

Supplier Sustainability

Social and Environmental Responsibility

Scope

- This document applies globally to all Yanfeng Global Automotive Interiors Manufacturing and Parts Distributions locations that are involved in the purchase of products and services for use internally or resale
- Asia & Pacific region specific requirements:
 - *In AP region Supplier Development is performing Sustainability audit (Safety and Environment Assessment)*
 - *Supplier should obtain a final acceptance of the environment and the fire from local government.*
 - *If the products provided by supplier involved the list of China Compulsory Certification, supplier should be certificated by the third party. Supplier should re-certificate the products, if the following changes took place: key sub-parts, materials, structure, processes and sub-supplier.*
 - *If the products provided by supplier involved in hazardous chemical, the supplier should obtain the third party approval for latest level ISO 14001*

Responsibilities

The senior manager for each business and location that procures materials and services is ultimately responsible for implementing appropriate processes and systems to ensure their suppliers comply with the Yanfeng's Code of Conduct or equivalent policy. Procurement personnel will oversee suppliers to ensure compliance. Personnel from other functional areas (e.g., Quality, Environmental and Safety) will support Procurement as requested to assess supplier compliance.

Yanfeng's Standards of Responsibility recognizes the health and safety of our employees, as well as that of our suppliers throughout the world is of utmost importance. Our work processes and policies are designed to minimize risk. We all must routinely review and improve workplace conditions to ensure a safe and healthful workplace and must report unsafe working conditions anywhere in the world to supervisors and management.

We respect the needs and concerns of the communities in which we live and work. This is exemplified in the company's long tradition of caring about the quality of the environment. Our products, services, and manufacturing methods reflect this concern and our belief that what is good for the environment is good for Yanfeng. In the same respect we are committed to provide a workplace that is free of harassment or any other behavior that diminishes a person's integrity and self-esteem. Neither physical nor mental harassment, nor abuse will be tolerated.

General Expectations

- Yanfeng expects its suppliers to conduct their operations in a socially and environmentally responsible manner. The goal is to work collaboratively with suppliers to encourage the following:
 - Compliance with applicable laws and regulations.
 - Integration of environmental, occupational health and safety, and human rights and labor policies into the decision-making process based on a sound management system.
 - Clear, accurate and appropriate reporting to Yanfeng upon request.

- Check with your Yanfeng business unit representative for any customer specific forms that may be required.

Labor Requirements

Suppliers should treat workers with dignity and:

- Prohibit the use of forced, bonded, indentured or involuntary prison labor.
- Allow workers to leave employment upon reasonable notice and not require workers to hand over government-issued identification; passports or work permits as a condition of employment.
- Employ workers who are at least 16 years old. Youth (between 16 to 18 years) should enjoy all the benefits of a nurturing workplace such as training and development programs. Workers under the age of 18 should not perform hazardous work and may be restricted from night work with consideration given to educational needs.
- Set work hours to comply with local law. Limit a workweek to 60 hours or less, including overtime, except in emergency or unusual situations.
- Comply with applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Employees receive at least the minimum wage required by law or the prevailing industry wages whichever is higher. Workers receive full details regarding deductions for taxes, benefits, etc. Wages are not deducted for disciplinary purposes and are paid in cash, check form or by direct deposit.
- Maintain workplaces free of physical or mental harassment, abuse, or any other behavior that diminishes a person's integrity and self esteem. This includes harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse of workers.
- Maintain workplaces free of unlawful discrimination and harassment in all of its forms, including that related to color, race, gender, sexual preference, age, pregnancy, caste, disability, union membership, ethnicity, and religious beliefs. This applies to hiring, salary, benefits, advancement, discipline, termination, and retirement.
- Respect voluntary freedom of association, including the right to organize and bargain collectively in a manner that is legally compliant. Workers' representatives are not subject to discrimination and have access to workplaces necessary to carry out their respective functions. Where worker representation and collective bargaining are restricted by law, efforts should be made to facilitate open communication and direct engagement between workers and management as alternative ways of ensuring that workers' rights, needs and views are considered and acted upon appropriately and in good faith.

Health and Safety

Suppliers should practice the following:

- Control worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, heat, vehicles, and fall hazards) through proper design, engineering and administrative controls, preventive maintenance and safe work procedures (including lockout/ tag-out). Where hazards cannot be adequately controlled by these means, provide workers at no cost as appropriate the proper personal protective equipment and ensure proper maintenance of the equipment. Workers are not be disciplined for raising safety concerns.
- Maintain appropriate emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.
- Manage, track and report occupational injuries and illnesses, including provisions to: a) encourage worker reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate and implement corrective actions to eliminate their causes; and d) facilitate return of workers to work.

- Identify, evaluate and control worker exposure to chemical, biological, radiological and physical agents as well as physically demanding tasks. Provide appropriate personal protective equipment, when hazards cannot be otherwise controlled.
- Provide and properly maintain machine safeguards, interlocks and barriers.
- Provide clean toilet facilities, access to potable water and sanitary food preparation and storage facilities. Worker dormitories provided by the vendor or a labor agent are to be clean, safe, and provide emergency egress, adequate ventilation and reasonable personal space.

Environmental

Adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public as well as ensure the following:

- Obtain, keep current and follow required environmental permits (e.g. discharge monitoring) and registrations.
- Implement programs to conserve water and energy and reduce waste.
- Identify and manage the materials posing a hazard if released to the environment are to ensure safe handling, movement, storage, recycling or reuse and disposal.
- Monitor, treat and control air emissions, wastewater and waste as required prior to discharge or disposal.
- Adhere to applicable laws and contract requirements regarding prohibition or restriction of specific substances, materials and waste.

Sustainability

Suppliers should recognize, believe in, and practice the principles of a sustainable business woven into the fabric of how they will conduct themselves. Elements which suppliers will consider include:

- Supporting the Global Reporting Initiative (GRI – <http://www.globalreporting.org/>, including development of a Sustainability Report in alignment with GRI reporting guidelines.
- Our commitment to sustainability includes being a leader in promoting diversity in the supplier base. Yanfeng recognizes the benefits of purchasing goods and services from Minority / Women Business enterprises certified as MBE Minority Business Enterprise by the National Minority Supplier Development Council (NMSDC – <http://www.nmsdc.org>) or WBENC Women Business Enterprise Council. Partnering with organizations like NMSDC, our customers and innovative diverse suppliers is not only good business; it's a smart approach to advancing our global competitiveness in an increasingly diverse marketplace of new ideas.
- Taking voluntary initiatives to reduce environmental impacts. These include efforts to improve energy efficiency, control greenhouse gas emissions, recycle materials, curtail or phase out use of toxic substances, minimize waste, conduct life-cycle assessments of products, and promote “greening of the supply chain.”
- Supporting safe, healthful workplaces and communities, hiring and promoting employees without discrimination, paying competitive wages and benefits, and being responsible citizens in communities where the parties operate.
- Participating in the Carbon Disclosure Project (cdproject.net) reporting requirements as requested by Yanfeng.
- Yanfeng has released an on-line supplier sustainability rating. The on-line survey allows suppliers to complete the questionnaire at their convenience. The questionnaire contains questions related to human rights, working conditions employee safety and energy management. The sustainability rating will be a method for measuring sustainability activity and compliance with our supply base. Suppliers are required to participate in our on-line survey at link:
<https://adient.allegiantcetek.com/cgi-bin/qwebcorporate.dll?idx=JNG4E6>

Management Systems

- Suppliers should adopt a management system compliant with and registered to the current version of ISO 16949 and ISO 14001 (or equivalent as approved by Procurement that promotes continuous improvement and compliance with applicable laws, regulations and contract requirements).

Ethics – Code of Conduct

- Yanfeng's Code of Conduct provides guidance to help suppliers meet the environmental and social obligations. The Yanfeng's Code of Conduct may be viewed at:
<http://www.yfai.com/Pages/About%20Us/OurCode.aspx>

Suppliers are expected to uphold the highest ethical standards to include:

- Prohibit corruption, extortion and embezzlement, bribery, or other means of obtaining undue or improper advantage and to ensure fair business, advertising and competition.
- Properly disclose and protect business information, customer information, and intellectual property rights in accordance with applicable requirements and prevailing industry practices.
- Protect supplier and employee whistleblower confidentiality.

Implementation

Basic Principles – Yanfeng will encourage improvement when appropriate. However, termination of a contract will be considered when the supplier fails to comply with the spirit and intent of our Code of Conduct, has significant social and environmental performance issues that cannot be resolved in a timely or cooperative manner or could result in significant repercussions for Yanfeng or our customers.

Supplier Selection Criteria – In addition to cost and quality, social and environmental performance will be used to select and retain suppliers. Acceptance of a Purchase Order means the supplier agrees to abide by the Code of Conduct or equivalent. No Purchase Orders will be awarded to suppliers that refuse to abide by the Code of Conduct or equivalent within a reasonable amount of time; or have significant environmental or social performance issues that cannot be resolved in a timely manner.

Validation of Supplier Performance – Procurement personnel may require validation of the supplier's performance. This may include background checks, site visits, third party audits/data, and internal discussions with personnel from other internal (i.e., environmental, safety, human resources and quality) and external organizations (i.e., industry peers, regulatory agencies, investment analysts, and non-government organizations.)

Each business group will establish criteria for auditing key suppliers, especially those posing the greatest risks to Yanfeng and its customers (i.e., raw material extraction, chemical processing, manufacturing associated with high labor demands, etc.). Audit results should be tracked to ensure corrective actions are implemented and shared across the business.

Records and Logs

Suppliers are expected to maintain audit results, records, and performance measures to share with Yanfeng as appropriate.

References

Universal Declaration of Human Rights (UDHR), Social Accountability International (SAI) and the Ethical Trading Initiative (ETI), OHSAS 18001 and ILO Guidelines.