

Updated November 2020

EVERY DAY, STRIVING  
FOR BETTER



LEAR SUSTAINABILITY REPORT  
on Environmental, Social, and Governance (ESG)



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## 2019 Report

The data presented in this report covers all manufacturing and production facilities within Lear's operational control for calendar year 2019. We have disclosed our material topics in accordance with the Global Reporting Initiative (GRI) Standards, wherever feasible. Please refer to the [Appendix](#) for more information.

Lear has historically reported our ESG performance and progress on an annual basis. Periodic updates are incorporated to ensure the content remains current. We plan to release our next fully-refreshed report in 2021.





# SUSTAINABILITY



# MESSAGE FROM OUR CEO

## **I have never been more proud to be part of the Lear family.**

Recent months have proven our resilient spirit. A global pandemic brought the world to a standstill, but it could not break our determination to help people. Recent social demonstrations have reminded us of the value of human dignity, and we renewed our commitment to maintaining a diverse and inclusive culture. Climate change remains a worldwide concern, and our operations continue to reduce emissions and water use. And, as supply chain risks are falling under scrutiny, we are becoming even more stringent in ensuring our entire value chain follows the highest Environment, Social and Governance, or ESG standards.

## **Every day, we are striving for better.**

ESG is becoming more deeply integrated into everything we do at Lear, from how we make our products and work with our suppliers to how we govern our company and support our local communities. In fact, we have restructured ESG, assigning responsibilities among cross-functional leadership with the oversight of senior leadership and our Board of Directors to thoroughly integrate ESG into our business strategies. We recognize ESG is a journey and we are making progress.

Nothing demonstrates our commitment to social responsibility better than our response to COVID-19. When face masks were scarce, we produced them around the world. When companies considered reopening, we wrote a Safe Work Playbook and shared it with anyone, anywhere. Our priority has been to re-establish a workplace where employees feel informed and comfortable performing their jobs safely.

In the midst of the pandemic, a movement reminded us about the importance of racial equality. While the United States has made progress during our lifetimes, we can do better. At Lear, we have a long-standing commitment to a harassment-free, discrimination-free workplace where everyone is welcome. I signed the CEO Action for Diversity and Inclusion pledge, and we hosted the interactive "Check Your Blind Spots" tour at our Southfield Headquarters campus, expanded our Employee Resource Groups for women and people of color, and formed a Global Diversity Roundtable to share, discuss, and celebrate diversity and inclusion efforts across our organization. We also committed \$1 million to support organizations and initiatives to address issues related to social inequality and discrimination.

In addition, we proudly joined other companies in 156 countries in the largest corporate sustainability initiative in the world, the United Nations (UN) Global Compact. We believe that tackling the problems of economic well-being, education and environmental conservation can spur economic growth.





Finally, we articulated how we protect the rights of everyone working for and with Lear by strengthening our Human Rights Policy.

Our efforts to address climate change continue to reduce the environmental impact of our operations. We announced aggressive climate change goals that aim to use 100% renewable energy and cut carbon emission 50% in our plants by 2030, and achieve net zero emissions by 2050. We also established a No Deforestation Policy to ensure responsible sourcing and conserve natural resources.

Our supply chain is vital to our business. Ensuring every supplier follows our ESG policies is a priority. We are digging deeper into how our suppliers do business and finding innovative ways to ensure they are managing their own ESG risks.

Every day, our employees bring our core value to life by “Getting Results the Right Way.” This is what ESG is all about. Together, we are not only Making every drive better™ but making the world a better place.

Sincerely,



Ray Scott  
President and Chief Executive Officer



# COVID-19 RESPONSE, REOPENING AND RESET

Even before the world realized it was facing a pending pandemic, Lear mobilized to protect its workforce and healthcare workers around the world.

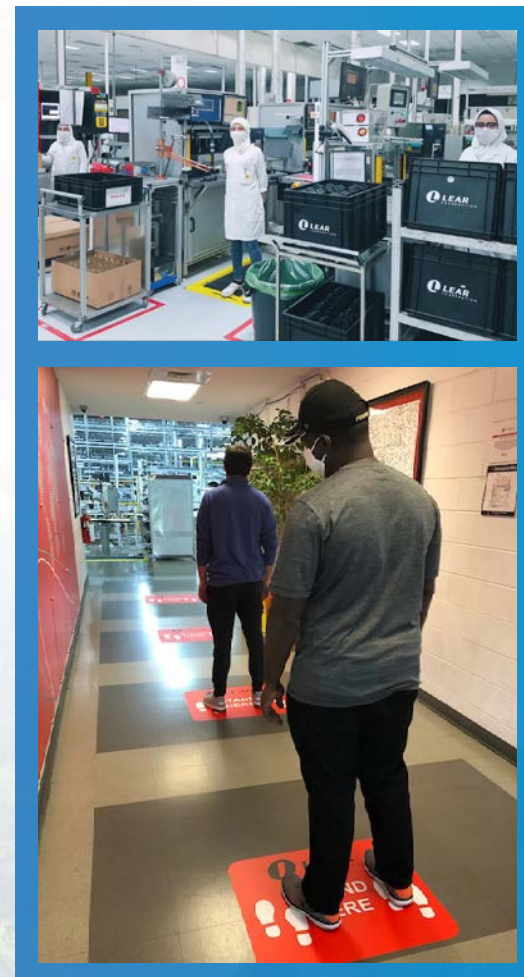
## Response

When China mandated all citizens wear face masks in February, they were soon in short supply. Our engineers in North Carolina designed face masks that then went into production at our facilities in the Dominican Republic and were sent to employees working in China—all in just 72 hours. Four months later, Lear employees in 12 countries on three continents had produced 10 million masks.

Their efforts were heroic. In some countries, employees had to navigate travel restrictions in addition to new pandemic work rules. Intended to protect our employees who were returning to work—including those manufacturing the masks—we also donated supplies to healthcare workers in local communities. Other employees 3D-printed face shield parts, invented hands-free door openers, sewed homemade face masks and retrofitted portable countertop ovens to disinfect masks for hospitals.

As the virus spread, the global economy came to a halt. To avoid layoffs, our Board of Directors accepted a 25% reduction in retainer fees. Salaried employees in the United States and Canada agreed to a temporary 20% pay deferral. In addition, our CEO accepted a 10% pay cut, and other named executive officers' salaries were reduced 5% for the remainder of 2020. Deferred compensation for the CEO and other executive officers will not be paid until financial targets are achieved and not before all other employees have been paid their deferred compensation. Everyone who could work from home did, and schedules were flexible to allow employees to care for children or sick family members.

When production was halted in some manufacturing facilities, leadership used the opportunity to aggressively prepare based on safe workplace guidelines. Our Environmental Health and Safety (EHS) team took early steps to protect employees by publishing a pandemic preparedness and response guide as well as distributing hand-washing and cover-cough posters. We managed overtime in order to pay plant employees during shutdowns. In plants faced with aggressive production schedules, sick employees were paid to stay home. All U.S. employees received full benefit coverage regardless of their pay or work status, including COVID testing. In Mexico, we created a hotline while production was suspended, transferred hospitalized employees to private hospitals and provided support to families impacted by COVID.





## Reopening

From the beginning of the government lock downs, a global team of 30 leaders was assembled to focus on reopening our plants, the lifeblood of our business. We assessed and tracked our supply chain's readiness to restart operations. Daily reports identified levels of production for Lear and our customers, the number of employees who tested positive or were quarantined, available PPE and global government actions around the world. We worked with our union leaders to address the multitude of questions: How is the virus transmitted? How can the work stream be changed to maintain social distancing? Where can plants obtain PPE and sanitation supplies? How do we train our employees to work safely? Our plants would not open until every question was addressed.

To help our plants open safely, we literally wrote the book on reopening. We leveraged our expansive manufacturing expertise and employee engagement to develop and publish the Safe Work Playbook. It provides practical guidelines for setting up a pandemic prevention team, cleaning and disinfection procedures, staggering shifts and lunch breaks, using separate arrival and exit doors, conducting on-site health screenings, establishing protocols for isolating employees who become ill at work, creating customizable plant signage, opening hotlines, and communicating with and training employees to return to work.

It is a result of around-the-clock work by hundreds of people from multiple cross-functional teams and subject matter experts within Lear, including operations, human resources, information technology, marketing communications, and environment, health and safety. The Safe Work Playbook, which was first published on April 6, has been downloaded more than 35,000 times by companies from multiple industries, civic organizations, governments and non-governmental groups.

Real-time communication became critical. Email and text messaging replaced standard mail, which was no longer quick enough. In the United States, 100% of employees are now reachable via text message. Before people came back to work, we explained the steps we took to keep them safe and provided links to videos to show them what the workplace would look like when they came back. When work started, we conducted safe workplace surveys, asking employees whether they received PPE, if their work area had enough sanitizer, if they felt safe, and how Lear was doing. With 76,888 responses, feedback was 91% positive. We learned that some employees felt safer at work than visiting the local grocery store. Analysis quickly helped our plants understand and address gaps.

- ▶ The Safe Work Playbook, which was first published on April 6, has been downloaded more than 35,000 times by companies from multiple industries, civic organizations, governments and non-governmental groups.



**To learn more about how Lear is leading the safe return to work and download the Safe Work Playbook, please visit [lear.com/safe-work-playbook](#).**



## Reset

As we return to a new normal, we realize the world may never be the same. Our offices are different. Meetings are different. The plant floor is different. Our investments in culture, leadership and employee engagement have helped us return to work safely. As we adapt, we continue to evaluate technological solutions, including piloting thermal cameras and a mobile app-based contact tracing solution to help us safeguard our employees against the spread of COVID-19 within our facilities.

Some work solutions may continue. Based on a comprehensive survey, our employees appreciated the flexibility of working remotely. However, our employees also tell us that they don't want to lose the collaborative team culture that only in-person interactions can provide. We are evaluating flexible scheduling solutions and re-assessing needed office space.

We are already working on forward-thinking solutions. Known as an automotive leader in operational excellence, Lear has been working toward the for several years. Our systematic approach will energize automation for safer, more sustainable and more efficient production. Using robotics and artificial intelligence will increase social distancing and sanitation throughout the production process, protecting employees from possible pandemics and other health issues in the future.

In the meantime, we are taking direction from the CDC, WHO and others in the industry to manage what the "new normal" might look like. As long as there is a need, our safety measures will remain in place. Our employees will always be our top priority.

**“Your health, safety  
and well-being  
while doing your job remains my  
highest priority.  
As always, it is an honor to work  
together and be part of each other's  
lives. I wish you good health, now  
and in the future.”**

**Ray Scott**  
President and CEO



## COVID-19 Community Support

Around the world, Lear employees stepped up to help their teammates and local communities survive the pandemic

### PHILIPPINES

With PPE in short supply, employees from our Philippine Engineering & Technology Center retrofitted portable countertop ovens with short-wave ultraviolet (UV-C) lights, which are commonly used to disinfect water, sterilize surfaces and destroy harmful micro-organisms. The team donated the retrofitted ovens to the local Red Cross, Chong Hua Hospital and Vicente Sotto Memorial Medical Center in Cebu.

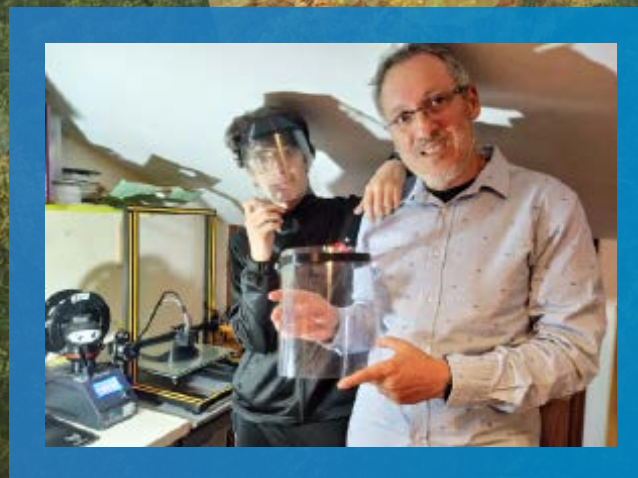
### MOLDOVA

Employees donated 20,000 masks to 13 public institutions in Ungheni. Plant Manager Marian Lefter said, "The community needs support and solidarity more than ever. Only acting together can we face and get over the hard times. I'm glad to say the Lear mask donation campaign produced a positive impact on the community, and this is making us really proud of our actions."



## SPAIN

Employees used 3D printers to print parts for face shields, often involving their children and other family members in the effort. Using downloadable plans, the parts were donated to local hospitals and healthcare workers. "With this project, we are helping the community and becoming more united as a family," said Alberto Alvaro, Senior Buyer. "In these times of confinement, every small effort helps."



## POLAND

Our engineering team in Legnica devised hands-free door openers to help stop the spread of COVID-19 and developed a handmade prototype within one day. "I am proud of all the people involved with this initiative to help fight COVID-19," said Jacek Bomba, Prototype Engineering Manager.



## UNITED KINGDOM

Concerned about how to care for his elderly mother during a lockdown, Paul Byrne, Director Advanced Sales and CTO Engineering, established a volunteer organization to help vulnerable people get food, prescriptions and advice during the quarantine. The group even founded a community food hub. "The idea is simple: donate what you can, take what you need. It's heartwarming to see the community come together," said Paul.

## UNITED STATES

If we can design and make face masks in three days, why not face shields? The challenge was sourcing the clear plastic. "The only way to obtain the plastic in less than 24 hours was to order a 1,200 pound roll," explained Steven Curry, Director, Product Development and Engineering. "We had no way to handle a roll of that size. Otalicio Pacheco Da Cunha helped retrofit an out-of-service forklift to handle and feed the PET material from the roll into the cutting lines. His ingenuity was critical in getting the project off the ground." To expedite production, the team in North Carolina created kits that could be assembled on demand.

For more stories on how our global teams are supporting the communities where we live and work, please follow us on our social media channels.





# TOP ESG HIGHLIGHTS

**\$1 million**  
pledged to end  
racial inequality

**60%** of global sites achieved  
**0 Lost Time Injuries**  
or Illnesses in 2019

**#3 in Autos & Parts**

industry category and included in the  
JUST U.S. Large Cap Equity ETF

**No Deforestation Policy**

ensures responsible sourcing and  
conserves natural resources.

Goals aspire to

**Net Zero Emissions**  
by 2050

**Cut Carbon Emissions**  
50% by 2030

& achieve

**100% renewable energy**

in our plants by 2030

**UN Global Compact**

Signatory Participant  
supporting **10 Principles** on  
human rights, labor, environment  
and anti-corruption

**35K+**  
**Downloads**

of the Safe Work Playbook  
helped global industries and  
governments reopen safely  
during the pandemic

**610K**  
**metric tons**

of indirect  
**GHG emissions**

saved through  
**seat weight**  
optimization



# THIS IS LEAR

## Our Vision

Lear designs, engineers and manufactures world-class Seating and E-Systems products for every major automaker. Built by the best teams in the business, our purpose-driven technologies deliver more comfortable, more convenient, more connected and safer in-vehicle experiences for drivers around the globe. We are pros at just-in-time manufacturing and product management with a well-earned reputation for excellence.

Our unwavering commitment to innovation extends to protecting the environment and supporting the communities where we live and work. As a socially responsible business, Lear is enabling the future of mobility and empowering our partners to achieve their ambitious ESG goals. Working together, we are Making every drive better™.

## Our Values

At Lear, our values aren't just things we feel are important. Our values are actions we take every day.

**Be inclusive** – We are committed to each other, our suppliers and our customers as well as protecting the environment and supporting the communities where we live and work.

**Be inventive** – From developing innovative, intelligent vehicle experiences to streamlining operations, we are always moving forward with a focus on delivering sustainable, safe and smart solutions.

**Get results the right way** – By working as a team, understanding our customers' needs, showing respect, empowering others, making sound and timely decisions, investing in our talent for the future and focusing on long-term goals instead of short-term gains.



## Global leader

in electrical distribution systems,  
connection systems, electronics,  
software and services

# 164,000

Talented team members

## Fortune Magazine's Most Admired Companies 2019

Fourth consecutive year

# #166

in Fortune 500

2019 Sales

# \$ 19.8

Billion

# 257

Manufacturing &  
technical centers

Located in

# 39

Countries

Most

## vertically integrated

seating supplier in  
the industry

# Making every drive better™





# ESG STRATEGY & GOVERNANCE



# OUR SUSTAINABILITY STRATEGY

We are all part of the human family. As a business, Lear understands how our actions affect the world. Every day, our employees are reducing our environmental impact, enhancing the communities where we do business and increasing the profitability and longevity of our company.

## Three Pillars of Sustainability

Lear recognizes Three Pillars of Sustainability:

- **Social responsibility** is all about supporting the people in our human family.
- **Environmental stewardship** protects the planet we share.
- **Economic prosperity** enriches the way we live by providing meaningful employment as well as high-quality, value-added products the world needs.

At the intersection of people, planet and prosperity, Lear sees the opportunity to develop people, deliver “green” products and lead by example on a global scale.





## Materiality Assessment

In 2019, we conducted our first materiality assessment to further refine our ESG strategy and align it with the topics that impact our business and stakeholders.

Cross-functional leaders and the Environmental, Health and Safety (EHS) team reviewed common ESG topics recommended by the Global Reporting Initiative (GRI) Disclosure Standards (noted in the table below). We continue to use this process to improve our sustainability strategy, increase transparency and refine the content of this report.

ECONOMIC	ENVIRONMENTAL	SOCIAL
Anti-corruption/ Competitive Behavior  Economic Performance  <i>Supply Chain/Procurement Practices*</i>	Water, Waste & Air Emissions  Environmental Compliance  <i>Energy/Carbon Footprint -Product End Use*</i>  <i>Energy/Carbon Footprint*</i>  <i>Supplier Environmental Management*</i>	Human/Labor Rights -Internal -Supplier*  Occupational Health & Safety -Internal -Supplier*  Support for Local Communities

*\* Given the size and complexity of Lear's supply chain, we recognize the potential for risk outside of our direct control. To proactively mitigate potential risks, Lear is commissioning a third-party supplier risk management firm to help assess, identify and remedy salient risks and actively audit the supply chain beginning in Q4 2020.*



## ESG Oversight

Our commitment to ESG, operational excellence and transparency is monitored by our Board of Directors, its Nominating, Compliance and Corporate Governance Committee, and senior leadership.

As the automotive industry evolves, ESG issues have become even more significant, not only for Lear, but also for our customers, shareholders and other stakeholders. To better integrate sustainability into our core business, Lear has added specific ESG responsibilities to senior management across global functions. Our global ESG leadership is now supported by three executives, as shown in the chart at right.

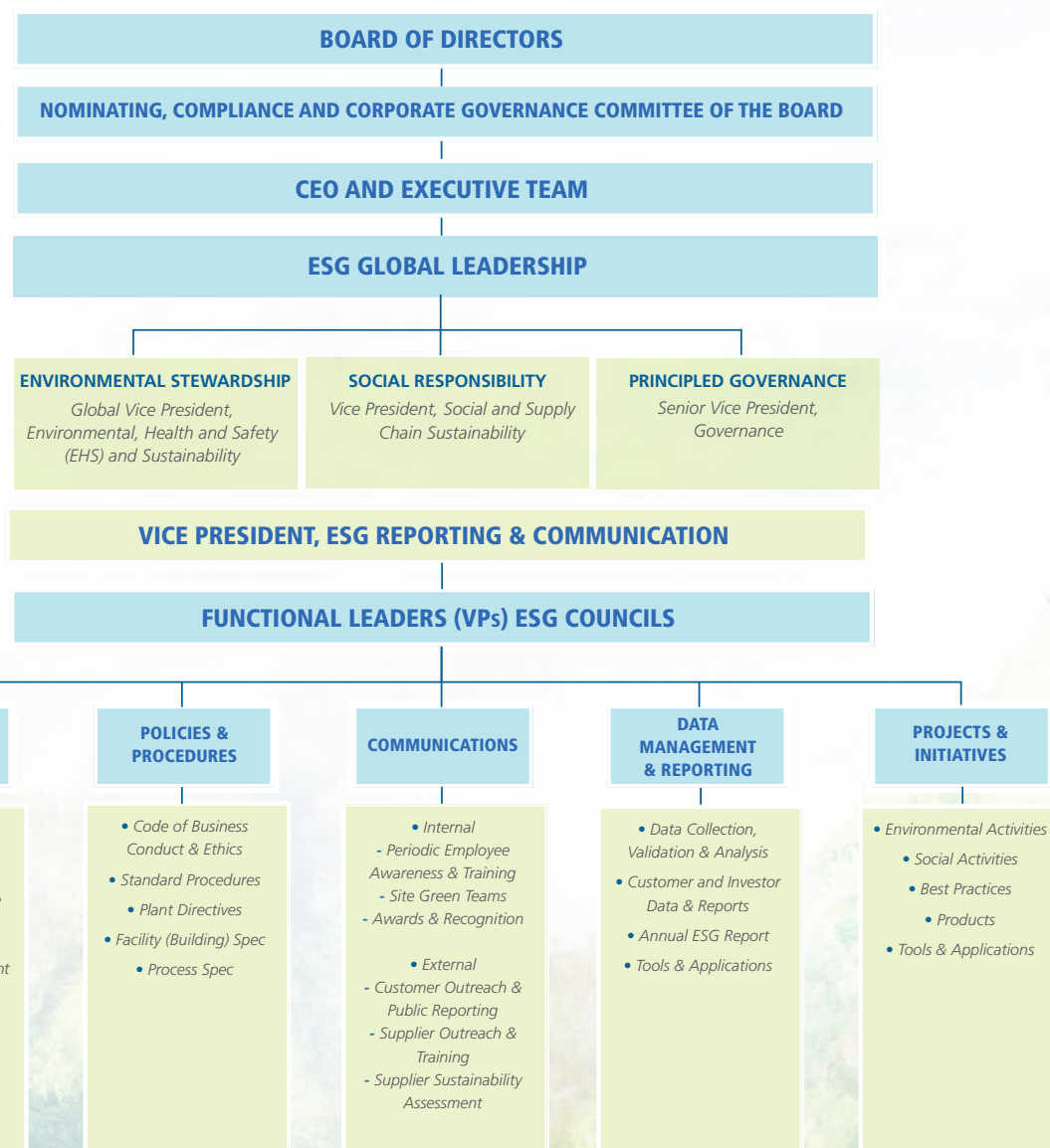
## Stakeholder Engagement

Stakeholders are the individuals, groups and organizations invested in an industry and company's success. For Lear, that includes our employees, global supply partners, customers, the communities where we operate, investors and analysts, industry associations, academia, and government and non-government organizations (NGOs).

We reach out to these groups regularly to collaborate, share best practices, garner feedback, partner and grow. Together, we are working on the issues that matter most to society, the environment and the future of mobility.

Learn more about our

- Lear has had more than **200 calls** with large and small investor groups in the last year.







"At Lear, ESG isn't just another program or initiative. ESG is core to the way we run our business. We strive to integrate ESG into our business units and every level of the organization. Because everyone owns ESG, it is an important part of our business strategy. We're making choices as a team every day to do what is best for the long-term sustainability of our company, keep our 164,000 employees working safely, and support the families and the communities where they live.

I'm thrilled to lead ESG at Lear. We are proud of being an ethical, people-centered, and socially conscious company. When we look back over the past few years, we are pleased with what we've accomplished, but we're even more excited about what we have yet to achieve. We are constantly improving, raising the bar, surpassing expectations and becoming leaders on a global scale.

Behind our vision of Making every drive better™ are people around the world dedicated to protecting the environment through green product innovation, using our resources wisely, and showing respect for the people and planet we all share. Lear is proving that by Getting Results the Right Way, we can all prosper."

**Harry Kemp**  
Senior Vice President,  
General Counsel,  
Corporate Secretary &  
Governance



# SUPPLIER SUSTAINABILITY

## Online Resources

Lear's online [Supplier Sustainability Portal](#) provides our suppliers with valuable resources, including our:

- **Supplier Sustainability Policy** – outlines standards and obligations all suppliers must meet, including our purchasing, quality, operations, environmental and records rules. It includes our right to audit and ensure compliance. We expect that our suppliers share these policies with their own supply base.
- **Supplier Sustainability Expectations** – addresses our expectations for human rights and environmental protection including:
  - Child labor, forced labor and human trafficking
  - Safe working conditions
  - Freedom of association and collective bargaining
  - Legal compliance
  - Fair wages and hours
  - Freedom from harassment and discrimination
  - Anti-corruption and bribery
  - Environmental protection and responsible management of water and forests
  - Animal welfare
  - Flow of funds to armed groups and conflicts
- **Production Purchase Order Terms and Conditions** – provides Lear with the ability to terminate a purchase order for a supplier's failure to comply with our GRM and/or Supplier Sustainability Policy.

### HIGHLIGHTS

- All Lear suppliers must meet our published standards for purchasing, quality, operations, environmental and records as well as human rights, safe working conditions, legal compliance, anti-corruption and environmental protection policies.
- We audit our suppliers to confirm compliance with our policies.
- Our suppliers must achieve International Automotive Task Force (IATF) Standard 16949 certification.
- From a training perspective, 100% of our production suppliers received access to our [Supplier Sustainability Portal](#) to learn about the risks and warning signs of child labor, forced labor and human trafficking.



## Supply Chain Sustainability, Engagement & Monitoring

One of Lear's core competencies is our ability to manage our complex global supply chain efficiently and effectively. Around the world, we ensure more than 2,900 production suppliers deliver the components and raw materials we purchase on time and in line with stringent automotive industry quality standards. We work hard to carefully select our suppliers and develop long-term collaborative relationships for our mutual success.

### Managing Risk

To maximize their operating efficiency, our customers produce vehicles on a just-in-time basis. Every hour, they rely on Lear to deliver the highest quality products, on time and in sequence to match their production lines. Any issue—whether caused by Lear or our suppliers—can have negative consequences on our financial position and our reputation.

Lear employs several industry best practices to mitigate **supplier disruptions**, including multiple component sources and dual validation, where practical. We research and choose our suppliers carefully with a focus on developing long-term partnerships, not short-term fixes. According to industry quality requirements, new or alternative suppliers cannot be added abruptly. They must demonstrate their production capability and obtain written approval before their products can be substituted.

Our suppliers are also contractually required to meet the detailed standards included in our Global Requirements Manual for Suppliers (GRMS) and our Supplier Sustainability Policy, which addresses human rights, child labor, working conditions, environmental, health and safety, animal welfare, and resource management, among other issues. The expectation that our suppliers also flow these requirements through to their sub-suppliers is clearly communicated in those policies. Our supplier contracts give us the right to audit supplier facilities for compliance and terminate the relationship due to any breach of the GRMS or violation of law.

### Qualifying New Suppliers

We ensure compliance with our policies beginning with a robust process for selecting and monitoring new suppliers. Our comprehensive, standardized approach confirms that new suppliers have the production capabilities, quality systems, policies and procedures to consistently produce uniform, quality parts. We analyze not only a supplier's financial position, technology, tools and equipment but also their sustainable business practices, such as environmental, health and safety practices at their facilities, policies related to human rights and the treatment of their employees, and efforts to ensure their own suppliers have the same policies and processes in place. In most cases, our analysis includes a site visit to inspect the supplier's facility, records and processes.

### Monitoring

Through regular evaluations and audits, our proprietary risk management systems and scorecard metrics identify potential warning signs and risks at an early stage. In our experience, when a supplier has an issue with sustainability, it will often manifest itself in production issues or signs of financial distress. For example, Lear:

- Conducts special, intensive reviews when a supplier experiences quality, delivery or other issues.
- Visits hundreds of supplier locations during a normal year without travel restrictions, such as those experienced in 2020 due to COVID-19.

### Required Certification

Along with compliance to Lear policies and procedures, both new and existing suppliers are required to earn third-party certification in recognized international automotive operational standards, including the ISO 14001:2015 environmental standard and industry IATF:16949, which focuses on quality in all aspects of an organization's operations and requires policies dealing with human rights issues such as child labor, wages and hours, forced labor, freedom of association, and employee health and safety. Obtaining IATF certification also requires suppliers to pass an annual third-party audit and site visit.

### Looking Ahead

Comprised of executive-level experts in purchasing, quality, legal and human resources, Lear's Social and Supply Chain Council works to ensure ESG considerations (including, but not limited to, human rights) are part of Lear's strategic planning process, enterprise risk management efforts and policies.

Lear also recently engaged a global third-party supply chain sustainability management firm to map, assess and monitor direct and extended supply chain risks related to ESG, including human rights. Over time, Lear's suppliers will be scored based on the quality of their sustainable business practices. Those suppliers that do not achieve a satisfactory score will be required to take remedial actions. In addition, the supply chain map will allow Lear to identify and allocate resources toward potential material risks.



## Farm to Factory: Responsibly Sourced Automotive Leather

The luxurious leather covering the seats in vehicles around the world is not only comfortable but sustainable. The value chain begins with cattle raised to provide beef for the food industry. As a by-product, hides are upcycled for leather manufacturing and diverted from landfills.

Lear Eagle Ottawa hand selects premium hides from suppliers in Argentina, Brazil, China, France, Germany, India, Italy, Mexico, Spain, the United States and Uruguay. Seventy percent of our raw hides originate in Brazil where 100% of our suppliers use geo-fencing to ensure they don't buy animals from farms involved with deforestation, invasion of indigenous and protected areas, enslaved work and/or rural conflicts.

Sourced from a 96% Leather Working Group (LWG) certified supply base and assessed annually by the Business Benchmark on Farm Animal Welfare (BBFAW), our supply chain follows recognized animal welfare guidelines to provide comfortable living conditions, nutritious food, clean water and low stress environments for cattle. Our goal is to ensure that 100% of our leather supply chain is LWG certified by 2022. We have established a non-compliance hotline to report and investigate human rights and animal welfare concerns.

Lear's supply chain logs incoming raw materials, tracing hides back to the groups of processing centers, feed yards or ranches where the animals were raised. Regular audits and deeper annual assessments are conducted at our direct suppliers' facilities, including traceability audits from third-party auditors such as LWG, which also monitor environmental compliance and performance. In addition, the food industry adopted BBFAW rating criteria to evaluate farms' animal management policy commitment and performance.

### HIGHLIGHTS

- 100% of Lear's Brazilian leather suppliers are LWG gold or silver rated (highest levels of certification).
- 96% of our global crust volume is LWG rated. We expect to achieve 100% by 2022.
- 100% of Lear's Brazilian leather suppliers use geo-fencing to ensure they don't buy animals from farms involved in deforestation, invasion of indigenous and protected areas, or human rights violations.

## Looking Ahead

Lear is increasing our focus on risks in our supply chain to ensure risks deep in our value chain are understood and addressed. We have a solid foundation and are moving toward even more verification, engagement and monitoring.



## Industry Associations

Our employees are making an impact. Our suppliers are working to do their part, too. But that isn't enough. Lear also takes an active role in ESG through automotive industry and cross-industry organizations including:

### Automotive Industry Action Group (AIAG)

- Board of Directors (BOD)
- BOD Nominating Committee
- Corporate Responsibility Steering Committee
- Environmental Sustainability Advisory Work Group
- Health & Safety Performance Standard Work Group
- State of the Business Update Work Group
- Supply Chain Management Steering Committee
- Responsible Sourcing Project Work Group
- Responsible Materials Work Group and Sub-groups:
  - Industry Best Practices
  - Global Requirements & Minerals Sensing
  - Smelter Engagement Team (AIAG-RMI Partnership)
  - Information Sharing

### Responsible Minerals Initiative (RMI)

- Minerals Reporting Template Work Group
- Smelter Engagement Team
- Due Diligence Practices Team

### Suppliers Partnership for the Environment

- Founding Member
- Executive Steering Committee
- Work Group Officer
- EHS Forum Co-Chair

### Original Equipment Suppliers Association (OESA) and the Motor & Equipment Manufacturers Association (MEMA)

- Environmental, Health & Safety Council
- Legal Issues Council
- Communications Executive Council

### Manufacturers Alliance for Productivity and Innovation

- Base Member



# GOVERNANCE

## Compliance and Ethics

Supporting human rights, expecting respect, avoiding corruption, ensuring data privacy and providing high-quality and safe products—all of these issues affect our employees every day. To ensure a culture of integrity, we have developed a broad Compliance and Ethics Program.

### Oversight

We set the tone from the top. Our Compliance and Ethics Program is managed by the Compliance Department and led by our Chief Compliance Officer (CCO). Each quarter, the CCO reports the type, region and outcome of substantiated claims as well as training completion rates and material compliance-related concerns to the Audit Committee of our Board of Directors.

### Policies and Training

Our Code of Conduct and Compliance Policies describe our expectations in detail. New employees are introduced to the program during a thorough onboarding process. Ongoing training and certification campaigns educate employees on key compliance issues and risk areas, including anti-bribery, conflicts of interest, anti-retaliation for whistleblowing, information security, and mutual respect, among others. Salaried employees complete at least four online training sessions each year. Since 2019, employees have completed more than 82,000 hours of training on company policies, compliance and security.

During due diligence and integration processes, new acquisitions are assessed for compliance risks, policies are implemented, and employees are trained on the details of our program.

### Reporting Concerns and Continuous Improvement

Employees are encouraged to report concerns via an online portal, email or phone. To maintain confidentiality, reports may be made anonymously or privately. Any investigations and recommendations are reviewed during monthly meetings with our CCO and human resources, internal audit and legal departments. Investigations not only resolve any issues but provide opportunities for continuous improvement to ensure that everyone who works at Lear upholds our values.



### HIGHLIGHTS

Lear had no monetary losses for non-competitive behavior in 2019.\*

*\* Lear Corp. has begun reporting in alignment with SASB Industry Standard - Auto Parts. Disclosure noted aligns with Code #TR-AP-440a. 1 - Materials Sourcing.*



## Quality

Delivering top-quality products requires attention to detail and constant vigilance. It isn't simply a box to check at the end of production. Quality management permeates our activities throughout the production process. It is how we operate.

Our quality efforts are outlined in the Lear Quality Operating System (QOS). Available to all Lear global associates, our QOS is controlled by the Global Quality Governance Committee and led by the Global Vice Presidents of Quality and the Lear Global Systems Office.

### HIGHLIGHTS

In 2019, Lear received many quality awards, including:

- 2019 J.D. Power U.S. Seat Quality Satisfaction Study Awards - 2 awards
- 2019 Automotive News PACE Award Winner
- 2020 Automotive News PACE Award Finalist
- 2019 GM Supplier Quality Excellence Awards – 3 locations
- 2019 FCA SuPer Award
- 2019 FCA Manufacturing Bronze Award
- Cluster de l'Automoció de Catalunya (CIAC) Award from Spain Martorell
- 2019 Nissan Global Quality Award

### Our Quality Professionals

Located at every Lear manufacturing facility, our quality professionals are responsible for confirming that our processes, products and team meet Lear's global quality operating standards and procedures, industry compliance standards, governmental compliance and OEM-specific requirements.

To ensure consistency, our quality professionals are trained in the QOS, quality reference data, scorecard metrics, OEM-specific requirements, IATF:TS16949 and industry problem-solving tools. For all new quality associates, we offer a QOS onboarding video with an introduction to all materials in 11 languages.

We also maintain a quality portal available to every team member. It contains all global procedures and process descriptions, our global system policy manual, the Quality Professional's Handbook and the Supplier Quality Handbook. Training modules for both interactive and self-paced training on global quality procedures, supplier quality tracking, quality tools and robust problem solving, product-specific requirements, customer system requirements, warranty tracking and reporting methods, and quality documentation standards are also available.



## Global Quality Awards for Culture and Performance

At Lear, we encourage our operational teams to Reach for Greatness and to share Best Practices to achieve operational success. We present two quality awards within both Seating and E-Systems: the Culture of Quality Award and the Performance Metrics Award.

The submission for the Culture of Quality Award is a short video, identifying how and what the plants are doing and have done to instill a strong culture of quality. We focus on employee engagement and empowerment, quality messaging within the operational units, and how the teams are using their collective power to ensure that we meet and exceed customer and industry expectations.

The Performance Metric Awards identify those plants that have met and exceeded industry expectations for the quality of the systems and the performance of the products they provide. The Performance Metric Awards are rated based on customer scorecards, process execution and industry compliance audits as well as continuous improvement projects.

## Confirming and Auditing Supplier Performance

To confirm and audit supplier performance, Lear follows AIAG Standards. All of our office and global manufacturing sites are industry IATF:16949 certified. The certification process includes our total manufacturing execution controls and processes, as well as Lear's management of Tier II and Tier III suppliers. We work with our suppliers in many ways.

- As part of the annual re-certification process, Lear's product, process and control of purchased materials is reviewed using Purchasing Risk Management Systems and supplier scorecard metrics.
- We meet with our core suppliers each quarter to review their supplier scorecards, quality, innovation, future business opportunities, ESG and strategy partnership opportunities.
- Our Central and Regional Supplier Management Teams at Seating and E-Systems audit our suppliers' planning management systems and resources for executing new programs. The teams also manage daily supplier performance, change requests, escalation or emerging issues, audits and Continuous Quality Improvement (CQI) compliance.
- Lear's Quality Management Teams at Seating and E-Systems confirm daily product execution, track scorecard metrics, ensure industry requirements are met for each manufacturing location, manage warranty issues and sufficiency planning, and oversee supplier quality management.
- Each year, we review product risk drivers with the Global Compliance Team to confirm actions and systems are in place to mitigate any risks.

Learn about our

and our

[View Lear's](#)



## Risk Mitigation and Business Continuity

Along with maintaining strong supplier relationships, Lear uses several supply chain best practices to help identify and mitigate risks, such as human rights, labor, and health and safety deficiencies, fires and natural disasters, environmental concerns, supplier disruptions, breaches in business ethics and others.

Lear sources components from multiple geographical locations which helps ensure materials and components are available in the event of a regional or global crises. Our purchased commodity strategies call for dual validation of interchangeable parts when possible, further protecting Lear's supply chain in the event of a supplier disruption.

Lear uses an advanced inventory modeling process, which considers multiple supply chain risk factors and ensures that adequate safety stock of material is in place through the supply chain.

To learn more, see

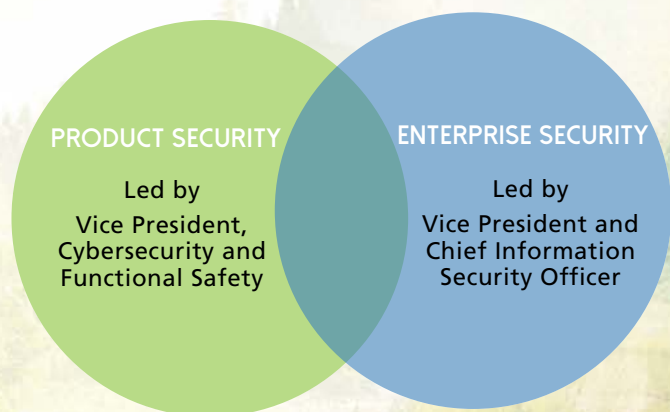
and



## Data and Cybersecurity

In the past two decades, cybersecurity has become a billion-dollar business for professional criminals. Just recently, the United States Federal Bureau of Investigation (FBI) warned businesses specifically about the threat of high-impact ransomware attacks, while daily headlines heralded massive losses for unwary and unprepared corporations across all industries.

For years, Lear has been working to combat these global threats, building two teams dedicated to product and enterprise cybersecurity, respectively. Both work in collaboration and report to our Board of Directors at least annually. The Audit Committee of the Board is responsible for both product and enterprise cybersecurity oversight.





## Secure Products

Vehicles are becoming more connected and complex than ever. While connectivity brings great benefits to consumers and manufacturers, it also brings certain risks, such as the potential for hackers to infiltrate major vehicle systems such as braking, steering and the powertrain.

Lear has diligently invested in product security as well as securing the necessary processes and people involved in making our products. For example, Lear deploys sophisticated cybersecurity technology on all electronic modules where Lear is system responsible, including central gateway modules, which provide centralized data routing and management for a vehicle's network architecture. We also design security into our components to protect our components' platform and network connections. We work with our customers to ensure security specifications are appropriate for the application.

Lear's world-class cybersecurity experts are integrated with the teams developing components and overall systems, providing solutions in real time. Located in four locations around the world and supported by engineering teams with security expertise, our product security team provides governance and supports all security aspects of product development for electronic modules, including interfaces with cloud communication, smartphones and the production plant.

We work directly with our customers and Lear's product development teams over the entire development lifecycle, from developing requests for quotation through project execution. The team performs threat analysis and risk assessments, defines security requirements, develops guidance and code hygiene, supports security on the production line and completes security testing.

As further evidence of Lear's commitment to securing the driving experience, we offer security monitoring throughout the life of the vehicle. This premium service assesses risks and recommends mitigation for newly discovered vulnerabilities and can utilize automated tools to scan vehicle software to avoid vulnerabilities in the first place.

**“ For each customer program, we have a designated cybersecurity manager who ensures the engineering team followed our cybersecurity process, utilized the appropriate tools to recognize any problems and fixed all issues before production can start. Several gate reviews are deployed along the development cycle to find and fix security issues early. This strategy enjoys the support of top executive management.”**

**Dr. Andre Weimerskirch**  
Vice President,  
Cyber Security and Functional Safety



## Lear's Cybersecurity Scope

### Protect Computing Platform

- 1 Secure microcontroller (e.g. HSM)
- 2 Secure boot and hypervisor
- 3 Secure environment & integrity monitoring

### Vulnerability Management

- 1 Auto-ISAC and information monitoring
- 2 Incident response
- 3 Monitoring throughout product lifecycle

### Development Process

- 1 Secure development processes
- 2 Threat analysis & penetration testing
- 3 Industry standards (e.g. ISO 21434 and TISAX)

### Secure Internal & External Communications

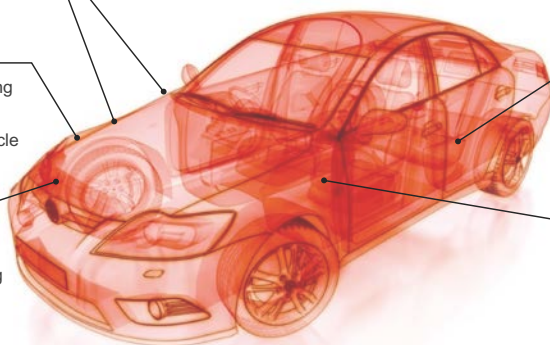
- 1 Block access to vehicle networks (Firewall)
- 2 Isolate security sensitive ECUs via gateway
- 3 Authenticate and/or encrypt comm.

### Development and Operations Security

- 1 Manufacturing facilities
- 2 Development workspaces
- 3 Supply chain security
- 4 Protect connected cloud services

### Security Features

- 1 Anti-GPS spoofing
- 2 Wireless signal fingerprinting
- 3 V2X security stack



Recently, we evaluated our cybersecurity efforts using the criteria developed by the Automotive Information Sharing and Analysis Center (Auto-ISAC). Among automotive supplier peers, Lear was rated above average in development lifecycle, threat monitoring, training, risk management, governance, collaboration with third parties and incident response. Lear's approach establishes:

- Security protocols integrated throughout the product development lifecycle
- Baseline security levels that we recommend following in all our programs, regardless of our customers' requirements
- Four gate reviews to confirm products satisfy security requirements
- ISO 21434 compliance (expected 2021)
- Regular mandatory global awareness training and technical security training
- In-house cybersecurity to protect our platforms

### ► Secure Purchases from Your Car with **Xevo Market**

Lear's award-winning, cloud-based Xevo Market allows people to use their in-vehicle touchscreen to order and pay for fuel, parking and food from the safety and comfort of their car. To secure personal information, Xevo Market complies with OEM security policies and continually reviews data privacy regulations in each region of operation. A-LIGN, an independent accredited management systems certification body, has certified Xevo Market based on security, availability, processing integrity, confidentiality and privacy. Xevo has secured multiple patents for many of its innovations, including for technology associated with applications in market and commerce.



► WATCH: Learn more about Lear's Connexus Cybersecurity

### New ISO 21434 Standard

With final publication expected in the first half of 2021, the new ISO 21434 vehicle cybersecurity standard will apply to electronic systems, components and software as well as any external connectivity. The standard has been structured similar to ISO 26262, which covers functional safety, and will provide developers with a comprehensive set of process requirements for implementing security safeguards that span the entire development lifecycle and supply chain. Dr. Andre Weimerskirch, Vice President, Cybersecurity and Functional Safety at Lear, is one of 18 members of the American SAE working group helping to develop the standard. Lear's current processes already cover the majority of the upcoming ISO standard's requirements.

### Secure Enterprise

To help ensure the integrity and security of the products Lear builds as well as the confidential information we maintain related to our employees, customers and products, Lear has established a sophisticated enterprise security program. While our product security team maintains the cybersecurity of our products, the enterprise security program safeguards the security of everything that goes into building the product—from developer workstations to applications that run the assembly line.

**“Securing our enterprise depends on every employee's top-of-mind security awareness just as much as it depends on Lear's firewalls, antivirus and other defensive technologies.**  
**The prevention of cyberattacks isn't an IT thing—it's an everyone thing.”**

**Earl Duby**  
Vice President, and Chief Information Security Officer



Most successful cyberattacks stem from human deception. Criminals seek to steal log-in credentials, internal data, trade secrets and personal information. Ransomware attacks can damage systems and halt operations, causing costly and impactful damage to production and reputation. Security awareness, along with a solid technology strategy, is business critical.

Our enterprise security strategy focuses on fortifying our people, processes and technology. We align our processes with ISO 27001 global security standards, collaborate with internal and external partners, and conduct assessments, audits and penetration tests. We are investing in our staff certifications, training and communications. Our industry-leading suite of technology is supplemented with constant market analysis for new capabilities and rationalization of our technology, based on utilization, alignment and inter-operability.

PEOPLE	PROCESS	TECHNOLOGY
<p>+35 InfoSec team members, many of whom possess industry-leading certifications like CISSP and Certified Ethical Hacker</p> <p>+116,000 individual lessons completed by +21,000 employees</p> <p>In-house production of employee education and awareness articles</p> <p>986 original posts on security awareness Yammer group (internal social media)</p> <p>140 Lear sites participated in Security Action Month 2020 (global events, activities and educational resources provided throughout October)</p>	<p>Alignment with ISO 27001 standard global frameworks</p> <p>Numerous internal and external assessments and audits</p> <p>Annual penetration tests</p> <p>Self-phishing simulations and assessments</p> <p>Coding standards</p>	<p>Industry-leading suite of technology</p> <p>Constant market scans for new capabilities</p> <p>Rationalization of technology (utilization, alignment, inter-operability)</p>



People are our frontline defense. Our Security Awareness and Training Program teaches employees to spot potential cyberattacks and report suspicions. Interactive lessons and educational videos address specific cybersecurity issues, equipping employees with the education necessary to maintain top-of-mind security awareness. Topics included the internet of things, social engineering, email security, working remotely, privacy and social networking.

Lear's enterprise security team is geographically dispersed, with more than 35 employees across seven countries on four continents. The team is supported by Managed Security Service Providers (MSSP), offering both incident response and technology support. This team has obtained industry-leading security certifications, managed large global incident response activities, and is constantly trained on new tools, techniques and procedures.

To date Lear has not experienced a cybersecurity-related incident that has resulted in a material loss of data or a financial loss.

## A SNAPSHOT OF CYBERATTACKS ON LEAR IN 2019 ALONE



### FIREWALL

**21,040,184,699** illegal intrusions  
of the Lear network blocked



### PROXY (WEBSITE FILTER)

**9,470,351** cyberattack websites blocked



### ANTIVIRUS

**1,102,659** individual  
malware attacks blocked



### MULTIFACTOR AUTHENTICATION

**13,292** non-Lear login attempts blocked

### LEAR SECURITY AWARENESS & TRAINING

**414** verified cyberattack emails reported,  
**6** of which contained dangerous malware,  
which would have quickly infected  
the entire Lear network  
...all blocked by **YOU**





## Product Safety

Lear is committed to product safety and compliance. We have instituted proactive company-wide processes to comply with every customer, legal and product regulation worldwide. In each business unit, Global Product Compliance and Safety Committees comprised of leaders in quality, legal and product engineering manage concern escalation, communication and data retention.

### Potential Product Issue Resolution Process

Our global Potential Product Issue Resolution Process (PPIRP) identifies critical Issues that impact the performance of a saleable product. Anyone with a Lear login can initiate a PPIRP request to resolve or investigate a potential concern. The process ensures appropriate quality and engineering resources are assigned to review and address potential product issues. Comprised of leaders in quality, legal and product engineering, our global product Compliance and Safety Committees manage concerns, communication and data retention.

## Chemical Risk Management

Lear's program management teams are responsible for meeting product regulations and material reporting requirements. Each manufacturing plant completes production part approval processes (PPAP) with our customers and requires PPAP submissions from our suppliers, including compliance with International Material Data System (IMDS).

Lear uses the IMDS to disclose the content of every product and report the analysis of chemical content from the supply chain to our customers. Our product engineering teams ensure compliance with customer and legal product specifications including Global Automotive Declarable Substance List (GADSL) related material content. When designing new products, our engineers use only accepted materials and eliminate prohibited Substances of Concern (SOC) under applicable laws and regulations.





An aerial photograph of a two-lane asphalt road winding through a dense, lush green forest. A red car is visible on the road, moving away from the viewer. The road has double yellow lines in the center and a white dashed line on the right edge. The surrounding forest is thick with various shades of green trees. The text "ENVIRONMENTAL STEWARDSHIP" is overlaid in white, bold, sans-serif capital letters on the left side of the image.

# ENVIRONMENTAL STEWARDSHIP



# ENVIRONMENTAL STRATEGY

We see climate change as an opportunity. Lear is in the business of mobility. If anyone can help reduce global emissions, carbon footprints and humanity's impact on the environment, it's us. And we are already making progress:

- Our product portfolio of green technologies enables our customers to reduce their carbon footprint while leveraging the megatrends of electrification and connectivity.
- Our new sourcing policies—such as No Deforestation and responsible leather sourcing—are aligning our environmental stewardship goals with business growth by ensuring resources are used efficiently and responsibly.
- Our operations are actively reusing, reclaiming, recycling and redesigning to eliminate waste.

But this is just the beginning. We set ambitious climate change goals this year and will announce our comprehensive Climate Change Strategy in 2021.

## HIGHLIGHTS

- Our product teams are constantly innovating to improve fuel efficiency, increase safety and reduce emissions through lightweight seating structures, electrification and sustainable materials.
- More than 95% of our automotive manufacturing facilities are certified under the internationally recognized ISO 14001:2015 environmental standard.
- The most sustainable and cost-effective way to manage waste is not to create it in the first place. Lear's by-product management program is based on the reuse, reclaim, recycle and redesign concept to generate minimal waste during production and nonproduction activities at our facilities.
- Our leather is sourced from a 96% Leather Working Group (LWG) certified supply base and assessed annually by the Business Benchmark on Farm Animal Welfare (BBFAW).



# CLIMATE CHANGE GOALS

Lear's climate change goals are built to drive top-line growth, bottom-line savings and reduce risks. We aim to lead, delivering measurable results and inspiring our employees, suppliers and the global community to improve the world now and for future generations.

We set ambitious goals to reduce carbon emissions. By 2030, we aim to reduce carbon emissions from energy use (Scope 1 & 2) at our manufacturing facilities by 50% and use 100% renewable energy for electric power consumed at our plants. By 2050, Lear aspires to be carbon neutral. These goals align with several of the including affordable and clean energy, responsible consumption and production, and climate action.

Our social responsibility efforts are closely aligned with the UN's Sustainable Development Goals. See and for examples from around the world.

## 50% Carbon Emissions Reduction for our Manufacturing Facilities by 2030

Reduce direct and indirect carbon emissions at manufacturing facilities through energy efficiency and renewable energy strategies, including offsets



## 100% Renewable Energy for our Manufacturing Facilities by 2030

Achieve 100% renewable energy for electric power consumed at manufacturing plants



## Aspire to be Carbon Neutral by 2050

Achieve net zero emissions at manufacturing facilities and both upstream and downstream where Lear has influence





## Green Technology Helps Drive Economic Prosperity

Protecting the environment and achieving economic prosperity are not mutually exclusive. We can have both. Lear proves it every day.

Using recycled raw materials, implementing lean manufacturing practices, and saving water and energy not only help conserve our environment but reduce costs and improve profitability. That's good for the environment **and** for business.

Running a successful company also provides jobs for our employees and offers economic benefits for the people living in the communities where we do business. That's good for all of us.

Aligning business growth with environmental stewardship is a win-win strategy. And we have a track record to prove it.

## Our Track Record of Responsible Economic Prosperity

Lear is ranked #166 in the Fortune 500. We design, engineer and manufacture world-class automotive seating and electrical distribution system products for more than 400 nameplates built by every major automaker in the world. Our success provides 164,000 employees around the world with income to support their families and drive prosperity in their local communities.

Lear operates through two business segments:

- **E-Systems**
- **Seating**

**257**  
Facilities

**2**  
Businesses

Products for

**400+**

**39**  
Countries

Vehicle nameplates for every  
major automaker in the world

**164,000+**  
Employees globally



# LEVERAGING INNOVATIVE TECHNOLOGIES

Our intelligent technologies are not only improving in-vehicle experiences but reducing emissions. Efficient heating and cooling, lightweight seating structures, plant-based foam and recycled polyester reduce carbon footprints in our operations as well as for the vehicles our customers build. Progress toward the factory of the future will also help improve efficiency, eliminate waste and reduce transportation emissions while simplifying logistics.

## HIGHLIGHTS

- Lear's green technology revenue grew 35% year over year.
- The light-weight wire harnesses and solid-state smart junction boxes Lear produced in 2019 weigh 1.3 million kilograms less than conventional technologies—about the same weight as four jumbo jets—and reduced CO<sub>2</sub>e by 24.3 million kilograms.
- Our LED lighting control modules increase electrical vehicle range 1%, comparable to eliminating more than 52,000 65-watt lightbulbs per year or about half the watts required to light the Eiffel Tower.
- Lear's XEV products\*—such as on-board chargers, battery management systems, traction inverters, wire harnesses, terminals and junction boxes—helped reduce CO<sub>2</sub>e by 700,000 tons, equivalent to removing nearly 200,000 gas-powered vehicles from the road.
- By 2026, we estimate that more than 3 million electric vehicles will rely on Lear's new high voltage connection system as the main interface between the battery and the vehicle, accelerating e-mobility around the world.
- 75% lighter than steel, Lear's Apex Low Mass front seat 8-Way power seat structure reduces mass and increases mpg ratings and electric vehicle battery range.
- Implemented in 2007, SoyFoam™ has reduced Lear's indirect CO<sub>2</sub> equivalent emissions by over 30 million kilograms (66 million pounds)\* over the past 12 years.\*
- Every pound of recycled polyester yarn conserves 24,000 BTUs, which is equivalent to 0.2 gallons of fossil fuel.

\* XEV refers to any electric vehicle (EV), including Hybrid Electric Vehicles (HEV), Plug-in Electric Vehicles (PHEV), and Battery Electric Vehicles (BEV).

\* Emission reduction estimates are based on a 2010 Soy Life Cycle Analysis study, "Life Cycle Impact of Soybean Production and Soy Industrial Products," completed for the United Soybean Board.

## Factory of the Future

Lear's reputation for operational excellence is made possible by the skill and innovation of our employees. Our just-in-time seating assembly reduces logistics and improves efficiency for our customers as well as Lear. That means a smaller carbon footprint for everyone.

Today, we are working to implement Industry 4.0. We are using cameras and artificial intelligence to automate defect detection. Connecting and sharing the data we already collect is increasing efficiency, automating manual processes throughout the plant and between facilities. In the future, collaborative robots (or cobots) will help employees with repetitive tasks, handling hot irons and steamers, and moving inventory. Operators will be empowered to manage digitally enabled solutions to maintain safe and sustainable production while eliminating unplanned downtime.

## LIV

**Lear Innovation Ventures (LIV)** is accelerating the pace of innovation and collaboration around autonomous, connected, electrified and shared mobility trends. LIV is investing in advanced development teams, partnerships and early-stage technologies by working with venture capital firms, accelerators and incubators.



## E-Systems

The success of an electrified future depends on advanced and scalable power solutions to help electrified vehicles charge faster, drive further and cost less. We integrate industry-leading electrical distribution systems, software, electronics, cybersecurity expertise and precise vehicle positioning. Our electrical distribution systems include wire harnesses, terminals, connectors and power distribution boxes, designed to reduce weight, complexity and total system cost. Our advanced power management solutions for highly electrified vehicles also allow vastly more efficient mobility.

Learn more about our [E-Systems](#).

## Lear's Virtual Proving Grounds

Lear's Virtual Proving Grounds (LVPG) allows our engineers to optimize electrical designs in the virtual world before building physical parts for testing. Using proprietary algorithms and materials databases developed in-house, our engineers can simulate and accurately predict a system's electrical and mechanical performance. LVPG enables us to analyze the electrical system from a holistic standpoint to deliver intelligent, optimized solutions that meet our customers' technical objectives much more rapidly than a "build and test" methodology. The process also saves valuable resources.

Learn more about our [Virtual Proving Grounds](#).

## Intu™

INTU Thermal Comfort with ClimateSense™ technology provides a personal climate environment that automatically adjusts based on vehicle and occupant temperature profiles. Unlike traditional HVAC systems which circulate air throughout the entire cabin, the innovation intuitively manages the vehicle's energy by directing the air toward the individual's body, improving overall vehicle efficiency and contributing to the extended range of electrified vehicles. Depending on the setting, the technology can account for in-vehicle and outside environments as well as personal preferences. Based on a National Renewable Energy Lab (NREL) study, cooling people directly is 43.5% more energy efficient than cooling the cabin through traditional methods. INTU with ClimateSense Technology reaches comfort in half the time of current seats, delivering faster comfort with less energy.



## Seating

Lear is the world's most fully integrated manufacturer of the entire seat, including textiles, leather, foam, structures and mechanisms. We work with every major automaker around the world, supplying completed seats for programs ranging from the highest-volume platforms to specialty applications and for every segment from small cars to full-size sport utility vehicles.

Learn more about our .

## Recycled Polyester

What to do with all the plastic bottles used for water, soft drinks, salad dressings, cooking oils, mouthwash, shampoo, liquid hand soap and window cleaners? Spin it into yarn. Derived from post-industrial or post-consumer polyethylene terephthalate (PET) waste, recycled polyester yarn is strong and lightweight. About 149 recycled bottles can be used to make fabric for a single car seat.

## SoyFoam™

Our first-to-market, award-winning SoyFoam technology uses U.S.-sourced raw materials derived from soybean oil instead of petroleum. Featured in automotive headrests and seats, this sustainable, plant-based approach reduces carbon use a net 5.5 kilograms for each kilogram used, creates four times less emissions and requires 60% less conversion energy to produce.



## Lightweight Seat Structures

Seats play an integral role in reducing overall vehicle weight to improve fuel efficiency and, in turn, reduce emissions. Lear partners with OEMs to engineer lightweight structures that deliver performance, safety and functionality.

Weighing an industry-leading 10.9 kg, our Apex Low Mass front seat 8-Way power structure uses less material, which not only improves fuel efficiency but reduces waste that would otherwise end up in landfills. The technology optimizes mass and performance through advanced light-weight materials, minimizes complexity and provides design flexibility to meet various vehicle segment and OEM goals. The Apex Low Mass front seat saves an estimated 610,000 metric tons of indirect GHG emissions per year.

### Indirect GHG (CO2) Emission Reductions from Optimization of Seat Weight

Emission Savings Due to Reduction in Steel Savings from Advanced Engineering	Emission Savings from Transportation of Advanced Engineered Seats (Reduced Weight)	Emission Savings with Contributions to Fuel Economy Due to Seat Weight Reductions
Steel Mass Saved (metric tons): <b>256,500</b>	Steel Mass Saved (metric tons): <b>256,500</b>	Steel Mass Saved (metric tons): <b>256,500</b>
CO2 Savings (metric tons): <b>384,000</b>	CO2 Savings (metric tons): <b>51,000</b>	CO2 Savings (metric tons): <b>175,000</b>
Total Indirect GHG Emission Savings from Optimization of Seat Weight = <b>610,000 metric tons</b>		

*Savings are projected indirect (Scope 3 Emissions) savings from 2019 model year seat design over 2011 model year seats. Based on approximately: 2 Million SUV/CUV/PU Seats; 3.6 Million 3rd Row Seats; and 6.1 million Sedan Seats  
Sources: A2Mac*



# NO DEFORESTATION POLICY

Forests are the answer to many climate change challenges. They support biodiversity, reduce temperatures, filter rainwater and remove carbon dioxide from the air. Our new No Deforestation Policy aligns with industry standards to ensure:

- Supply chain transparency, so that all materials supplied to Lear are from legal sources
- Land is not clear-cut or burned for production or development
- Compliance with governmental law, regulations and guidelines regarding deforestation

Lear and our suppliers work within credible, landscape-level frameworks where they exist. In addition, we expect our suppliers to support existing sustainability and human rights commitments. Read our

## *Looking Ahead*

Lear is increasing our focus on supply chain risks to ensure risks deep in our value chain are understood and addressed. We have a solid foundation and are moving toward even more verification, engagement and monitoring.

### HIGHLIGHTS

#### According to the UN Food and Agriculture Organization:

- Deforestation is the second-leading cause of climate change (following burning fossil fuels) and accounts for nearly 20% of greenhouse gas emissions.
- Although deforestation has decreased over the past three decades, the world has lost about 50 million hectares of forest since 2015.



# MINIMIZING CARBON EMISSIONS

According to NASA, the concentration of CO<sub>2</sub> in the atmosphere has increased more than 30% since the beginning of the Industrial Revolution. Carbon emissions are considered the most important long-lived driver of climate change.

Lear's Environmental Management System (EMS) provides a systematic method for minimizing our impact on the environment. From ISO 14001:2015 certification to collecting energy, waste and water data, we have developed a quantitative and qualitative approach to target our efforts.

We also participate in CDP (formerly known as the Carbon Disclosure Project) to report our performance to customers and investors, and assess our performance, risks and opportunities related to GHG emissions.



# ENVIRONMENTAL, HEALTH, SAFETY & SUSTAINABILITY (EHSS) POLICY

Our EHSS Policy focuses on:

- Preventing pollution
- Providing a safe and healthy work environment
- Involving and empowering employees
- Developing and using environmentally acceptable, safe, sustainable and efficient production methods and processes
- Complying with government requirements and obligations
- Protecting natural resources including responsible management of forests and water
- Enhancing environmental stewardship, social responsibility and economic prosperity

Read our

## Our Environmental Management System

Lear's Environmental Management System (EMS) helps us identify, manage, monitor and control environmental issues in a systematic manner. Through teamwork and continuous improvement, such as Kaizens for energy efficiency and waste reduction, Lear's EMS is reducing our environmental impact.

Worldwide, more than 95% of our automotive manufacturing facilities\* as well as our corporate headquarters are certified under the internationally recognized ISO 14001:2015 environmental standard. The certification process is detailed and demanding but provides a valuable framework to ensure that we comply with laws and regulations, minimize our impact on the environment and focus on continuous improvement. New facilities are required to earn certification within one year of acquisition or starting production.

Lear collects monthly energy, waste and water data (volume and cost) in an online central database provided by a leading environmental data management firm. The data is aggregated and reviewed quarterly by each business unit/division, region and the corporation as a whole to determine energy, water and waste reduction performance, and identify further opportunities for improvement.

To enhance performance and efficiency, Lear has integrated our EMS documents (manuals, policies, procedures, and work instructions) under ISO 14001:2015 with the safety management system documents under ISO 45001.

*\* Exceptions include non-manufacturing sites, warehouses and offices.*



## CDP Supply Chain and Investor Surveys

The CDP allows companies to benchmark their progress toward environmental stewardship against their peers. Our score is compared with companies from similar regions and sectors.

Lear has reported our annual CDP Climate Change data to customers since 2011 and to investors, members and signatories to the CDP since 2017. We currently report our climate change and water data results to customers and investor signatories to CDP, and forests questionnaire to investor signatories to CDP.

View our [CDP Climate Change](#) and our [CDP Water](#) in the Appendix.

## Measuring Progress

To support our goals, Lear captures, tracks and reports large amounts of data from our worldwide locations. We use several best-in-class systems to manage our internal EMS data. These systems feature built-in data integrity capabilities. The software runs several tests, including statistical deviation and unit of measure tests, and prompts the user to verify or correct any data errors.

See the Appendix for examples of



# REDUCING ENERGY USE

Lear's global continuous improvement teams use lean manufacturing processes to identify energy and waste reduction projects, track progress and share best practices. In 2019, more than 80 energy efficiency projects reduced electric energy consumption in production, facilities and maintenance. For example, our teams are:

- Identifying opportunities to reduce energy consumption through energy audits and energy treasure hunt activities
- Improving air compressor and distribution efficiency
- Eliminating compressed air losses by conducting audits, leak detection/repair programs, replacing motors with variable speed motors and ongoing management usage programs
- Insulating pipes and ducts to reduce heating and cooling losses
- Switching to programmable thermostats to control heating, ventilation and air conditioning (HVAC) systems during evenings, weekends and holidays
- Replacing older HVAC equipment, room air conditioners and compressors
- Installing thermal curtains for heat-generating equipment
- Improving ventilation in the plants
- Leveraging daylight instead of using artificial light
- Replacing florescent light fixtures with LEDs
- Redistributing heat from air compressors into the plant for heating
- Reducing wasted print copies and saving electric energy, toner and paper in offices
- Implementing an energy-saving awareness program encouraging employees to turn off lights, computers, fans and other equipment when not in use or after work hours
- Installing light sensors or timers in warehouses and office areas

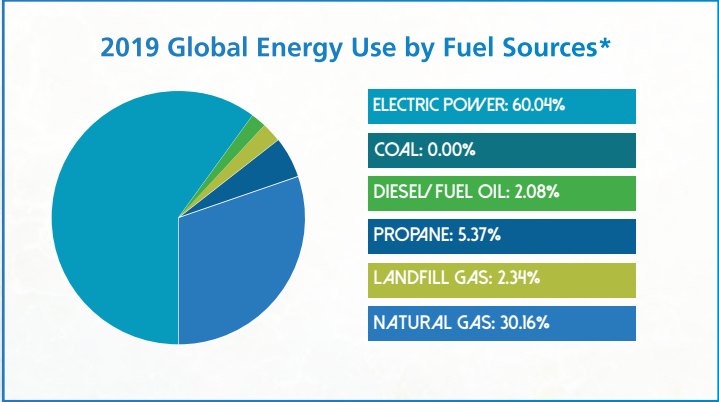
## HIGHLIGHTS

- In 2019, Lear reduced energy use by 5.4% – saving 272,163 GJ globally.
- In addition, we decreased water consumption by 8.9%, saving 139 million gallons. That's enough water to fill 3.475 million average-sized bathtubs.
- In 2017, Lear achieved its 2020 goal of 15% energy reduction over 2013 baseline energy use (normalized to labor hours). Total energy consumption in 2019 was 4.781 million GJ.



## Using Renewable Energy

Renewable energy, also known as green energy, is energy taken from sources that are naturally replenished, such as wind, solar and geothermal. Several countries have electric grids that supply electric power generated from renewable sources such as solar thermal energy, geothermal energy, landfill gas, wind turbines and hydro power. We aim to use 100% renewable energy at our manufacturing facilities by 2030.



*\*Lear has begun reporting in alignment with SASB Standard – Auto Parts. Disclosure noted aligns with Code #TR-AP-130a.1 Energy Management.*

### HIGHLIGHTS

- Globally, we estimate that less than 15% of the primary energy consumed at our plants is generated from renewable energy sources. However, our goal is to use 100% renewable energy for electric power consumed at our plants by 2030.



# DECREASING GREENHOUSE GAS EMISSIONS

Greenhouse gases (GHG)—such as carbon dioxide (CO<sub>2</sub>)—trap heat and make the planet warmer. According to the U.S. Environmental Protection Agency, burning fossil fuels for electricity, heat and transportation is the largest source of GHG emissions from human activity.

A key component of Lear's sustainability strategy is reducing the GHG emissions from our production facilities around the world. Although growth through acquisitions and new facilities creates challenges, our continuous improvement in energy efficiency will help us achieve our goals. Lear participates in two data collection efforts to measure our progress:

- All plants report their GHG emissions. The data is collected through a third-party software data platform on a monthly basis and reviewed by our corporate EHS team. The data is used to track, analyze and develop plans to reduce our GHG footprint.
- Lear participates in CDP supply chain and investor surveys to report our performance to customers and investors, and assess our performance, risks and opportunities related to GHG emissions.

## VOCs Decreased 50%

Lear has achieved 50% reductions in volatile and semi-volatile organic compounds (VOCs and SVOCs) emissions through in-house formulations. To decrease emissions, we have worked with our suppliers to implement the latest technologies, including cleaner polyols and isocyanates, reactive catalysts and surfactants, and aldehyde scavengers. In our leather plants, all of our coatings are water based, greatly reducing VOC emissions from our facilities. Lear has dedicated substantial resources to further our ability to analyze and develop lower-emission materials.

### HIGHLIGHTS

- We achieved a 3.69% absolute reduction in GHG emissions in 2019 over 2018.
- Weight reductions and improvements in our recliners for automotive seating systems save an estimated 1.4 million tons of indirect (Scope 3) CO<sub>2</sub>e\* per year.
- By 2030, we aspire to reduce carbon emissions from energy use (Scope 1 & 2) at our manufacturing facilities by 50%.

\* CO<sub>2</sub>e (carbon dioxide equivalent) is a standard unit for measuring carbon footprints. It describes different GHG emissions in terms of the equivalent global warming impact of CO<sub>2</sub>.



## Direct and Indirect Emissions

In alignment with the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol, Lear's GHG emissions are categorized into two scopes: direct and indirect GHG emissions.

- Scope 1: Direct GHG Emissions**

In 2019, Lear's direct GHG emissions totaled 100,254 metric tons of CO<sub>2</sub>e. This includes emissions from sources that are owned or controlled by the company, such as emissions from combustion in company-owned or controlled boilers, generators and furnaces, and emissions from other mobile internal combustion equipment.

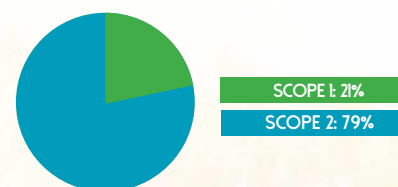
- Scope 2: Indirect GHG Emissions**

Lear's 2019 indirect GHG Emissions were 383,574 metric tons of CO<sub>2</sub>e. This includes GHG emissions from the generation of electricity purchased (or otherwise brought into the company) and consumed by Lear's operations.

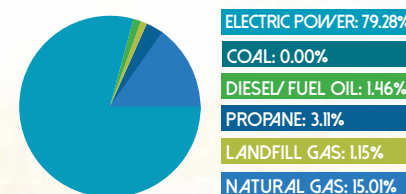
Activity data utilized in the preparation of Lear's energy and greenhouse gas inventory was based on billed utility data and other consumption and usage records. Emissions reported by Lear were calculated consistent with the methodologies set forth in the GHG Protocol: A Corporate Accounting & Reporting Standard (Revised Edition). Scope 1 emission factors for fuel combustion were sourced from the Climate Registry 2019 General Reporting Protocol – USA Industrial. Scope 2 emission factors for electric power consumption were sourced from a combination of International Energy Agency (IEA) CO<sub>2</sub> Emissions from Fuel Combustion 2019 (Year 2017 data) and US EPA eGRID 2020 (with 2018 data). 100-Year Global Warming Potentials (GWP) published by the IPCC Fifth Assessment Report (AR5 -100 Years) were utilized to convert emissions to CO<sub>2</sub> equivalents.

In 2019, 79.28% of the emissions generated at our plants were from electricity, which are indirect GHG emissions. The chart at right provides more specific information about how our GHG emissions are generated based on the type of fuel. An operational control approach for fully consolidated facilities is used for reporting boundaries.

**2019 Greenhouse Gas Emissions by Scope**



**2019 Greenhouse Gas Emissions by Fuel**



**Global Scope 1 GHG Emissions by Business Division (CY 2019)**

Business Division	Scope 1 Emissions (metric tons CO <sub>2</sub> e)
E-Systems - Wiring	5,133.49
E-Systems - Terminals & Connectors	1,264.42
E-Systems - Electronics	795.43
Seating - JIT & Component Production facilities	16,677.04
Seating - Structures	13,332.02
Seating - Surface Materials	63,051.53

**Global Scope 2 Location-Based by Business Division (CY 2019)**

Business Division	Scope 2 Emissions (metric tons CO <sub>2</sub> e)
E-Systems - Wiring	59,387.66
E-Systems - Terminals & Connectors	19,236.94
E-Systems - Electronics	35,702.74
Seating - JIT & Component Production facilities	78,402.07
Seating - Structures	56,850.19
Seating - Surface Materials	133,993.93



# PROTECTING WATER RESOURCES

More than 70% of the earth is covered with water, but only 0.5% is consumable. As a finite resource, water scarcity is increasingly threatening many parts of the world, especially as global demand rises from growing populations, economic development and the impact of climate change.

Lear believes the world has a sufficient water supply to meet everyone's needs—if we all work together to better manage it. As consumers, we are all responsible for this precious, shared resource. Water is an important resource for our fabric and leather operations around the globe, where significant water is used in the process. We manage and monitor our wastewater discharges at these facilities for both quantity and quality.

## HIGHLIGHTS

- Most of the water Lear uses is from municipal sources. Lear does not directly use water from lakes or rivers.
- In 2019, Lear had no significant spills that impacted the environment.

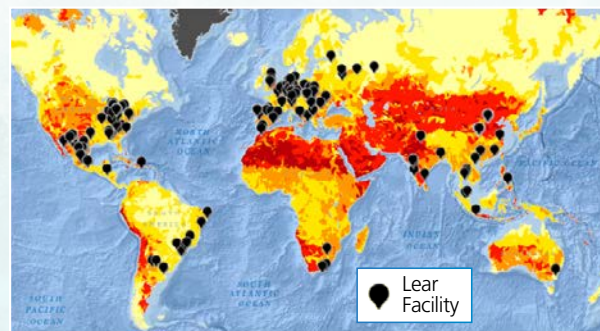
## Water Risk Assessment

Lear completed a water risk assessment of all facilities using the WRI Aqueduct Tool in 2019. We assessed water risks in our direct operations at the asset level for all of our production facilities. Along with Aqueduct's standard outputs, we considered water withdrawals/consumption, water quality, site-specific regulatory risk and other factors in our overall assessment of each facility. Among other factors, this tool calculates an indicator called Baseline Water Stress (BWS), which is the ratio of total annual water withdrawals to total available renewable supply.

Overall water risk was calculated based on physical risks, water quality, and regulatory and reputational risks. We used Aqueduct to determine which risk factors are causing water stress for specific regions and facilities. In this way, we endeavor to create a comprehensive water risk management plan that operates on a region and site-specific basis.

As shown in the map generated as part of the Water Risk Assessment, more than 50% of Lear's facilities are located in the low water stress regions. To formulate water efficiency initiatives and goals, Lear is developing a plan to further assess actual water consumption/withdrawals at facilities in high water stress areas, the water needed for current and future site-specific operations, and the amount of wastewater discharged.

### Water Risk Assessment Results



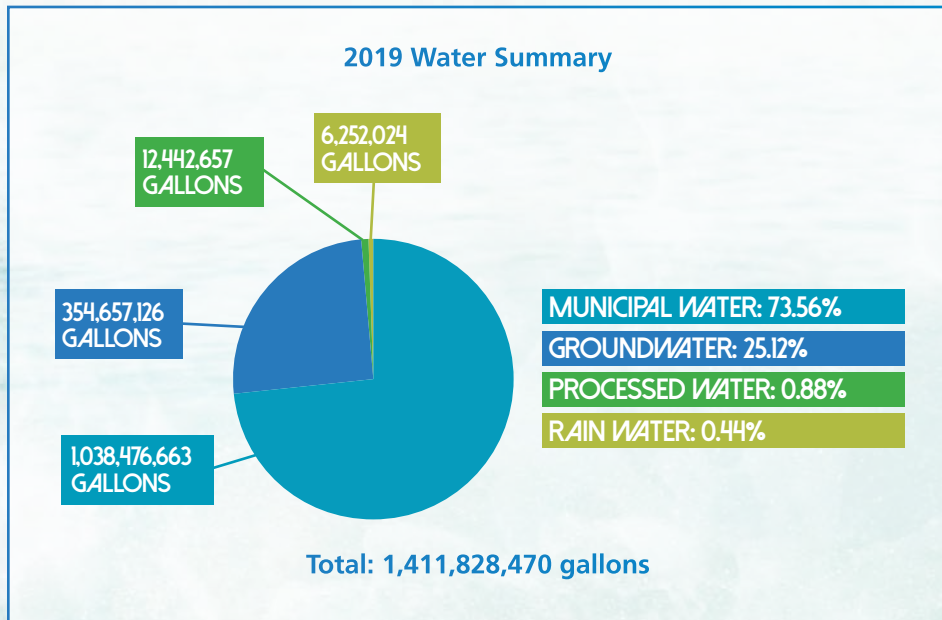
LOW RISK (0-1)
LOW TO MEDIUM RISK (1-2)
MEDIUM TO HIGH RISK (2-3)
HIGH RISK (3-4)
EXTREMELY HIGH RISK (4-5)
NO DATA

Overall water risk identifies areas with higher exposure to water-related risks and is an aggregated measure of all selected indicators from the Physical Quantity, Quality and Regulatory & Reputational Risk categories.



## Water Withdrawal Data

Most of the water Lear uses is from municipal sources. When these supplies are not enough, we use water sources such as groundwater. However, we are reducing our use of both of these sources. Lear does not directly use water from lakes or rivers. We use small amounts from processed water such as bottled sources and bulk supplies.



## Water Reduction Projects

In 2019, we reduced water consumption by 8.9%, saving 139 million gallons. We plan to announce our future water reduction goals in an upcoming sustainability report.

Lear promotes water reduction projects at all of our locations around the world. Our continuous improvement and environmental teams share best practices from successful projects such as these:

- Identifying opportunities to reduce consumption during production, increase water recycling and repair leaks
- Using water-saving bathroom, kitchen and cafeteria fixtures with automatic shut-off valves
- Watering gardens and landscaping with recycled water
- Installing filtered drinking water dispensers
- Providing reusable water bottles for employees
- Installing water meters to identify inefficiencies and leaks

As part of an overall water conservation initiative, Lear has also designated some sites as Environmental Focus Sites, where specific water conservation targets were established to improve overall performance for Lear.



## Safe Wastewater

Water discharges are primarily sanitary and discharged to the municipal sewers or point-source discharge under a permit. We do not specifically track global volume of wastewater discharged, but we estimate that more than 95% of our water is discharged back to the environment through point-source and nonpoint-source discharges. Less than 2% of our facilities directly discharge to fresh surface water under the local wastewater discharge permit.

In 2019, we completed a high-level water risk assessment using the WRI Aqueduct tool to identify the sites located in water stress areas. We plan to focus on water conservation activities over the next three years at the facilities located in the Extremely High Water Stress regions.

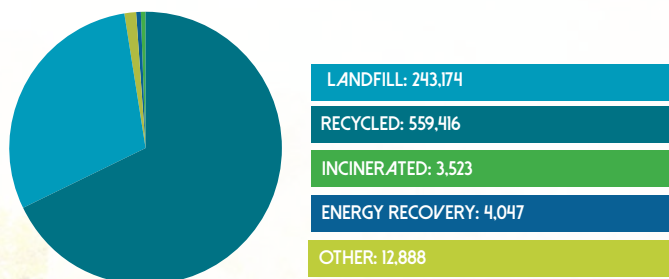


# ELIMINATING WASTE

Lear minimizes waste through several programs aimed at:

- Redesigning products and/or changing production processes to avoid creating waste
- Tracking and reporting by-product volumes and costs at each facility via a third-party management program
- Segregating materials for recycling in production and nonproduction areas

**2019 Total Waste Recycled, Treated, Disposed**  
(metric tons)



## HIGHLIGHTS

- In 2019, Lear recycled 559,416 metric tons of waste, which represents 68% of total waste generated.
- In our Seating - Leather business, 100% of our finishing operations employ roll coating which reduces coating waste to approximately 5% compared with the 30% waste of traditional finishing.
- In E-Systems, we replaced bubble wrap packing for wire harnesses with expendable protection sleeves made from scrap waste generated at our trim plants. We are currently using 26,000 pounds less plastic bubble wrap per year and plan to use the expendable protection sleeves in more applications.

**2019 Waste Data**

TOTAL NON-HAZARDOUS WASTE: 821,654 METRIC TONS

TOTAL HAZARDOUS WASTE: 1,394 METRIC TONS

TOTAL WASTE (EXCLUDING WASTEWATER): 823,048 METRIC TONS

TOTAL WASTEWATER: 496,560,517 GALLONS

*Lear Corp. has begun reporting in alignment with SASB Standard – Auto Parts. Disclosures noted align with Code #TR-AP-150a.1 Waste Management.*



## By-Product Management

Based on the reuse, reclaim, recycle and redesign concept, our by-product management program strives to generate minimal waste during both production and nonproduction activities at our facilities. For example,

- 3D knitting minimizes or eliminates conventional trim methods, reducing waste in the cutting process to zero and decreasing polyurethane foam foundation.
- End-of-life separation makes recycling at the end of the product's life easier by reducing or eliminating the need to separate materials. For instance, Guilford Suede uses only polyester fibers to facilitate easier end-of-life separation. Lear seats are designed to comply with European end-of-life requirements.

## Reducing Waste

At our soft trim plants, environmental stewardship is part of our business model. Our Alfreton, United Kingdom, facility has achieved zero-solids-to-landfill performance since 2016. All waste is either recycled, repurposed or sold for alternate uses. In China, our new facility has been built with conservation in mind, using 25% less water through internal recycling.

## Using Sustainable Materials

Since some customers require up to 25% recycled fiber, we have developed technical and supply chain solutions to build recycled content into all of our soft trim products. Some products can be made exclusively from recycled material, and our natural fiber solutions utilize 100% bio-based/renewable fibers in their design. Originating from plant sources such as soybeans, a significant amount of our raw materials is renewable. We also use a number of repurposed materials from the food industry and strive to achieve higher bio-based content.

## Responsible Leather

Leather is a natural, renewable resource that is inherently durable and cleanable. A by-product of the meat industry, using leather reduces waste in landfills. Leather contains over 80% bio-based content. Lear's portfolio includes alternative tanning solutions to chromium that can use up to 100% natural and renewable tanning extracts from responsible harvested sources.

about how we are sourcing leather responsibly while protecting animal welfare and the environment.

## Environmentally Friendly Foam

Lear patented a non-woven polyester fiber foam as an environmentally friendly alternative to conventional polyurethane foam laminate. The fiber foam is derived from recycled materials, is 100% recyclable, is 100% end-of-life compatible and improves comfort. Bio polyols derived from vegetable oils are also being considered as raw materials for rigid seating foam, replacing polyurethane.

## Trim Fasteners

Trim fasteners have been converted to recycled plastic in Europe. We are working to implement the technology around the world.

## Natural Fibers

Natural plant fiber is a breathable, moisture absorbent alternative made from renewable content. Our natural fiber solutions use 100% bio-based/renewable fibers.



# ONE PLANET. ONE LEAR.

As part of the human family, we share one planet. It is our responsibility to protect the environment for today's generation as well as future generations. Working together, Lear employees are making a positive impact on the planet. Here are just a few examples.

## CELEBRATING 50 YEARS OF EARTH DAY GLOBAL

In honor of the 50th anniversary of Earth Day, Lear launched a Sustainability Speaker Series featuring industry and sustainability experts. Employees used an online carbon footprint calculator to determine their own personal carbon footprint and learn how to make positive changes. They discovered how foodprints—the GHG emissions caused by growing, processing, transporting, cooking and disposing of food—affect the climate. They also donated to the Earth Network's Canopy project, learned how urban gardens support bees and other pollinators, and participated in Lear's Earth Day, Every Day Yammer group to share ideas and learn about ongoing events.





## SUSTAINABILITY ART CONTEST

### GLOBAL

More than 850 kids from 30 countries around the world entered our global EHS team's sustainability art contest. The beautiful artwork fostered a healthy conversation about sustainability.

## CHENNAI WINS LEAR'S 2019 PEOPLE AND PLANET IMPACT AWARD

### INDIA

Part of the Champions of Lear program, the company presented its People and Planet ImpACT Award to employees in Chennai, India. The team optimized employee transportation schedules and decreased electricity use, significantly reducing its overall carbon footprint. Using a software program to track scrap disposal, they reduced wood and cardboard waste. Facing a three-year drought, the facility focused on water scarcity and substantially decreased water consumption. In addition, each year saplings are distributed to every employee and planted in forests and other areas to help balance the ecosystem.





## LEAR JOINS SUPPLIERS PARTNERSHIP FOR THE ENVIRONMENT

### GLOBAL

Along with the Suppliers Partnership for the Environment, an association of global automakers and their suppliers working together to advance environmental sustainability through the automotive supply chain, Lear supported the Biodiversity Work Group Pollinator Project Challenge in 2019 to educate, engage and recognize meaningful conservation projects. Together, the group is collectively managing over 2,400 acres of their corporate land to create a connected corridor of wildlife habitat for pollinators and other migratory species. Lear's facility in Ramos, Mexico, held an environmental assessment for the group, and our facilities in Thailand and the United States launched a pollinator conservation campaign and garden.

## STEMMING THE TOXIC TIDE

### DOMINICAN REPUBLIC

According to National Geographic, about 8 million tons of plastic waste escapes into the oceans from coastal nations each year. Lear's Dominican Republic team stepped up to fight against the toxic plastic tide by removing 544 pounds of waste from local beaches.





## CLEAN INDUSTRY CERTIFICATION

### MEXICO

The Mexican Federal Environmental Protection Agency (PROFEPA) again awarded a Clean Industry Certification to Lear for demonstrating satisfactory accomplishment of legal requirements for environmental protection.

## REVITALIZING AN ENVIRONMENTAL EDUCATION SITE

### UNITED KINGDOM

Lear team members volunteered to rebuild an old campfire site in the woods at West Boldon Lodge, an environmental education center set in 13 hectares of habitats in South Tyneside, United Kingdom. They raked out old bark and spread new mulch, dug out rotten tree stumps and collected new ones for seating, and wove a wall of willow twigs. The new area will enhance the educational experience for local schools, adults and families.





## PICNIC TABLES MADE FROM RECYCLED MATERIALS

### POLAND

With 300 employees and only one cafeteria, social distancing at our plant in Legnica, Poland, was challenging. Łukasz Lenartowicz, Junior Production Manager, came up with an ingenious solution—single-person picnic tables made from old plant equipment and recycled production materials. The idea improved cafeteria capacity and more than doubled capacity in the exterior lunch zone.

## BUILDING FORESTS

### GLOBAL

To fortify Cebu's endangered forests, which have less than 500 cinnamon trees, the Lear Philippines team donated funds and volunteered to support sustainable protection, restoration and conservation strategies. In Mexico, more than 160 Lear volunteers met in the country's Parque Nacional La Malinche to plant 1,000 trees. Their 1,324 hours of volunteer work directly benefited more than 100 species of mammals, birds and reptiles.



## CLEANING UP THE WORLD

### BRAZIL

Employees and their families from the Navegantes team took part in Clean Up the World, a global environmental awareness initiative supported by the UN. The event brought together more than 500 volunteers who removed and recycled 3.3 tons of plastic bags, bottles, cardboard, tires, glass, metal and appliances discarded into area rivers, beaches and sidewalks in the city's central square. Applying what they learned to their own company, the Lear team began monitoring its 878 tons of waste, recycled 538 tons and partnered with local companies to transform waste into raw materials, generating \$128,318 for the company.

## “LET’S DO IT, ROMANIA!” ENVIRONMENTAL ACTION

### ROMANIA

For the second consecutive year, more than 100 Lear employees and their families participated in “Let’s Do It, Romania!” As the largest mobilization of volunteers in the country, they helped collect more than 660 pounds of household waste from the Arges and Targului River Valley.

more examples of how Lear is  
making an impact around the world.





# SOCIAL RESPONSIBILITY





# SOCIAL RESPONSIBILITY STRATEGY

Fostering diversity, equity and inclusion, championing human rights, promoting safe work environments and supporting our communities form the foundation of our social responsibility efforts.

Every day, we are striving for better.



# SUSTAINABLE DEVELOPMENT GOALS

Lear is committed to partnering with industry and society in implementing sustainable development goals. We recognize the United Nations Global Goals for Sustainable Development. Adopted by all United Nations members in 2015, these 17 goals provide “a shared blueprint for peace and prosperity for people and the planet, now and into the future.” We believe that tackling the problems of economic well-being, education and environmental conservation can spur economic growth.

Our social responsibility efforts are closely aligned with these goals. See [page 10](#) and [page 11](#) for examples from around the world.

Learn more at [lear.com/sustainability](#)





# FOSTERING DIVERSITY, EQUITY & INCLUSION

With more than 164,000 employees around the world, we are a diverse group. Diversity is not only good for society—it is good for business. It improves performance, drives growth and enhances employee engagement. When each of us contributes our abilities and varied viewpoints, all of us benefit from growing together and developing a better understanding of our complex world. Diversity in the workforce includes valuing dimensions of gender, race, ethnicity, sexual orientation, culture, national origin, skills, age, education, military service and general life experiences.

We strive to promote a culture where all employees feel engaged, accepted and encouraged to bring their whole selves to work. We are proud of our accomplishments. However, recent events have strengthened our resolve to focus and commit to diversity, equity and inclusion (DEI) throughout Lear. Together, we are doing more.

To start, Lear has formed an Executive Diversity Council to develop a comprehensive DEI strategy, prioritize activities, and drive accountability and results. The recently launched *Together We Belong* campaign will include employee training, virtual events and a global survey to increase engagement and awareness.

## HIGHLIGHTS

- **\$1 Million to End Racial Inequality**  
Lear committed to invest \$1 million to initiatives that address racial inequality and discrimination. The investment will be a combination of grants to external organizations as well as internal investments to educate and engage our employees.
- **CEO Action for Diversity and Inclusion**  
Our CEO pledged to provide opportunities for open conversations, expand unconscious bias training, share best practices, disclose strategic DEI plans with our Board of Directors and create accountability systems to track our progress.
- **Global Pay Equity Review**  
Every year, we evaluate median base pay for salaried employees around the world based on gender, function and band level to identify inconsistencies. Less than 1% of salaried women required a pay adjustment in 2019. In addition, Lear's reward programs for women and minorities were found to be equitable.
- **Leading Human Rights Score**  
Lear has been a leader among Tier 1 automotive suppliers in the Human Rights Campaign (HRC) Corporate Equity Index (CEI) since 2017 and received a score of 90% in 2019.
- **6 Employee Resource Groups**  
To foster inclusion within the company, Employee Resource Groups (ERGs) are available for women, young professionals, people of Indian origin, people of African ancestry, veterans and LGBTQ+ individuals and those who support and advocate for these communities.
- **Top 50 Employers**  
*STEM Workforce Diversity Magazine* named Lear among the Top 50 Employers in 2020. Readers listed STEM-focused companies they believe provide a positive working environment for minorities and those of diverse cultures.
- **Minority New Hires**  
In 2019, 30% of our new hires in the United States and 34% of the new hires at our corporate headquarters were women. In addition, 44% of our new hires in the United States and 36% of the new hires at our corporate headquarters were minorities, based on self-reported ethnic groups.
- **\$4.23 Billion in 10 Years Supports Diverse Supply Chain**  
Lear's Supplier Diversity program targets historically underutilized suppliers to fill business needs. Our vision is to be recognized by our customers as the Supplier of Choice. We have spent \$4.23 billion in purchasing diversity spend in the past decade and \$650 million in 2019.



## Leading Change

Slogans don't drive success. Strategy and innovation do. As part of our commitment to DEI, Lear is developing a three-pillared initiative to drive real change in DEI through practical solutions. Expected to launch in 2021, the program will focus on the idea that we can do more to improve how we interact with each other and the world.

Derrick Mitchell, our Chief Diversity Officer, describe Lear's commitment to leading change.

## Extending Our Leadership Development Program

Lear's Leadership Development Program provides opportunities for employees from underrepresented groups to build their strengths. When a DEI analysis revealed that most minority employees are in entry- to mid-level positions, we expanded the program to inspire career ownership and growth so that employees can successfully prepare for the next level in their careers.

Called , the resources were first offered online due to the pandemic. To date, 189 participants have registered for multiple program sessions. Three training modules include leadership webinars, reading groups, strength assessments, self-development tools and an introduction to

To emphasize the importance of DEI, Lear includes diversity in the leadership model behaviors used to evaluate all employees every year. For example, employees are expected to:

- Lead with integrity, as One Lear, Getting Results the Right Way based on 18 leadership attributes
- Create diverse teams and encourage diversity of thought
- Use Leadership Report Cards to evaluate how leaders Lead the Business, Lead Others, and Lead the Future with emphasis on supporting a diverse and inclusive culture
- Value differences and leverage individual strengths and diverse perspectives to find the best solutions

Lear also embeds DEI in our global leadership training programs, including:

- 
- 
- 
-



## Expanding Employee Resource Groups

All team members are welcome to form and join employee-led groups made up of individuals who share common interests, backgrounds or demographic factors such as gender, race or age. At Lear, anyone can join an ERG, whether they are part of the group or allies who are passionate about supporting our diverse communities. These ERGs give team members the opportunity to be heard, valued and engaged in driving the company's inclusive culture.

ERGs encourage career and personal development through networking and mentorship. They also help attract, develop and retain the best talent while engaging the community and supporting the company's goals for a more diverse and inclusive work environment.

In 2020, each ERG gained executive sponsors to drive business alignment and gain visibility. To enhance our culture, we have expanded ERGs and added new groups.

- **Global Resources & Opportunities for Women (GROW)** is committed to attracting, retaining, and growing female talent at Lear by promoting the positive visibility of women through community impact, an inclusive work environment and an Expect Respect culture. GROW has been instrumental in establishing many programs such as resources for drug addiction and domestic violence counseling for female employees and medical care for pregnant women in Mexico, and mentoring and assistance for future moms and dads in South America.
- **Lear Young Professionals (LYP)** is dedicated to helping all young professionals develop professionally and personally. LYP provides networking opportunities within Lear and the surrounding community, and support for on-boarding, engaging, developing and retaining young professionals.
- **Lear African Ancestry Network (LAAN)** helps attract, retain and develop Lear employees of African descent to support an inclusive work environment. LAAN highlights recruiting, support and volunteer service to drive community impact and awareness among African Ancestry populations. LAAN was established in 2019.

- **Lear Indian Origin Network (LION)** seeks to attract, retain and grow professionals of Indian origin to drive an inclusive work environment for the success of the Lear business. LION members aim to engage in outreach events and make a positive impact on all the communities around Lear. LION was established in 2019.
- **NEW Lear LGBTQ+ Outreach, Visibility, Education & Support (Lear LOVES)** is devoted to a culture of inclusion and the equality of love that advocates for the welfare, authenticity and opportunity of LGBTQ+ persons. Lear LOVES was established in June 2020.
- **NEW Veterans At Lear Offering Resources (VALOR)** drives success for veterans inside and outside of Lear. The group partners with human resources and veteran organizations to provide career support. Established in January 2020, VALOR works with veterans, active duty military, family members and allies.



**GROW**



**LYP**



**LAAN**



**LION**



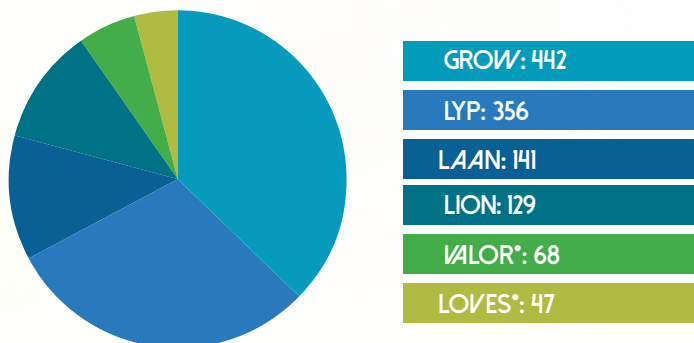
**VALOR**



**LEAR LOVES**



## ERG Participation 2019 - 2020



\* Established in 2020

About  
**15%** of our global vice presidents and directors are women

Nearly  
**300%** increase in ERG membership since 2018

**45%** of our Board of Directors are women and/or minorities.

Women represent  
**31.7%** of the salaried workforce at Lear

- On Women's Equality Day, members of our GROW employee resource group shared their experiences on how Lear cultivates a diverse and inclusive culture. Lear is proud to sponsor **22 GROW chapters** around the world.





## GROW FORUM HELPS WOMEN ACHIEVE WORK-LIFE BALANCE

"The quality of time we invest in the most important people in our lives—our families—must be balanced with the discipline and passion that we put into our day-to-day jobs," advised Carla Sarti, Vice President of Global Business Services. More than 100 women from Shared Services participated in a lively discussion during the GROW forum in Juarez, Mexico, featuring Sarti as the guest speaker. The third in a series, the forum was an opportunity for women to connect all over the world, talk about how to attract, retain and develop talent, acknowledge their achievements and support a culture of inclusion, respect and opportunities at Lear.

## SERVING OTHERS WITH VALOR

Kimberly LaFave, Army veteran and Process Engineer, Lear Eagle Ottawa, is passionate about helping other veterans adjust to civilian life. "Soldiers establish a connection with each other that cannot be broken, even if you met only five minutes ago. A fellow soldier has your back no matter what. It is something that is hard to find as you transition from military to civilian life," she said. As part of VALOR, Kimberly is working with our human resources hiring team to help them understand how military skills translate into the civilian workplace. VALOR members also work regularly with American Corporate Partners (ACP), an active partnership that connects post-9/11 veterans, active-duty spouses and eligible military spouses with Lear leaders and managers for customized mentorships.

## SUPPORTING LGBTQ

Lear has been a leader among Tier 1 automotive suppliers in the Human Rights Campaign's (HRC) Corporate Equity Index (CEI) since 2017 and received a score of 90% in 2019. We support the lesbian, gay, bisexual, transgender and queer or questioning (LGBTQ) community as a corporate member of the Detroit Regional LGBT Chamber of Commerce, corporate sponsor of the Ruth Ellis Center and community partner for the 2018-2019 GLAAD Campus Ambassador Program. Through our U.S. benefit program, we also offer same-sex spousal and partner benefits, transgender-inclusive benefits and adoption benefits.



## Pay Equity Study

Lear is committed to achieving pay parity and equitable opportunities for all employees. Each year, our Global Compensation group leads a comprehensive review of pay equity at Lear, including base pay, reward programs and promotions. A total of 16,580 salaried employees were reviewed as a result of the 2019 Pay Equity Study. Our review of global females and minorities reveals less than 1% of female salaried employees required an adjustment to base pay. In addition, the study reported that Lear consistently provides equitable promotion opportunities to men and women.

## Supplier Diversity

Our DEI efforts also extend to our suppliers and the local community. Lear has partnerships with 12 organizations to advance our supplier diversity agenda. Our partners include the National Minority Supplier Development Council (NMSDC), the Michigan Minority Supplier Development Council (MMSDC) of which we hold a board seat, the Women's Business Enterprise National Council, and the Gay and Lesbian Chamber of Commerce. No potential supplier is precluded from consideration on the basis of race, color, religion, sex, age or national origin. Suppliers are expected to understand and comply with Lear's

- ▶ Since 2010, Lear has spent **\$4.23 billion** with certified minority-owned, women-owned and veteran-owned suppliers.

## Diversity, Equity and Inclusion Governance

To make a meaningful and lasting impact, we believe our DEI efforts should begin with leadership and apply globally throughout the entire organization.

- Our Board of Directors reviews a pay equity analysis and DEI key performance indicators annually. In addition, diverse candidate target slates are set within Lear's talent acquisition strategy and updated every year.
- Our Chief Diversity Officer (CDO) is responsible for leading our DEI efforts, which are reviewed with our Executive Diversity Council monthly.
- The newly formed Executive Diversity Council is charged with developing a comprehensive DEI strategy, prioritizing activities, and driving accountable results.
- Our human resources, community relations and supplier diversity departments collaborate with our CDO to coordinate efforts across functions. The team drives events, community support, training and programs to attract, retain, develop and promote diverse talent.

## Together We Belong

The Together We Belong campaign launched in 2020 with actions to drive awareness and engagement, educate our employees and fund organizations committed to change. It will include training, virtual events and panels, and conducting an annual survey to guide our strategy.



# DEVELOPING TOP TALENT

At Lear, we are a family, unified in our shared values and goals. We are driven to be inclusive, inventive and Get Results the Right Way because Together We Win.

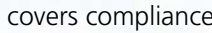
Numerous programs support this philosophy, from leadership development to the Champions of Lear. To ensure our culture actively demonstrates our values, since 2019 we delivered more than 3.7 million hours of safety, development, leadership, quality, continuous improvement, lean manufacturing, and ISO and IATF certification training. In addition, we continuously engage our team members, asking them to help drive positive change in all of Lear's locations around the world.

## HIGHLIGHTS

- **Together We Win** advances leadership, creates a positive work environment, involves employees in our business practices and encourages teamwork.
- **Our Emerging Leaders Development Program** provided about 1,800 hours of training in 2019 plus mentorship opportunities to support up-and-coming leaders at Lear.
- **Our Performance Management Process** leverages Leadership Report Cards to ensure that feedback from direct reports and peers is factored into annual reviews.
- **Work-life Balance Benefits** include maternity leave, flexible operating hours, 16-18 holidays per year, time off with pay to support charitable initiatives, child care in some locations, support with adoption services and more.
- **The Champions of Lear Awards** recognize the accomplishments of the best of the best in Quality, Customer Service, Health and Safety, Innovation and Environmental Stewardship.
- **The Klaus Rahm Memorial Scholarship** supports the academic ambitions of our employees, providing opportunities to attend an MBA program at Michigan State University with Lear's financial assistance.

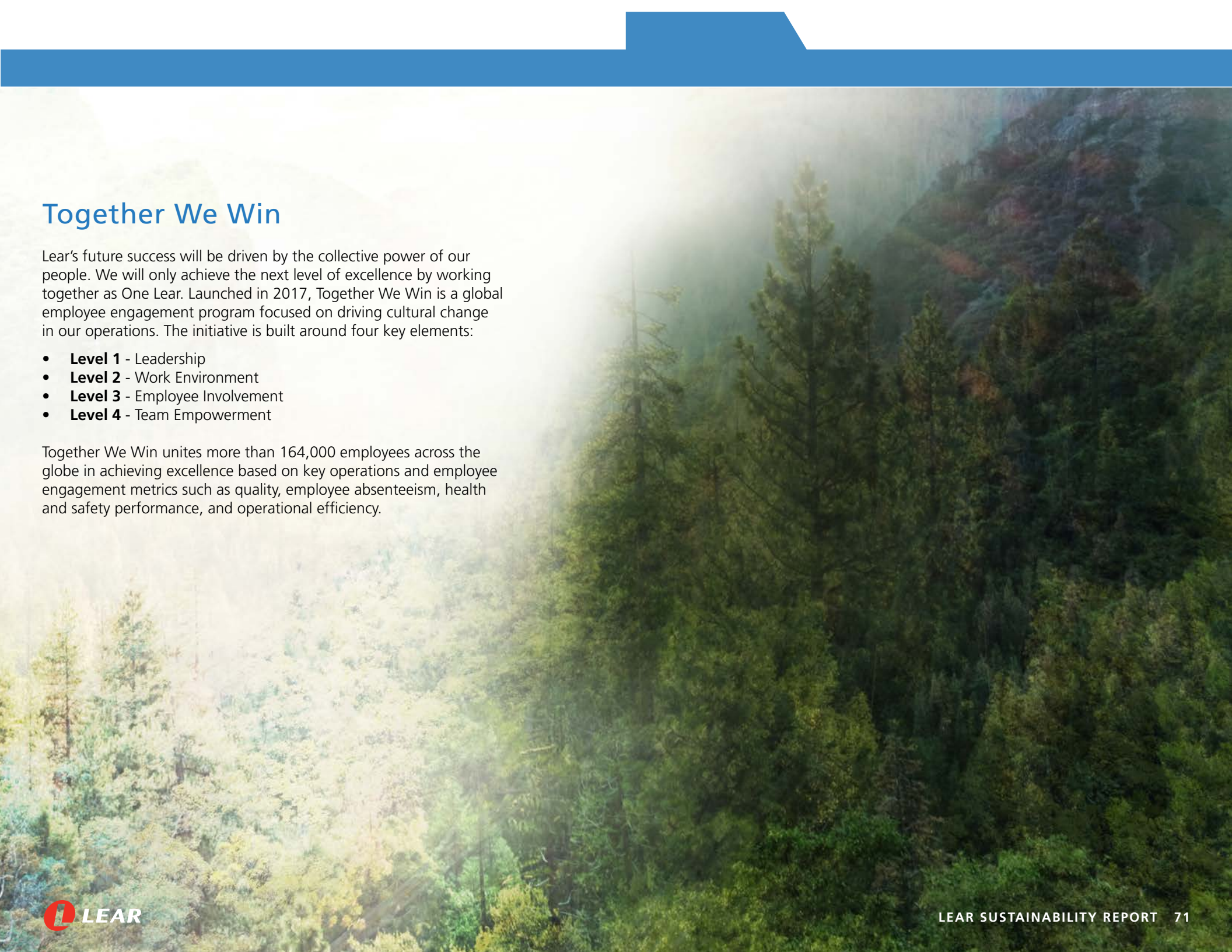
## We Expect Respect

At Lear, we expect all employees and supplier partners to respect each other. Our global Expect Respect campaign promotes our anti-harassment, nondiscrimination and zero-tolerance for retaliation policies as well as complaint reporting resources. In 2019 and 2020, the campaign provided online training for salaried employees plus global toolkits for plant training with hourly employees, totaling 125,290 hours.

In addition, our  covers compliance with laws and regulations, conflicts of interest, gifts and entertainment, political contributions, insider trading, competition and antitrust, exporting and prohibited transactions, confidential and proprietary information, protection of company assets, accurate business and financial records, environmental health and safety, diversity, equal opportunity and respect, compliance monitoring and reporting concerns.

Lear offers an anonymous, toll-free hotline for employees to report violations of Lear's Code of Conduct. Reports can be made in the employees' local language. All reports are investigated and reported quarterly to the Board of Directors.





## Together We Win

Lear's future success will be driven by the collective power of our people. We will only achieve the next level of excellence by working together as One Lear. Launched in 2017, Together We Win is a global employee engagement program focused on driving cultural change in our operations. The initiative is built around four key elements:

- **Level 1** - Leadership
- **Level 2** - Work Environment
- **Level 3** - Employee Involvement
- **Level 4** - Team Empowerment

Together We Win unites more than 164,000 employees across the globe in achieving excellence based on key operations and employee engagement metrics such as quality, employee absenteeism, health and safety performance, and operational efficiency.



## Global Engagement Surveys

In 2017, Lear implemented a robust annual survey process to assess employee engagement. Since its inception, the anonymous and confidential survey has obtained feedback from more than 162,000 hourly employees in all Lear plants across the world, including 192 locations in 27 countries.

Our survey evaluates:

- Relationships between employees and leadership
- Employee recognition
- Retention
- Health and safety
- Motivation
- Respect in the workplace

Examples of survey questions include:

- I feel like I am part of a team.
- My opinions and suggestions matter at this company.
- My supervisor encourages me to take ownership of my work.
- A year from now I would choose to be employed by Lear.
- My co-workers demonstrate respect for me and one another while working at Lear.

SharePoint is our employee engagement hub. The online tool helps our global team members share feedback and photos, collaborate on projects and track their progress. Any plant can use the site to request a pulse survey, prepare and launch the questionnaire, analyze results, drive change through the tool's playbook, develop an action plan, assign tasks to team members and track the plant's status in the Together We Win Scorecard.

All of our plants have been surveyed and have started their road to a Together We Win culture by implementing Playbook Plays, a Lear-curated standard approach to training and transforming plant culture. Playbook Plays includes hosting ergonomics awareness training, team leader talks, and implementing lunch and learns.

Most plants take their cultural transformations a step further by hosting post-survey focus groups and developing a custom action plan to address feedback. For instance, the Iasi trim plant in Romania has fully implemented a calendar of community services as part of their action plan. Some plants also go above and beyond and implement initiatives to further the Playbook Plays. For example, at the Flint plant in the United States, shop floor team members collaborate with plant leadership on projects to solve problems and challenges brought up by employees in round tables with the plant manager.



Our team in Goiana, Brazil, was named a Certified "Great Place To Work" by Great Place to Work Brazil. By creating a trusted, collaborative and high-performing workplace culture, our team received an overall 90% satisfaction rating from nearly 1,000 employee surveys.



## Diversity Recruiting

A key element of our company's vision is being recognized as an employer of choice. We seek to recruit, hire and retain the best from every background and community around the world, ensuring we have the best talent available to maintain our competitive edge. To ensure diverse leadership, we require that the interview schedules for all roles of manager and above to have diverse interview candidates.

In our corporate office and U.S. plants, Lear works with several organizations to help fill our pipeline with diverse talent, including the:

- National Society of Black Engineers (NSBE)
- National Black MBA Association (NBMBA)
- Women of Color Conference
- Society of Women Engineers

We also support these groups through internships, externships, conference participation and sponsorships.



## Lear's Leadership Model

Lear provides a number of development programs and opportunities to help leaders at all levels of the organization build their strengths and grow. These programs are based on the three aspects of our Leadership Model.

- **One Lear Mindset**

By expanding our focus from local facilities to the global organization, One Lear encourages employees to proactively communicate, collaborate, build relationships, create diverse teams and give back to communities across the world. Created in partnership with the Arbinger Institute, a leadership workshop is offered to team members at all levels of the organization to promote better collaboration, communication, conflict resolution and a more inclusive work environment.

- **Get Results the Right Way**

There are many ways to get results. At Lear, we Get Results the Right Way: by working as a team, understanding our customers' needs, showing respect, empowering others, making sound and timely decisions, focusing on long-term goals instead of short-term gains, and investing in our talent for the future. Through continuous improvement, we are constantly working to achieve operational excellence.

- **Lead with Integrity**

Integrity drives us to do the right thing, deliver what we promise to our customers and own our decisions and results. Solid leaders are also humble, confident and actively recognize other team members for their contributions. They can disagree without being disagreeable.



- ▶ The Leadership Model was introduced in 2014 and has been globally translated, institutionalized and integrated into performance management and leadership reviews. It is also one of the criteria for our talent acquisition process and part of our onboarding program.



## Leadership Development Opportunities

Lear offers employees leadership development opportunities for employees at all levels to build their strengths and grow in their careers.

### Leads Self

In 2020, we launched Leads Self Lite, a Leadership Development Program offered for Bands 2-4 from the ERG community. The program inspires career ownership and growth by leveraging internal leadership development tools and insights. Following training, participants will increase professional confidence, build their network, understand their strengths and know what it means to be a good leader at Lear. They become aware of where they are today, where they want to be tomorrow, and how to get there. The program was delivered online due to COVID-19 restrictions and consisted of three modules: Know Yourself, Develop Yourself and Get Results the Right Way.

- To date, the Leads Self program has had **189 participants** who have registered for multiple courses from a selection of **22 leadership topics**.

### Emerging Leaders Development

Our Emerging Leaders Development Program is a 12-month leadership and business course designed to develop high-potential managers and directors. Each quarter, candidates are trained in tools and competencies designed to fuel success. To maximize learning and optimize our investment, leaders teach up-and-coming leaders at monthly lunch-and-learn sessions hosted by key executives who present topics such as career pathing, lessons learned and business updates. Candidates then share key lessons with their own teams, allowing them to master concepts and practice skills. Since 2016, 135 employees have participated in the Emerging Leaders Development Program globally. Growing our future leaders with Lear-specific content and tools has achieved a 99% retention rate among participants.

### CEO Academy

Launched in 2018, Lear's CEO Academy is our premier leadership development opportunity. Twice each year, a select group of nine leaders representing diverse functions and backgrounds are invited to participate in a week-long leadership immersion event with our CEO. Assigned pre-work in preparation for the academy, each participant must present a bold business idea to help drive Lear's success. Participants build relationships, gain one-on-one exposure with the CEO, get feedback and expand their perspectives while taking advantage of the opportunity to significantly impact the business.



## Leadership Assessments

We believe great leaders create great cultures, great cultures attract and retain the best talent, and the best talent wins in the marketplace. That is why increasing the number of leaders who Get Results the Right Way is a central focus at Lear. We want all employees at Lear to work with a great leader. Lear evaluates the strength of our leadership through a variety of processes.

## Leadership Report Card

Our annual Leadership Report Card assesses each leader based on specific behaviors needed to execute our business strategy. Conducted by a selection of the leader's peers and their direct reports, the report card measures three aspects of leadership:

- **Leads Others**  
Teamwork, rather than individual talent, is paramount. Breaking down silos to promote mutually supportive efforts accomplishes our overall mission and achieves success for the organization. Focused on Getting Results the Right Way, leaders treat people as people, ensuring we are helpful to our teams and peers as we go about our work.
- **Leads the Business**  
Leaders are focused on driving One Lear results. Missions, goals and priorities are communicated in a simple, clear and concise manner to all levels of the organization to achieve a Together We Win culture. A strategic view of priorities and problems ensures effective and efficient plans are in place to drive optimal outcomes for the organization.
- **Leads the Future**  
Leaders build and maintain open and collaborative work environments where debate is encouraged. Constantly pursuing progress and big thinking, teams work together to find creative solutions through new technologies, ideas or ways of working. Individual strengths and differences are leveraged to produce improved outcomes.

## Leadership Reviews

Annual Leadership Reviews evaluate our talent to ensure that the right people are in the right roles to drive organizational effectiveness. Succession plans are created to develop our bench talent. High potential and critical employees are highlighted to increase exposure, explore potential next moves and ensure each is challenged and recognized appropriately. Talent actions and organizational changes are proposed to drive strategic objectives and corporate goals.



## Performance Management & Educational Programs

Lear has a proud history of delivering results. At Lear, we utilize Scorecards and Talking Points to align employee performance with our business goals and provide feedback and coaching to ensure we are all Getting Results the Right Way. In addition, Lear provides our team members with a variety of educational and training opportunities to strengthen their skills and help them achieve their career goals.

### Talking Points

Talking Points is our global performance management tool for all levels of salaried employees. They are quarterly conversations between employees and their managers and are initiated by the employee. They provide an opportunity for a meaningful dialogue about results, priorities and career development. This review process is completely separate from compensation decisions and focuses on real feedback about results, growth and development. In 2019 and 2020, employees completed 70,075 Talking Points globally.

### Scorecards

Scorecards are a key element of performance management at Lear. This cascading process ensures a clear set of strategic priorities are set and communicated across the organization. By allowing teams to fully align to key priorities, everyone understands the key outcomes and metrics for their role and how they contribute to the strategy.

### Educational Programs

Lear is committed to investing in the growth and education of our team members. We offer tuition reimbursement and apprenticeship programs across the globe. Lear has established a corporate policy, and each of our locations have plant policies. Lear is proud of these programs and the upward mobility they provide to our employees. Many of our hourly employees have progressed from the shop floor to positions of leadership, including plant manager.



## Work-Life Balance

We value our team members and strive to create a supportive culture for them and their families. In today's hectic world, balancing work and family can be difficult. Lear offers creative ways to help our team members achieve a healthy work-life balance. These opportunities vary by location, depending on what makes sense culturally and competitively.

Here are a few examples:

- Maternity leave
- Flexible operating hours
- 16 – 18 holidays per year, following our major customers' work schedule which includes a very generous break at Christmas
- Paid vacation for all Lear employees globally

In our bargained and non-bargained locations, Lear may also provide:

- Free Employee Assistance Programs (EAP) which help with numerous personal and family issues including relationship and family conflicts, substance abuse, grief and loss, and mental health. The EAP also supports employees with information and resources to meet work-life needs such as finding child care or elder care, home searches, college planning for dependents, vehicle purchases and home repairs. Dependent Care Flexible Spending Accounts help support families with child care costs in the United States.
- Time off with pay to volunteer and support charitable initiatives
- Vacation provided in the first year of employment and progressing up to four weeks per year
- Extremely fair absenteeism policies supported by the local work team to alleviate unplanned or emergency time off
- Rewards for perfect attendance
- Overtime pay
- Wellness campaigns to support employee health
- Child care at some locations
- Adoption services
- Banking
- Dry cleaning
- Transportation to and from work at some locations



## Champions of Lear

Our plants are at the core of everything we do. This is where innovation meets operational excellence to produce high-quality solutions for our customers. In 2019, we kicked off our first global celebration of the Champions of Lear by honoring the best of the best from our manufacturing and other facilities. There were 14 categories including innovation, culture, customer appreciation, supply chain, quality, safety, operational excellence, Kaizen, People and Planet ImpACT. The event invited 24 finalist teams from 13 countries to travel to our headquarters in Southfield, Michigan to be honored for their accomplishments and celebrate innovation and excellence. The CEO's Special Appreciation Award was presented to the distracted driving campaign. The celebration was broadcast globally for our teams around the world. Due to COVID-19, Champions of Lear 2020 will be combined with the 2021 event.

our Champions of Lear.





## Klaus Rahm Memorial Scholarship

Lear awards the Klaus Rahm Memorial Scholarship to select employees based on their performance, dedication and leadership potential. The scholarship provides the opportunity for nominated employees to attend the Eli Broad College of Business MBA program at Michigan State University with Lear's financial assistance.

It is a great privilege to participate in this prestigious program. The scholarship was created and named in honor of Klaus Rahm, a former Lear executive who passed away in 2003. Klaus demonstrated perseverance while attending the MBA program, made even more challenging since English was not his native language. His commitment to excellence paid off. Not only did Klaus complete the program, but he graduated at the very top of his class. Klaus was a dedicated Lear employee for more than ten years, serving as Plant Manager, Platform Director and Director of Quality. He was a role model who led with courage and determination, inspiring all those who knew him. Lear is proud to offer this scholarship in his memory.



# ENSURING FAIR LABOR PRACTICES

Championing human rights and fair labor practices globally is the foundation of our strong work environment. According to our Global Labor Standards, we do not employ child or forced labor, interfere with employees' right to freedom of association, or tolerate physically abusive disciplinary practices. Neither do our suppliers or subcontractors. We are proud of our latest efforts to promote human rights around the world.

## HIGHLIGHTS

- Lear became a signatory participant in the the largest corporate sustainability initiative in the world. The compact sets universal principles for human rights, labor, anti-corruption and environmental protection.
- As champions of human rights, we have strengthened our . This policy strives to clearly define how we approach, govern and support universal human rights and defend the dignity of people throughout our operations, the communities in which we operate, and our global supply chain.



## UN Global Compact

In 2020, Lear became a signatory participant in the UN Global Compact. The initiative encourages companies to align their operations with supporting human rights, labor, environment and anti-corruption. In addition, signatories pledge to support including ending poverty and hunger, improving health and education, and supporting a clean environment. Companies pledge to:

- Operate responsibly in alignment with universal sustainability principles
- Take actions to support society
- Commit to the effort at the organization's highest level, pushing sustainability throughout the organization
- Report ongoing efforts annually
- Engage locally wherever the company has a presence

- ▶ More than 11,000 organizations from 156 countries currently participate in the compact. Learn more about the

**WE SUPPORT**



**“ We believe that tackling the problems of economic well-being, education and environmental conservation can spur economic growth.”**

**We are excited to support these ongoing efforts with our commitment and participation in the UN Global Compact.”**

**Ray Scott**  
President and CEO



## Human Rights Policy

At Lear, we believe the best way to deliver the highest quality products and services is to create and maintain a work environment that fosters collaboration, interaction, tolerance and respect. The foundation of our strong work environment is a belief in championing human rights and fair labor principles throughout our global organization.

Our enhanced Human Rights Policy reinforces our values, principles, policies and practices. It is based on the concepts of the UN Global Compact, its Ten Principles, and Sustainable Development Goals as well as the

### Respecting Privacy

We respect the privacy of individuals, including employees and customers. We follow globally recognized privacy principles and implement reasonable and appropriate practices in our collection, use, and sharing of personal information about individuals.

### Encouraging Workforce Diversity, Equity and Inclusion

At Lear, we made Be Inclusive our first core value to emphasize the importance we place on maintaining a diverse workforce and an equitable and inclusive workplace. We know that the strength of our company lies in the diversity of our team and our ongoing efforts to always Be Inclusive and equitable. We provide all employees with a professional working environment which is free from discrimination and harassment. We offer fair and equal employment opportunity to every person regardless of race, sex, color, veteran status, national origin, disability, sexual orientation, gender identification or expression, age, religion, genetic information, or any other legally protected status. We make all hiring, compensation, promotion and other employment decisions based on qualifications, performance, skills and experience. We follow all employment laws wherever we conduct business.

We provide our employees with and encourage them to join several employee-led groups made up of individuals who share common interests, backgrounds (such as veteran status) or demographic factors (such as gender, race or age). Through these Employee Resource Groups, our employees are heard, valued and engaged in driving the company's success.

### Prohibiting Child Labor, Forced Labor and Human Trafficking

We prohibit child labor in any of our facilities worldwide and meet all applicable laws regarding minimum age for employment in all countries and regions where we conduct business. We believe that all employees should have the right to voluntarily elect whether to be employed by Lear. We do not use forced or involuntary labor of any kind, including prison labor, indentured labor, bonded labor, military labor, modern forms of slavery and any form of human trafficking.

### Providing Fair Pay, Hours, Benefits and Working Conditions

We comply with all applicable wage and hour laws, including equal pay, minimum wage, overtime, maximum hour rules, meal and rest periods. We also provide legally mandated benefits. Where local industry standards exceed applicable legal requirements, Lear pays fair wages and ensures working conditions that are competitive with the higher local industry standards. We employ ethical recruitment practices. We prohibit recruiters from charging recruitment fees to potential employees and from withholding identity documents. Where our employees have employment contracts, we provide access to those contracts. We also provide and maintain a safe and healthy work environment for all employees, meeting or exceeding applicable local standards for occupational safety and health.

## Reporting Concerns



We have established a process for reporting concerns about any potential human rights or business risks through Lear's Employees, suppliers and business partners can make anonymous reports in their language via a toll-free phone call, email, online website or regular mail.



## Treating Employees with Dignity and Respect

We treat employees with dignity and respect. We have systems in place to prevent, detect, report and resolve unacceptable worker treatment such as unlawful acts, harassment or discrimination, workplace violence, inappropriate use of discipline, mental or physical coercion as a form of discipline, physical or mental punishment, physical or verbal abuse or intimidation, and any type of corporal punishment. To ensure robust reporting by our employees, we forbid retaliation against anyone who in good faith reports or cooperates in an investigation of such mistreatment. We take appropriate corrective action in response to any findings of unacceptable worker treatment or retaliatory action. As described in our [Human Resources Policy](#), we do not tolerate physically, mentally, emotionally or otherwise abusive disciplinary practices.

## Allowing Freedom of Association and Collective Bargaining

We respect our employees' right to form, join or not to join a labor union without fear of reprisal, intimidation or harassment. A substantial number of our employees are members of unions or national trade organizations. We have collective bargaining agreements with several North American unions, including the United Auto Workers, Unifor, International Brotherhood of Electrical Workers and Workers United. Where employees are represented by a legally recognized union, we are committed to establishing a constructive dialogue with their freely chosen representatives and bargaining with them in good faith. As noted in our [Human Resources Policy](#), we expect our suppliers to respect their employees' right to freedom of association.

## Sourcing Responsibly

We source responsibly and ensure that materials used in our products do not directly or indirectly provide funding to conflicts or human rights abuses. We endeavor to use only components with raw materials where extraction, transport, trade, processing and export are obtained from validated sources as a matter of principle, wherever practicable. We also look beyond our direct supply chain to ensure appropriate sourcing measures, including the sourcing of the raw materials used in our products.

- ▶ Lear is committed to complying with **all** applicable legal requirements and strives to prevent incidents or conditions that might result in a violation of law.
- ▶ In **2019 and 2020**, employees participated in **82,995 hours** of training in company policies, compliance and security.
- ▶ We monitor our operations, partners and suppliers for potential violations and act if violations occur, up to and including termination of employment or contract.



## Forced Labor Awareness Campaign

Lear launched a campaign to educate employees and our global supply chain partners on the risks and warning signs of child labor, forced labor and human trafficking. Leveraging our Supplier Portal, we posted resources from the International Labour Organization (ILO), including a study on how to identify and stop child labor, forced labor and human trafficking in global supply chains along with a video from the ILO's 50 for Freedom series dramatizing how people find themselves in forced labor situations. A bulletin was sent to all production suppliers, referring them to the online resources and instructing them to share the materials with their employees and supplier partners.



## Conflict Minerals & Responsible Sourcing

Lear endeavors to use only components with raw materials where extraction, transport, trade, processing and export are obtained from validated sources as a matter of principle, wherever practical. To ensure the people and environments where we do business are protected—even in places far from our direct supply base—Lear has developed and adopted a . Through these programs:

- We require legal and ethical sourcing of materials in our supply chain. Our suppliers are obligated to perform due diligence of their respective supply chains to understand and report the content of the parts they provide to Lear.
- Every year, we disclose the use of conflict materials originating in the Democratic Republic of the Congo and adjoining countries. We also use an active mapping process to ensure that the company is driving toward conflict-free sourcing of all materials used in our products.
- We follow the five-step Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas framework from the Organization for Economic Co-operation and Development (OECD). We also participate in industry-driven initiatives, such as the Responsible Minerals Initiative, that validate and establish industry-wide control systems and transparency over the upstream supply chain including chain of custody or traceability systems.
- We continually benchmark our efforts through coordination with major car manufacturers and peers via the Automotive Industry Action Group (AIAG), cross-industry collaboration groups and benchmarking firms such as the Responsible Sourcing Network (RSN). Lear compares favorably to peers and the industry in general.

In response to emerging human rights issues identified in raw materials sourcing, Lear conducts continual product material assessments to identify risks beyond conflict minerals (3TG). Lear has begun assessments on other critical minerals, such as cobalt, to understand where cobalt is used in our products. The results are used for verification with suppliers and to establish necessary due diligence and ensure responsible sourcing of these raw materials in the supply chain.

Read our



- Lear is an active member of the auto industry Responsible Materials Work Group (AIAG-RMWG) and Responsible Minerals Initiative (RMI) of the Responsible Business Alliance (RBA).



*Lear Corp. has begun reporting in alignment with SASB Standard – Auto Parts. Disclosures noted align with Code # TR-AP-440a.1 Materials Sourcing.*



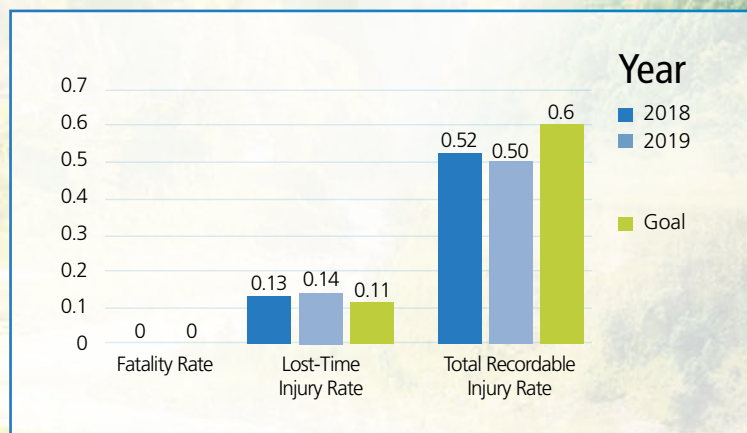
# PROMOTING SAFETY

Our employees are recognized for achieving safety performance metrics, engaging in safety activities, implementing EHS directives, developing safety innovations and transferring best practices to other facilities.

## Workplace Safety

Lear reports injury rates for both temporary (contract) and Lear employees.

- The **lost time injury rate** is the number of lost time injuries per 200,000 hours worked. Lear's rate was slightly higher in 2019.
- The **total recordable injury rate** calculates the number of recordable incidents per 100 people. Lear's 2019 rate decreased over 2018.
- Occupational illnesses and diseases are not prevalent within our company.



Note: The LTIR and TRIR includes Lear employees and contract employees, which Lear values equally.

### HIGHLIGHTS

#### 2019 Recordable Injuries

- 108 facilities had 0 recordable injury/illness cases.
- 30 facilities achieved 1 million hours without a recordable injury/illness case.

#### 2019 Lost Time Injuries

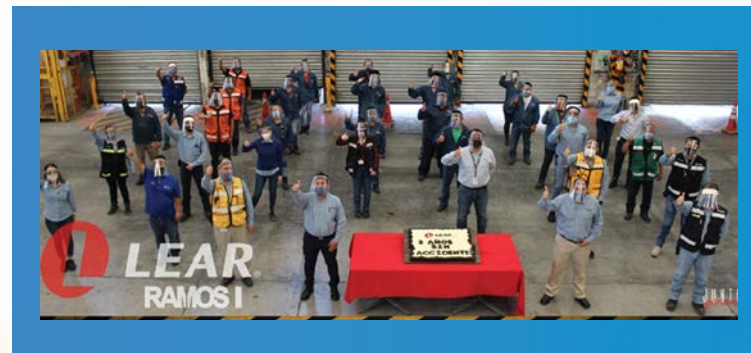
- 157 facilities had 0 lost time injury/illness cases.
- 65 facilities achieved 1 million hours without a lost time injury/illness case in 2018.
- 10% of Lear's facilities are OHSAS 18001 / ISO 45001 certified. Lear is expanding the ISO 45001 Occupational Health and Safety management system to all plants by 2025.



## YEARS OF SAFETY NO ACCIDENT

### MEXICO

Employees in Juarez celebrated five years without a lost time injury, while employees in Plant 1 in Ramos achieved two years without an accident. "We are very proud to reach this milestone. No matter how long the day is, what matters most is that employees go home safe," said Francisco Izaguirre Cabrera, Plant Manager, Ramos.



## 10 MILLION HOURS. 0 ACCIDENTS.

### THAILAND

For their outstanding achievement, the 650 employees at our plant in Bangkok, Thailand, were presented with Lear's 3Q Safety Leadership and Excellence Award. They also earned their fourth consecutive Zero Accident Award from the Thailand Institute of Occupational Safety and Health. It was the only plant in the country to receive the highest-level platinum trophy from the government.





# SUPPORTING OUR COMMUNITIES

Our commitment to social responsibility extends beyond our facilities. From senior executives to new team members, Lear employees dedicate themselves to a wide range of charitable service organizations in our global communities.

## HIGHLIGHTS

- We designed and produced **10 million face masks** in only four months for employees and healthcare workers in our communities.
- Through Operation GIVE, we supported more than **80 charities** in 2019.
- **20** Lear executives serve on the boards of non-profit organizations.
- Through our Focus on the Drive campaign, we hosted **93 awareness presentations at 37 schools**. More than **39,000 people** around the world have signed our pledge to avoid distracted driving.

## COVID Response

Across the globe, our employees responded generously to the urgent need for PPE and community outreach. To learn more, see

### COVID-19 | FAST FACTS

Know how to keep yourself, your family and your coworkers safe.

#### DAILY SELF-SCREENING

Are you experiencing any of the following COVID-19 symptoms?

Temperature  
≥38°C  
(100.4°F)+

Frequent  
unexplained  
cough and/or  
difficulty  
breathing

Unexplained  
tiredness

If the answer is YES you may have symptoms of COVID-19.

We ask that you please seek medical attention, contact your HR representative and remain off company property for 14 days to self-quarantine.

#### PERSONAL HYGIENE

Wash your hands frequently with soap and water for at least 20 seconds.

OR

Use antibacterial gel with 70% alcohol if you're unable to wash your hands.

When sneezing or coughing cover your nose and mouth with the lower angle of your arm or with Disposable hankerchief

Don't touch your face including your mouth, ears, eyes and nose

#### SOCIAL DISTANCING

1 Keep a distance of 6 feet between people

2 Avoid physical contacts such as hand greetings, kissing and hugging

3 Avoid going to crowded places, and if it's inevitable, don't take minors or older people with you

4 Avoid contact with anyone who is sick

Making Every Drive Better™ | Be Inclusive · Be Inventive · Get Results The Right Way

LEAR

LEAR SUSTAINABILITY REPORT 89



## Operation GIVE

From senior executives to new team members, Lear employees dedicate themselves to a wide range of charitable and service organizations in our global communities. We are proud of our long history of community involvement. Launched in 2018, Operation GIVE (which stands for Grow, Invest, Volunteer and Empower) supports:

### Economic Well-Being

We support organizations that provide complete nutrition, clean drinking water and safe living conditions, ensuring that community members in the greatest need have the essentials required to lead healthy and prosperous lives.

### Education

A successful educational foundation is critical to participate in life's opportunities. We strive to support organizations that provide accessible, effective and quality learning; promote entrepreneurship and job preparedness; and create access to Science, Technology, Engineering, Arts and Mathematics (STEAM) programs for children and young adults.

### Environment

We assist organizations that lead "green" initiatives, develop responsible and efficient uses for waste materials and energy, participate in environmental cleanup, and work toward overall earth preservation.

Through Operation GIVE, Lear supports organizations such as:

- American Corporate Partners
- Boys & Girls Clubs
- Capuchin Soup Kitchen
- Chandler Park Conservancy
- Children's Hospital of Michigan
- Cornerstone Education Group
- Detroit Regional Partnership Foundation
- Forgotten Harvest
- HAVEN
- Innovations for Learning
- Junior Achievement
- National Multiple Sclerosis Society
- No Stomach for Cancer
- Numerous universities and colleges
- Rhonda Walker Foundation
- Southwest Solutions
- Starfish Family Services
- Student Advocacy Center
- United Way
- Winning Futures

- In Michigan alone, 1,537 employees donated **more than \$1 million** to local charities including FIRST Robotics, Habitat for Humanity, Nature Conservancy, Ocean Conservancy, Save the Children, UNICEF and the United Way.

GROW  
INVEST  
VOLUNTEER  
EMPOWER



## SUPPLYING PPE

### GLOBAL

Lear facilities around the world generously donated PPE in their local communities. In Mexico, our plants in Puebla donated 100 N95 masks to a regional hospital while our facility in Ramos donated 60 Tyvek full-body protection suits to Red Cross first responders. In Poland, employees sewed and donated 5,000 masks to the city of Tychy, and our plant in Romania sewed and donated 10,000 masks to their community. In the Philippines, our electronics hardware development team retrofitted portable countertop ovens with a short-wave ultraviolet (UV-C) light to sterilize masks for the local Red Cross, Chong Hua Hospital and Vincente Sotto Memorial Medical Center. In the United States, Lear donated 20,000 protective masks to the Goodwill Industries of Greater Detroit Green Works PPE kit project, which helped vulnerable groups stay safe during the pandemic.

## RUNNING FOR GOOD CAUSES

### GLOBAL

Around the world, Lear employees and their families are running, walking or hiking to raise funds for worthy causes. In Serbia, our team participated in a 6 km charity run to help raise funds for the Red Cross. In the UK, our Redditch team put their best foot forward, hiking 26 miles through Wye Valley to raise funds and awareness for Macmillan Cancer Support. In Germany, employees took first place in the annual Company Run for entering the highest percentage of employees in the race. The money they raised aided Aktion Lichtblicke and CARE, organizations dedicated to helping the needy.

## SUPPORTING DOMESTIC VIOLENCE VICTIMS

### GERMANY

Lear employees in Oberding-Schwaig donated €3,500 (\$4,100) and a box of gifts to Diakonisches Werk Freising to support victims of domestic and sexual violence. The COVID-19 pandemic has added pressure to already distressed families due to financial issues, home schooling and office conditions, dramatically increasing cases of domestic violence. The Lear donation will specifically support young kids and teens.



## RAISING MONEY FOR A CHILDREN'S HOSPITAL

### FRANCE

Employees at our facility in Vélizy organized a fundraising breakfast to raise money for the young adult and teenage patients at the Gustave Roussy Hospital in Paris, which specializes in rare forms of cancer. Due to the COVID-19 pandemic, the fundraising event had to be cancelled, but our determined employees raised €425 on their own, providing kids with coloring kits, mandalas, e-books and audio books.

## DONATING TO LOCAL RESIDENTS

### PHILIPPINES

Employees from Lear Philippines responded to the local government's call to make donations to the less fortunate residents of Lapulapu City, who were under an enhanced community quarantine. Our coworkers made contributions and handed out milk powder donations to the residents.

## FEEDING THE HUNGRY

### BRAZIL

During the pandemic, quarantines left truck drivers with no options for a place to stop and eat. When our employees noticed city residents mobilizing to cook and distribute meals to truck drivers in front of the plant, they joined the effort, distributing water bottles, providing tables and organizing volunteers from all over the city. The action benefited about 200 truck drivers.

In partnership with United Way Brazil, Lear purchased and distributed over 800 food packages to eight institutions including kindergartens, nursing homes and an Afro-Brazilian quilombola community. The donations were made on Mother's Day, which enabled many mothers to prepare lunch for their families and meals for several other days.



## HOSTING CANCER PATIENTS

### MOROCCO

Our team members in Rabat donated new beds, bedding and other furniture to Association Jannat, a community organization that hosts cancer patients while they receive treatments in local hospitals.

## NOURISHING THE NEEDY

### UNITED STATES

Lear is proud to support the Capuchin Soup Kitchen and their mission to tend to people's basic needs, especially the need for food. Lear President and CEO Ray Scott and his wife served as co-chairs for the 2019 SOCK charity dinner.

## FUNDING THE YOUNG WOMEN'S SCHOLARSHIP PROGRAM

### UNITED STATES

An active supporter since 2013, Lear once again donated to the Rhonda Walker Foundation to empower inner city girls in Detroit. Seven high school seniors who recently completed the organization's five-year program received scholarships ranging from \$1,500 to \$10,000. Bonnie Smith, Lear's Chief Information Officer, helped present the checks. "I became active when I was named a Detroit Science, Technology, Engineering and Mathematics (STEM) woman leader by the foundation and saw how amazingly poised the young women were. I signed up from the stage when I received my award," she said. The Rhonda Walker Foundation provides students with a comprehensive program including tutoring, test preparation, workshops on college applications and financial aid, university campus tours, interviewing techniques, internships, community service opportunities, and health and wellness.

## BUILDING NEIGHBORHOODS

### UNITED STATES

Our Southfield team participated in the 2019 @LifeRemodeled community project. The organization helps transform lives in one Detroit neighborhood each year. Our team pulled weeds, trimmed trees and bagged trash.



## Focus on the Drive: Distracted Driving Awareness Campaign

In the United States, more than 1,000 people are injured, and nine people are killed by a distracted driver every day.

Lear is taking a stand against distracted driving, not just for our employees but for everyone who sits behind the wheel, rides as a passenger, or walks or bikes on the road. Stand with us and take the pledge to bring an end to distracted driving at

- ▶ a dad tell his personal story about distracted driving and learn how it drives our mission.

**39,000+** PEOPLE SIGNED THE PLEDGE  
AROUND THE WORLD

**37** SCHOOLS  
VISITED

**25** TRAINED LEAR  
PRESENTERS

**93** TOTAL PRESENTATIONS

Deployed in  
**the United States, Asia & Mexico**



## Animal Welfare

As a premier automotive leather supplier, we expect our extended supply chain to implement industry-best policies and practices for the ethical treatment of animals. Lear believes in the humane treatment of animals, including the Five Freedoms for Animals:

- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury and disease
- Freedom to express normal behavior
- Freedom from fear and distress

- We have established a process for reporting concerns about any potential human rights or animal welfare risks. Employees and our supplier partners can make anonymous reports in their language via a toll-free phone call, email, online website or regular mail. For more information, please visit





# APPENDIX



# ABOUT THIS REPORT

The environmental data for this report covers the fiscal period from January 1 to December 31, 2019, for global Lear Corporation activities. Lear Corporation is a publicly-traded Fortune 500 company registered in Delaware and headquartered in Southfield, Michigan. Lear Corporation is a leading Tier 1 supplier to the global automotive industry. We supply seating, electrical distribution systems and electronic modules, as well as related sub-systems, components and software, to all the world's major automotive manufacturers. We have 257 manufacturing, engineering and administrative locations in 39 countries and are continuing to grow our business in all automotive producing regions of the world, both organically and through complementary acquisitions.

The data presented in this report covers all manufacturing and production facilities within Lear's operational control for calendar year 2019. The Lear Sustainability Report was written in accordance with the Core Requirements of the Reporting Guidelines of the GRI Standards, including economic, environmental and social governance topics that impact our stakeholders. Please refer to our GRI Content Index on pages 92-95 for an overview of our GRI alignment and complying report content.

We expect to update this report annually. However, we undertake no obligation to update any statements herein to reflect later developments. This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "will," "may," "designed to," "outlook," "believes," "should," "anticipates," "plans," "expects," "intends," "estimates," "forecasts" and similar expressions identify certain of these forward-looking statements. The Company also may provide forward-looking statements in oral statements or other written materials released to the public. All statements contained or incorporated in this press release or in any other public statements that address operating performance, events or developments that the Company expects or anticipates may occur in the future are forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements are discussed in Lear's Annual Report on Form 10-K for the year ended December 31, 2019, and its other Securities and Exchange Commission filings.

Published date of previous report: 2019 (2018 Sustainability Report).

For questions, please contact Harry Kemp at [hkemp@lear.com](mailto:hkemp@lear.com).



# GRI CONTENT INDEX

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
<b>GENERAL DISCLOSURES</b>				
102-01	Name of the organization		Page 91	
102-02	Activities, brands, products, and services		Page 91, <a href="#">Lear Corporation</a>	
102-03	Location of headquarters		Pages 13, 91	
102-04	Location of operations		Pages 13, 91	
102-05	Ownership and legal form		Page 91	
102-06	Markets served		Pages 13, 91	
102-07	Scale of the organization		Pages 13, 91	
102-08	Information on employees and other workers	SDG 8	Pages 13, 58, 61, 65-66	
102-09	Supply chain		Pages 19-21, 25, 26, <a href="#">Supplier Sustainability</a>	
102-10	Significant changes to the organization and its supply chain		Pages 19-21, 25, 26, <a href="#">Supplier Sustainability</a>	
102-11	Precautionary Principle or approach		Pages 27-49 <a href="#">Environmental Approach</a>	
102-12	External initiatives		Pages 22, 57, 76	
102-13	Membership of associations	SDG 17	Page 22	
102-14	Statement from senior decision-maker		Page 4	
102-15	Key impacts, risks, and opportunities		Page 16	
102-16	Values, principles, standards, and norms of behavior	SDG 16	Pages 13, 15, 56, <a href="#">Lear Core Values</a>	
102-17	Mechanisms for advice and concerns about ethics		Page 23, 77	
102-18	Governance structure		Page 17	
102-19	Delegating Authority		Pages 17-18	
102-20	Executive-level responsibility for economic, environmental and social topics		Pages 17-18	
102-21	Consulting stakeholders on economic, environmental and social topics		Page 17	
102-22	Composition of highest governance body and its committees		Page 17, 61, <a href="#">Lear's Annual Report</a>	
102-23	Chair of the highest governance body		<a href="#">Lear's Annual Report</a>	
102-24	Nominating and selecting the highest governance body		<a href="#">Lear's Annual Report</a>	



# GRI CONTENT INDEX

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
<b>GENERAL DISCLOSURES</b>				
102-26	Role of highest governance body in setting purpose, values and strategy		<a href="#">Lear's Annual Report</a>	
102-32	Highest governance body's role in sustainability reporting		Pages 17-18	
102-33	Communicating critical concerns		Pages 17-18	
102-40	List of stakeholder groups		Page 17	
102-41	Collective bargaining agreements	SDG 8	Page 78	
102-42	Identifying and selecting stakeholders		Page 17	
102-43	Approach to stakeholder engagement		Pages 16-17, 66	
102-44	Key topics and concerns raised		Pages 16-17	
102-45	Entities included in the consolidated financial statements		Page 101, <a href="#">2018 Lear Corporation Form 10-K</a>	
102-46	Defining report content and topic Boundaries		Page 101, <a href="#">2018 Lear Corporation Form 10-K</a>	
102-47	List of material topics		Page 16	
102-48	Restatements of information		Page 91	
102-49	Changes in reporting		Page 91	
102-50	Reporting period		Page 91	
102-51	Date of most recent report		Page 91	
102-52	Reporting cycle		Pages 2, 91	
102-53	Contact point for questions regarding the report		Page 91	
102-54	Claims of reporting in accordance with the GRI Standards		Pages 2, 91	
102-55	GRI Content Index		Pages 92-95	
102-56	External Assurance		Pages 2, 91	
<b>MANAGEMENT APPROACH</b>				
103-01	Explanation of the material topic and its Boundary		Page 16	
103-02	The management approach and its components		-	We detail our management approaches throughout the report.
103-03	Evaluation of the management approach		Page 16	
<b>ECONOMIC PERFORMANCE</b>				



# GRI CONTENT INDEX

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
201-03	Defined benefit plan obligations and other retirement plans		Page 72	
<b>PROCUREMENT PRACTICES</b>				
204-01	Proportion of spending on local suppliers	SDG 12	Page 63	
<b>ANTI-CORRUPTION</b>				
205-02	Communication and training about anti-corruption policies and procedures	SDG 16	Page 23	
<b>ANTI-COMPETITIVE BEHAVIOR</b>				
206-01	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SDG 16	Page 23, <a href="#">Code of Business Conduct and Ethics</a>	
<b>ENERGY</b>				
302-01	Energy consumption within the organization	SDG 7, 8, 12, 13	Pages 40-41	
302-03	Energy intensity	SDG 7, 8, 12, 13	Pages 40-41	
302-04	Reduction of energy consumption	SDG 7, 8, 12, 13	Pages 40-41	
<b>WATER AND EFFLUENTS</b>				
303-02	Management of water discharge-related impacts	SDG 6	Pages 44-46	
303-03	Water withdrawal	SDG 6, 8, 12	Pages 44-46	
303-04	Water discharge		Pages 44-46	
303-05	Water consumption		-	
<b>EMISSIONS</b>				
305-01	Direct (Scope 1) GHG emissions	SDG 3, 12, 13, 14, 15	Pages 30, 37, 42-43	
305-02	Energy indirect (Scope 2) GHG emissions	SDG 3, 12, 13, 14, 15	Pages 30, 37, 42-43	
305-04	GHG emissions intensity	SDG 13, 14, 15	Page 30, 37, 42-43	
305-05	Reduction of GHG emissions	SDG 13, 14, 15	Pages 30, 37, 42-43	
305-06	Emissions of ozone-depleting substances (ODS)	SDG 3, 12, 13, 14, 15	Page 42	
<b>EFFLUENTS AND WASTE</b>				
306-02	Waste by type and disposal method	SDG 3, 6, 12	Pages 47-48	
306-03	Significant spills	SDG 3, 6, 12, 14, 15	Page 29	
<b>ENVIRONMENTAL COMPLIANCE</b>				
307-01	Non-compliance with environmental laws and regulations	SDG 16	Page 29	



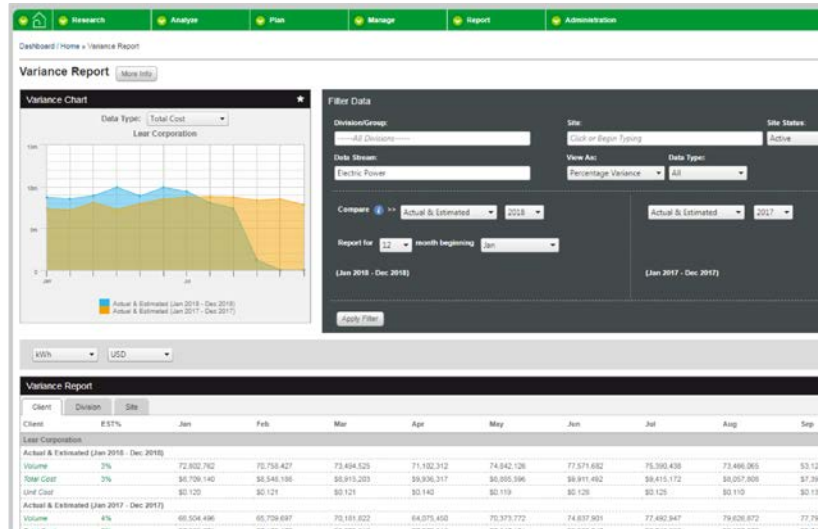
# GRI CONTENT INDEX

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>				
308-01	New suppliers that were screened using environmental criteria		Page 20, <a href="#">Global Requirements Manual for Suppliers</a> <a href="#">Supplier Sustainability Policy</a>	
<b>EMPLOYMENT</b>				
401-01	New employee hires and employee turnover	SDG 5, 8	-	Lear currently does not report metrics related to our new employee hires or employee turnover rates.
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
403-01	Occupational health and safety management system	SDG 8	Page 81	
403-08	Workers covered by an occupational health and safety management system		Page 81	
403-09	Work-related injuries		Page 81	
403-10	Work-related ill health		Page 81	
<b>TRAINING AND EDUCATION</b>				
404-02	Programs for upgrading employee skills and transition assistance programs	SDG 8	Pages 64-65, 68-71	
404-03	Percentage of employees receiving regular performance and career development reviews	SDG 5, 8	Pages 70-71	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
405-01	Diversity of governance bodies and employees	SDG 5, 8	Pages 58, 61	
405-02	Ratio of basic salary and remuneration of women to men	SDG 5, 8, 9	Page 63	
<b>NON-DISCRIMINATION</b>				
406-01	Incidents of discrimination and corrective actions taken	SDG 5, 8, 16	Page 64	
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				
407-01	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SDG 8	Page 78	
<b>HUMAN RIGHTS ASSESSMENT</b>				
412-02	Employee training on human rights policies or procedures		Pages 77-78	
<b>LOCAL COMMUNITIES</b>				
413-01	Operations with local community engagement, impact assessments, and development programs		Pages 9-11, 50-54, 83-88	



# LEAR'S DATA MANAGEMENT AND INTEGRITY PLATFORMS

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The screenshot shows the 'everyONE.Lear.com' website. The header includes 'Continuous Improvement'. The main content area features a 'Continuous Improvement profile' with a graphic showing 'PEOPLE & MINDS & IMPROVEMENT', 'CUSTOMER FOCUS', 'TEAMWORK', 'SUPPORTING COMMUNITIES', and 'OPERATIONAL EXCELLENCE'. Below the graphic, a welcome message states: 'Welcome to the Global Continuous Improvement resource site. As you navigate the Internal Project Tracker, as well as links to data bases and depositories of efficiencies and heightened quality. Our commitment to "Reach for Greatness"'. Navigation links include 'Open Forum Discussion', 'Success Stories', and 'MarketPlace'. A 'new discussion' button is also visible. At the bottom, a link for 'LEAN SIX SIGMA for TRANSACTIONAL or NON-MANUFACTURING FA' is shown, attributed to 'By Genabre, Antonietta'.

The screenshot displays the 'Continuous Improvement Tracking System - CITS' dashboard. It includes a 'Project search filters' section with dropdowns for 'Project ID', 'Title / Problem Statement', 'Project Type', 'Metric', 'Business Segment', 'Region', 'Status', 'Plant Name (Limit 30)', and 'Originator (Limit 30)'. Below the filters, a 'Project search results' table is shown with columns: Project ID, Plant Name, Business Segment, Title, Problem Statement, Project Type, Metric, Originator, Status, Completed, and Attachment. The table lists several projects, including '48024' (Henderson (Texas)), '48023' (Brazil (Fernandopolis - IT)), '48022' (Germany (Bismarck)), and '48021' (Marsico (Randed)).

Project ID	Plant Name	Business Segment	Title	Problem Statement	Project Type	Metric	Originator	Status	Completed	Attachment
48024	Henderson (Texas)	8-Systems - Wire	DMS (Sistema de Gestión de Defectos)	Actualmente en planes de ensamble, no existe un sistema o data donde se registre el material defectuoso/material prima, amon, encontrados en el cliente final. El registro se hace en una hoja de excel (metodo analogico).	Just Do It		Ingrid Arhena Rivera Viquez	In-Process		
48023	Brazil (Fernandopolis - IT)	Setting - IT South America	Protection in rubber to hanging gun	There are many vibrations with hanging gun and there is a possibility that tools accidentally bumped in the batch.	Just Do It	Other	Jaime Escena	Completed	11-07-2018	
48022	Germany (Bismarck)	8-Systems - TRCa	Optimization of scrap buckets	Der Transport der Schrottschüssel im Bereich der Stationen führt aufgrund des Gewichts und der unzureichenden Stabilisierung des Füllbehälters zur Beschädigung des Füllbehälters.	Just Do It		Hennrich Wilmanns	In-Process		
48021	Marsico (Randed)	8-Systems - Wire	Process flow of UCS scan	Using a single lens for all UCS readers can not guaranteeability and tracking of readers.	Just Do It		Fayal Boulton	In-Process		

The screenshot shows the 'Improvement Plan - Main Menu' page. It includes a 'Welcome Mavi, Avtar,' message and a 'View/Edit Improvement Plan (select a region below)' button. Below this is a world map with a red dot indicating a location. Navigation options include 'Request Additional Plant/ Location Access', 'Run a Report', 'Weekly Data Exports', and 'Change History'.




# CDP SCORE REPORTS

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## CLIMATE CHANGE 2018 CDP SCORE REPORT

**OVERVIEW**

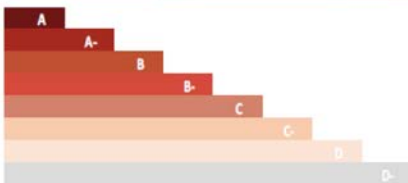
The CDP Score Report allows companies to benchmark and compare their progress towards environmental stewardship against peers, in order to continuously improve their climate change governance and stewardship. The score achieved by each company is comparable to companies from its region and sector, and investors will additionally receive a copy of the CDP Score Report.



**COMPANY PROFILE**

**Lear**

Region	North America
Country	United States of America
Sector	General
Questionnaire	General



**YOUR CDP SCORE**

**AWARENESS C**

Sector average: B-

Regional average: C

## Water 2018 CDP SCORE REPORT

**OVERVIEW**

The CDP Score Report allows companies to benchmark and compare their progress towards water security against peers, in order to continuously improve their water governance and stewardship. The score achieved by each company is comparable to companies from its region and sector, and investors will additionally receive a copy of the CDP Score Report.



**COMPANY PROFILE**

**Lear**

Region	North America
Country	United States of America
CDP Program	Overlap
Sector	General
Questionnaire	General



**YOUR CDP WATER SCORE**

**AWARENESS C**

Sector average: C

Regional average: C



# GLOBAL EHS CULTURE MODEL

