency by embracing cleaner manufacturing techniques and equipment compliant with the highest sustainability standards. Transitioning to renewable energy sources plays a pivotal role in our net-zero pursuit. We are actively shifting our energy portfolio toward solar, wind, hydroelectric, and other renewable energies, thereby lessening dependence on fossil fuels and curbing greenhouse gas emissions from energy generation.

Climate risk management is integral to our strategy, as we identify and address potential threats to our operations, supply chains, and infrastructure due to climate change. This involves proactively adapting and fortifying our systems against climatic extremes, diversifying sourcing strategies, and engaging in partnerships supportive of low-carbon economies.

Our comprehensive approach to reaching net-zero emissions demonstrates our enduring commitment to global climate goals and a sustainable future while ensuring economic resilience and corporate social responsibility.





## Carbon Management

In 2022, we launched Yanfeng’s Carbon Emissions Tracking System (CETS), which aims to monitor the impact of the actions defined and track the progress of our activities related to sustainability. This approach ensures a consistent and uniform data-collecting process that can be used for both internal monitoring and as a basis for external reporting to organizations such as the Carbon Disclosure Project (CDP). The CETS covers all scopes defined by the GHG project and tracks science-based targets, further emphasizing our commitment to reducing carbon emissions. Additionally, the system is in compliance with third-party audit requirements, providing transparency and accountability for our sustainability efforts.

In 2024, the CETS was connected to 131 Yanfeng wholly owned sites around the world. The system links to the carbon emissions factor database that Yanfeng has integrated with the 3,100+ applicable factors out of the 40,000+ global authoritative factors. Through data accumulation, it forms the unique Yanfeng carbon emissions factors as

well as collecting data on major raw materials, accessories, and energy sources, which can improve accuracy in the tracing of **Corporate Carbon Footprints (CCF)**.

The CETS provides efficient data support for us to establish a sustainable value chain, promote the whole life cycle emission reduction of upstream and downstream enterprises in the supply chain, and realize cost reduction, efficiency enhancement and scientific emission reduction.

We have been calculating our CCF, including Scope 1, Scope 2, and Scope 3 upstream emissions, yearly on a global scale since 2020. The applied accounting standard for the carbon footprint was the GHG Protocol Corporate Accounting and Reporting Standard. To contribute to the transition to a net-zero emissions economy, we aim to reduce our emissions in line with climate science.

131  
plants around the world are connected  
to CETS in 2024



## Yanfeng Corporate Carbon Footprint (CCF) for Scopes 1 & 2

The chart below shows the global Scope 1 and Scope 2 CO<sub>2</sub> emissions for Yanfeng (Seating, Safety, and Interiors business) for the calendar year 2024. Analyzing our data in-house provides us the opportunity to exactly define those factors and pain points that need to be improved in the short and medium term to realize our path towards net-zero emissions.

| calendar year 2024                           |                     | 27.5.2025 |                |         |             |
|----------------------------------------------|---------------------|-----------|----------------|---------|-------------|
| Scope According to GHG-Protocol              | Unit                | Interiors | Safety Systems | Seating | Grand Total |
| Scope 1                                      | t CO <sub>2</sub> e | 38,761    | 496            | 8,684   | 47,941      |
| 1.1 Stationary Combustion                    | t CO <sub>2</sub> e | 27,098    | 66             | 4,423   | 31,587      |
| 1.2 Mobile Combustion                        | t CO <sub>2</sub> e | 5,360     | 58             | 189     | 5,607       |
| 1.3 Process Emissions                        | t CO <sub>2</sub> e | 174       | 11             | 3,849   | 4,034       |
| 1.4 HFC and PFC Emissions from Refrigeration | t CO <sub>2</sub> e | 6,129     | 361            | 222     | 6,712       |
| Scope 2                                      | t CO <sub>2</sub> e | 182,560   | 3,183          | 54,429  | 240,172     |
| 2.1 Purchased Electricity*                   | t CO <sub>2</sub> e | 173,755   | 3,183          | 50,546  | 227,484     |
| 2.2 Purchased Steam and Heat                 | t CO <sub>2</sub> e | 8,805     | 0              | 3,883   | 12,688      |
| Grand Total Scope 1 + Scope 2                | t CO <sub>2</sub> e | 221,321   | 3,679          | 63,113  | 288,113     |
|                                              | %                   | 77        | 1              | 22      | 100         |

\* Market-based | HFC = Hydrofluorocarbon | PFC = Perfluorocarbon

Yanfeng Corporate Carbon Footprint (CCF) for Scopes 1 & 2 cy2024

As part of our commitment to sustainability and transparent environmental reporting, we engaged TÜV Rheinland independent external audit firm to conduct assurance and to provide **Limited Assurance** on our **Corporate Carbon Footprint (CCF) for the 2024 reporting period**. The external audit focused on verifying the accuracy and reliability of the reported carbon emissions data, as well as the methodologies employed in the calculation of our carbon footprint. The assurance is conducted based on the International Standards on Assurance Engagements ISAE 3000 (Revised) and **ISAE 3410**. **ISAE 3410** specifically addresses the verification of GHG emissions, while ISAE 3000 (Revised) provides a broader framework for non-financial assurance. Following the completion of the assurance process, the external auditor issued a limited assurance report, affirming that, in all material respects, the reported carbon emissions are accurately presented in accordance with the applicable standards, enhancing the credibility of our environmental disclosures.

288,113 t CO<sub>2</sub>e

corporate carbon footprint Scopes 1 & 2

## Product Carbon Footprint (PCF)

Beside calculating the CCF in-house with our CETS tool, we also focus on calculating and optimizing the Product Carbon Footprint (PCF). The product PCF is determined mainly through product design and covers the complete product life cycle. To measure the improvements, we used tools that meet industry standards and are accepted by our customers.

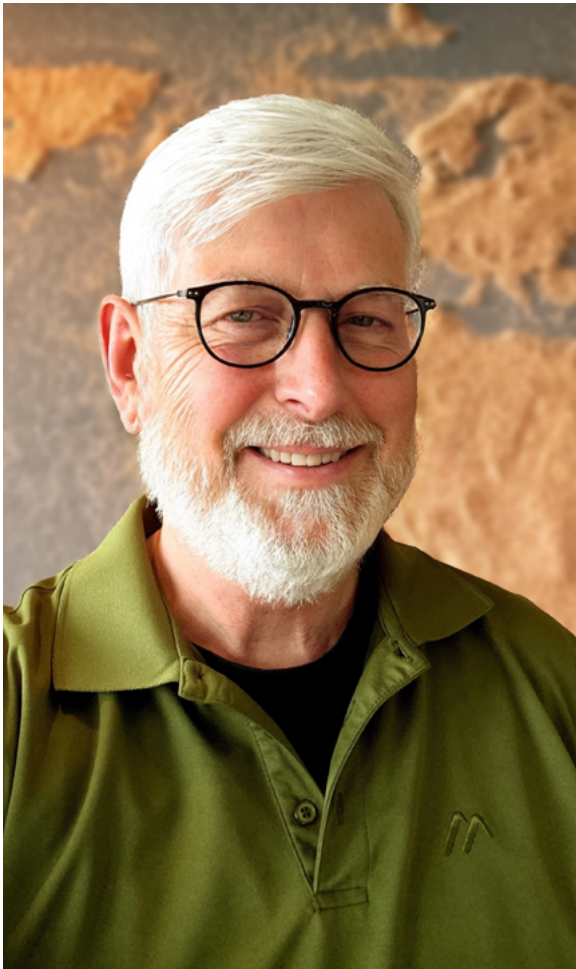
The main tool used for PCF calculation is iPoint (using secondary and also primary data from the supply chain). This system is capable of creating highly professional reports, comparing different product concepts, and assessing not only carbon footprint (related to ISO 14067, IPCC-GWP 100y, and others) but other environmental impacts of Yanfeng's products (e.g. evaluating changes in soil/nature by acidification, eutrophication factors, and others).



Thomas Beer

Director of Quality, Member of  
Yanfeng Sustainability Council

**Thomas Beer, Director of Quality, contributes significantly to the company’s sustainability initiatives by supporting the core sustainability team with his extensive experience and strong network within the organization. With over 22 years of dedicated service at the company, he brings deep institutional knowledge, proven adaptability, and a sustained commitment to continuous improvement. Drawing on his background in the Continuous Improvement Department at Yanfeng, Thomas leads the Company Carbon Footprint data collection project and drives improvements in data quality and verification processes. His responsibilities include overseeing external audit data verification and contributing to the Carbon Disclosure Project, with a primary focus on climate-related risks and opportunities. In addition, Thomas played a key role in the initial data collection aligned with GRI standards and supported the successful Science Based Targets initiative (SBTi) verification process.**



**Thomas, what motivated your shift from continuous improvement and quality to sustainability? You were involved from beginning into Company Carbon Footprint data collection, what challenges did you face during that process?**

The motivation was always the same: continuous improvement! My focus has changed from manufacturing processes to environment. Because my belief is that the environment and with this the impact of climate change needs our focus.

The goal of data collection is to have precise information related to Yanfeng Carbon Footprint. The basis for this is standardization. Yanfeng is a global company with far more than a hundred plants. To generate a Company Carbon Footprint (CCF) we must do globally everywhere the same. Data collection itself is an additional workload for all employees involved. Therefore, our goal is to use as much as possible data from existing sources and automate data handling for sustainability. A good example for this is the globally used EHSIS systems from EHS from where data are automated transferred into Carbon Emission Tracking System (CETS) for Scope 3.5 Waste Management. Where manual data collecting is needed, we have tried to design this process as precise but also as easy as possible for our employees.

**How do you approach leading the CCF data collection project, and what strategies do you use to ensure successful collaboration across the three regions?**

Successful global collaboration needs mainly two things: 1. A joint understanding 2. Clear role definitions. I believe both items are addressed well. But we also need to understand, that all involved functions are having sustainability as “second role” besides their main function. Therefore, the joint understanding of our goal, striving for a better future, is helping everybody to fulfill both roles. Besides this, it is a global project as many others our company is working on.

**What are the challenges and opportunities for a company undergoing CCF external audit verification?**

The verification process is always a big effort for both the auditor and auditee as well. The auditor does not only review the result of a CCF but also needs to understand how the data has been processed and calculated. Especially this needs preparation. But I see more opportunities of this process: a CCF verification helps us to improve our processes. With every finding identified and the implementation of a corrective action we are bringing our process to the next level. I understand the auditor as a partner for improvement.

Energy

Renewable energy sources such as solar, wind, and hydropower can reduce the carbon footprint, save money on energy costs, and promote a sustainable future. Committed to contributing to a more sustainable future, Yanfeng has established a comprehensive energy strategy for decarbonizing via three key methods:

- Green energy purchasing
- Rooftop solar projects
- Carbon offset

These methods allow Yanfeng to generate its own clean, renewable energy, reduce reliance on fossil fuels, and lower carbon emissions. By investing in renewable energy, Yanfeng is leading the way to achieve net-zero emissions and balance out its carbon footprint and inspire the industry value chain to follow suit.

As of 2024, 42% of our production plants globally use renewable energy. The use of green energy increased from 33% in 2022 to 42% in 2024, with 4.2% generated from solar power. As a significant initiative, 277,500 sqm of solar panels were installed through the end of 2024 in 26 Yanfeng facilities (Seating, Safety, and Interiors). Our goal is to raise the proportion of solar power to 5% by 2025.

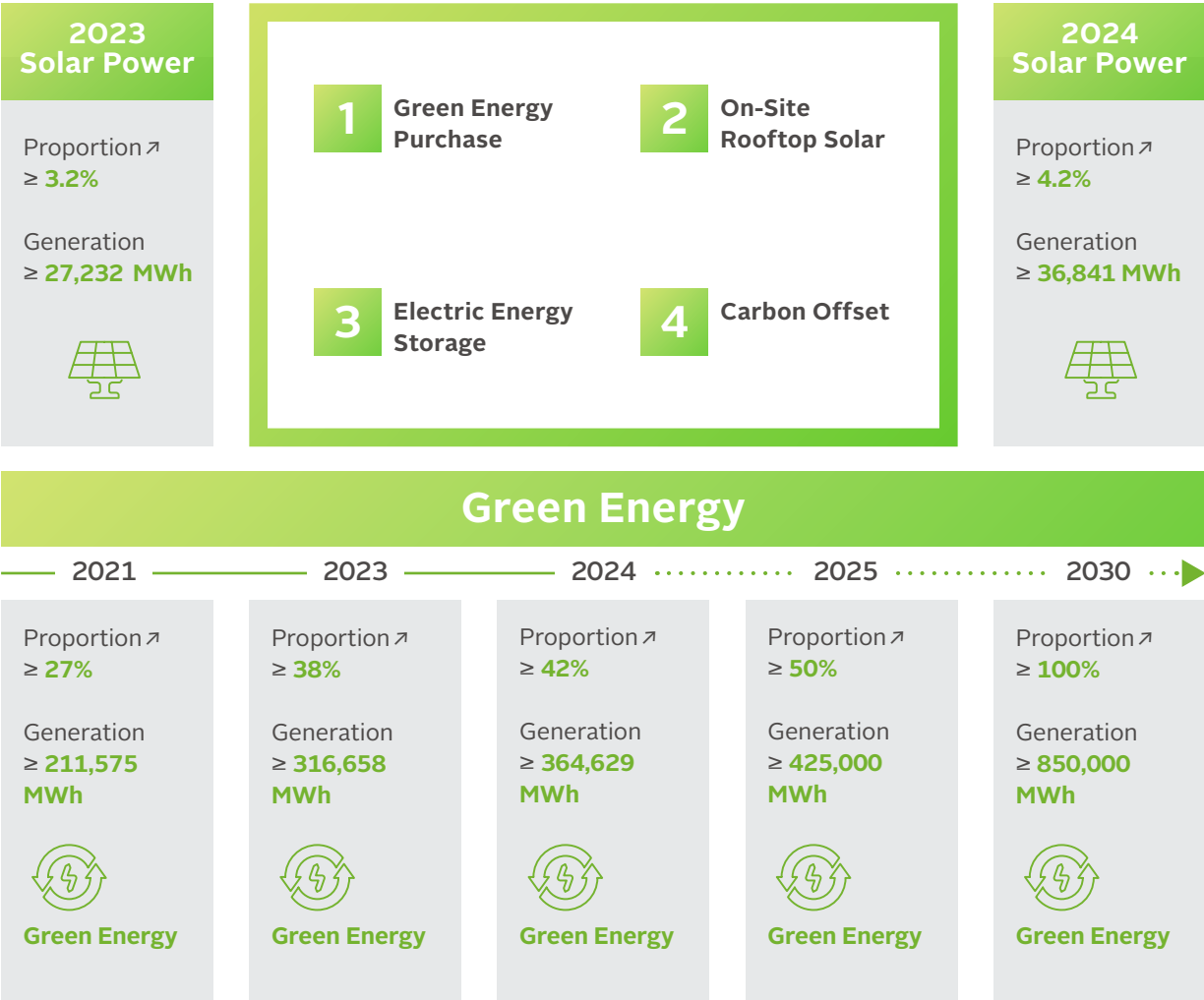
38

soccer field’s worth of solar panels have been installed

\*Assuming one field is about 7,140 sqm.



Roadmap to Renewable Energy





# The best sustainability practices in our plants

## Yanfeng Interiors Queretaro Plant (Mexico)

The Yanfeng Interiors Queretaro Plant is located a dynamic industrial hub in central Mexico.

The plant is strategically positioned to support the production of high-quality automotive interior components.

At the Yanfeng Interiors Queretaro Plant, sustainability is at the core of our operations. From energy efficiency initiatives and waste management to the use of recycled materials, we continuously strive to reduce our environmental impact. Our team is focused on implementing best practices that support energy reduction, waste management, and water conservation.

Here's how we're making a difference:

One of our core initiatives is the use of re-grind plastic materials in our production process. We have established a central area dedicated to the re-processing and conditioning of running and scrap parts. By incorporating recycled plastic into our manufacturing operations we reduce amount of virgin raw materials, which helps to minimize plastic waste and contributes circular economy.

Energy consumption is a significant focus of our sustainability efforts. We have implemented a series of activities aimed at reducing our electricity usage. By identifying and addressing energy hunt air leakages in our systems we significantly reduced the amount of wasted energy. Additionally we minimized energy consumption with optimizing the start-up sequence of our of Injection Molding Machines (IMM)

during peak times which ensure that energy is used efficiently across all stages of production. To improve energy efficiency across the plant, we also replaced T5/T8 bulbs with LED lighting in both our offices and manufacturing floors. Our approach to reducing energy consumption extends to our HVAC systems where we implemented air cooling circulation with fans, air extraction, and louvers to reduce reliance on air conditioning and heating systems. To offset our electricity demand, we purchase I-REC certificates, which ensure that the electricity we use is sourced from renewable energy projects. This initiative supports global sustainability efforts and demonstrates our commitment to reducing our carbon footprint.

Sustainability also extends to how we manage natural resources. As part of our efforts to minimize water usage, we've implemented a rainwater harvesting system to water our gardens.

Looking ahead, we are excited to announce that a solar panel installation plan is in place.

We believe that people are the heart of our success, and the Queretaro plant is dedicated to fostering a safe, inclusive, and supportive work environment.

As part of our ongoing efforts to foster a diverse and equitable workforce, we have proudly earned a prestigious government certification recognizing our commitment to Gender Equity. This certification underscores our dedication to closing the gender gap and

ensuring that all employees, regardless of gender, have equal opportunities to thrive within the company.

Diversity is not just about gender but it is also about creating opportunities for people of all backgrounds and abilities. We are incredibly proud to share that plant employs 8 employees with disabilities who are integral to our team and bring unique contributions to our work environment.

A respectful workplace is fundamental to our success and therefore we implemented a No Harassment Policy in Queretaro plant, ensuring that every employee is treated with dignity and respect.

We are proud of employee satisfaction and results of Work Environment Survey which demonstrate that Queretaro plant is considered a Great Place to Work by our employees.

We remain dedicated to continuously improving our practices and ensuring that our workplace is one where everyone are able to thrive here.





Yanfeng Seating Lingang Plant (China)

In today's world, sustainable development has become a core strategy for corporate survival and growth. Yanfeng Seating Lingang Plant (shortly Lingang Plant) has actively responded to this call by extending its focus beyond economic benefits to promote green production and fulfill social responsibilities. Since its establishment, the plant has invested significant resources in advancing sustainable development.

At the equipment level, the Lingang Plant has conducted in-depth analyses of supply-demand relationships between production equipment and energy systems, identifying varying energy requirements under different operational conditions. Through technician-driven innovation projects such as frequency conversion upgrades for wet dust removal equipment and synchronized production line control systems, the plant has achieved dynamic energy conservation while meeting operational demands. Over the past two years, Lingang Plant has implemented optimization solutions for three high-power energy-intensive devices and identified multiple potential sustainability improvements. These continuous improvement initiatives have yielded monthly electricity savings of 45,512 kWh in metal component units, translating also into annual cost savings. The assembly unit, despite lacking high-energy equipment, has accumulated yearly significant savings through

incremental efficiency gains. These achievements earned the plant the 2022 Energy Conservation Pioneer Award (Third Class) and the 2023 Technical Innovation Prize for Energy Management of High-Consumption Equipment (Third Class).

Sustainability requires intelligent and digital solutions, Lingang Plant has implemented IIoT-based (Industrial Internet of Things) energy monitoring systems and digital twin platforms in recent years. IIoT is a set of IoT (Internet of Things) systems built by the company, which is linked with field devices and collects data through PLC (Programmable Logic Controllers). These smart technologies enable dynamic sustainability identification while advancing intelligent manufacturing. In this era of prevalent AI (Artificial Intelligence), Lingang Plant is committed to staying at the forefront of technological progress. Our next-phase objective involves leveraging AI to more efficiently analyze all potential avenues for sustainable development. Over recent years, we've found a balance between sustainable development and operational efficiency through optimized production processes and reduced energy consumption. However, this represents merely the beginning – sustainable development requires continuous innovation and full participation across all organizational levels.





Xiao Jun

General manager at  
Yanfeng Seating Lingang Plant



How are employees engaged in sustainability efforts?

With the commitment of building a green plant, employees play a crucial role in promoting sustainable development. We emphasize full participation; the plant promotes employees' recognition of sustainable development through various types of training and publicity. At the same time, we organize various cultural activities to help all employees practice the concept of sustainable development. Specifically:

- Green Office Work: Whether in the workshop or the office, we promote paperless office work and use digital dashboards to replace traditional handwritten reports.

- Resource Reutilization: The plant has carries out meticulous garbage classification to help with resource recycling.
- External Activities: We regularly perform environmental protection activities with the local community and government. We support the government with the promotion of garbage classification and assist the community in cleaning up beach garbage.
- Internal Activities: The plant organizes themed activities related to "World Earth Day" and "World Environment Day" every year.

Additionally, we pay attention to the connection between plant operations and sustainable development. At all levels, we will carry out the following activities respectively:

- We encourage front-line employees to put forward suggestions related to sustainable development and explore the possibility of reusing scraps and waste materials generated during the production process. With front-line work teams, led by key employees, daily operation energy-saving work is carried out. The teams discuss how to reduce the energy consumption of equipment.
- With the engineering team, we have dedicated engineers responsible for energy management. Through Yanfeng's carbon emission tracking system, product carbon footprint and plant carbon footprint can be tracked, focusing on logistics and manufacturing to develop an annual green plant roadmap and continuously improve plant performance.

What sustainability goals is the plant working toward in the next 3–5 years?

Yanfeng Group has set an ambitious goal regarding sustainability.

During this process, the Lingang Plant aims to become a benchmark within the company, leading the company's exploration and application in the field of sustainable development.

We plan to build a zero-carbon plant and achieve 100% use of renewable energy electricity within 3 years. In terms of carbon neutrality, we will complete the emission reduction plan and achieve 100% offset of the remaining emissions.

Additionally, we plan to build a green plant. Within 5 years, we will make raw materials harmless, production processes cleaner, waste resources recyclable, and energy use low-carbon, meeting the standards for environmental protection given by the Ministry of Industry and Information Technology of the Chinese government in "GB/T36132-2018".

What support or investment would help further these goals?

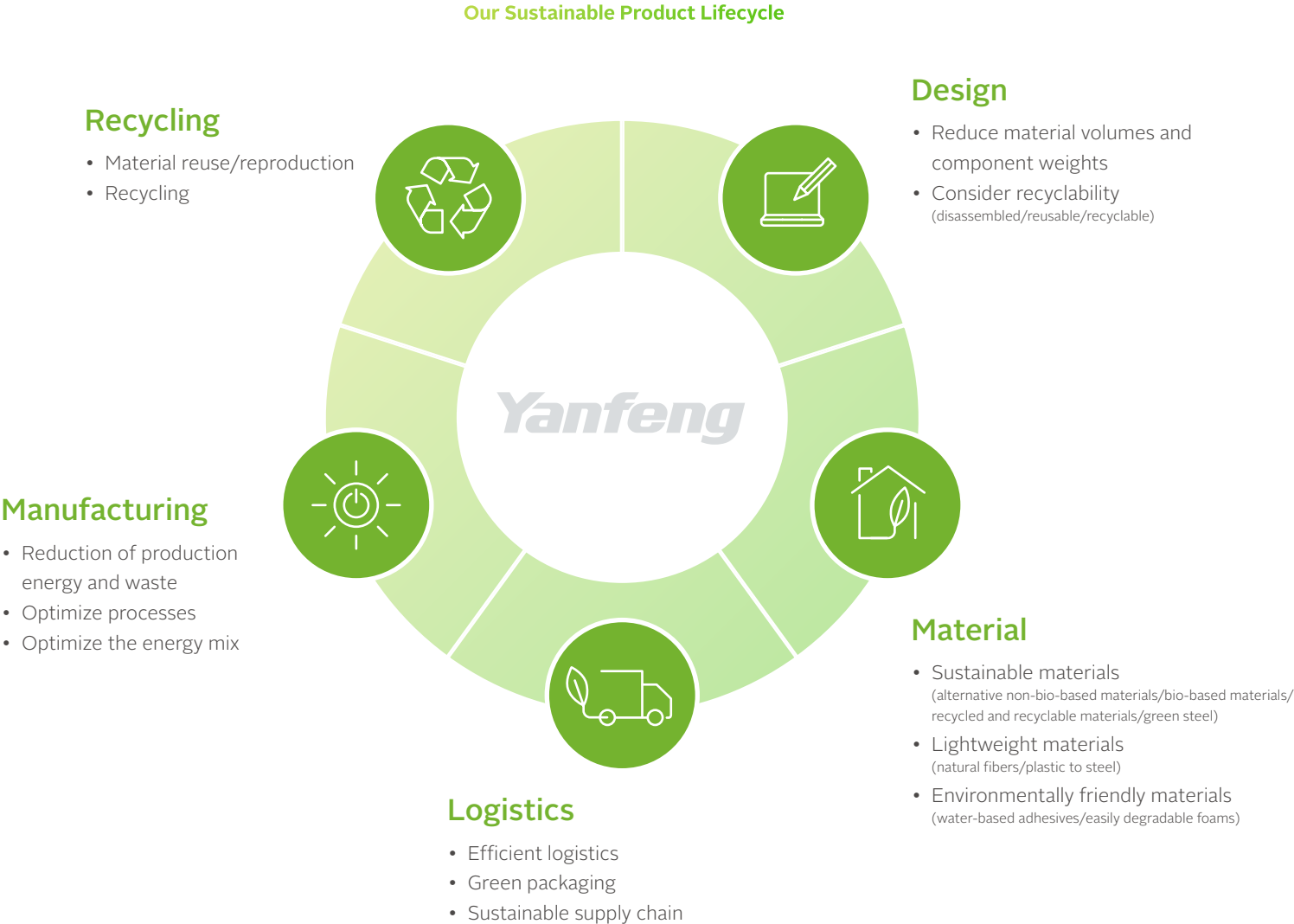
- To achieve the grand goal of sustainable development set by the Lingang plant, we will take a number of measures at both the hardware and software levels. In terms of hardware, we have invested more than 4 million RMB (approximately \$600,000 USD):
- Solar panel project: Approximately 40,000 square meters of solar panels were installed on the rooftops of the workshop buildings, increasing the utilization rate of clean energy by more than 30%.

- Small-scale wind power generation project: We have installed more than 20 small-scale wind power generation devices within the plant area, and the electricity generated will be used for plant lighting.
- Rainwater harvesting project: By renovating the circulating water system within the plant area, we actively collect rainwater to meet some of the water demand of the plant area.
- First-level energy consumption air compressor station: Upgrading the existing air compressor system to optimize the energy consumption of the plant's air compressor station, making it meet the requirements of first-level energy consumption in China's national standards.
- Energy management system: Through the smart electricity meters installed on various devices, the system collects energy data in real time, conducts energy monitoring, and detects energy waste.

In terms of software, we emphasize leadership by a professional team and full participation of all employees:

- Organizationally, we have formulated the development roadmap of Lingang Sustainable Plant 2030. The plant has established a cross-departmental Sustainable Development team. Full-time energy engineers provide professional knowledge guidance and lead the team to continuously improve the "green" level of the plant in dimensions such as production manufacturing, logistics transportation, and process design.
- In terms of system management, we comply with the requirements of systems such as ISO 50001 and ISO 14001. Through the Plant Sustainable Development Calendar, we orderly carry out various cultural activities to guide the team to jointly contribute to sustainable development.

# Resource Use & Circular Economy



To minimize our products' carbon footprint as well as respect the limits of the planet, we are committed to a sustainable product lifecycle. This includes a sustainable product design, the development of lightweight or eco-friendly materials and the use of recycled materials, optimization of logistics and manufacturing processes, and responsible end-of-life disposal. At Yanfeng, we have various approaches to support the goal of mitigating the impact of climate change and optimizing resource use.

### Design for Sustainability

Yanfeng has included sustainability considerations in its development process to systematically evaluate and improve the sustainability of our products and processes from the initial planning stages to final production. Design for

Sustainability starts at the beginning of the product life cycle.

Our Design for Sustainability (DFS) Work Instruction in place ensures that sustainability is considered throughout the entire product design and development process.

- Advanced study phase
- Program development phase
- Serial production phase.

By following this process, we can ensure that sustainability considerations are incorporated into every aspect of our product development, helping us meet the expectations of stakeholders and contribute to a more sustainable future.





5

in-house mechanically recycled plastics were approved and applied in 2024



Our in-house materials development capabilities

In-House Materials Development

We have built strong in-house capability in material research and development. The Non-Metal Materials Institute (NMI) focuses on material formulation technology for innovative and sustainable materials, which includes the features of the materials and their corresponding application in our projects. In 2024, the NMI developed a series of eight new mechanically recycled plastic grades with different recycling ratios, of which five recycled grades have already been applied in Yanfeng customer's projects. The plant fiber-reinforced

polypropylene bio-based materials are developed and in applications of projects for two of our customers. In addition, we are also developing seven new mechanically recycled plastic grades for another of our customers. Also, recycled carbon fiber-modified materials that can be injection molded and recycled carbon fiber sheet materials suitable for compression molding processes, developed in 2023, are in validation in some of the components for replacing the steel.

- Natural fiber-reinforced
- Recycled PC/ABS materials
- Recycled PP materials
- Recycled Carbon Fiber

These in-house materials not only lead to product carbon reduction but also offer features, such as good mechanical properties and natural visibility that meet design needs and can be fully integrated with our innovative solutions.

## Materials Circularity & Recycling

Resources are finite and there is a growing demand for recycling solutions in an attempt to reduce waste and increase the reuse of resources. Recyclability is a big step in the right direction, and forming collaborations in the automotive supply chain is the key to success. To this end, we have established a wide range of recycling projects with our customers, suppliers, and other organizations in all three regions.

The use of recycled materials plays an important role in Yanfeng's circularity approach. Global purchases of recycled plastic resins in 2024 increased versus the previous year 2023 to 1,97 million kilograms.

To better promote the use of secondary materials, we cooperate and exchange with upstream suppliers, and understand the various aspects of waste materials from source, modification to performance control, and strive to ensure that the secondary materials are reliable in source, stable in supply, and meet the standards of performance with less fluctuation. We work closely with downstream OEMs to explore and expand the use of secondary materials in cockpit parts.

In Europe, which is at the forefront of environmental protection and circular economy in the world, the regulations are of directional significance. For this reason, we pay close attention to the dynamics of relevant regulations in Europe and take this as input to determine the direction of forward-looking

research. In 2023, the European Union launched a new End of Life Vehicle (ELV) proposal. This proposal plans to put forward higher and more specific requirements on the management of end-of-life vehicles and recyclability in automobile design, especially the content of waste plastics from ELV vehicles in recycled materials. In this regard, we are actively working upstream and downstream to study how to better recycle secondary materials such as PC, ABS, PC/ABS, PC/PET/PBT, PMMA, and others from ELV vehicles, and are seeking opportunities for physical and chemical recycling through cooperation with external partners.

Physical recycling involves breaking down a product or material into its component parts and utilizing them to make a new product or material. This process is typically used for materials such as glass, metal, and paper, but can also be used for plastics. Chemical recycling, on the other hand, utilizes a chemical process to break down a material into its basic building blocks, which can then be used to make new materials. This method is typically used for plastics, where physical recycling is challenging due to the complex chemical makeup of plastics.

For Yanfeng, considering both physical and chemical recycling throughout the life cycle of a vehicle helps to more effectively achieve our sustainability goals and promote a circular economy.

| Region/Procurement of Recycled Resin in kg | 2022      | 2023      | 2024      |
|--------------------------------------------|-----------|-----------|-----------|
| Europe, Middle East, Africa                | 2,755,732 | 3,171,545 | 3,199,476 |
| North America                              | 2,838,485 | 2,673,742 | 3,876,138 |
| Asia-Pacific                               | 0         | 544,700   | 1,287,750 |
| Total                                      | 5,594,217 | 6,389,987 | 8,363,364 |



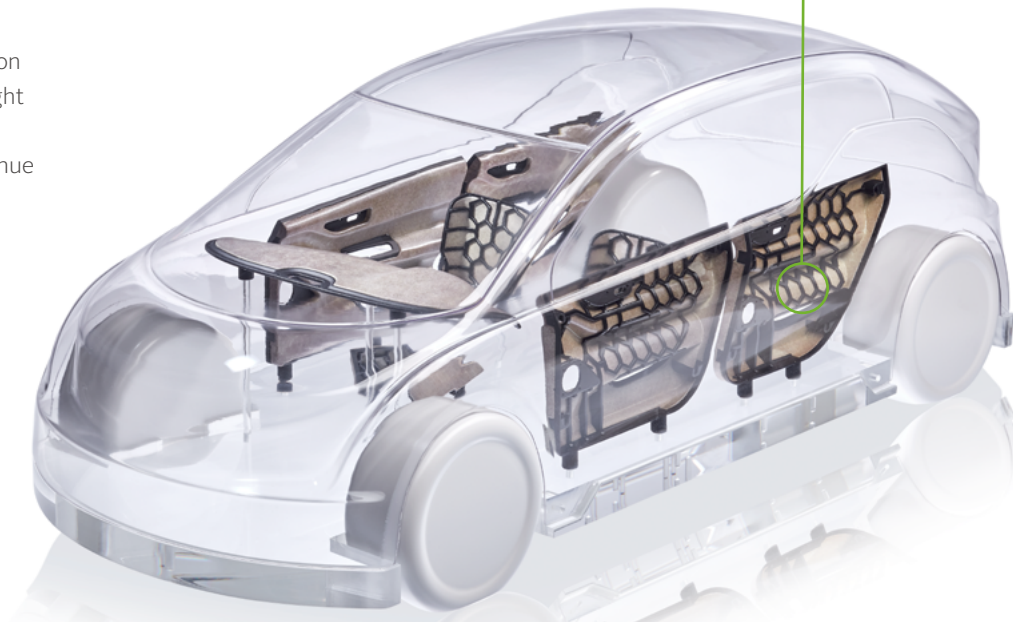
31%

increase in the procurement of recycled resin vs. 2023



# Our Product Solutions for the Future

Renewable materials have a positive impact on a product's carbon footprint and can fulfill the need for rigidity while providing a weight advantage (lighter) over standard plastic products. Interior components made from renewable natural fibers continue to play an important role within our product portfolio.



## CHyM applications within interiors

The Compression Hybrid Molded (CHyM) material, a great example as low carbon footprint material, is composed of 50% bast fibers and 50% polypropylene (PP) and is used in more than 14 million interior products globally. We also validated the use of recycled PP fibers to decrease the product's carbon footprint even further.

For the first time, bamboo elements were implemented into the interior design of automobiles in all aspects, together with the appropriate definition of color and material, highlighting the new Chinese aesthetics. The door panels use bamboo wood decorations as trim panels, and a variety of bamboo fiber composite materials in the door panel upper, armrests, map pockets, and door panel frame, enhancing the quality of the cabin while conveying the concept of sustainability.

Incorporating traditional natural elements into automobile interiors, express the unique flavor and charm of Chinese culture. The advantages of bamboo wood trim are abundant bamboo resources, a fast growth cycle, and a stable supply of raw materials. Bamboo veneer can show a unique bamboo fiber texture, which is significantly different from wood veneer and technological wood texture.

By adding bamboo fiber to different materials in different ratios such as 5% - 50% and mixing them, it can reduce weight by up to 17% and carbon emissions by 30%. It enhances the texture of the product while naturally achieving anti-bacterial and reducing odor.

# 30%

carbon emissions  
reduced

# 17%

weight reduced by adding  
bamboo fiber

## The BASSI Bamboo Element Door Panel





## ClickRim modular steering wheel



We continuously seek opportunities for the application of sustainable concepts in product innovation. One great example is our ClickRim steering wheel concept. Usually, a foam coating is applied to the metal skeleton of the steering wheel, followed by bonding a heating mat and finally the wrapping of the surface material. The ClickRim modular steering wheel concept involves the development of individual segments or half shells that are clipped onto the steering wheel rim and connected. Recycling and maintenance of steering wheels has previously been somewhat complex. Thanks to the modular design of the new steering wheel, the individual components can be disassembled easily and returned to the material cycle.

Yanfeng also developed a new Polyurethane (PUR) material by matching the properties of plastic materials and combining it with structural optimization to replace the Plastic Seat Back panel. Conventional PUR material has always been used as foam in seats for a long time, but the old formula was too soft to replace plastic parts. In 2024 we innovated the material and applied it to Seat Back panel parts in order to achieve the goal of weight reduction. This approach has successfully reduced the Back panel product weight by over 50% while meeting the performance requirements.

## Back Seat panel with new PUR material

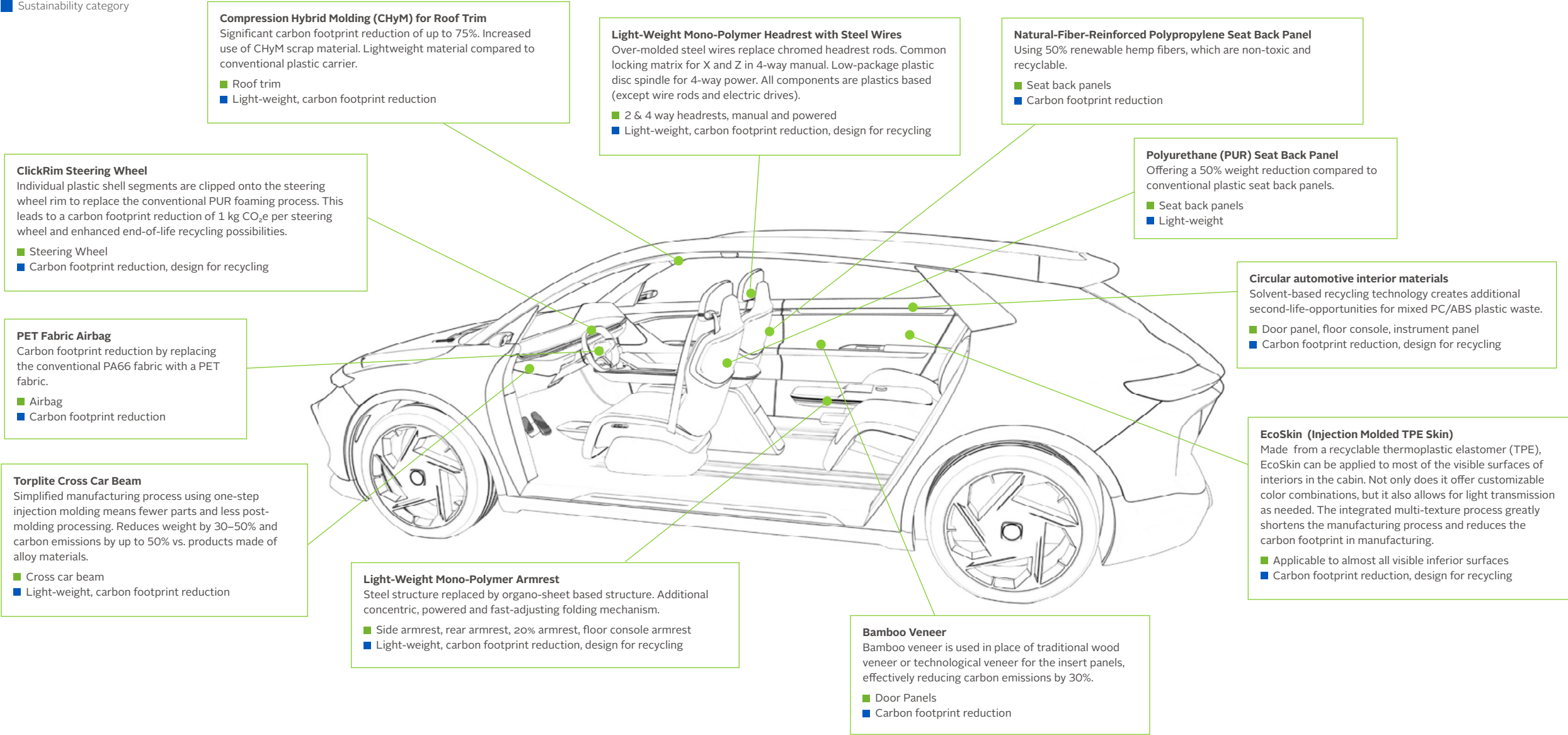
# 50%

weight reduced for the back seat panel by using the new polyurethane



## Sustainable Product Solutions

- Application
- Sustainability category







## Logistics & Transportation

Digital transformation has always played an important role in our logistics and transportation.

By promoting the comprehensive digital transformation of Yanfeng's logistics operation, we can realize the full penetration and efficient integration of data, accurately identify risks and opportunities in multiple scenarios, solve logistics business problems, and lead logistics transportation and packaging solutions to a more efficient, smarter, and greener direction.



Intelligent path planning to achieve green mileage optimization

Based on geographic location information of Yanfeng plants and data analysis software, the logistics team built an intelligent path planning model, multi-objective optimization was achieved through dynamic planning, the transportation route mileage was successfully shortened, and ineffective mileage was significantly reduced. Combined with Yanfeng logistics big data, an adaptive route selection mechanism has been established, highly improving the efficiency of route change, reducing the inefficient utilization of logistics vehicles and tools due to emergencies, and achieving CO<sub>2</sub> emission reduction standards.

Reconstructing the transportation topology of the cyclic pickup network

Innovative implementation of the multi-point circular pickup (Milk-run) model has been executed worldwide and pickup hub nodes in different regions of the world have been constructed with the formation of a honeycomb logistics network, logistics team was able to improve vehicle turnover rate, increasing the daily pick-up points per vehicle, so that the cost of transport per unit of cargo volume is reduced. Through the multimodal transport connection scheme, the transportation cost is reduced, the carbon emission of ineffective mileage is reduced, and the dynamic loading optimization system was developed to make the vehicle volume utilization rate reach the industry-leading level, reduce the waste of resources, and further optimize the transportation cost.

Packaging asset management revolutionary upgrade

To optimize the packaging management of interior decoration and seats in China area, modular packing boxes have been developed, increasing the volume ratio of single boxes. ZATAG UHF RFID electronic tag system is applied to achieve real-time tracking of packaging assets, reduce the idle rate of packaging, and reduce one-time packaging material procurement costs. At the same time, the packaging information-sharing platform is established to improve the recycling rate.

Digital scheduling system efficiency jump

The logistics team also promoted logistics companies to use intelligent vehicle and cargo scheduling platforms and connect with the Yanfeng system to achieve dynamic management of vehicle scheduling and intelligent order delivery and improve efficiency. Based on system docking and linkage, intelligent dismantling and merging of waybills are realized, which significantly reduces the empty driving rate of vehicles, increases the effective utilization rate of vehicles, and promotes railway to replace land transportation and reduce logistics carbon emission.



“Innovation drives us closer to a sustainable future.”

Patrick Nebout

Chief Technology Officer  
Yanfeng Technology

**Most of car manufacturers committed to achieve carbon neutrality by 2040, how is Yanfeng supporting their customers' needs for European regulations on sustainability and end-of-life vehicles (ELVD)?**

In preparation for these regulations, Yanfeng is adapting its strategies to meet the market demands and to fulfil the environmental regulations sustainability and ELVD. For example, the EU directives may impact vehicle design, with increasing expectations for the automotive industry to incorporate significant amounts of recycled plastics, either from post-consumer automotive materials or bio-based sources.

At Yanfeng, we are committed to complying with these objectives through several strategies.

1. Reducing the CO<sub>2</sub> footprint of our products from scope 1 and 2 emissions.

For many years, Yanfeng operations have been taking concrete actions by

reducing energy consumption in plants and buildings, as well as sourcing electricity from renewable sources for our manufacturing production.

2. Designing lighter products to enhance fuel efficiency, thereby reducing scope 3 of CO<sub>2</sub> emissions.

We have been innovating for decades in reducing the weight of its products, recognizing that lighter vehicles significantly contribute to reducing CO<sub>2</sub> emissions. Yanfeng is developing seat components such as armrest and headrest, which show significant weight reduction between 30 and 45% compared to current series production variants.

3. Increasing the use of recycled and bio-based materials to reinforce circularity.

Concerning the application of recycled plastic, Yanfeng attempts to integrate over 50% recycled plastic into the structural plastic components (non-visible parts) and over 20% into the aesthetic products on selected innovation projects.

Additionally, the company focuses on developing mono-material products

to facilitate automotive closed-loop recycling, contributing to vehicle circularity.

To ensure the circularity of plastic materials, Yanfeng collaborates with partners from its supplier base to develop both physical and chemical recycling processes, including complex solvent-based methods. These solutions support the goal of circularity.

**How does Yanfeng leverage its expertise in vehicle interiors to promote sustainability in product design and in interior innovations?**

Yanfeng Technology has developed innovative solutions to address the concerns associated with PVC applications in the automotive industry. The production of PVC has significant environmental impacts, including the potential release of chlorine and harmful dioxins, as well as long-term pollution risks. To mitigate these issues, Yanfeng has created ecoSkin, a premium thermoplastic touch surface that can be produced within the molding process operations. Compared to traditional processes, this innovation achieves over a 50% reduction in CO<sub>2</sub>

emissions and is fully recyclable.

When we innovate on new materials, we are not only focused on CO<sub>2</sub> footprint reduction but also on introducing new functionalities within these materials that are meaningful for our customer and for the final consumers of the vehicle.

Yanfeng Technology has recently introduced new functionalities like integrating lighting and haptic innovations. These advanced lighting features are crucial for creating unique differentiations for our customers.

As Yanfeng masters various equipment for vehicle interiors, we are uniquely positioned to offer innovative combinations of products that enhance efficiency and cost competitiveness for our customers while promoting sustainability. A prime example is the integration of the passenger airbag within the instrument panel, a collaborative effort between our Safety and Interior Business Units. This cross-business unit innovation reduces weight by 20%, saves significant space for designers, and importantly, cuts the CO<sub>2</sub> footprint by 50%.



Yanfeng places the highest priority on environmental protection. We have obtained ISO 14001:2015 certification, reflecting our commitment to environmental protection, with 117 locations achieving their ISO 14001:2015 (Environmental Management System) certification by December 2024.

To minimize carbon emissions and alleviate environmental impact, we are proactively implementing waste reduction, reuse, and recycling strategies. Those principles are embedded in all operations, aiming to minimize waste generation amidst efficient processes. Through our management system, we closely monitor, track, and aim to cut down on the volume of waste destined for landfills, scrutinizing waste performance indicators to gauge the efficacy of our waste reduction initiatives, minimize landfill waste, and boost recycling rates. We also actively share and promote waste conservation program success stories internally.

Adhering to the ISO 14001 waste management framework, we also oversee and support our suppliers in their waste reduction efforts. Utilizing our carbon tracking system, we can assess the carbon footprint of waste and mitigate its environmental impact through governance measures. We target waste at the source by refining processes and enhancing resource efficiency, transforming waste into a renewable resource that substitutes for the extraction and production of virgin materials, turning waste into a valuable asset.

In 2024, we produced 160,596 tons of industrial waste in total, out of which 8,649 tons were classified as hazardous waste. Through effective measures, we can keep the non-landfill hazardous waste at the level of 89%. The non-landfill solid waste takes up 89% of the total solid waste, which includes plastic, metal, cardboard, electronic, glass, wood, organic, textile, and other areas.

# Waste Management



To progressively reduce the rate of landfill waste we promote innovative methods and projects in operations and share best practices within the group.

| Solid Waste |             |     | Hazardous Waste |              |     | Total Waste |              |     |
|-------------|-------------|-----|-----------------|--------------|-----|-------------|--------------|-----|
| Total       | Non-Landfil | %   | Total           | Non-Landfill | %   | Total       | Non-Landfill | %   |
| 151,947     | 135,724     | 89% | 8,649           | 7,094        | 82% | 160,596     | 142,818      | 89% |

There are several projects within our production plants that address waste management. Here are two examples:

### Recycling of vinyl cuts and production scrap

Sustainability is central to how we operate, and we are constantly working to reduce our environmental impact. For one of our site, we encountered a significant challenge in managing the waste generated during our vinyl cutting process which is one of the most significant non-hazardous waste generated at the plant and due to its characteristics is disposed of as garbage. In addition to vinyl waste, lined plastic pieces that do not meet quality criteria also cannot be recycled. Each month, approximately 60 tons of both non-hazardous waste are generated, contributing to our overall environmental footprint. This presents a clear challenge. Despite our efforts, there have been months where we've fallen short of meeting our recycling targets (80% of non-hazardous waste sent to recycling) due to the high production rates of both vinyl and plastic waste. Recognizing the urgency of this issue, we have taken proactive steps to find more sustainable alternatives for handling the vinyl cuts and production scrap. Our approach started with researching potential solutions and exploring partnerships that could help us reduce the waste sent to landfills. After evaluating various options, we initiated a pilot project with a trusted supplier to test the co-processing of this non-hazardous waste. Co-processing method allows waste materials to be safely processed and converted into energy or useful by-products. The purchase orders for co-processing are based on the amount of waste generated. While this represents an investment, the decision also brings sub-savings by shifting away from traditional waste disposal methods and spending on garbage collection. We believe that every step we take brings us closer to a more sustainable future. By investing in innovative co-processing non-hazardous waste methods and forging partnerships that enable us to recycle more efficiently. We are confident that we will achieve our recycling goals and reduce our overall environmental impact.

### Hazardous waste amount reduction - MDI (Methylene Diphenyl Diisocyanate) package improvement

Another example of hazardous waste reduction which we identified by our site was a significant opportunity for improvement in the packaging of the raw material MDI. MDI is a critical material in our production processes. MDI is packaged in 200 liters iron drums, and with an annual usage of 600 tons. Each year, approximately 1,500 iron drums (each weighing between 18 - 20 kilograms) are discarded as hazardous waste. This results in the generation of about 27 tons of hazardous waste annually from packaging alone. Managing waste generated from these packaging materials has been challenging from an environmental perspective but also in terms of operational efficiency. To address this issue, we implemented a packaging improvement initiative aimed at reducing both the volume of hazardous waste and the associated risks. The solution we adopted was to replace the traditional iron drum packaging with lined ton drums, which offer several key advantages. One of them is a lower environmental risk. The ton drums are lined with double-layer isolation packaging to prevent leakage, further minimizing the risk of environmental contamination. This improvement enhances safety by reducing the potential for hazardous spills and streamlining the transportation process. The project not only cuts down on 27 tons of hazardous waste annually but also saves operational costs. Through this initiative, we have achieved substantial reductions in hazardous waste generation, resulting in a cleaner, more efficient operation.



# Environmental Protection

We are committed to protecting and minimizing our impact on the environment. In addition to the existing legal standards and environmental ISO certifications, internal company rules enforce compliance with other rules that Yanfeng has established. Among other things, such internal company rules and policies are intended to ensure that we deal responsibly with the environment. Here you will find three examples of our most important sustainability policies:

## Environmental Policy

We will reduce the negative impact on the environment by developing green products and processes and build a green production system through continual improvement to protect the ecological environment. Our commitments are:

- 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 to fulfill the commitment to protecting the environment and striving to exceed stakeholders' expectations
- Facilitate energy savings and emissions reduction, improving ecological benefits

## Water Sustainability Policy

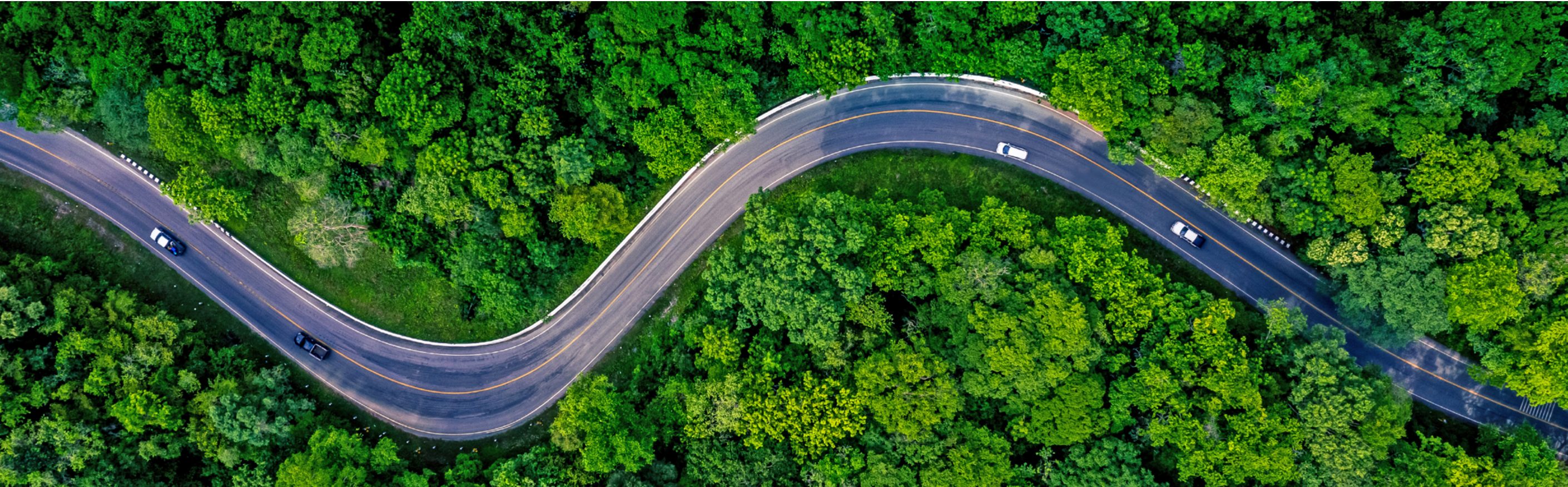
At Yanfeng, we are committed to conserving water resources and promoting sustainable water management practices. We strive to minimize water consumption in our operations and facilities by implementing water-saving technologies, conducting regular water audits, and promoting water conservation awareness among our employees. By responsibly managing water usage, we aim to reduce our environmental impact and contribute to the conservation of this precious resource.

## Air Pollution Sustainability Policy

Yanfeng is dedicated to reducing air pollution and improving air quality in our communities. We are committed to minimizing emissions from our operations, vehicles, and machinery by investing in clean technologies, adopting eco-friendly practices, and complying with relevant environmental regulations. Additionally, we promote sustainable transportation options and encourage alternative energy sources to lessen our carbon footprint and contribute to a cleaner and healthier environment.







To enhance our overall environmental performance, we are constantly increasing the number of global production plants certified according to ISO 14001:2015 (Environmental Management System).

This standard certifies that environmental obligations are managed with consistency and meet legal requirements and waste is reduced as well as providing assurance that environmental impact is being measured. Here are some examples:

### Wastewater, Waste, Local Air Emissions, Noise, and Light Pollution

We take reasonable efforts to ensure at our locations that wastewater effluents are safe for receiving surface and ground waters. We will prevent the contamination of water and soil, in addition to preventing noise and light pollution. We put preventive precautions in place to ensure the safe and compliant handling, transportation, storage, reuse, recycling, and disposal of all types of solid and liquid wastes. The management of waste is in line with governmental regulations. We are specifically focused on avoiding or minimizing the release of hazardous substances or active ingredients via spills or fugitive emissions to the environment.

### Biodiversity, Land Use, and Deforestation

We protect our surrounding ecosystem from deforestation, forest or land conversion, and ensure that flora and fauna are not lost and natural habitants do not suffer irreparable damage. Yanfeng is mindful when using high-risk forest commodities (or deforestation-linked products), like palm (kernel) oil, soy, or other agricultural or forestry feedstocks.



# Supplier Environmental Assessment

Sustainability is a key strategy in our drive for the green transformation of our supply chain. It is integrated into the entire procurement process to ensure that products and services are environmentally friendly and socially responsible at the source.

Related to our Partner Code of Conduct, all our new suppliers have to pass the ISO 14001 certification and respect the environment: as a key basis in doing business and to comply with the United Nations Global Compact's the Ten Principles for Social Responsibility and Sustainable Development.

To monitor our supply chain we identify suppliers that are having a significant actual or potential negative environmental impact. We use Prewave, a software integrated with Artificial Intelligence (AI) technology, that quickly detects, categorizes, and understands risks along our supply chain.

To proactively foster environmental behavior and to create actions to reduce emissions along our supply chain, we have taken the following initiatives:



**Product Sustainability Day**



**Circular Material development**



**NQC Supplier Assessment**



**Sustainable Supply Chain Development**



**Use of Renewable Energy**



**Training for internal employees and suppliers**



## Product Sustainability Day 2024 in Neuss

How can we speed up sustainable plastics, and recycling technologies and materials?

What do we need to do to make our surface solutions and injection molding processes more sustainable?

These topics were the main focus of Product Sustainability Day. Yanfeng’s team invited selected internal functions and external business partners to discuss these subjects. Presentations on the latest sustainability trends and requirements for vehicle manufacturing were also shared. In special workshops the participants were able to collaborate, deepen the discussion, jointly tackle the next steps towards a circular economy, and develop new solutions.

## Circular Material development

Yanfeng and a PC/ABS (Polycarbon / Acrylonitrile Butadiene Styrene) supplier announced a collaboration to develop circular materials for automotive interior applications.

These materials high-quality- solutions are tailored to automakers’ needs and the 2030 End-of-life-vehicle requirements. Could be used for Safety-critical applications, OEM design freedom (all colors). The Recycled PC content is 30 - 50% and CO2e reduction is 20% - 45%. Feedstock is PC PIR (Post Industrial Recycling) including vehicle closed loop (target 6%).

In the next steps, the Feedstock will be PC PCR (Post-consumer Recycling) including vehicle closed loop (target 6%).

## NQC Supplier Assessment

NQC is a leader in supply chain risk management, with over ten years experience providing technology and insight to global industry and governments.Starting in 2024, we are going to roll-out globally the Self-Assessment-Questionnaire (SAQ) from NQC. This initiative is part of an industry-wide long-term strategy and aims to successively improve the sustainability performance of automotive suppliers. Our intended is to improve the sustainability qualification of our supply base, as deficits can be identified and addressed individually.

The surveys are site-specific and focus on the environment, working conditions, and human rights.

We roll out NQC to our strategic supplier base in all 3 regions. The rating is crucial for the source of the supplier for new business

## Sustainable Supply Chain Development

In 2024 we released the Initiative for Sustainable Supply Chain Development in all regions, calling on supplier partners to explore sustainable development paths, formulate the company's carbon reduction goals and specific implementation paths, seek cost-optimized carbon reduction methods, increase the overall competitiveness of the supply chain, and work together to build the world's best automotive parts supply chain.

**27.5%**  
reduction in Scope 3 carbon emissions by 2030

- The initiatives are as follows:
- Formulate and submit a renewable energy plan taking into account the enterprise's situation and the geographical area it is located in, and continue to promote the implementation of the plan.
  - Carry out corporate and product carbon calculations and actively participate in the collection of Scope 3 data by Yanfeng’s carbon management software to provide more accurate site data.
  - Set carbon neutral targets and actively support Yanfeng to achieve a 27.5% reduction in Scope 3 carbon emissions by 2030.

We have incorporated sustainable procurement into our long-term strategic planning, continuously tracking and evaluating the effectiveness of its implementation, and adjusting and optimizing its procurement policies at the right time to ensure that they are always in line with global sustainable development trends, to achieve a comprehensive green transformation of the supply chain.

## Use of Renewable Energy

We are committed to improving energy efficiency and reducing greenhouse gas emissions in its value chain through the use of renewable energy sources, and to continuously improving energy performance in the production and delivery of products and services to customers.

Meanwhile, our partners are also expected to take steps to reduce their direct and indirect carbon dioxide emissions, by using green power or secondary or biomaterials. This requirement is also part of the partner selection process.

## Training for internal employees and suppliers

Emphasis and investment in the supply chain reflect our commitment to sustainable development and environmental protection. By setting up training on sustainability for our suppliers, we not only improve the overall capability of our supply chain but also promote the common growth and progress of our partners. These trainings raise suppliers' environmental awareness and encourages them to adopt more low-carbon and environmentally friendly production processes.

By sharing visions and experiences, our suppliers are encouraged to take positive actions and jointly contribute to achieving the carbon neutrality goal. This helps build a more stable, efficient, and environmentally friendly supply chain.

**In 2024, we conducted sustainability online training for internal employees in all 3 regions on topics:**

**Introduction Sustainability**

This course gives an introduction to sustainability emphasizing sustainability in terms of ESG.

**Circular economy**

After defining circular economy and legislations driving the transformation as well as benefits and challenges in implementing circularity, the course focuses on Recycling strategies (R-strategies) Circularity has the goal of keeping resources in as long as possible in a close product life cycle and aims to maintain their highest value possible. The R-strategies are prioritized according to this.

**Materials**

This course introduces sustainable materials. Sustainable materials can be defined by several objectives. The focus is on bio-based and recycled alternatives to virgin and petroleum-based materials.

**Operations**

Operations is defined in this course as the process of converting materials into products.

Regarding sustainability, the conversion process requires energy which emits greenhouse gas emissions. An introduction of the definition of greenhouse gas emissions, drivers of reduction strategies, the influence of operations, and examples of emission reduction strategies are given.

**End of Life**

This course focuses on end-of-life vehicles. The process of collection and documentation of the end-of-life vehicle to the dismantling of big components and shredding is portrayed.

The following material recycling process is explained in the module “recycling”.

**Life Cycle Assessment**

This course gives an introduction to Life Cycle Assessment (LCA). LCA is a compilation of the inputs and outputs and an evaluation of the potential environmental impacts of a product throughout its life cycle. LCA is often used to calculate the product's carbon footprint. The course will present how LCA is done at Yanfeng.

For the supply base in 2024, we conducted a live online training with our Global Head of Sustainability, Gunnar Büchter focused on the sustainability training done internally.





# S Social

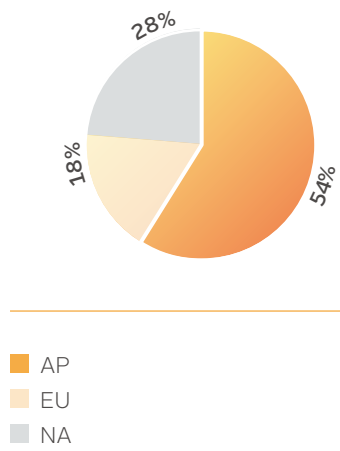




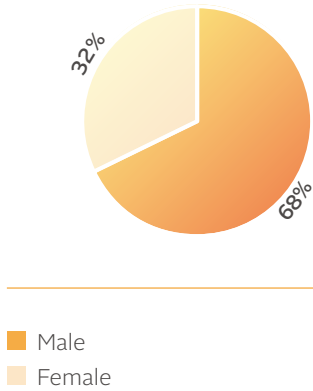
# Our Workforce

For 2024, our commitment to our workforce remains steadfast. With over 53,000 dedicated employees worldwide, we continue to prioritize their health and safety, outlined in detail in our health and safety chapter. Upholding human rights and ensuring fair working conditions globally remains a cornerstone of our operations, as detailed in our Human Rights and Working Conditions Policy. As of December 31, 2024, Yanfeng's workforce numbered over 53,266 employees, with a significant presence in the Asia Pacific region.

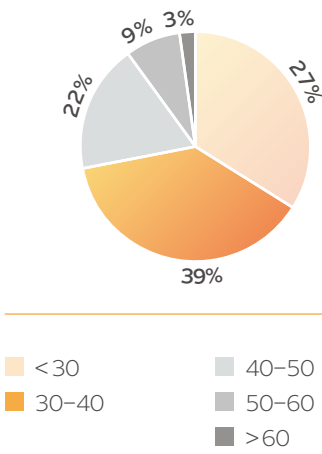
By Region



By Gender



By Age



53,266

Yanfeng's global workforce in 2024





# Adequate Working Conditions

At Yanfeng, we believe that fostering adequate working conditions and cultivating a culture of integrity are integral to our success as a global leader. We prioritize the well-being and dignity of every individual within our workforce and uphold the highest ethical standards across all our operations. Central to our commitment is our Human Rights and Working Conditions Policy, which serves as our guiding framework. This policy outlines our dedication to ensuring fair treatment, safety, and respect for all employees, regardless of their role or location within the organization. It underscores our pledge to uphold fundamental human rights principles in every aspect of our business practices.

[Link to website](#)

## Human Rights are Fundamental to Society and Imperative to Business Success

We firmly believe that human rights are not only essential for a just society but also critical to the long-term success and sustainability of our business. By championing human rights, we create an environment where our employees feel valued, empowered, and motivated to contribute their best. This commitment extends beyond our internal operations to encompass our entire value chain, fostering relationships built on trust and mutual respect.

## Participant in the United Nations Global Compact

We are committed to upholding the Ten principles of the United Nations Global Compact , which cover human rights, labour, environment and anti-corruption efforts. By aligning with these principles, we demonstrate our dedication to responsible corporate citizenship and strive to make a positive impact on the world around us.

[Link to website](#)

## Sustainable Development Goals

Yanfeng's sustainability strategy supports the advancement of the United Nations Sustainable Development Goals (SDGs), through a focus on the environment, our business, and people.

[Link to website](#)



# Key highlights where Yanfeng is supporting the United Nations Sustainable Development Goals:



**SDG 3: Good Health and Well Being**

Through our EHS and Human Rights and Working Conditions policies, we are committed to a safe working environment.

**SDG 4: Quality Education**

The Yanfeng Academy is a cornerstone of our commitment to employee development.

**SDG 5: Gender Equality**

Women's rights are part of our Human Rights and Working Conditions Policy. We also have a Diversity, Equity, Inclusion, and Belonging (DEIB) statement and Employee Resource Groups focused on diversity.

**SDG 6: Clean water and Sanitation**

In our production we do not use significant water intensive processes. Nevertheless, we take care of clean water solutions in areas we can influence. In 2024, Yanfeng Interiors received B score rating for CDP water security disclosure.

**SDG 7: Affordable and clean energy**

Yanfeng has established a comprehensive energy strategy of decarbonization via green energy purchasing, rooftop solar projects and carbon offset opportunities by 2030.

**SDG 8: Decent Work and Economic Growth**

Wages and benefits are addressed in our Human Rights and Working Conditions Policy.

**SDG 10: Reduced Inequalities**

This is addressed in our Human Rights and Working Conditions Policy and in our Code of Conduct.

**SDG 12: Responsible consumption and production**

Yanfeng is proactively implementing waste reduction, reuse, and recycling strategies in all operations with the aim to minimize waste generation via efficient processes. Sustainability is included in the development processes of our products from the initial planning stages to final production. Our innovation team is working on renewable materials and their implementation into new products. The use of recycled materials plays an important role in Yanfeng's circularity approach.

**SDG 13: Climate Action**

We leverage and we are increasing our use of renewable and solar energy at Yanfeng locations in all three regions. In 2024, Yanfeng Interiors received an A minus rating for CDP Climate Change disclosure and Yanfeng Seating B rating. Yanfeng globally set up the targets of achieving net-zero emissions by 2030 for Scopes 1 and 2 and for Scope 3 upstream by 2050.

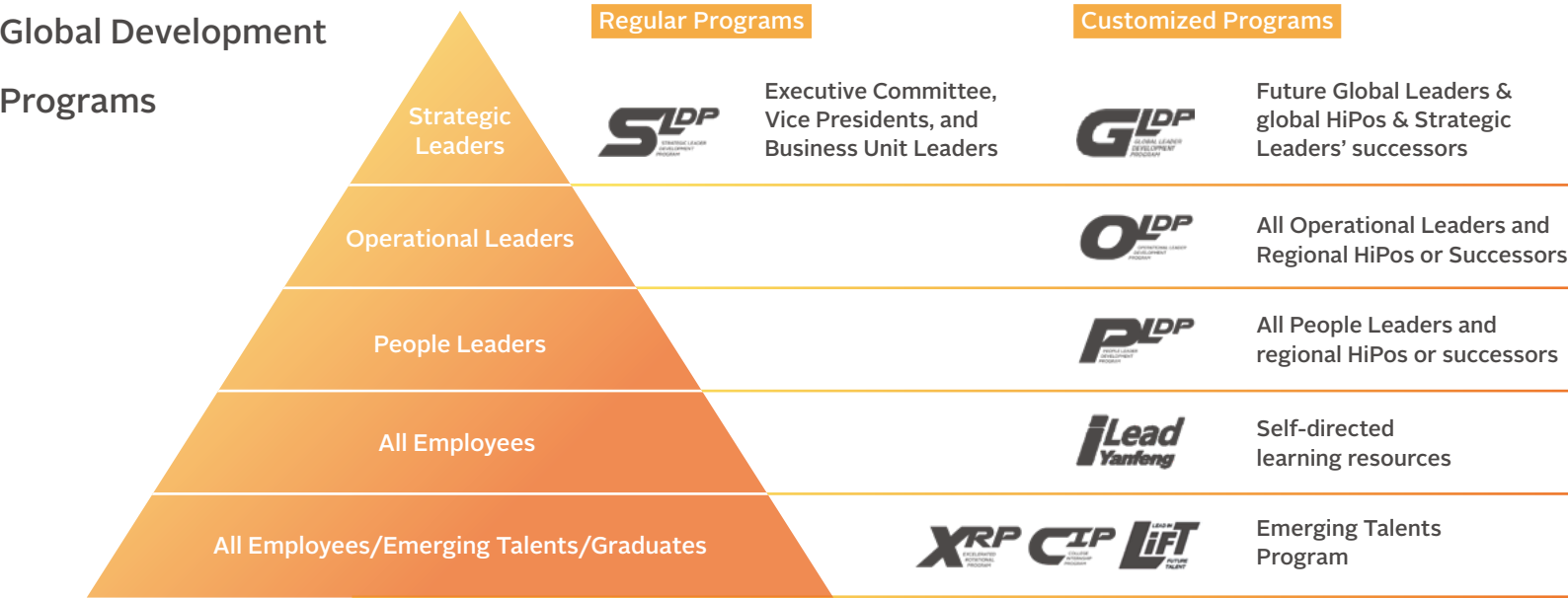
**SDG 16: Peace, Justice and Strong Institutions**

Yanfeng has a global Code of Conduct and a Human Rights and Working Conditions Policy in place. A Partner Code of Conduct was also introduced to service providers, suppliers of goods, consultants, independent contractors, and any other types of partners. The company also has a global ethics hotline in place.

**SDG 17: Partnerships for the Goals**

Yanfeng is a member of United Nations Global Compact, VDA's Working Group Responsible Supply Chain Initiative (RSCI), German Corporation for International Cooperation (GIZ), Sustainable Procurement Pledge and actively collaborates with customers and suppliers. Yanfeng also signed the General Motors Sustainability Pledge.





# Training & Education of Our Workforce

At Yanfeng, we believe in nurturing talent at every level of our organization. Our Global Development Pyramid encompasses programs tailored to individuals at various stages of their careers, from emerging talent to seasoned leaders.

### Yanfeng Academy

The Yanfeng Academy stands as a cornerstone of our commitment to employee development. The Yanfeng Academy offers a comprehensive range of learning opportunities, including classroom sessions, online courses, and action learning experiences. It serves as a catalyst for personal and professional growth, with tailored development plans for individuals and groups. A total of 98 % of salaried YF employees globally accessed learning in the Yanfeng Academy in 2024.



98%

of salaried employees  
accessed learnings in  
the Yanfeng Academy



The Yanfeng Academy underscores our commitment to learning and development.

### Average Training Hours per Employee

In 2024, Yanfeng salaried employees dedicated themselves to continuous learning, with an average of 8.3 hours invested in training initiatives. This figure underscores our workforce's dedication to honing their skills and staying abreast of industry trends and best practices.



8.3 h

average training hours  
per salaried employee

### Highlights of Other Programs

Building upon the successes of previous years, we continue to enhance our training and education offerings. Our talent development initiatives include:

- Yanfeng Young Professional Programs:**  
Our eXcelerated Rotational Program (XRP), Graduate Development Program (GDP), and Early Career Development Program (EDP) empower young talent to kick-start their careers by fostering functional expertise and leadership skills.
- Established Professional Programs:**  
Initiatives like Lead in Future Talent (LIFT) and the People Leader Development Program (PLDP) cater to mid-career professionals and newly appointed managers, equipping them with the tools to thrive in their roles.
- High Potentials Program:**  
Our Operational Leadership Development Program (OLDP) targets directors and senior executives, providing them with the insights and competencies necessary to drive organizational success.
- Strategic Leader Programs:**  
Our Strategic Leader Development Program (SLDP) offers quarterly briefings on key topics to senior leadership, providing valuable insights for steering the company's direction. This program is complemented by the Global Leader Development Program (GLDP), designed for high-potential employees. Together, these initiatives emphasize strategic thinking, action learning, and cross-cultural competence, enhancing the leadership capabilities of our directors both regionally and globally.



# Health & Safety of Our Workforce

Yanfeng places the highest priority on the health and safety of our employees. We have obtained ISO 45001:2018 certification, reflecting our commitment to occupational health and safety, with 118 locations achieving their ISO 45001:2018 (Occupational Health & Safety Management System) certification by December 2024. Through the adoption of ISO 45001:2018, we have established a comprehensive framework to identify and manage occupational health and safety risks within our organization.

0.13  
total incident case rate in 2024

## Health & Safety Performance

The health and safety of our employees is the most critical element we focus on and is an important factor in achieving the desired success of our company. We focus on continuous improvement of the health and safety management system and the cultivation to improve the company's performance indicators.

Our commitment to employee safety is reflected in proactive measures such as regular risk assessments, training programs, and the implementation of robust safety protocols. We are implementing lagging and leading indicators to improve employee engagement and a strong safety culture. We also focus on Behavior-Based Safety (BBS) programs. BBS programs concentrate on identifying and addressing at-risk behaviors in the workplace that may lead to accidents, injuries, or incidents.

These programs involve observation and data collection on employee behaviors related to safety, followed by feedback and intervention to encourage safe practices. BBS programs aim to create a safety culture within an organization by promoting and reinforcing positive safety behaviors among employees. By addressing behavioral aspects of safety, BBS programs can help prevent accidents and improve overall safety performance in the workplace. (Observation and feedback programs, EHS talks, EHS Inspections in LPA the Layered Process Audit audit system).

By integrating ISO 45001 into our operations, we foster a safe and healthy work environment, ensuring compliance with legal requirements and promoting a sustainable approach to occupational health and safety.

Thanks to the efforts and contributions of all our employees and sites around the world, we met our annual injury reduction targets this year.

|                                | 2021 | 2022 | 2023 | 2024 Actual | Threshold / Target |
|--------------------------------|------|------|------|-------------|--------------------|
| Total Incident Case Rate (TIR) | 0.09 | 0.07 | 0.10 | 0.129       | 0.20               |
| Lost Time Case Rate (LTR)      | 0.02 | 0.02 | 0.02 | 0.018       | 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 x 200,000/annual total employee hours  
LTR = Annual lost time case count x 200,000/annual total employee hours

In addition to tracking the lagging indicators Total Incident Case Rate and Lost Time Case Rate, starting in 2022, we also began tracking the leading indicator. The leading indicator is the Total EHS Prevention Action Rate. The Total EHS Prevention Action Rate is the rate or ratio of preventive actions to accidents or safety-related incidents in a company or organization. A higher rate indicates that the company has taken effective action to prevent environmental, health, and safety risks. It serves as an indicator of the effectiveness of a company's safety management and prevention program.

|                                  | 2022  | 2023  | 2024 Actual |
|----------------------------------|-------|-------|-------------|
| Total EHS Preventive Action Rate | 10.01 | 10.50 | 16.77       |

In 2024, our overall EHS Preventive Action Rate improved, reflecting our proactive approach to identifying and mitigating potential workplace risks.

## Policies & Training

Our Health and Safety Policy continues to evolve, underscoring our commitment to safe operations. This policy guides our actions and decision-making processes to ensure compliance with regulatory requirements and best practices.

We continuously work on enhancing and improving governance at Yanfeng.

### Health and Safety for Subcontractors Policy

At Yanfeng, the health and safety of all workers, including subcontractors, is our top priority. We are committed to providing a safe and healthy working environment for everyone on our premises by adhering to strict safety protocols, conducting regular inspections, and providing appropriate training and protective equipment. We expect all subcontractors to comply with our health and safety guidelines, prioritize the well-being of their employees, and report any safety concerns or incidents promptly. Together, we can ensure a secure and conducive workplace for all individuals involved in our business activities.

We actively involve our employees in safety initiatives through regular communication, feedback channels, and active participation in safety improvement projects. We aim to provide a workplace that not only promotes physical well-being but also supports the mental and emotional health of our employees.

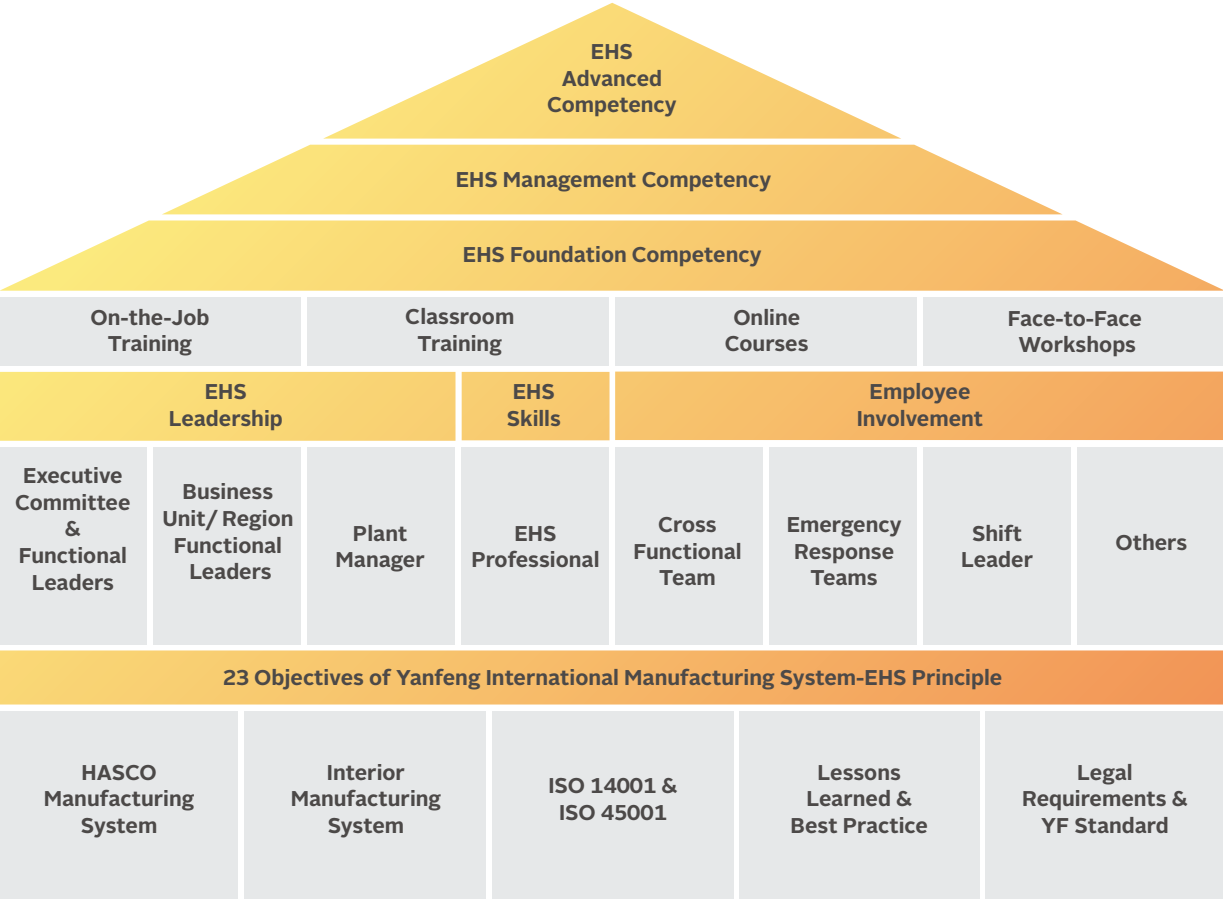
We expanded our training offerings to include:



| E-Learning Courses                                                                                             | Animation Courses for Awareness Promotion                                                                                           | Workshops                                                                                                                                                                  | Leadership Training                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| We introduced 60 EHS E-Learning Courses, providing flexible and accessible training options for our employees. | We developed 20 animation courses to enhance EHS awareness and engagement across the organization via lively and interesting forms. | 3 Yanfeng EHS Workshops were conducted in different regions during 2024, offering hands-on learning experiences and opportunities for collaboration and knowledge sharing. | EHS Training & Examination was provided for 129 plant managers, 198 maintenance managers and 143 Shift Leaders, ensuring that our leadership team is well-equipped to promote and maintain a culture of safety.of safety. |



EHS Training Summary



EHS Training Programs

Our regional and global EHS training programs remain robust and tailored to the specific needs of our diverse workforce. These programs cover a range of topics, including personal protective equipment, confined spaces, workplace inspections, and global safety principles. Each year, our regional EHS teams lead the design and implementation of these training programs, incorporating new courses and updating existing content to address emerging risks and challenges.

118

locations certified with ISO 45001:2018

Number of people received EHS Training & Examination

129

plant manager

198

maintenance manager

143

shift Leaders

# Supply Chain Workforce

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. Therefore, we recognize the importance of monitoring risks such as human rights violations in our supply chain. Ensuring ethical practices and upholding human rights are not only moral imperatives but also critical to the sustainability and reputation of our business. As a member of the Responsible Supply Chain Initiative (RSCI), we employ rigorous measures to ensure compliance with our ethical standards across our supply chain.

## Enhanced Supply Chain Workforce & Partner Code of Conduct Compliance

At Yanfeng, we recognize the critical role our supply chain plays in upholding our commitment to ethical and responsible operations. Our **Partner Code of Conduct** serves as the cornerstone of this commitment, setting the highest standards for ethical behavior and respect for human rights across our entire supply network. We expect our suppliers to not only acknowledge but actively integrate these principles into their daily operations.

## Ensuring Rigorous Compliance

To guarantee adherence to our Partner Code of Conduct, we employ a comprehensive and multi-faceted compliance framework, which includes:

### Integration into Standard Scope of Work (SSOW)

The Partner Code of Conduct is explicitly incorporated into our SSOW, ensuring suppliers are aware of and committed to these standards from the outset of our partnership.

### Power QMS Integration

Our Power Quality Management System (QMS) serves as a central hub for managing and monitoring supplier compliance. Starting in 2024, we are expanding our onboarding process to include also indirect suppliers, not only direct suppliers, further strengthening our oversight.

### Mandatory Acknowledgement and Performance Evaluation

Suppliers are required to formally acknowledge the Partner Code of Conduct. This acknowledgment forms a key component of their performance evaluation, directly impacting their Supplier Scorecard.

### Supplier Scorecard Integration

The Supplier Scorecard provides a transparent and data-driven assessment of supplier performance, including their adherence to the Partner Code of Conduct. These results are one of the inputs for sourcing decisions, ensuring that ethical considerations are prioritized in our partnerships.

### Regular Supplier Audits

We conduct thorough supplier audits, focusing on key areas such as labor practices and human rights, to ensure ongoing compliance with our ethical standards. These audits are guided by recognized industry benchmarks, and Responsible Supply Chain Initiative (RSCI) standards, allowing us to identify critical topics and areas for improvement.

### Whistleblower Mechanism

Our established Yanfeng Complaints Procedure, detailed in the Governance section of this report, provides a confidential channel for reporting potential violations of the Partner Code of Conduct, including human rights and environmental concerns.

## Looking Ahead

We are committed to continuous improvement in our supply chain management. In 2024 and beyond, we are focused on enhancing our supplier assessments, strengthening our supply chain integrity, and further embedding the principles of the Partner Code of Conduct throughout our network.

Please visit our website for detailed summary of our Business Partner Code of Conduct.

11

internal RSCI auditors  
successfully recertified



## Supplier Diversity

In 2024 Yanfeng maintained its commitment to supplier diversity, particularly in North America. We spent \$175 million with third-party certified diverse-owned suppliers in North America which reflects 12% of our total global procurement spend.

Our CEO-signed corporate policy and our diverse supplier development plan highlight our ongoing commitment. We continue to integrate diverse-owned suppliers into our strategic sourcing and have robust tracking, reporting, and goal-setting mechanisms in place. Our second-tier program remains a key initiative, encouraging primary suppliers to engage with certified diverse-owned businesses and report spending every quarter.

Yanfeng’s engagement in 2024 with supplier development councils and organizations continues to be active, including roles with the National Minority Supplier Development Council (NMSDC), Michigan Minority Supplier Development Council (MMSDC)\*, Women’s Business Enterprise National Council (WBENC), Great Lakes Women’s Business Council (GLWBC), WEConnect International, National Veteran Business Development Council (NVBDC), Michigan Hispanic Chamber of Commerce\* (MHCC) and Asian Pacific American Chamber of Commerce (APACC).



of our total procurement  
spent on diverse suppliers

12%

\*Note: A Yanfeng representative holds a board seat in marked organizations.



Supplier Diversity Awards & Appointments

We are honored to have received several prestigious awards from industry organizations in 2024, recognizing our commitment to excellence, diversity, and leadership.

Michigan Minority Supplier Development Council

The named Yanfeng, Corporation of the Year 2024, recognizing our efforts in promoting supplier diversity and inclusion.

Executive Recognition

James Bos, our Vice President of Procurement, retired in 2023, and was inducted into the MMSDC Hall of Fame for 2024. This prestigious award honored, James Bos who has significantly contributed to minority supplier development during his tenure at Yanfeng.

Michigan Hispanic Chamber of Commerce

Yanfeng was named Corporate Member of the Year, by the MHCC, in recognition of our commitment to a diverse and inclusive workplace and supply chain.

Great Lakes Women’s Business Council Award

Yanfeng received the Excellence in Supplier Diversity Award in the ‘Best-In-Class’ category, acknowledging our commitment to fostering diversity and inclusion within our supply chain.

Michigan Minority Supplier Development Council

In 2024, Manuel Fernandez Gonzalez, Executive Director of Procurement, was sworn in by United States Senator, Debbie Stabenow, to serve on the MMSDC Board of Directors.



## Broad-Based Black Economic Empowerment (BBBEE)

Yanfeng remains committed to promoting broad-based black economic empowerment (BBBEE) in South Africa, where we have established operations. BBBEE is a critical component of our business strategy, reflecting our dedication to creating inclusive growth and opportunities in the communities where we operate.

In 2024, for applied financial reporting year 2023, we achieved a BBBEE score of 55.06%, reflecting our ongoing efforts to drive transformation and empowerment. This score serves as an indicator of our progress in areas such as ownership, management control, skills development, enterprise and supplier development, and socio-economic development. The evaluation for financial reporting year 2024 had not yet been completed at the time this report was finalized.

We actively participate in annual evaluations to assess our BBBEE performance and identify areas for improvement. Our initiatives focus on:

- Ownership:** Increasing black ownership and participation in our company through various empowerment schemes.
- Skills Development:** Investing in training and development programs to enhance the skills and capabilities of our black employees.
- Enterprise and Supplier Development:** Supporting black-owned businesses through procurement and supply chain initiatives.
- Socio-Economic Development:** Contributing to community upliftment projects and initiatives that benefit black communities.

We remain committed to further enhancing our BBBEE performance. We will continue to implement targeted initiatives and programs to drive transformation, empower our workforce, and create sustainable value for our stakeholders in South Africa.



# Community Engagement

At Yanfeng, we honor our social, environmental, and economic responsibilities. We believe that it is our responsibility to take care of, add value to, and give back to the communities in which we live and work.

Good corporate citizenship matters to Yanfeng. It represents everything our company stands for – respect, integrity, teamwork and putting people first. By giving back to local communities across the globe, our employees are living the company’s values.

Every community project contributes not only to building strong relationships between our staff and non-profit organizations but also to building our reputation and inspiring trust in our brand wherever we live, work and travel.

## Our three largest programs

### A!head Program in China

Yanfeng Seating employees volunteer each year with local organizations and projects as a part of the A!head Corporate Social Responsibility (CSR) Program. In alignment with Yanfeng’s corporate values, there are three categories of A!head projects benefiting the community, the environment, and children.

- Live with Harmony** projects support community service in an effort to create a harmonious society, promoting prosperity in the community.
- Live with Green** projects focus on environmental protection and encourage employees to address environmental issues in their daily lives.
- Live with Hope** projects focus on child development, supporting underprivileged and special needs children, as well as driver safety education for teens.

In 2024, Yanfeng Seating organized **over 300 volunteers** to participate in **16 “Live with Harmony,” “Live with Green” and “Live with Hope”** CSR activities.

### iCare

iCare is an initiative that encourages volunteerism and partnerships with local non-profit organizations and educational institutions. Together, we are committed to supporting the arts, education, environment, health, sustainability, and social services in our communities. In 2024, **52 iCare volunteer** services were conducted in North America and Europe, supporting 49 organizations and providing more than 3,000 volunteer hours to schools, nursing homes, disadvantaged groups, and stray animal adoption agencies in our locations.

### Care & Share

The Care & Share program is an employee-led pro bono effort in the U.S. Established in 1984, the program is a corporate charitable giving initiative. The program encourages employees to get involved in supporting worthy causes. Each year, team members nominate a variety of charitable causes. The Care & Share Project Committee selects several non-profit organizations as recipients of donations. These donations provide help for substance abuse, homelessness, poverty, child abuse, domestic violence, and environmental issues. By the end of 2024, since the program’s inception in 1984, more than **\$27.1 million** in donations have been accumulated.



Insights into individual projects can be found on Yanfeng’s social media channels



# Yanfeng Charity Campaign 2024



Million Tree Planting Project

## 14,000

saplings planted through a Million Tree Planting Project 2024

### CHINA

#### Million Tree Planting Project 2024

For the 7th consecutive year, Yanfeng organized volunteers to go to Inner Mongolia to participate in the Million Tree Planting Project, so far, the company has accumulated more than 14,000 saplings planted, contributing to the prevention of desertification and improvement of the ecological environment.

#### Summer and Winter Care Programs

We have successively organized summer/winter camps to assist local communities in Shanghai, through interactive classes, we took children to experience the charm of advanced manufacturing and brought in-car safety courses to children, enhancing their safety awareness and stimulated their interest in learning and creativity.

## 185

volunteers claimed the AmazME boxes

#### AmazME boxes

This project has been carried out since 2022, inviting volunteers to adopt the children's wish boxes to help make their dreams come true! In 2024, a total of 185 volunteers claimed the AmazME boxes, which traveled over 2,700 kilometers and were delivered to the children in a poverty region before the start of the new semester.



EU & NA region

Charity in Tabor, Czech Republic

Donation to Charity in Tabor, which provides social services, humanitarian aid, and help to the needy, providing free food and material assistance to the poorest of the poor and single mothers.

Faculty of Law University of Kragujevac, Serbia

Donation to the school for the organization of a speech contest to promote the culture of speech and the public speaking skills of students.

Youth organization "Sumadija"

Contribution to support student activities and organize student knowledge contests and sports competitions.

Organization RICOMINCIA

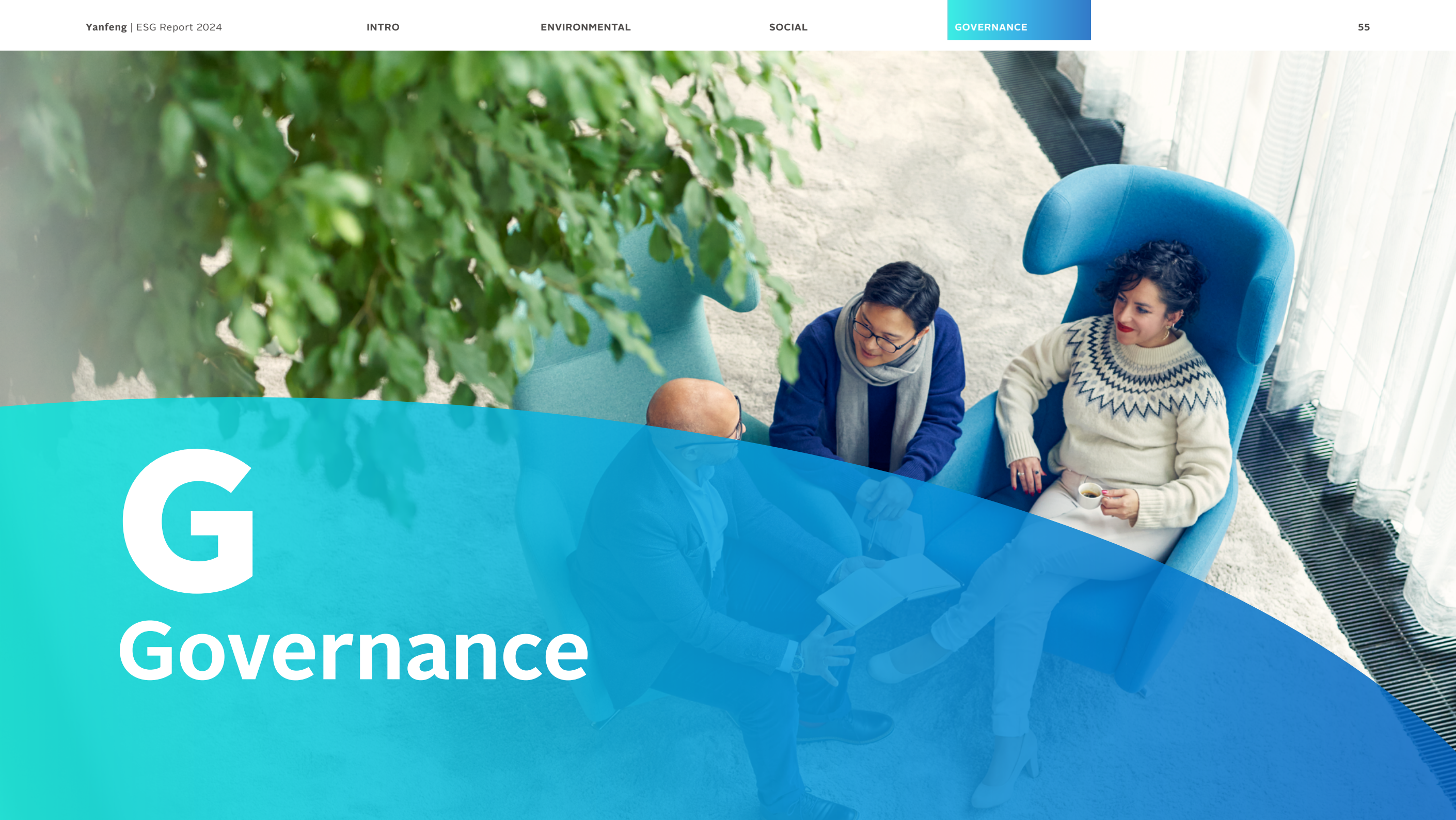
Contribution to RICOMINCIA, an organization that aims to promote social integration and inclusion through the promotion, development, and coordination of cultural activities with a territorial character, with a focus on children, the elderly, and persons with disabilities.

Technical school donation, Dolny Kubin, Slovakia

Donation of material equipment for the improvement of school education and support for students who may become Yanfeng employees in the future.







# G Governance



# Corporate Culture & Business Conduct

## Code of Conduct

At the heart of our global operations lies our Code of Conduct, which emphasizes ethical behavior and compliance. Accessible in ten languages on our website, it outlines 15 key principles that guide how we do business. These principles are universal, applying to all employees, contract workers, and business partners worldwide. The Code forms the foundation of our Compliance Management System; a comprehensive risk management framework built on the best practices of leading global corporations. To ensure these standards are consistently upheld, the Compliance Management System is fully integrated into the Yanfeng International Operating System (YFIOS), embedding ethics and compliance into the core of our daily operations.

### The 15 Principles of the Code of Conduct are:

1. We obey the laws and regulations wherever we conduct business.

2. We safeguard the health and safety of our employees.

3. We are committed to provide safe, high-quality goods and services.

4. We always act in Yanfeng's best interest.

5. We use Yanfeng's assets and resources honorably and only for Yanfeng's business.

6. We do not tolerate corruption anywhere in our business.

7. We believe in fair and open competition and will not engage in unethical behavior to obtain business.

8. We ensure our records are accurate, complete, and appropriately maintained and our internal controls sound.
9. We communicate accurately with our shareholders and the public.

10. We do not engage in insider trading or self-dealing.

11. We comply with international trade laws.

12. We protect Yanfeng's confidential information and respect that of our customers and business partners.

13. We protect the privacy of our employees.

14. We take responsibility for the environment by making sure that we follow environmental laws and regulations everywhere we conduct business.

15. We value diversity and equal treatment in our workplace.



Anti-Competitive Behavior

Fair and open competition is a cornerstone of our business philosophy, and we firmly reject any unethical practices aimed at gaining an unfair advantage.

Yanfeng strictly adheres to antitrust and competition laws in every country and region where we operate. We maintain fair relationships with competitors and collaborate with business partners and customers based on trust and mutual respect. Our commitment to open and fair competition is unwavering, as we believe it is key to delivering exceptional value to our customers without engaging in anti-competitive behavior. We have a zero-tolerance policy for illegal agreements or actions that restrict competition. This includes no

coordination with competitors on pricing, product development, or market strategies, nor any involvement in bid rigging or artificial limitations on production or sales. To ensure compliance, Yanfeng equips employees with clear guidelines and training to help them recognize and avoid potential competition law risks. Given the complexity of these laws, we actively encourage employees to seek advice from our legal or compliance teams whenever they have questions or need clarification.

Anti-Corruption

Maintaining honesty, fairness, and openness in all business activities is fundamental to securing a sustainable future for our company and the communities we engage with. These principles are non-negotiable: Combating corruption, ensuring ethical practices, and

prioritizing transparency are not just ideals they are responsibilities that strengthen trust and uphold our commitment to doing what is right. By embedding integrity into every action, we aim to cultivate a workplace where excellence and ethical behavior go hand in hand.

A cornerstone of this effort is our focus on employee development. Through 22 dedicated learning academies including the Legal and Compliance Academy. We equip teams with critical knowledge on compliance rules, charitable giving, gift policies, entertainment guidelines, and core components of the U.S. Foreign Corrupt Practices Act (FCPA). Empowering employees with this expertise ensures we consistently deliver value to stakeholders while meeting the highest professional standards.



To reinforce a safe and inclusive workplace, we provide extensive training covering cybersecurity, safety procedures, anti-discrimination practices, and our Code of Conduct. We rolled out 22 new courses both online and we added 1549 instructor-led to our learning system in 2024. These resources align with Yanfeng’s emphasis on continuous growth, ensuring every employee understands their role in maintaining a respectful and collaborative environment.

Central to our strategy is the Compliance Program, which balances risk management with sustainable progress. This includes mechanisms to identify, address, and prevent potential issues. To further promote accountability, we launched Ethics Point-Yanfeng , a confidential integrity helpline accessible to all employees. This platform allows anonymous reporting of concerns or

questions, complementing our Code of Conduct and underscoring our pledge to transparency. By integrating these tools, we foster a culture where ethical decision-making and collective responsibility drive long-term success.

Anti-Retaliation Policy

We are committed to the principle that there will be no retaliation against those who report possible misconduct in good faith.



22

different learning academies

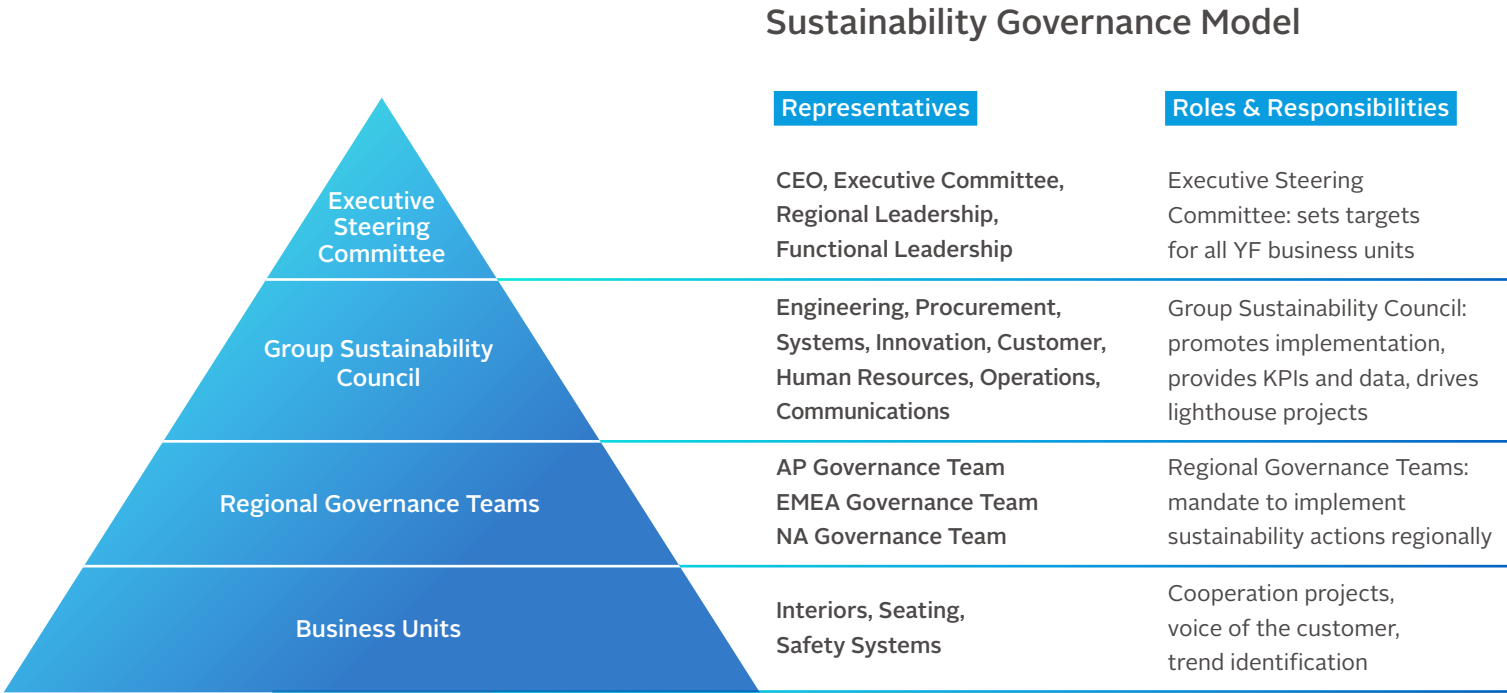
1,549

instructor-led and web-based courses added to our learning system

# Sustainability Governance Structure

Yanfeng has developed a governance structure that aims to ensure the company meets its sustainability commitments, satisfies customer expectations, and works towards achieving net-zero emissions in the future. Yanfeng’s vision focuses on becoming the leading supplier of sustainable solutions and smart cabins in the automotive industry.

To achieve this, Yanfeng has established a governance structure that includes the Group Sustainability Initiative Executive Steering Committee and the Group Sustainability Council. The Executive Steering Committee is responsible for supervising the company's strategy and setting targets and commitments. It is comprised of Yanfeng’s CEO, Executive Committee, and regional and functional leaders. The Group Sustainability Council oversees the company's sustainability commitments and targets, provides KPIs, and drives projects globally.





The Council is chaired by the Global Head of Sustainability and has members from all regions, representing wholly owned business units – Interiors, Seating, and Safety. The members of the council are represented by: engineering, global tech sales, human resources, health & safety and environment, innovation, operations, procurement and marketing and communications. This working group focuses on topics such as the net-zero emissions roadmap, customer requirements and audits, processes, and policies, ESG reporting, supply chain initiatives, and sustainability training. This governance structure helps to standardize decision-making across the globe. On a regional level, the Regional Governance Teams are responsible for implementing sustainability actions. The individual business units cooperate on projects, align customer and regulatory requirements, and identify sustainability trends.

**As of 2024 Sustainability is embedded in the corporate procurement function to better support implementation of actions to reduce carbon footprint and drive implementation of sustainable products solutions**



# Policies & Practices

Yanfeng International Operating System (YF IOS) was established in 2020 with the strategy of “One Yanfeng”, which will serve as a strong guarantee for Yanfeng’s globalization.

YF IOS is the core process of the company’s business, clearly defines business strategy, strategy rollout, operation management and continuous improvement.

Yanfeng IOS Policy: We are committed to delivering best-in-class products globally to our customers through manufacturing and service excellence.

YF IOS core processes contain Business Planning, Program Management, Manufacturing Excellence and Leadership, it covers key areas of focus such as human resources, finance, legal, environmental, health and safety, as well as compliance policies

such as anticorruption, bribery, fraud, money laundering, and rules for gifts and entertainment.

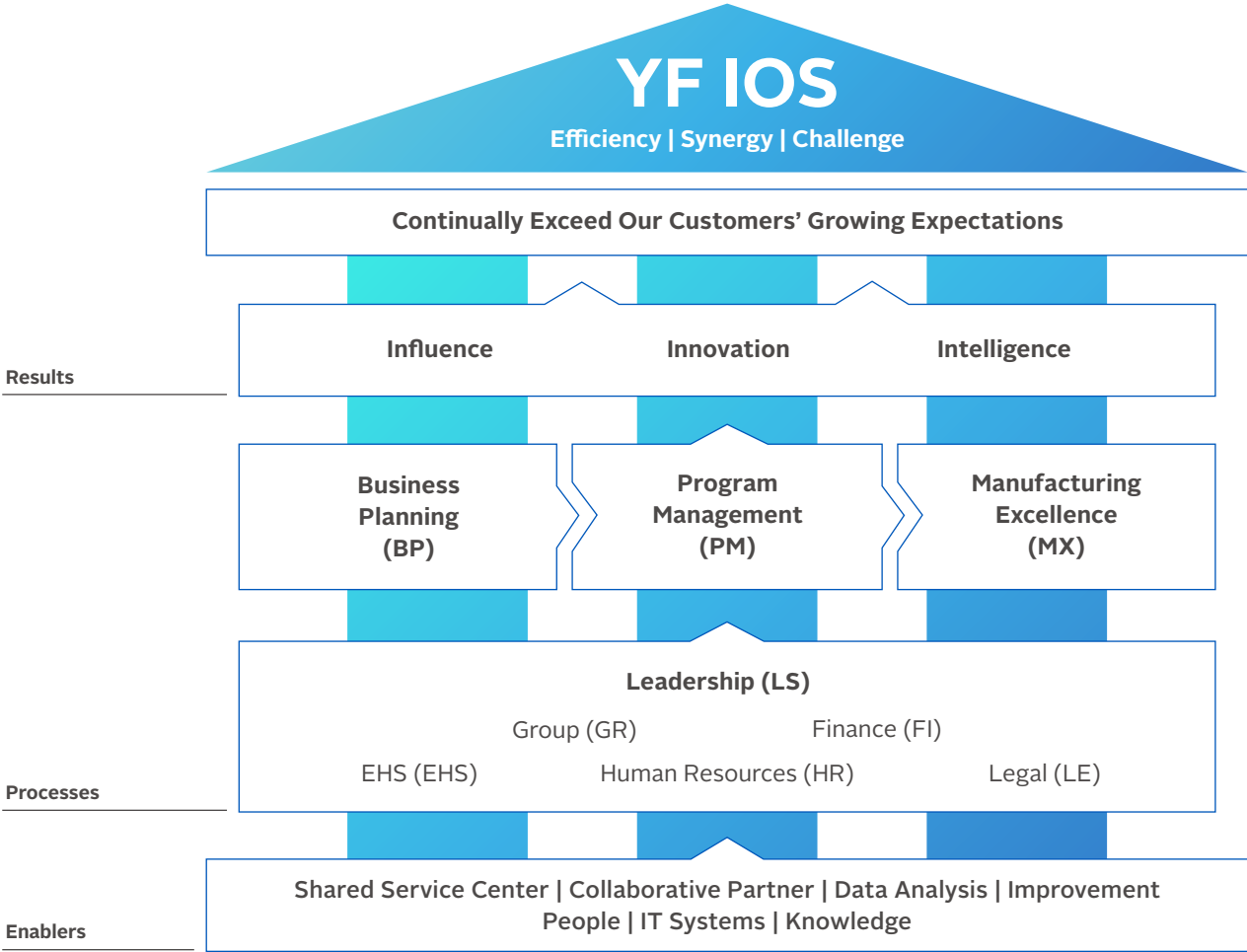
In 2023, YF IOS process structure has been rebuilt and one additional process called Sustainability has been added and YF IOS has been updated again based on the latest laws and legal requirements as well as customer requirements.

To ensure compliance with YF IOS processes, an annual audit is conducted both internally and by an external certification body. Our YF IOS system meets the management system requirements such as IATF 16949, ISO 14001, ISO 45001, ISO 50001, ISO 27000 etc., as well as related laws and legal requirements.

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releases included in  
YF IOS in 2024

## Our International Operating System





## Ethics Point

Our organization values trust and responsibility. We aim to identify and prevent risks while promoting sustainable growth through our compliance program. To support our Code of Conduct, we have a helpline called Ethics Point available to all employees. This helpline is available to all employees to ask questions or report any possible violations. The helpline is publicly available. Anyone can anonymously report any suspected violations of our Code of Conduct via our Ethics Point website which is available in multiple languages.

## Cyber Security and Data Privacy

We value the protection of employees' personal data as our top priority and always follow the relevant data and privacy laws. Our regional compliance representatives monitor local data protection and privacy laws and adjust our policies and processes as required.

We assess all processing activities and assets that involve personal information in our Data Privacy Management Tool (OneTrust) and consider data security an essential aspect of the assessment. We have defined rules for Yanfeng employees and external service providers for handling personal information, which are described in the corresponding YF IOS work instruction documents.

In the YF IOS, we have multiple process documents dealing with information security management, awareness, training, and reporting. Our global security team continually conducts cybersecurity event alerting and monitoring.

We consistently provide mandatory cybersecurity awareness training which is included under Yanfeng Information Security Standards Training. That is assigned to employees when they join the organization and is required annually to account for changing cybersecurity threats. Training completion metrics are reviewed regionally in quarterly security and IT meetings. Throughout the year, frequent phishing awareness tests are conducted using a simulation program. Employees who did not pass a simulation phishing test must complete additionally also Yanfeng Phishing Awareness Training. We have in place also other specific security trainings as is Yanfeng Business Email Compromise (BEC) and Fraud Awareness Training for the finance and purchasing departments and Yanfeng Operational (OT) Security Standards Training for the plant level employees.

In 2024, Yanfeng made significant strides in promoting information security awareness across all business units. We implemented a comprehensive Information Security Course to educate employees on best practices and emerging threats.

With an average completion rate exceeding 94%, Yanfeng has set a strong foundation for a security-conscious workforce. These impressive figures demonstrate the proactive engagement of our teams and the effectiveness of our training initiatives. Yanfeng will continue to prioritize information security by refining our training programs, incorporating advanced technologies, and addressing evolving threats.



80%

salaried employees completed the Data Privacy training

94%

completion rate for Information Security Course for salaried employees

100%

sites received valid certification ISO / IEC 27001:2013  
(Information Security Management System)

# Procurement Practices

## Partner Code of Conduct

At Yanfeng, we see our suppliers as strategic partners, pivotal to our ability to deliver the high-quality products and services our customers expect. We firmly believe that trust and unwavering ethical standards are the foundation of effective partnerships.

This belief is embodied in our Yanfeng Business Partner Code of Conduct, a comprehensive framework accessible on our website, outlining our commitment to responsible and sustainable supply chain practices. This Code details the minimum ethical and legal expectations for all our business partners, regardless of the materials or services they provide, emphasizing environmentally and socially responsible operations that align with our global supplier standards.

We encourage our partners to go beyond mere compliance and embrace business values and practices that resonate with the UN Global Compact's Ten Principles for environmental and social responsibility, as well as Sustainable Development Goals, extending this commitment across our entire supply chain.

Yanfeng places a high value on environmental stewardship and the well-being of the communities where we operate, reflecting this dedication in our products, services, and manufacturing processes. To ensure accountability and transparency, our partners must adhere to all applicable government regulations related to manufacturing and sales, including system certification and local laws.

Failure to comply may result in restrictions on future business opportunities.

We have established a robust process, overseen by our Governance team, for reporting potential conflicts of interest or legal violations, with reports made anonymously through our Integrity Helpline, available in multiple languages on our Ethics Point website.

Any suspected violations are taken seriously and thoroughly investigated, with findings reported to relevant governance bodies.

Looking ahead, we are committed to continuously strengthening our supply chain practices, prioritizing the health and safety of employees, environmental protection, responsible management of toxic and hazardous substances, fair trade, and encouraging and supporting suppliers in achieving ISO 14001 and ISO 45001 certifications, all within a framework of strong governance and oversight.

Our partners have a duty to report all suspected or actual violations of the Partner 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.

In China: <https://chinahelpline.yanfeng.com>  
Other nations: <https://yanfeng.ethicspoint.com>



Any suspected violations to our Code of Conduct can be reported anonymously via our Ethics Point website, which is available in multiple languages.

[Link to website](#)

[Link to website](#)

## Lenka Vargoncikova Korytinova

Senior Manager Quality Supplier  
Development

### Strengthening Sustainability Management in Serbia's Automotive Sector Yanfeng's Sustainability Initiative

**In 2024, Yanfeng, represented by Lenka Vargoncikova, played a pivotal role in a project dedicated to strengthening sustainability management within Serbia's automotive supply chain. This initiative was a direct response to evolving EU regulations like the German Supply Chain Due Diligence Act and the EU Corporate Sustainability Due Diligence Directive. Spearheaded by the Responsible Supply Chain Initiative (RSCI), in partnership with German Corporation for International Cooperation. This project, focused on bridging the sustainability knowledge in the Serbian automotive industry, was managed by Parts of the Solution (POTS).**

### What motivated you to participate in this project, especially on a voluntary basis, and why was Yanfeng's participation significant?

For me, it was about seizing an opportunity to make a real difference and contribute to something truly meaningful. Yanfeng's participation was incredibly significant because we were the only RSCI member actively involved. This wasn't just about fulfilling a responsibility; it was about demonstrating our genuine commitment to leading by example and fostering industry-wide sustainability. We wanted to show that we're not just talking about responsible practices; we're actively working to implement them, not only within our own supply chain but also with other Serbian companies via sharing our own expertise and experiences free of charge.

### What were the key results and lessons learned from this project?

Our initiative in Serbia went beyond theoretical concepts, delivering tangible results specifically for the automotive sector. We forged a powerful partnership to develop a

sustainability training program, meticulously tailored to the unique challenges faced by Serbian automotive suppliers. A key achievement was training 15 consultants with expertise in both the RSCI Standard and Human Rights and Environmental Due Diligence. This wasn't just about compliance; it was also about building local capacity to drive sustainable change within the automotive supply chain. These trained consultants are now actively working with different companies, providing practical guidance to navigate the increasingly stringent requirements of the industry. The impact is clear: we are witnessing real progress in supplier understanding and implementation of sustainability practices. This translates to measurable improvements in compliance and a stronger, more resilient automotive supply chain in Serbia.

### How do you see this project contributing to Yanfeng's broader ESG goals and the automotive industry in Serbia?

By enhancing sustainability practices in Serbia, we're building a more responsible supply chain, mitigating risks, and enhancing stakeholder

# “ Building local capacity to drive sustainable change. ”

trust. Yanfeng's participation in this project reinforces our commitment to ESG principles and our proactive approach to industry challenges. It sets a precedent for sustainable practices in the region, demonstrating that collaboration across companies and industries can lead to significant positive change and contribute to a more sustainable future for the entire automotive sector not only in Serbia. It was very exciting to be a part of something that may have such a positive ripple effect. The success of this project has led to initiate a similar project planned for Morocco in 2025.





## Procurement Sustainability Policy

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 following human rights and environmental regulations.

Therefore, Yanfeng integrated sustainability priorities into the day-to-day procurement process as a key strategy in our drive for the green transformation of our supply chain, to ensure that our products and services are environmentally friendly and socially responsible at the source.

To strength our sustainability commitments from the procurement in 2024 we created a Procurement Sustainability Policy which applies to Yanfeng's employees involved in the procurement process.

## Our Commitment to Sustainable Procurement

We are dedicated to minimizing the environmental impact of our purchasing decisions by prioritizing sustainable, energy-efficient, and recyclable products and services.

We ensure our suppliers uphold fair labor practices, respect human rights, and positively contribute to their communities.

**Integrating Sustainability into Procurement:** Yanfeng integrates sustainability into its procurement through:

- Clear Communication:** Maintaining open dialogue with suppliers on sourcing and sustainability.
- Prioritizing Resource Efficiency:** Selecting goods and services that reduce waste, minimize their carbon footprints and resource use.
- Environmental Management:** Favoring suppliers with robust environmental management systems.
- Labor and Human Rights:** Partnering with suppliers who uphold ethical labor practices and human rights.
- Social Responsibility:** Supporting suppliers who promote social responsibility.
- Sustainable Innovation:** Collaborating with suppliers to develop eco-friendly products and services.
- Compliance Monitoring:** Regularly assessing procurement activities to ensure policy adherence.
- Goal Setting:** Improving procurement practices through measurable sustainability targets.
- Training and Education:** Equipping employees with the knowledge to implement this policy effectively.
- Supplier Support:** Offering guidance to suppliers to enhance their sustainability performance.
- Sustainability Assessment:** Regularly evaluate supplier sustainability.

This policy will be reviewed annually and revised as necessary to ensure its effectiveness and alignment with our sustainability objectives. Yanfeng aims to train 100% of employees from the procurement team on Labor and Human rights & Environmental issues in the supply chain in 2025.



## European Union Deforestation Regulation (EUDR)

### Navigating the Evolving Landscape: Yanfeng's Proactive Approach to EUDR Compliance

The European Union Deforestation Regulation (EUDR), formally adopted in May 2023, represents a landmark legislative effort to minimize the EU's contribution to global deforestation and forest degradation. This regulation, aimed at ensuring that key commodities placed on the EU market are "deforestation-free," mandates that companies conduct rigorous due diligence to trace the origin of products linked to specific commodities. While initial indications pointed towards a December 2024 implementation, the regulation's effective date was ultimately postponed to December 2025. Recognizing the potential for significant business disruption, Yanfeng chose to embrace a proactive stance, prioritizing robust due diligence and strategic preparedness to ensure seamless compliance, demonstrating our commitment to responsible governance and risk mitigation.

The EUDR specifically targets commodities linked to deforestation, including cattle, rubber, soy, palm oil, wood, cocoa, and coffee. These commodities are identified due to their significant impact on global deforestation, often driven by agricultural expansion.

The regulation requires companies to demonstrate that these commodities were produced on land that was not subject to deforestation.

Our journey began with a comprehensive analysis and mapping of our supply chain, meticulously comparing our material sourcing with the EUDR's requirements, which details the relevant commodities. This exercise identified our high-risk areas, demanding immediate and focused attention. Furthermore, we also extended our scope to include after-sales operations and packaging materials, particularly wood, recognizing the broad reach of the regulation.

To ensure compliance, Yanfeng implemented several key benchmark actions within Y2024 already:

- Supplier Engagement: We initiated direct and transparent communication as well as other potentially affected partners, to clarify EUDR requirements and ensure their understanding of our expectations. This collaborative approach fostered a shared commitment to responsible sourcing.
- Customer Communication: Recognizing the importance of transparency along the value chain, we proactively engaged with our customers, providing updates on our EUDR preparedness and demonstrating our dedication to compliance.
- Technology Integration: We leveraged our partnership with Prewave, a leading supply chain risk intelligence platform, to enhance our monitoring and due diligence capabilities. This technology enabled us to track and verify the origin of our materials, ensuring they meet the stringent requirements of the EUDR.
- Internal Awareness: Comprehensive discussion and involvement within our procurement and supply chain teams implemented, ensuring we are well-versed in the EUDR's requirements and best practices for compliance.

Yanfeng will further strengthen our EUDR strategy. We are actively developing and implementing robust system solutions, integrating EUDR requirements directly into our ERP (Enterprise Resource Planning) system, and automating key compliance processes. This will ensure long-term, and efficient compliance.

We are working to implement a robust due diligence framework, incorporating risk assessments, data collection, and traceability measures to ensure the legality and sustainability of our sourced materials. By taking these proactive steps, Yanfeng has not only mitigated potential risks but also strengthened our governance framework, demonstrating our commitment to environmental stewardship and responsible supply chain management. We are prepared to adapt and evolve as the EUDR landscape continues to develop, ensuring our operations remain aligned with the highest standards of sustainability and compliance.

Despite the challenges, Yanfeng is committed to proactive solutions. We are investing in advanced tracking technologies, strengthening supplier partnerships to ensure full compliance. Our goal is to not only meet the EUDR standards but to also drive positive change within the automotive industry, fostering a more sustainable future.

## Jacinto Blanco

Senior Manager Procurement

Supplier Diversity

### Supplier Diversity

**Yanfeng places a strong emphasis on supplier diversity as a key component of its business strategy to provide a competitive advantage, contribute to the overall growth and expansion of the business, and have a positive economic impact on disadvantaged communities. By fostering a diverse supply chain, Yanfeng not only meets customer expectations but also drives innovation and efficiency within the organization. Jacinto Blanco, Senior Manager of Procurement Supplier Diversity leads this critical area within the North America region. We engaged with him to gain insights into the strategic rationale behind this approach, how it differentiates from conventional supplier programs, and the standout achievements of 2024 that reflect the program's impact.**

#### How does Yanfeng identify and engage with diverse-owned suppliers?

Yanfeng has a robust supplier diversity program that aims to ensure diverse-owned businesses

have equal opportunities to compete for contracts. We identify and engage with diverse-owned suppliers through many of the outreach events held by certifying agencies to find qualified diverse suppliers. These organizations, such as the National Minority Supplier Development Council (NMSDC), the National Veterans Business Development Council (NVBDC), and the Women's Business Enterprise National Council (WBENC), verify that businesses meet specific diversity criteria.

#### In 2024, Yanfeng spent \$175 million with certified diverse-owned suppliers. What initiatives helped achieve this milestone?

Supplier diversity is included in Procurement's KPIs. This means that Commodity teams (managers and buyers) help by developing annual roadmaps to identify opportunities for diverse-owned companies. Also, the commodity managers and buyers have a goal to participate in at least one supplier diversity outreach or networking event per year. It is important to note that the roadmaps do not create set-asides for the diverse-owned suppliers. And that all suppliers are selected based on the best price and merit.

#### How does Yanfeng collaborate with external organizations, such as the NMSDC and WBENC, to enhance its supplier diversity efforts?

By becoming a member of these organizations, Yanfeng gains access to a network of certified diverse-owned suppliers. This collaboration often includes participation in events, training, and networking opportunities that help identify and engage with diverse suppliers. These organizations also help to ensure that our diverse-owned suppliers are properly certified by meeting specific criteria, which is crucial for maintaining the integrity of a robust supplier diversity program. By leveraging these organizations, we believe we can significantly enhance a more inclusive and resilient supply chain.

**“ We provide positive impact on a more inclusive and resilient supply chain. ”**





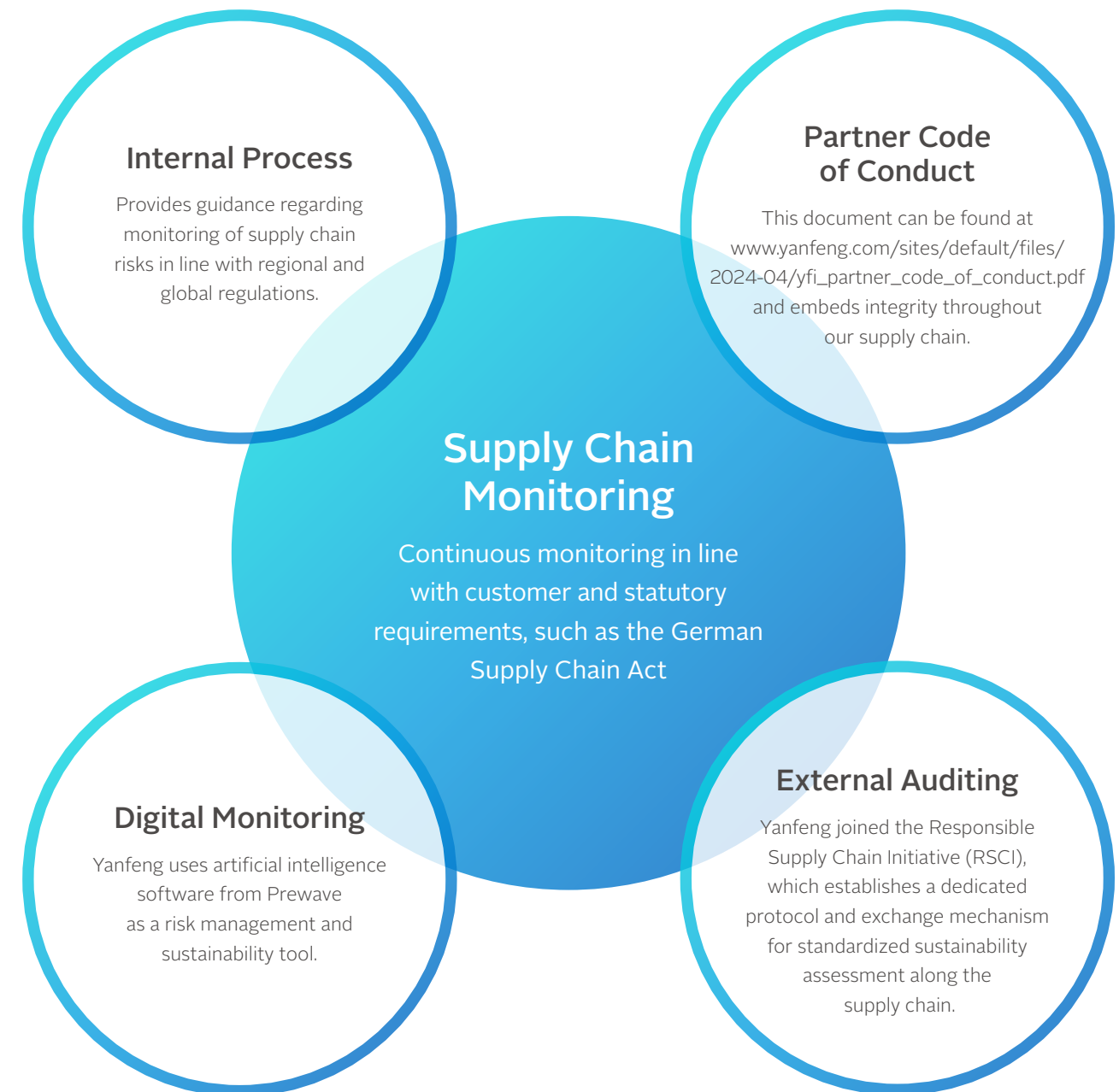
# Supply Chain Monitoring & Auditing

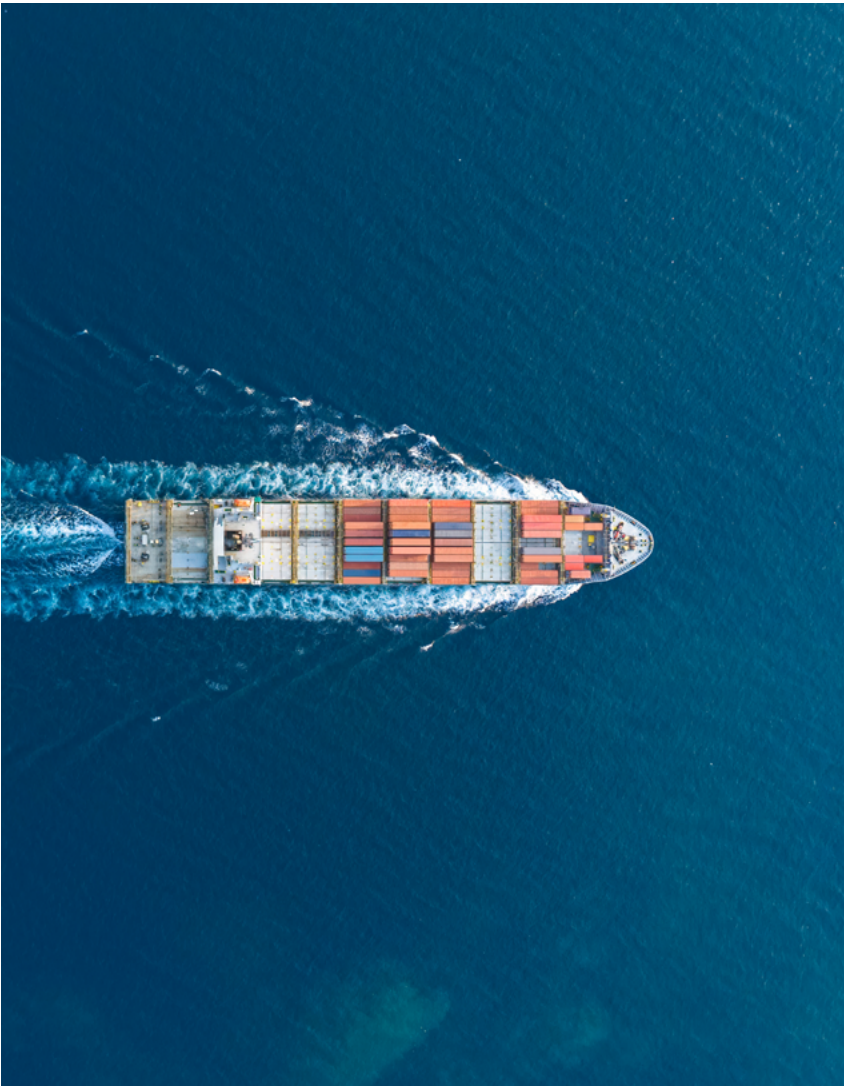
## Building a Sustainable Supply Chain, together.

In today's interconnected world, responsibility doesn't stop at our doorstep. The German Supply Chain Act, along with a growing tide of regulations, calls for a new era of corporate accountability. At Yanfeng, we're not just meeting these standards – we would like to settle a new benchmark. We're committed to ensuring that every link in our supply chain, from our direct partners to the most distant suppliers, reflects our unwavering dedication to human rights. To achieve this, we've built a robust **four-pillar framework** encompassing

- Internal Process
- Partner Code of Conduct
- Digital Monitoring
- External Auditing

This comprehensive approach allows us to proactively identify and address potential risks, ensuring that our supply chain is not only efficient but also ethically sound.





## Monitoring

Transparency and resilience are the cornerstones of a responsible supply chain. At Yanfeng, we're committed to proactively identifying and mitigating risks across our extensive network. To achieve this, we employ a sophisticated monitoring system powered by Prewave's AI technology.

Prewave provides real-time insights into potential risks by scanning publicly available information and social media in over 150 countries and 50 languages. This allows us to detect and address issues such as pollution, corruption, and human rights violations swiftly and effectively.

Our commitment to transparency extends beyond digital monitoring. We also conduct ongoing industry and country-specific risk assessments and require suppliers to complete self-assessments as needed. This holistic approach ensures continuous improvement and strengthens the integrity of our supply chain.

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key suppliers of Yanfeng utilize  
Prewave's AI to monitor potential  
risks in real-time

## Auditing

At Yanfeng, we don't just audit – we forge partnerships for progress. Our commitment to responsible sourcing goes beyond ticking boxes. We proactively identify and mitigate risks throughout our supply chain, ensuring ethical and sustainable practices at every stage.

In 2024, we took concrete action by conducting **in-dept RSCI audits at critical suppliers**. These weren't just checks; they were collaborative efforts. We worked closely with our partners to develop robust Corrective Action Plans (CAPs), driving tangible improvements and fostering a culture of continuous enhancement.

Worker interviews are the key part of RSCI assessments. They verify compliance, uncover hidden issues like unfair labor practices or safety concerns, and assess worker awareness of their rights. Confidential interviews target a representative workforce, focusing on human rights, working conditions, and ethical conduct, providing firsthand insights crucial for ensuring responsible supply chain management. We are fulfilling our due diligence obligations in the supply chain and further developing our suppliers by pursuing a risk-oriented approach. Besides human rights risk analysis; our company conducts sustainability risk assessments via standardized questionnaires and other internal processes. Social audits, which we perform in justified cases by the Responsible Supply Chain Initiative (RSCI) standard, are part of these processes.

These initiatives assure shared values related to social responsibility and compliance within the supply chain and enable suppliers to share their labels with other business partners, avoiding redundant auditing.

Yanfeng is a very active member of the Responsible Supply Chain Initiative (RSCI) since 2022. The RSCI was founded in October 2021 under the German Association of the Automotive Industry (VDA) governance. The assessment standard was developed and validated by stakeholders in the automotive industry and the VDA. The initiative focuses on identifying gaps and enhancing sustainability in the supply chain through on-site audits and corresponding corrective action plans (CAP). The intention is to create transparency in working conditions by conducting audits on-site. The RSCI assessments are integral to implementing corporate due diligence in the automotive supply chain.

Through our active participation in the Responsible Supply Chain Initiative (RSCI), we not only fulfill our due diligence obligations but also empower our suppliers to share their sustainability credentials, minimizing redundancy and maximizing impact. Thanks to our involvement with the RSCI, we have standardized testing and an exchange mechanism for assessing the sustainability performance of companies within our supply chain and mutually recognizing the results. This program also supports us in implementing the requirements of e.g., German Supply Chain Due Diligence Act.

We believe in a future where sustainability is woven into the fabric of our industry, and we're proud to be leading the charge.



The RSCI assessments are an integral part of implementing corporate due diligence in our automotive supply chain.

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internal RSCI auditors covering Asia Pacific, Europe and North America regions were successfully recertified





# Environmental, Social & Governance Report 2024

published July 2025

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