
The YFAI CSR provides an overview of our performance globally for sustainability – encompassing our products, our sites and our manufacturing processes. It highlights our commitment to our employees, and particularly to their safety, and how the company supports the communities where we do business all over the world.

A clear focus on ethics and integrity lies at the foundation of all aspects of managing our daily business. YFAI, and our parent company, Yanfeng, are fully committed to integrity and compliance to all ethical and legal standards in both our work and personal lives. With compliance to these standards as the foundation to guide us in how we conduct business, we continue to solidify and grow the trust and confidence that our shareholders, customers, suppliers and colleagues place in YFAI. This is especially important as we expand our business trip and grow our global footprint.

In 2020, YFAI has become a wholly-owned entity of Yanfeng with the purchase of Adient’s 30 percent share. In addition to its existing global interiors footprint, Yanfeng continues to expand its seating and safety systems businesses outside of China into Europe and North America. While the company is expanding globally, our commitment to protecting the environment and acting as a responsible corporate citizen with unquestionable integrity and ethics remains unchanged. In the 2020 edition of this CSR, you will see our reporting expanding to reflect the wholly-owned businesses of Yanfeng.

Thank you for your interest in YFAI and how we are creating a better life onboard.

Sincerely,

Steve Meszaros
CEO
YFAI
Experience in motion, for a better life on board

Who we are

Yanfeng Automotive Interiors (YFAI) is the global leader in automotive interiors. We are redefining how people interact with vehicle interiors - driving, working and relaxing - today and decades from now.

Headquartered in Shanghai, YFAI has approximately 150 manufacturing plants and technical centers in 20 countries and more than 25,000 employees globally. Our employees design, develop and manufacture automotive interior components for almost every global automaker.

Our vision

Better life on board through superior automotive interior solutions.

Our mission

To be our customers’ preferred partner for automotive interior solutions. With a heritage of long-term relationships, we work in collaboration with our customers, listening closely to them to understand their needs.
What is important for us and characterizes our strength

Our unique vision, mission, values, culture and brand set us apart in what is a highly competitive market. Our unique skill set not only distinguishes us from our competitors but also lets us live up to our brand promise of being our customers’ preferred partner.

Customer focus
Our customers’ needs are our top priority. We aim to forge strong, enduring customer partnerships built on trust.

Innovation
Innovation is integral to everything we do. We don’t just design and manufacture best-in-class vehicle interiors but also enhance end users’ on-board experiences.

Culture
We foster a corporate culture and environment that encourages innovation and stimulates employee creativity, making our company a great place to work.

Expertise
We are the global industry leader in automotive interior development and manufacturing. Our unmatched interiors product portfolio paired with deep vertical integration in manufacturing and excellence in execution, allows us to rapidly bring superior new solutions to market.

People & processes
With our workforce of over 33,000 passionate experts, we pursue high standards of excellence and seamless program execution, with a clear focus on efficiency and continuous improvement.

Global scale
We are truly a global company, present in all of the world’s major automotive markets. Our in-depth expertise spans North America, Europe and Asia where we are uniquely positioned to tap the world’s fastest growing automotive markets.

In our focus on Sustainability, we promote the efficient use of resources to benefit our planet and its people. We view protecting our environment as a key element of our business proposition. We seek long-term, sustainable and profitable growth, generating value for employees and shareholders in a responsible manner.

Our culture - the shared values of our global team

Our culture is shaped by the shared values of our global team. We may come from different parts of the world and speak a variety of languages, but we are united in our shared values, known as C-SPRIT-S, which stands for Customer, Striving, People, Innovation, Respect, Integrity, Teamwork, and last but not least Sustainability.
Sustainability is key to all that we do at YFAI, and how we will achieve our vision and mission. Doing the right thing means acting with integrity and conducting business in a fair, ethical and respectful manner. We believe that by adhering to the highest ethical standards, we not only strengthen our company, but also help to improve the communities where we operate.

We abide by our Code of Conduct and its twelve guiding principles. We also require our supplier base to comply with our Code of Conduct or an equivalent policy. Our Code of Conduct requires that we comply with all applicable laws and regulations of all countries where we conduct business.

We are continually striving to make our business successful and sustainable while recognizing the importance of relationships with our customers, employees, suppliers, shareholders and communities. Our Employees

Our employees are our greatest resource. We cannot achieve our sustainable growth targets and continued success without each employee’s dedication, commitment and passion to uphold the highest ethical standards, and to comply with all legal requirements everywhere in the world where we do business. Our values and principles will be the guide to our success. We operate across the globe, with people speaking different languages, living in diverse cultures and coming from various backgrounds. Integrity is understood and respected in all languages and cultures - without the need for translation.

We honor our employees in different ways. The Vanguard Award is the highest employee recognition in Yanfeng Automotive Interiors presented to individual employees or teams that demonstrate effort above and beyond normal job duties, have a measurable impact on company operations; and exemplify YFAI C-SPIRITS values. Regional Vanguard Award winners are selected quarterly from regional nominations. Global Vanguard Award winners are selected annually from regional winners.

Sustainability

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Number of regional Vanguard Awards in 2019

Quarterly award

Annual award

Total
Learning & Development

Being part of a global, diverse team, our employees are provided with learning and development opportunities to help them succeed. Learning is paramount since change is constant. Here’s an update on how we, at YFAI, are learning new skills and adapting to new processes.

Courses Completed (all Regions) = $41,183 + eFactory + Plant Instructor-Led Training

YFAI Learning Management System

20 ACADEMIES
(1 Leadership + 19 Functional)

794 COURSES & SPECIALIZATIONS
(additional 210 in eFactory - China)

208 NEW COURSES in 2019
(25 created internally)

Onboarding Programs

22 ONBOARDING LEARNING JOURNEYS

19 ONBOARDING WEB PARTS

Executive Onboarding Template

Courses can be accessed via YFAI Learning (our Learning Management System) on the company’s employee portal site.

YFAI receives Top Employer Accolades

YFAI is honored to be named a Top Employer by the Top Employers Institute. In 2020, the company received this honor for the fourth consecutive year in China; and for the first time in Mexico. This honor is a recognition of the company’s working conditions, compensation and benefits system, talent development and corporate culture. YFAI’s Global Headquarters, Tech Center and several plants located in Shanghai, and all locations in Mexico received this recognition. The review process encompasses more than 100 questions which cover people development practices across 10 key focused HR disciplines. Since its establishment, YFAI has been dedicated to creating a diverse working environment around the world that encourages collaboration and innovation. Employees are YFAI’s most valued resource and the company continually seeks to offer a platform to showcase and develop talent. YFAI will continue to optimize Human Resources practices and further establish YFAI as a reliable and innovative employer of choice.
Labor Requirements

- Child Labor
  The employment of underage workers as defined by law in the countries where we operate is prohibited.

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

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

- Harassment and Discrimination
  We will maintain workplaces free of physical or mental harassment, abuse, or any other behavior that diminishes a person’s integrity and self-esteem. The Company does not tolerate discrimination or harassment in any form, including that related to color, race, gender, sexual orientation, age, pregnancy, caste, disability, union membership, ethnicity, or religious beliefs.

Health and Safety

We will identify, evaluate and control worker exposure to potential safety hazards through proper design, engineering and administrative controls, preventive maintenance and appropriate fire detection and suppression equipment, to ensure the health and safety of the public.

We will strive to minimize the adverse effects of our operations in the community and environment, while safeguarding the health and safety of the public.

We will obtain, keep current and follow required environmental permits and registrations whenever required by the laws and regulations.

We will implement programs to conserve water and energy and reduce waste.

We will identify and manage the materials posing a hazard if released to the environment and ensure safe handling, movement, storage, recycling or reuse and disposal.

We will monitor, treat and control air emissions, wastewater movement, storage, recycling or reuse and disposal.

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We will adhere to applicable laws and contract requirements regarding prohibition or restriction of specific substances, materials and waste.

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Bribery and Corruption

Corruption in any form, including extortion and embezzlement, bribery, or other means of obtaining undue or improper advantage is strictly prohibited.

Under no circumstances will we tolerate the giving or receiving of money, gifts, favors or anything of value to improperly influence the behavior of any other individual, organization, government officials or authority in furtherance of commercial or personal advantage.

We will strive to ensure fair business practices, advertising and competition.

Confidentiality and Non Retaliation

We properly protect business, customer and personal information and intellectual property rights in accordance with applicable laws, regulations and prevailing industry practices.

We properly protect third party and employee whistleblower confidentiality and prohibit retaliation against any report made in good faith.

Social Responsibility

We are committed to the Company’s Corporate Social Responsibility (CSR) activities and encourage employees to participate in such activities and give back to society.

We always support our employees’ participation in environmental stewardship, social service and education projects in their local communities.

Employees and stakeholders are encouraged to raise any concerns regarding this Policy by speaking to their supervisor, Human Resources, Legal and Compliance or by using the 24-hour Integrity Helpline. (http://www.yfai.ethicspoint.com/)

YFAI Business Operating System

YFAI’s Business Operating System (BOS) is an integrated management system which provides a strong foundation for how the company operates its business. It also enables the implementation of sustainability initiatives. As a global system, BOS provides guidance in the areas of quality, environmental, health and safety, risk management, as well as social commitments.

Released documentation is available to all employees worldwide, in multiple languages. The enables consistent execution with a strong focus on continuous improvement and sustainable operations. Our BOS policies and procedures have been developed over time, represent best practices and are updated regularly to ensure the company maintains compliance with required industry standards and meets the expectations of all interested parties. Processes cover every function in the company, including product development and launch, manufacturing, as well as functional areas such as procurement and human resources.

The organizational structure and management system deployed by YFAI is continually assessed to validate and improve process and product quality. Alongside regular internal audits, external audits are also conducted by internationally accredited companies. This guarantees that our management system conforms to the relevant standards and certifications.
Environment, Health and Safety

Environment, Health and Safety (EHS) are some of the most critical elements we focus on as a business. Our company has policies in place to guide our performance in this area.

Our Environmental Policy

We will continually reduce the negative impact of products, services and activities on the environment. We will be an excellent corporate citizen that engages in environmentally friendly and sustainable practices.

Our commitments are:

- Meet all applicable legal and other requirements.
- Promote continuous improvement of Environmental Management Systems and environmental performance to fulfill the commitment of protecting the environment and exceeding the expectations of interested parties.
- Commit to pollution prevention, especially to enhance the control and management of chemicals and hazardous waste, by identifying, screening, and controlling any adverse environmental impacts occurring from activities, products and services from a life cycle perspective.
- Actively seek opportunities to increase the utilization rate of energy and other natural resources, as well as reduce waste discharge / landfill usage through recycling and reuse.
- Proactively take part in environmental social activities and make contributions to solve environmental problems.

Environmental Performance

YFAI focuses on continuous improvement in our EHS management systems. We also continually cultivate a sustainable EHS culture in order to improve the company’s performance, promote pollution reduction and prevent all work-related injuries and illness.

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017 Actual</th>
<th>2018 Actual</th>
<th>2019 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenhouse Gas (GHG) Emissions Intensity</td>
<td>0.79</td>
<td>0.78</td>
<td>1.19</td>
</tr>
<tr>
<td>Energy Consumption / Net Sales</td>
<td>0.138</td>
<td>0.134</td>
<td>0.206</td>
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</tbody>
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Energy Saving: GHG emissions intensity reduced by 3.8% and Energy Consumption reduced by 3.6% from 2016 to 2018 across all of YFAI’s energy saving programs.

Health and Safety Policy

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

Our commitments are:

- Prevent all occupational injuries and illnesses through the continuous improvement of our Health and Safety Management System.
- Meet all applicable legal and other requirements regarding safety and occupational hazards at each location.
- Eliminate or substantially reduce the risks of all known hazards, including those related to chemicals, combustion, explosions, etc.
- Continually improve measures for injury / illness prevention to protect people from harm.
- Promote safety awareness and skills as the responsibility of all managers and employees.

Health and Safety Performance

Safety is a priority for YFAI and this is demonstrated by our performance to industry-accepted safety metrics where we consistently exceed global standards. We continuously identify, record, investigate and look for improvement opportunities in all work-related incidents, including first aid and near-misses. Our company also implements and tracks the specific leading indicators such as safety inspections, safety observations and feedback, as well as EHS Best Practice / Shareable Practice scores, etc., thereby defining success in terms of proactive efforts rather than injuries alone.

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<tr>
<td>Total Incident Case Rate (TIR)*</td>
<td>0.24</td>
<td>0.17</td>
<td>0.15</td>
</tr>
<tr>
<td>Lost Time Case Rate (TIR)*</td>
<td>0.05</td>
<td>0.02</td>
<td>0.04</td>
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We had favorable performance related to Health and Safety from 2016-2018. The Lost Time Case Rate reduced by 75% and the Total Incident Case Rate reduced by 65% from 2016 to 2018. In addition, these results are also much better than the top 25% Motor Vehicle Parts Manufacturing (from Bureau of Labor Statistics 2017) Quartile which is 3.1 for TIR and 0.6 for LTR.

* Total Incident Case includes Lost Time Case, Medical Treatment Case, Fire Alarm Accident, Occupational Illness and Environmental Incident.
* Total Incident Case / Lost Time Case Rate: Total Incident Case count / Lost Time Case count per 200,000 hours worked
EHS certification

- 66 YFAI sites obtained ISO 14001:2015 (Environmental Management System) Certificate

EHS culture & events

Achieving our goal towards Environmental, Health and Safety will not happen overnight, it shall take us a long way to go. Therefore, we are putting an extra emphasis on EHS year by year. EHS is also part of the Executive Committee’s annual goals.

So as to continually improve EHS management system and performance, implement the sustainable EHS culture, company takes cultivation of the company EHS culture as one of the most critical one overall. We will focus on reinforcement of the management engagement, promotion of safety observation & feedback, launch of YFAI Safety-FIRST EHS Culture Promotion Campaign and globalization of EHS week and Environmental Day events.

Green Materials & Processes

- Lightweight
  - Compression Hybrid Molding (ChyM)
  - Expanded Injection Molding with Polypropylene (EIP)
  - Innovative Cross Car Beam solution that uses plastic materials instead of steel
  - Foam-Lite® Map Pocket
- Low VOC
  - New material innovation and application on key interior surfaces & advanced manufacturing processes - easy-to-clean EcoSafe™
  - Solvent-free coating process
  - Improves vehicle indoor air quality
- Eco-Friendly Glue & Paint
  - Select eco-friendly materials such as water-base or hot-melt cement
  - Promote reductions in toxic and harmful solvents
  - Reduce the paint usage by employing spray-free materials

Green Manufacturing

- Energy Saving Management
  - Enmis energy management information system
  - ISO50001 energy management system
  - Energy management information platform

Clean distributed energy

- Solar photovoltaic generation
  - Launched solar panel power generation projects on the roof of several plants in the Asia-Pacific region.
- Green lighting technology
  - Replaced traditional lamps, metal halogen lamps, etc. with LED lamps.

Technology for energy saving

- Application of CO2 heat pumps
  - Produce hot water & supplying heating.
- Optimize the energy structure
  - Use gas-fueled boilers to replace coal-fired boilers.
- Air compressor energy saving technology
  - Leverage waste heat recovery and frequency conversion control of air compressors.
- Injection Molding Machine energy saving technology
  - Apply injection molding and blow molding machines to save energy.
ONE Company, ONE Code, ONE Commitment to INTEGRITY

Our Code of Conduct (the “Code”) provides guidance for ethical business conduct and serves as the foundation for our commitment to integrity as a company. The Code is part of our Compliance Management System to support healthy and sustainable growth.

Integrity is a core Value at YFAI. We use our Code of Conduct to define and explain what we mean by that statement.

Our Code of Conduct (the “Code”) provides guiding principles to lead us along the right path, especially in difficult situations. Our Code functions as a compass to guide each YFAI employee as he or she conducts business on behalf of the Company.

The Code is the foundation of our Compliance Management System, which is a risk management system based on the compliance best practices of leading companies around the world.

Our Code provides a set of guiding principles defining the behavior that we expect from all of our teammates. It also ensures we comply with applicable laws and regulations, and strictly follow our company’s policies and procedures. It enables our Company to be a global leader and a good corporate citizen. Moreover, the Code helps each of us to know and understand what is expected of us as members of YFAI so we can act accordingly.

The Code has twelve guiding principles and it applies to everyone at YFAI. As a global company, YFAI operates in many countries with varying legal requirements. While we recognize the diversity and complexity of the rules that apply to our business, we expect that the Code will make it easier, not more difficult, to comply with applicable laws and regulations.

From Integrity Workshops held at locations worldwide to in person training and web based courses, we regularly train our employees on how to recognize and deal with compliance risks that we all face in our daily work life. This training covers topics including, anti-corruption, conflicts of interest, competition law, data privacy, intellectual property protection and trade compliance.

If there is a concern or question about our Code, anyone may access our confidential global Integrity Helpline where each question or concern is directed to the proper function and answered or investigated. YFAI is also committed to the principal that there will be no retaliation against those who report possible misconduct.

We act with the utmost integrity in all that we do.
Giving back to our communities

We showcase our commitment to our communities

YFAI launched a global community involvement program called iCare in 2016. iCare is an initiative that encourages employees to form volunteer teams and work on projects focused on environmental stewardship, social service and education in their local communities. This program highlights the company’s strong commitment to supporting the relationships its employees have with local community organizations through a variety of activities. Hundreds of projects have been completed since the program began.

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

Project teams need to have at least five YFAI employees involved, to apply for a corporate financial grant for their projects.

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

iCare facts and figures:

YFAI kept carrying out iCare projects in 2019 across our global operations.

Projects are focused on:
- environmental protection
- social service
- education projects

Other Community Involvement Programs:

In addition to iCare, our employees also make donations to organizations that support those in need.

For example, in Asia Pacific, employees made donations to organizations committed to supporting those in poverty-stricken areas.

The North America team also participates in an employee-driven initiative called Care and Share. Since the inception of this program more than 30 years ago, employees have raised over $25 million. Non-profit organizations that are supported as a part of the program are those focused on health and human services.
For a greener world

As a company, we are committed to a sustainable business that operates with the utmost integrity in all that we do. We believe that Yanfeng Automotive Interiors has policies and procedures in place, as well as a vision, mission and company values that provide a foundation for this behavior.

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