



# Every day, striving for better

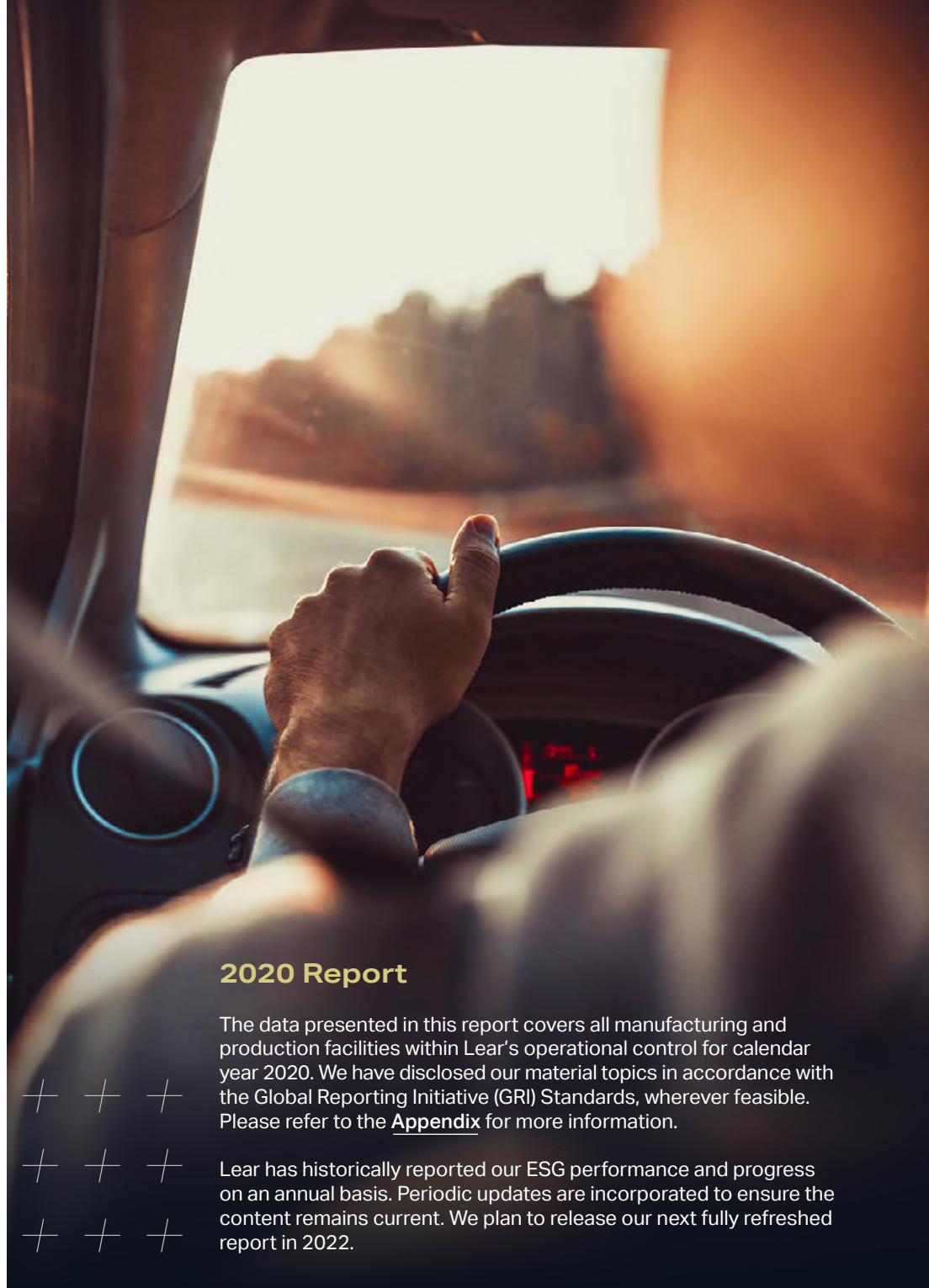
**2020 Sustainability Report**  
on Environmental, Social and Governance Progress





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## 2020 Report

The data presented in this report covers all manufacturing and production facilities within Lear's operational control for calendar year 2020. 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 2022.





# Environmental, Social and Governance (ESG) at Lear



# Message from Our CEO



Most of us are happy to see 2020 in the rearview mirror. It was a tough year. While the pandemic, racial inequality and climate change continue to be significant concerns, **we see hope on the horizon.**

COVID-19 may have slowed our operations, but our resilient employees battled back. We developed, implemented and shared our Safe Work Playbook to help everyone return to work safely. Working remotely, wearing masks, social distancing and sanitizing are now normal. We are still open for business.

As the pandemic enters its second year, the prolonged separation from families and coworkers is taking its toll. We boosted our wellness and mental health efforts to help employees deal with the sudden and lasting change. Similarly, our employees identified food insecurity as an issue in their communities and responded with donations through our Operation GIVE campaign and local charities around the world. We are adapting and have emerged stronger, together.

Following a summer of unrest, declarations about racial equality flourished. But words alone don't solve issues. Strategies do. We pledged \$1 million and launched the Together We Belong campaign to educate employees, drive and fund our diversity, equity and inclusion (DEI) efforts. As a responsible corporate citizen, we will do our part to help end racial inequality.

Our planet contains finite resources we all share. To reduce our impact on the environment, we set aggressive carbon reduction goals that we intend to achieve by 2030, including using 100% renewable energy for electricity and a 50% reduction in carbon emissions at our manufacturing facilities. We aspire to achieve net zero emissions by 2050. We are also leading the way in developing sustainable, safe and smart solutions for future mobility. For example, this year Lear will provide content to further vehicle electrification for 18 customers and more than 90 vehicle models.

Lear cannot tackle the world's toughest problems alone. We are continuing our commitment as a signatory to the United Nations (UN) Global Compact, the largest corporate sustainability initiative in the world. We are also working with our suppliers to champion human rights, confirm responsible sourcing and conserve natural resources. We plan to complete third-party human rights and sustainability assessments with 100% of our more than 3,000 production suppliers by the end of 2022.

All of this is possible because we are inventive, inclusive and get results the right way. Our talented employees are the best in the business. They know there is no dichotomy between doing well and doing good. The same trends driving the evolution of the automotive industry are good for employees, customers, investors, consumers, suppliers and society. That is why, every day, we are striving for better by Making every drive better™.

Sincerely,

A handwritten signature in black ink that reads "Ray Scott".



# ESG Highlights

## ENVIRONMENTAL PROTECTION

Aspire to **net zero emissions** by 2050, **cut carbon emissions 50%** by 2030 and achieve **100% renewable energy** for electricity use in our plants by 2030

**4M**

**electric vehicles (EVs)** are expected to rely on Lear's new high-voltage connection system as the main battery/vehicle interface **by 2026**

**2020 Automotive News PACE Award** for Xevo Market™, the auto industry's first intelligent in-vehicle commerce and services platform

## SOCIAL RESPONSIBILITY

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

### Together We Belong

campaign launched to **educate employees**, drive and fund DEI efforts

**\$4.6B**

spent with **certified minority-, women- and veteran-owned suppliers** over the past decade

**3.7M**

hours of employee training and development over the past two years

**0** lost time injuries or illnesses achieved at 200 global sites in 2020

### WE SUPPORT



**UN Global Compact** signatory participant

**35,000+**

downloads of the Lear Safe Work Playbook

## GOVERNANCE

### No Deforestation Policy

reinforces **responsible sourcing** and **conserves natural resources**

**0** cybersecurity-related incidents have resulted in a material financial or data loss

**116,000+**

cybersecurity training modules voluntarily completed by **21,000+ employees** in 2020

**100%**

of our global production suppliers to be assessed on sustainability criteria by the end of 2022

**45%**

of Lear's Board of Directors are **women and/or minorities** in 2020



# COVID-19 Response, Reopening and Reset

We are very proud of how our company proactively protected our employees and healthcare workers from the global pandemic, quickly reopened for business and is preparing for the future.



GLOBAL EVENTS				
	2019 December	2020 January - February	March	April
LEAR'S RESPONSE	A new coronavirus appeared in China.	<p>The World Health Organization (WHO) declared the novel coronavirus outbreak a public health emergency on January 30.</p> <p>The virus was officially named COVID-19.</p> <p>China mandated face masks for all citizens.</p>	<p>COVID-19 cases surpassed 100,000 globally. The CDC recommended limiting gatherings to no more than 50 people. By mid-March, non-essential travel was banned, automotive production halted and nationwide quarantines took effect around the world.</p> <p>The WHO made the assessment that COVID-19 could be characterized as a pandemic.</p>	COVID-19 cases surpassed 1 million globally.
	<p>Lear re-issued our existing cover-cough and wash hands outreach materials to our global sites. Our team in China leveraged our Automotive Industry Action Group (AIAG) OH-06 Pandemic Preparedness and Response consensus document.</p>	<p>Lear shared the AIAG OH-06 Pandemic Preparedness and Response consensus document with all sites globally.</p> <p>We issued and tracked implementation of a COVID-19 Safety Directive.</p> <p>Our engineers in North Carolina designed face masks produced in the Dominican Republic for employees working in China—all in just 72 hours.</p>	<p>From the beginning of the lockdowns, a global team of 30 leaders 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.</p> <p>Everyone who could work from home did. All U.S. employees received full healthcare benefit coverage regardless of their pay or work status, including COVID-19 testing.</p>	<p>We wrote and shared the Safe Work Playbook with practical guidelines for setting up a pandemic prevention team, cleaning and disinfection procedures, staggering shifts, conducting on-site health screenings, and communicating with and training employees to return to work.</p> <p>When work started, we conducted surveys, asking employees whether they received PPE, if their work area had enough sanitizer, if they felt safe, and how Lear was doing. Based on 76,888 survey responses, feedback was 91% positive. Some employees felt safer at work than visiting the local grocery store.</p> <p>To reduce expenses, 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, our CEO took a 10% pay cut, and other named executive officers' salaries were reduced 5%.</p> <p>To further protect jobs, company contributions to employee retirement funds and salary increases were temporarily suspended.</p>



More than  
**10M** masks produced to protect employees  
and healthcare workers from COVID-19

## GLOBAL EVENTS

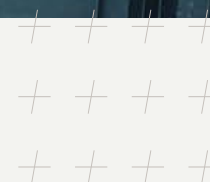
Economies fell into recession as unemployment surged.

Cases in the United States hit new records, and Hong Kong shut down schools, bracing for a third wave of infections.

Universities re-opened with online classes, and athletes played in empty stadiums.

New cases spiked to new highs, resurging in Europe and the United States. Some countries imposed new lockdowns.

Multiple vaccines were approved.



### May - August

### September - November

### December

### 2021 January - April

Lear employees produced more than 10 million masks to protect employees and healthcare workers from COVID-19.

In Mexico, our plants donated N95 masks to a regional hospital and Tyvek® full-body protection suits to Red Cross first responders. In Poland and Romania, employees sewed and donated 15,000 masks for their communities. In the Philippines, our electronics hardware development team retrofitted portable countertop ovens with shortwave ultraviolet (UV-C) lights to sterilize masks for hospitals. And in the United States, Lear donated 20,000 masks to Goodwill Industries of Greater Detroit.

We piloted thermal cameras and a mobile app-based contact tracing solution. Many employees continued to work remotely.

Robotics and artificial intelligence increased social distancing and sanitation throughout the production process, protecting employees from possible pandemics and other health issues in the future.

We surveyed workers at our world headquarters in Southfield, Michigan, to measure interest in long-term remote work arrangements. About 200 employees transitioned to permanent remote work, allowing for incremental real estate consolidations and overhead cost savings.

Lear continued to monitor remote employee work opportunities.

We launched an online Cognitive Behavioral Therapy program and increased mental health and well-being efforts globally to help employees as we entered the second year of the pandemic.

Lear assembled a cross-functional leadership working group to study vaccine distribution options globally and determine next steps in supporting those in Lear's global workforce who choose to be vaccinated.

Lear leadership worked with the government and other groups to help identify ways to increase voluntary vaccination rates.

We kicked off salaried employee surveys and focus groups to understand how workplace flexibility will impact Lear's ability to attract and retain employees.

Lear's vaccine work group surveyed U.S. employees and developed an educational campaign.

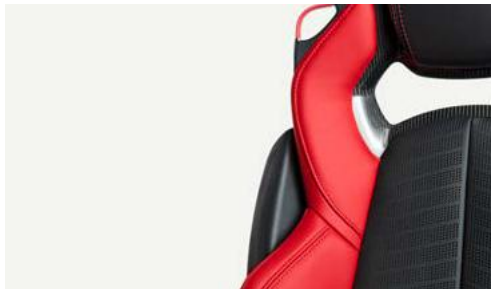
We launched a Remote Onboarding process to ensure new employees are safely and successfully welcomed to Lear's global team and set up for long-term success in a remote work environment.

Global event source: <https://www.nytimes.com/article/coronavirus-timeline.html>

# This is Lear

**Who We Are** | 100+ year heritage as a leading automotive supplier

## SEATING



\$12.7B sales in 2020

## E-SYSTEMS



\$4.3B sales in 2020



**~175,000 employees**

with industry-leading talent and technical expertise globally in 2020



**251 facilities in 38 countries**

with a balanced global engineering and manufacturing footprint



Enabling superior  
in-vehicle experiences  
for cleaner, safer,  
smarter, and more  
comfortable journeys

Committed to...

- Making every drive better™
- Living our core values: **Be Inclusive, Be Inventive and Get Results the Right Way**

The **largest U.S. headquartered supplier of automotive parts** in the world with \$17B in annual sales

An innovator in automotive **seats and electronic applications that facilitate future sustainable mobility trends** like autonomy, connectivity, electrification and shared mobility

Lear **designs, engineers and manufactures** world-class products **for every major automaker in the world**, including **400+ nameplates**



# How We are Making every drive better™



## Operational Excellence

We have established a track record of **delivering billions of critical, complex components** that meet the most stringent quality and safety standards **to every major automotive market** in the world.



## Customer Relationships

Over our **100-year history**, we have built **long-standing relationships with every major automotive manufacturer in the world** and are recognized for our customer service and quality.



## Innovation

We are positioned to **take advantage of the industry megatrends of autonomy, connectivity, electrification and shared mobility**. Our future **success does not depend on the internal combustion engine**.



## Differentiated Capabilities

We are the **most vertically integrated seat supplier in the world** and the **only Tier 1 supplier** with the capabilities and expertise **to offer full architecture solutions for both electrical distribution systems and power electronics**.

Don't take our word for it...



Ranked #3 in  
Automobiles and  
Parts Industry

GENERAL MOTORS

SUPPLIER  
of the  
YEAR




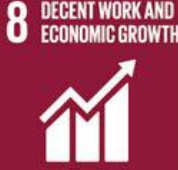


# Supporting the United Nations Sustainable Development Goals

We believe that tackling the problems of economic well-being, education and environmental conservation will spur sustainable growth. Lear is committed to partnering with industry and society by implementing the **UN Sustainable Development Goals**. Adopted by all UN members in 2015, these 17 goals provide a foundation for Lear's overall sustainability strategy. Here are a few examples of how Lear supports each goal.



<p><b>1 NO POVERTY</b></p>	<ul style="list-style-type: none"> <li>• Meaningful employment opportunities and competitive wages and benefits</li> <li>• 80 charities supported in 2020</li> <li>• 1,372 employees in Michigan donated a total of \$1 million to local and global organizations through our Operation GIVE campaign</li> <li>• 20 Lear executives serve on the boards of non-profit organizations</li> </ul>	<p><b>4 QUALITY EDUCATION</b></p>	<ul style="list-style-type: none"> <li>• 96 students from 7 universities participated in 4 Innovation Challenges since 2017, resulting in 4 patent filings and 21 internship awards</li> <li>• 37 students currently co-oping at Lear through Kettering University</li> <li>• 136 employees involved in our U.S. tuition reimbursement program</li> <li>• 2 schools provided with 4 printers, ink and 108 reams of paper through Lear's Pledge for Education program in the Philippines</li> <li>• 8th annual contribution to the Rhonda Walker Foundation for scholarships to empower young women in Detroit</li> </ul>
<p><b>2 ZERO HUNGER</b></p>	<ul style="list-style-type: none"> <li>• \$50,000 matching donation to the "Hunger Free in the D" radio telethon helped to raise \$700,000 for Detroit's Capuchin Soup Kitchen and Gleaners Food Bank to provide 2.3 million meals for the hungry</li> <li>• 800 food packages delivered to 8 institutions including kindergartens, nursing homes and an Afro-Brazilian quilombola community in Brazil</li> </ul>	<p><b>5 GENDER EQUALITY</b></p>	<ul style="list-style-type: none"> <li>• Lear's <b>Annual Global Pay Equity Review</b> helps identify and eliminate gender inequalities in pay</li> <li>• Study reported Lear consistently provides equitable promotion opportunities to men and women</li> <li>• Nearly 300% increase in our <b>Employee Resource Group (ERG)</b> participation since 2018</li> </ul>
<p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<ul style="list-style-type: none"> <li>• More than 10 million masks produced to protect employees and healthcare workers from COVID-19 around the world</li> <li>• 39,000+ people signed the pledge to end distracted driving through our <b>Focus on the Drive</b> campaign</li> <li>• New beds, bedding and other furniture donated to Association Jannat, which hosts cancer patients while they receive treatments in local hospitals in Morocco</li> <li>• 0.39 <b>Total Recordable Injury Rate</b> demonstrates world-class safety achievements</li> </ul>	<p><b>6 CLEAN WATER AND SANITATION</b></p>	<ul style="list-style-type: none"> <li>• 0 significant spills impacted the environment in 2020</li> <li>• 11 million gallons of potential water savings in 2020</li> <li>• Completed global water risk assessment to help set water conservation goals</li> <li>• 40 water-saving projects completed in 2020</li> </ul>



 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> <li>• 100% renewable energy goal set for electric power consumed at our manufacturing plants by 2030</li> <li>• 180+ energy efficiency projects completed in 2020, potentially saving 9,500+ MWh of energy globally</li> <li>• Nearly 10% reduction in absolute energy use in 2020 (1% reduction based on hours worked)</li> <li>• 470,281 gigajoules of energy saved in 2020</li> </ul>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> <li>• An estimated 4 million EVs expected to rely on Lear's new high-voltage connection system as the main battery/vehicle interface by 2026</li> <li>• Electronic modules and software developed by Lear facilitate communication between vehicles and the infrastructure, creating a connected and safe journey</li> <li>• Lear's Xevo Market™, the auto industry's first intelligent, in-vehicle commerce and services platform, connects merchants with consumers to offer tailored in-vehicle user experiences</li> </ul>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> <li>• 3.7 million hours of development, compliance and corporate training in the past two years</li> <li>• Global manufacturing employees surveyed annually to measure engagement and culture</li> <li>• Paid vacation, holidays, overtime pay and flexible operating hours</li> <li>• Established a strong <b>Human Rights Policy</b> aligned with international standards</li> </ul>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> <li>• Made from 100% renewable U.S. sourced soybeans, Lear's Soy-Foam™ creates 4 times less emissions and requires 60% less conversion energy to produce</li> <li>• 100% of leather scrap from European operations is upcycled</li> <li>• 3,000+ production suppliers globally planned to be monitored, assessed and engaged by 2022 to help ensure conflict-free sourcing</li> </ul>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> <li>• Industry 4.0 investments manage high complexity manufacturing with less cost</li> <li>• Intelligent automation improves efficiency, throughput and quality</li> <li>• Material tracking and traceability helps manage inventory, reduce costs and avoid unnecessary shipping</li> <li>• Collaborative robots help employees with repetitive tasks, handling hot irons and steamers, and moving inventory to improve safety and ergonomics</li> </ul>	 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> <li>• 50% reduction goal set for direct and indirect carbon emissions at our manufacturing plants by 2030</li> <li>• Net zero emissions goal at Lear's manufacturing facilities by 2050</li> <li>• Nearly 12% reduction in absolute GHG emissions (3% based on hours worked) in 2020</li> </ul>
 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> <li>• \$4.6 billion spent with certified minority-, women- and veteran-owned suppliers over the past decade</li> <li>• 6 Employee Resource Groups (ERGs)</li> <li>• 125,000+ hours of DEI and Expect Respect training, including anti-harassment, nondiscrimination and zero-tolerance for retaliation, in 2019 – 2020</li> </ul>	 <p>14 LIFE BELOW WATER</p>	<ul style="list-style-type: none"> <li>• No water used directly from lakes or rivers</li> <li>• 90 team members assisted the Thai Navy to create and install an artificial coral reef and remove trash from Nang-Rong beach</li> </ul>



- **No Deforestation Policy** reinforces responsible sourcing and conserves natural resources
- Lear supports the humane treatment of every living being and the Five Freedoms for Animals
- 1,562 trees planted through Lear employee use of Ecosia search engine initiative



- \$1 million pledged to end racial inequality and discrimination
- 2019 Human Rights Campaign Corporate Equity Index Score of 90%
- **Compliance and Ethics Hotline** allows employees, suppliers and business partners to anonymously report concerns in their local language



- Signatory to the UN Global Compact
- Signed CEO Action for Diversity and Inclusion pledge
- Active collaboration through **industry partnerships** with customers, suppliers and NGOs on human rights, health and safety, responsible mineral sourcing, environmental protection, export compliance, productivity and innovation



## UN Global Compact

In 2020, Lear became a signatory participant in the UN Global Compact. The initiative encourages companies to align their operations with **10 Principles** supporting human rights, labor, environment and anti-corruption. In addition, signatories pledge to:



- Support the UN's 17 Sustainable Development Goals
- 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



# 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 sustainability of our company.

Our sustainability strategy supports our overall vision of Making every drive better™ by focusing our efforts on cleaner, safer, smarter and more comfortable mobility. We accomplish this through environmental stewardship, social responsibility and effective governance, which align with our core values: Be Inventive, Be Inclusive, and Get Results the Right Way.





Our fundamental commitment to **Getting Results the Right Way** forms the basis for our sustainability strategy.

We get great results by developing innovative technologies and products aligned with the key long-term megatrends in the automotive industry—autonomy, connectivity, electrification and shared mobility—each of which promotes a more sustainable future.

We work with more than 3,000 production suppliers around the world to responsibly source raw materials and components, using natural resources efficiently while protecting the human rights of our people and communities.

Our diverse team of about 175,000 talented employees—our true competitive advantage—manufactures our innovative products with precision and care, delivering the highest quality products to match our customers' just-in-time production schedules.

But **Getting results** is only half of the story. Achieving success **the right way** means acting with integrity at all times and insisting that our supply chain partners do the same. This involves not only strong internal governance, but also taking action to support the communities in which we operate both by giving back and by taking a stand on important social issues like human rights and racial equality."



**HARRY KEMP**

Senior Vice President, General Counsel and Corporate Secretary





# Materiality Assessment

We have conducted a materiality assessment to further refine our ESG strategy and align it with the topics that have the greatest impact on our internal and external stakeholders. Cross-functional leaders and extended ESG teams analyzed common sustainability topics recommended by the Global Reporting Initiative (GRI) Disclosure Standards and incorporated feedback from external stakeholders to develop the matrix of our most material issues shown below. We will continue to use this process to improve our sustainability strategy, increase transparency and refine the content of this report.

Economic	Environmental	Social
<p>Anti-corruption/ Competitive Behavior</p> <p>Economic Performance</p> <p>Supply Chain/ Procurement Practices*</p>	<p>Air, Water &amp; Waste Management</p> <p>Environmental Compliance</p> <p>Energy/Carbon Footprint -Product End Use*</p> <p>Climate Change Management</p> <p>Supplier Environmental Management*</p>	<p>Human/Labor Rights -Internal -Supplier*</p> <p>Occupational Health &amp; Safety -Internal -Supplier*</p> <p>Support for Local Communities</p>

*\*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 commissioned a third-party supply chain risk management firm to help assess, identify and remedy salient sustainability risks and opportunities at Lear production facilities and limited supply chain partners beginning in Q4 2020. For more information, see [Supplier Sustainability](#).*





HOW WE MAKE THE WORLD A BETTER PLACE

# Environmental Stewardship



# Highlights



## Aggressive climate change goals

**50%** reduction in carbon emissions at our manufacturing plants **by 2030\***

**100%** renewable energy for electric power at our manufacturing plants **by 2030\***

**100%** carbon neutral **by 2050**, achieving net zero emissions at manufacturing facilities, and both upstream and downstream where Lear has influence\*



## Future-focused technologies

**1.6M** metric tons of CO2 emissions are avoided **by electrified vehicles** with the assistance of Lear's E-Systems solutions each year\*\*

**4M** EVs expected to rely on Lear's **new high-voltage connection systems** **by 2026**



**SoyFoam™** creates **4 times less emissions** than conventional foam and requires **60% less conversion energy** to produce



## Protecting the environment

**Nearly 12%** reduction in **absolute emissions** in 2020 (3% reduction based on hours worked)

**7%** reduction in **absolute water** use in 2020

**Nearly 10%** reduction in **absolute energy** use in 2020 (1% reduction based on hours worked)



**5,000+** metric tons in **potential waste reduction** based on 170 projects completed in 2020

\*Lear's climate change goals will be compared with a 2019 baseline

\*\* Estimated avoided or saved CO2 emissions from product improvements were calculated based on Lear's internal methodology using industry accepted emission factors, formulas and reasonable assumptions, without fully conforming to any particular GHG emissions reporting standard. These stats have not been verified by a third party.

# Climate Change Goals

In 2020, we set ambitious climate change goals. Aligned with our customers' targets as well as several of the **UN's Sustainable Development Goals**, we aim to lead, deliver measurable results and inspire our employees, suppliers and the global community to improve the world now and for future generations.

In addition to our **green technologies**, we plan to reduce our carbon footprint at all our manufacturing facilities, based on the circumstances of each region where Lear is present.



## Roadmap to a Carbon Neutral Future

In 2021, a team of cross-functional leaders is creating a detailed strategy to set milestones for our roadmap to a carbon neutral future.



2021-2029	2030	2050
<ul style="list-style-type: none"> <li>Educate employees, collect data and organize plant-level energy treasure hunts</li> <li>Develop and implement an Energy Efficiency Playbook to assess and optimize HVAC, air compressor, lighting, motor and energy management systems</li> <li>Procure renewable energy for certain plants</li> <li>Collaborate with customers to achieve renewable energy, recycled content and packaging goals within more stringent timelines, where necessary</li> <li>Investigate renewable energy procurement through on-site renewables and/or direct, retail and virtual power purchase agreements (PPA)</li> <li>Engage and educate our supply chain</li> <li>Implement supply chain carbon neutrality efforts</li> <li>Install on-site renewable energy at select locations</li> <li>Identify relevant categories and operational boundaries, collect value chain data, quantify and track Scope 3 emissions</li> <li>Establish goals and strategy for Scope 3 emissions reductions to meet carbon neutrality goal</li> </ul>	<ul style="list-style-type: none"> <li><b>50% reduction</b> in direct and indirect carbon emissions at our manufacturing plants*</li> <li><b>100% renewable energy</b> for electric power consumed at our manufacturing plants*</li> </ul>	<ul style="list-style-type: none"> <li><b>100% Carbon Neutral</b> Achieve net zero emissions at manufacturing facilities, and both upstream and downstream where Lear has influence*</li> </ul>

*\*Lear's climate change goals will be compared with a 2019 baseline*



An aerial photograph of a long bridge spanning a body of water. The water is a deep, vibrant green. The bridge has a grey asphalt road with white lane markings. Several cars are visible on the bridge: a white car in the upper left, a red car in the middle left, and a white car at the bottom left. The bridge's structure is visible as a series of vertical supports. The overall scene is serene and emphasizes the theme of sustainable infrastructure.

## A Collaborative Effort

The energy industry is changing rapidly. As the industry matures, terminology will change. Regulations will change. Customer and public expectations will change. And new innovations will likely advance our course.

"While no one can predict the future, one thing is certain: no single company can reach its climate change goals alone," said Jack Nunes, Vice President, Global Environmental, Health and Safety. "Just as our customers rely on us to do our part, we will ask our suppliers – and the industry at large – to collaborate with us."

Lear already works with **industry partners** and meets regularly with our customers on climate change issues. There are many great ideas. Innovation will make them financially feasible. For example, Lear is working with automakers to develop sustainable packaging for the products we provide. The project involves suppliers, employees, union members and customers, united in their focus on sustainability.





# Innovative Technologies

Exciting transformations are reshaping the automotive industry—and they're accelerating. In the very near future, we anticipate greater availability and acceptance of EVs—and a cleaner, more sustainable future for everyone.

Why is Lear so optimistic? Automakers and suppliers continue to invest heavily in batteries, motors, integrated power modules, and other hybrid and EV technologies. Production plants dedicated to EVs are being built. Iconic brands are being revived or expanded to offer electric models. And financial commitments of tens of billions of dollars have been announced. These are signs of confidence in propriety technologies, a prepared supply chain, and growing, permanent consumer demand.

Breakthroughs in connectivity and electrification will mobilize the auto industry in new ways, such as autonomous driving, shared mobility and transportation as a service (TaaS). Lear is laser-focused on supporting a faster transition by integrating sustainability into our product development strategies and processes. We have a proven track record and a portfolio of technologies ready now.

## Lear Innovation Ventures

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.

**VISIT OUR WEBSITE** ▶ to learn more about our forward-thinking solutions





# Sustainable, Safe, Smart Innovation

## Well-Diversified Global Seating Supplier

**\$12.7B**

Seating sales  
in 2020

**~95,000**

Seating employees  
worldwide



Safe

### Seat Covers

**LIMITLESS DESIGNS, MANUFACTURED WITH THE HIGHEST QUALITY**

Production-ready, serviceable materials provide antimicrobial protection.

Sustainable

### Eagle Ottawa Leather

**PREMIUM AUTOMOTIVE LEATHER, RESPONSIBLY SOURCED**

A natural, renewable resource, leather is also durable and cleanable.

Sustainable

### Foam & Comfort Systems

**BRINGING SCIENCE TO COMFORT**

SoyFoam™ is made from 100% renewable U.S. sourced soybeans, creates 4 times less emissions and requires 60% less conversion energy to produce than conventional foam.

Smart

### Complete Seat Systems

**STUNNING DESIGN, SUSTAINABLE MATERIALS, INTEGRATED TECHNOLOGY**

An electrified and configurable seating system, ConfigurE+ supports autonomous driving, ride-sharing and TaaS.

Sustainable

INTU™ intelligent seating with Thermal Comfort delivers faster comfort with less energy than traditional heating or cooling methods, contributing to extended battery driving range.

Sustainable

### Guilford Textiles

**CAPTIVATING DESIGNS, SUPERIOR QUALITY**

We use a selection of premium textiles and leathers that include sustainable materials and processes such as natural fibers and fibers made from certified recycled stock.

Sustainable

### Structures

**MODULAR, INTEGRATED AND LIGHTWEIGHT**

3.6 million metric tons of GHG emissions were avoided in the last decade through our lightweight seating structures portfolio\*.

\* Savings are projected indirect (Scope 3) emissions savings from a 2019 model year seat design over 2011 model year seats, based on approximately 2 million SUV/CUV/PU seats, 3.6 million SUVs with three rows of seating and 6.1 million sedan seats. Sources: 2016 IHS Standards data, A2Mac1 Automotive Benchmarking, [Time for Change](#), [The Carbon Footprint of Steel](#), and [The Engineering ToolBox](#). This statistic has not been verified by a third party.

# Fully Integrated Global E-Systems Supplier

**\$4.3B**  
E-Systems sales  
in 2020

**~80,000**  
E-Systems employees  
worldwide

## Electrical Distribution & Core Electronic Systems

**POWER AND SIGNAL DISTRIBUTION, BODY DOMAIN CONTROLLERS, SMART AND PASSIVE JUNCTION BOXES**

Lear's engineering expertise in highly-efficient solutions reduce mass and cost and provide increased battery driving range.

Sustainable

## Connection Systems

**HIGH-PERFORMANCE TERMINALS, CONNECTORS AND COMPONENTS**

Micro terminals enable electrical system miniaturization, which reduces copper use and mass.

Sustainable

## Electrification

**POWER MANAGEMENT AND DISTRIBUTION SOLUTIONS**

Our Integrated Power Module delivers an array of electrified architectures to help vehicles charge faster and drive farther.

Sustainable

## Connectivity

**NEXT-GENERATION CONNECTIVITY SOLUTIONS ACROSS 5G, V2X AND GNSS**

Electronic modules, integrated Telecommunication Units (TCUs), and software such as our EXO enhanced Global Positioning System (GPS) capability facilitate communication between vehicles and the infrastructure, creating a connected and safe journey.

Safe

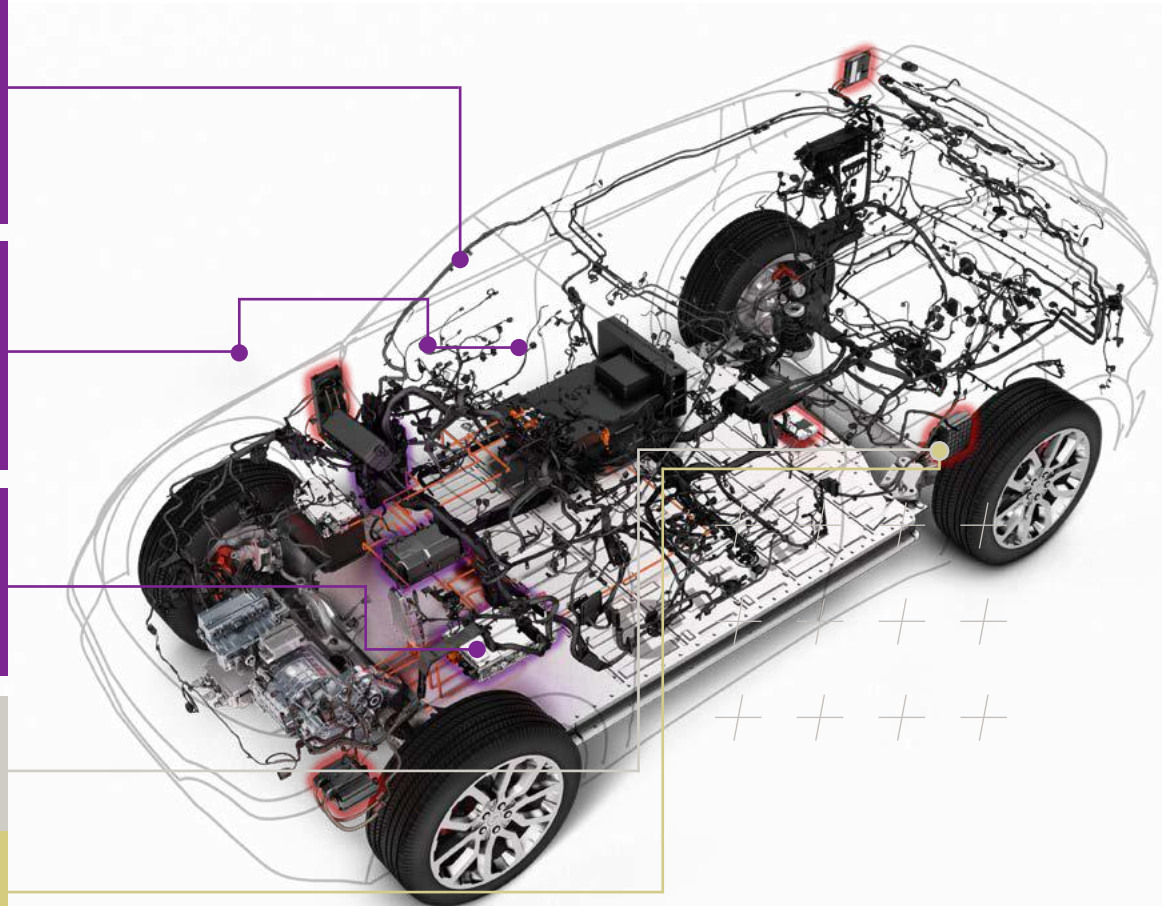
## Software & Connected Services

**MODULAR SOFTWARE ARCHITECTURES DELIVERING CONNECTIVITY, ELECTRIFICATION AND IOT\***

Xevo Market™, our award-winning in-vehicle e-commerce platform, enables in-vehicle transactions to avoid contact with retail surfaces.

Safe

Smart





## Experience Counts

We've been electrifying the automotive industry for over a decade. Today, Lear is the only Tier 1 supplier with the capabilities and expertise to offer full architecture solutions for both electrical distribution systems and power electronics. Lear's expertise in E-Systems is also driving new innovations in safe, smart and sustainable Seating systems, such as our INTU™ intelligent seating. Our green technology revenue continues to grow, with more than 700 global patents for sustainable technologies—and counting.

**First mass market onboard charger** developed by Lear and its partners for the Chevy Volt in 2008

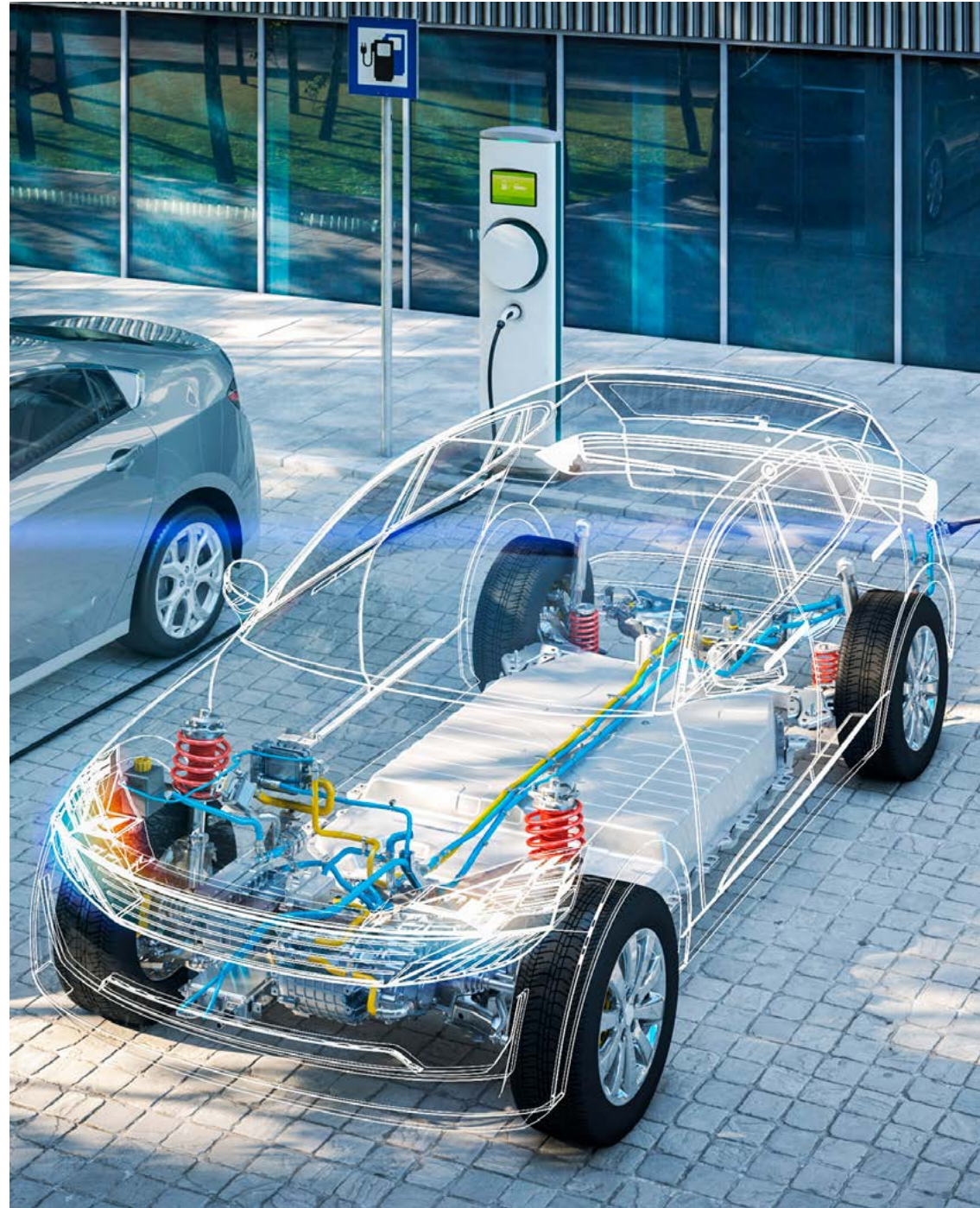
**World's highest power, scalable terminal**

has been adopted globally across multiple OEMs for reliable EV connection solutions along with Lear's high-voltage electrical distribution applications

**\$1 B** in revenue from Lear's green product portfolio—including electrification, products that are lighter as a result of new innovations, and electrical improvements that increase fuel efficiency—in 2020

**First integrated power module** developed by Lear for the Jaguar I-Pace in 2018

**700+** global patents and pending patent applications for green sustainable technologies



## Driving Electrification

For consumers, the adoption of EVs largely depends on driving range and charging time. When EVs can match the longer road trips and quick fuel-ups of today's internal combustion engine, the advantages of cleaner air, energy efficiency, lower maintenance and quiet transportation will make EVs the popular choice. While battery companies are improving cell design and chemistries, Lear is improving integrated power modules and battery management systems to maximize electric driving range, speed up charging times and deliver the highest power density solutions in the industry.

Without the need for engines, transmissions and other traditional powertrain components, EVs can be designed around people instead of machinery, opening doors to radical redesigns of the passenger cabin. Lear's ConfigurE+ seating system, which begins production this year, requires a flat-load floor often seen in electrified vehicles. The technology not only allows second- and third-row seats to be removed, repositioned and rotated to nearly any configuration but offers heating or cooling, power recline and charging ports for devices. With virtually limitless configurations, the system will support autonomous driving, ridesharing and TaaS—helping propel EVs to new dimensions in mobility.

**4M** EVs expected to rely on Lear's new high-voltage connection systems as the main battery/vehicle interface by 2026



**90** vehicle models for 18 customers will include products from Lear's high-voltage portfolio in 2021

**1.6M** metric tons of CO2 emissions avoided by electrified vehicles with the assistance of Lear's E-Systems solutions each year\*

\* Estimated avoided or saved CO2 emissions from product improvements were calculated based on Lear's internal methodology using industry accepted emission factors, formulas and reasonable assumptions, without fully conforming to any particular GHG emissions reporting standard. These stats have not been verified by a third party.

## Ahead-of-the-Curve Connectivity

Connected cars will save lives. With 5G and vehicle-to-everything (V2X) technology, cars will communicate with traffic lights, talk to toll booths anywhere across the globe, see pedestrians in blind spots, be aware of construction zones and eventually support autonomous driving and TaaS. Connectivity will also reduce traffic congestion and, as a result, cut emissions. Lear is ahead of the curve with our award-winning, first-to-market, complete solutions with leading software and hardware—all protected by world-class cybersecurity.

**80%**

of non-impaired crashes could be eliminated or mitigated by connected-vehicle safety applications, according to the National Highway Traffic Safety Administration (NHTSA)\*

**5G  
and  
V2X**

enabled by Lear's first-to-market integrated TCU, which accommodates antennas for the growing variety of vehicle communications in a single package, with easier installation, better aerodynamics and sleeker look—and no shark fin

**10cm**

accuracy with EXO, Lear's cloud-based GPS service, which allows advanced lane-level navigation and autonomous driving solutions anywhere on the globe



\*Source: [2016 NHTSA press release](#)



## Sustainable Solutions

All of Lear's products are developed with an emphasis on finding sustainable solutions, responsibly sourcing materials and improving product and operating efficiencies. As part of Lear's continuous improvement process, we identify opportunities to design products that weigh less, reduce mass, use bio-based, recycled and/or renewable content and, when feasible, are recyclable at end-of-life.

### Less Weight = Lower Emissions, Longer Battery Life

Developed and produced in-house, our lightweight recliners, tracks, latches and electrical components reduce weight, which enables lower emissions and increased battery driving range independent of vehicle drive train.

**3.6M** metric tons of GHG emissions were avoided in the last decade through our lightweight seating structures\*

#### Miniature terminals

enable reduced wire gauges, which decrease mass, complexity and space requirements for signal transmission compared with traditional electrical distribution systems, resulting in lower cost and more efficient vehicle subsystems



\* Savings are projected indirect (Scope 3) emissions savings from a 2019 model year seat design over 2011 model year seats, based on approximately 2 million SUV/CUV/PU seats, 3.6 million SUVs with three rows of seating and 6.1 million sedan seats. Sources: 2016 IHS Standards data, A2Mac1 Automotive Benchmarking, Time for Change, The Carbon Footprint of Steel, and The Engineering ToolBox. This statistic has not been verified by a third party.

## Renewable, Recycled Materials

Seat systems with renewable and recycled raw materials—such as plant-based fibers and recycled plastics for yarn and seat covers, and foam made from sustainably farmed, U.S. sourced soybeans and recycled polyester—are available to our customers. Polyester fibers and electrical components are also recyclable.

**28M** plastic bottles recycled into polyester yarn for automotive fabrics made by Guilford Performance Textiles in 2020

**34M** kilograms (74.25 million pounds) of CO2 emissions avoided by Lear's SoyFoam™ over the past 13 years\*

Up to **50%** of the steel and other metals in our seating comes from recycled content

**40%** of Seating and **55%** of E-Systems components are recyclable at end of life

\* 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



## Bringing Future Innovations to Market



### 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 rapidly deliver intelligent, optimized solutions that meet our customers' technical objectives while saving valuable resources and avoiding emissions that would have been generated using traditional "build and test" methods.

### Xevo Market™ Wins 2020 PACE Award

**Xevo Market™**, the auto industry's first intelligent, in-vehicle commerce and services platform connects merchants with consumers to offer tailored in-vehicle experiences and transactions that avoid contact with retail surfaces. Launched in millions of vehicles, the cloud-based technology provides automakers with post-sale revenue opportunities, encourages brand loyalty, reduces data usage and in-vehicle software, and obtains data-driven consumer insights.





# Factory of the Future

For several years, Lear has been advancing on our journey to Industry 4.0. Fueled by data and artificial intelligence, our factory of the future will improve safety and ergonomics while providing new opportunities for up-skilled employees. It will also optimize operations, avoid unplanned downtime and improve quality. Here are just a few examples.



We have applied lessons learned by our engineers from our **Virtual Proving Grounds** to our operations through a virtual manufacturing model known as digital twinning. This advanced analytics tool allows multi-variate scenario testing before physical implementation to eliminate waste, improve efficiency and streamline operations. Our global systems and processes enable scalable solutions and best practice sharing across the enterprise.



Unlike traditional spreadsheet-driven analysis, analytics makes data available to everyone across the enterprise, provides more insights and helps us make better, faster and more accurate decisions with data we already have.



Enhanced material tracking and traceability helps manage inventory, reduce costs and avoid unnecessary shipping.



Intelligent automation improves efficiency, throughput and quality.



Collaborative robots help employees with repetitive tasks, handling hot irons and steamers, and moving inventory to improve safety and ergonomics.



Up-skilled operators are empowered to manage digitally enabled solutions, contributing their on-the-job experience to increase customization and boost efficiency—key success factors in just-in-time manufacturing.





# Environmental, Health, Safety and Sustainability

## 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 Kaizen events for energy efficiency and waste reduction, Lear's EMS is reducing our environmental impact.



100% of Lear's eligible manufacturing facilities\* are currently ISO 14001:2015 EMS compliant, and new facilities are required to obtain certification as soon as possible after opening.



Monthly energy, waste and water data (volume and cost) is collected in an online central database. The data is aggregated and reviewed quarterly by each business unit/division, region and the corporation to determine energy, water and waste reduction performance, and identify opportunities for improvement.



Lear is in the process of implementing an integrated ISO 14001:2015 and 45001 Environmental Health and Safety Management System (EHSMS) globally to improve employee engagement, performance and efficiency.

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



## Our Environmental, Health, Safety and Sustainability (EHS&S) 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 the responsible management of forests and water
- Enhancing environmental stewardship, social responsibility and economic prosperity

## CDP Supply Chain and Investor Surveys

The CDP (formerly known as the Carbon Disclosure Project) 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. See our [Climate Change CDP Score Report](#) and our [Water Security CDP Score Report](#) in the Appendix.

## Measuring Progress

To support our goals, Lear captures, tracks and reports large amounts of data from our worldwide manufacturing locations, using several best-in-class systems with 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 [Lear's data management and integrity platforms](#).

# Defending the World's Forests

Forests are the answer to many climate change challenges. They support biodiversity, reduce temperatures, filter rainwater and remove carbon dioxide from the air.

What do forests have to do with an automotive supplier? After all, cars are not made out of wood. But some of our raw materials—such as leather sourced as a by-product of the food industry—may have an indirect impact on forests. Practices that deplete or degrade forests and peatlands—for example, clear-cutting trees to increase grazing land—have a negative environmental impact on land, water, biodiversity, indigenous communities and our climate.

Lear is committed to working with our suppliers and customers to protect forests by eliminating deforestation and forest degradation. Our **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. To ensure our suppliers comply with these requirements, Lear may conduct audits or require third-party verification.



According to the UN Food and Agriculture Organization, deforestation accounts for nearly **11% of GHG emissions**.



**100% of Lear's Brazilian leather suppliers** use geofencing to ensure they don't buy animals from farms involved in deforestation, invasion of indigenous and protected areas, or human rights violations.



## Adding Transparency to Our Results

Due to the global pandemic, activities in our operations around the world were reduced. As a result, our emissions, energy use, water use and waste generation also decreased.

To provide transparency, we are reporting our absolute results as well as results based on hours worked. We continued to reduce energy and water use, cut emissions and decrease waste, even accounting for the impact of lower production during the pandemic.

## Improving Air Quality

According to NASA, the concentration of carbon dioxide (CO<sub>2</sub>) in the atmosphere has increased more than 48% since the Industrial Revolution. Carbon emissions are considered the most important long-lived driver of climate change. To meet our aggressive **Climate Change Goals**, we are working to reduce energy generated from non-renewable fuel sources, invest in renewable energy and, as a result, decrease GHG emissions.

## Reducing Energy Use

Lear's continuous improvement teams use lean manufacturing processes to identify energy and waste reduction projects, track progress and share best practices. Their efforts are reducing energy use around the world.



180

projects completed in 2020, potentially saving 9,500+ MWh of energy

Nearly  
10%

reduction in absolute energy use in 2020  
(1% reduction based on hours worked)

470,281

gigajoules of energy use reduction in  
2020 compared with 2019

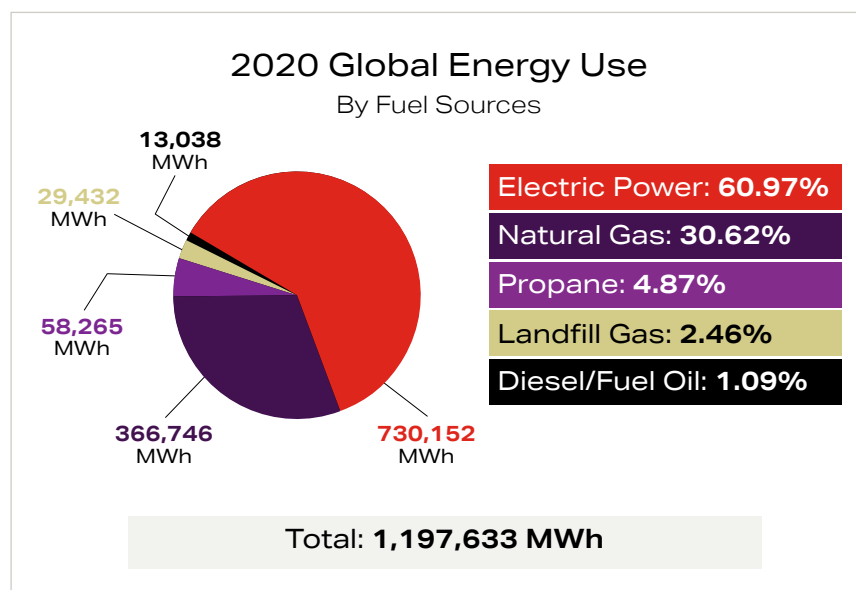
### Energy efficiency projects include:

- Energy audits and treasure hunts, including virtual energy treasure hunts
- Systemized shutdowns of process equipment
- Installing leakage detection devices to detect heat/energy losses from operating equipment
- Eliminating compressed air losses through audits, leak detection/repair programs, replacing motors with variable speed motors and ongoing management use programs
- Managing/programming lighting to allow for illumination only in areas with ongoing work
- Automating plant-wide ventilation systems
- Replacing old light fixtures with LEDs
- Recycling previously wasted heated streams of air/water
- 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
- Repairing or replacing doors to prevent heat loss or the need for extra air conditioning
- Setting water boiling devices to limited times with automatic on/off

## Investing in Renewable Energy

Lear aims to use 100% renewable energy—such as solar, geothermal, and wind—for electric power consumed at our manufacturing facilities by 2030. With less than a decade to meet this **climate change goal**, we are developing a roadmap with milestones to help us reach our destination: a carbon neutral future.

We already consume renewable energy within our manufacturing operations, and some plants draw energy from power grids with 50% or more renewable content. Beginning in 2021, we will proactively invest in renewable energy through on-site renewables and/or direct, retail and virtual power purchase agreements (PPA). Our investments will continue every year until we achieve our goal. At the same time, Lear intends to help finance global renewable energy infrastructures to serve the world's population and protect our planet.



## Decreasing GHG Emissions

Greenhouse gases (GHG)—such as CO<sub>2</sub>—trap heat and warm the planet. 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. By 2030, we aspire to reduce GHG emissions from electricity used at our manufacturing facilities by 50%.

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.

**12%** reduction in absolute Scope 1 and 2 emissions in 2020  
(3% reduction based on hours worked)



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 Scope 1 (direct) and Scope 2 (indirect) emissions.

## Global Scope 1 Emissions

by Business Division (CY 2020)

Business Division	Scope 1 Emissions (mtons CO2e)
Seating	66,749
E-Systems	6,879
Specialty Products Group (non automotive)	13,662
<b>Total Scope 1 Emissions</b>	<b>87,290</b>

## Global Scope 2 Emissions

by Business Division (CY 2020)

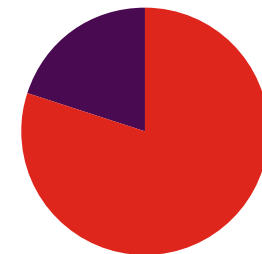
Business Division	Scope 2 Emissions (mtons CO2e)
Seating	219,195
E-Systems	109,370
Specialty Products Group (non automotive)	12,257
<b>Total Scope 2 Emissions</b>	<b>340,822</b>

## VOCs Cut 50%

In our leather operations, Lear has achieved 50% reductions in volatile and semi-volatile organic compound (VOC and SVOC) emissions through in-house formulations. We worked with our suppliers to implement the latest technologies, including cleaner polyols and isocyanates, reactive catalysts and surfactants, and aldehyde scavengers. All of the coatings used in our leather plants are water based, greatly reducing VOC emissions from our facilities.

## 2020 GHG Emissions

by Scope

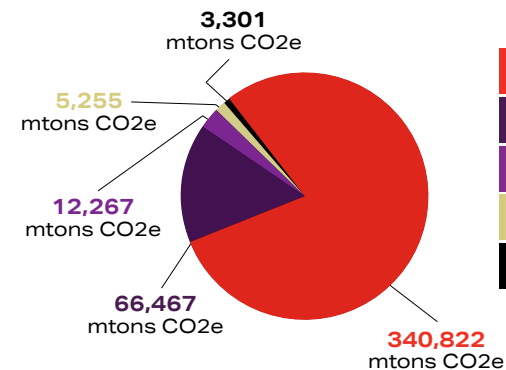


Scope 1: 20%

Scope 2: 80%

## 2020 GHG Emissions

by Fuel



**Total: 428,112 mtons CO2e**

# Protecting Our Water

With water scarcity quickly becoming one of the greatest threats to the economy and environment, it's no wonder that many corporations identify water management as a material risk.

According to the World Resource Institute (WRI), water scarcity, floods, droughts, and other water risks can cause operational and supplier disruptions, higher operational costs, brand damage and heightened regulatory uncertainty.

Using the WRI Aqueduct Tool, Lear completed a water risk assessment of all facilities in 2019, assessing water withdrawals, consumption, quality and site-specific regulatory risks as well as calculating baseline water stress (the ratio of total annual water withdrawals to total available renewable supply).

We are creating a comprehensive water risk management strategy on a region-and site-specific basis and plan to announce our future water reduction goals in an upcoming sustainability report.

50%

of Lear's facilities are located in low water stress regions

0

gallons of water used directly from lakes or rivers

7%

reduction in absolute water use in 2020

0

significant spills impacted the environment in 2020

11M

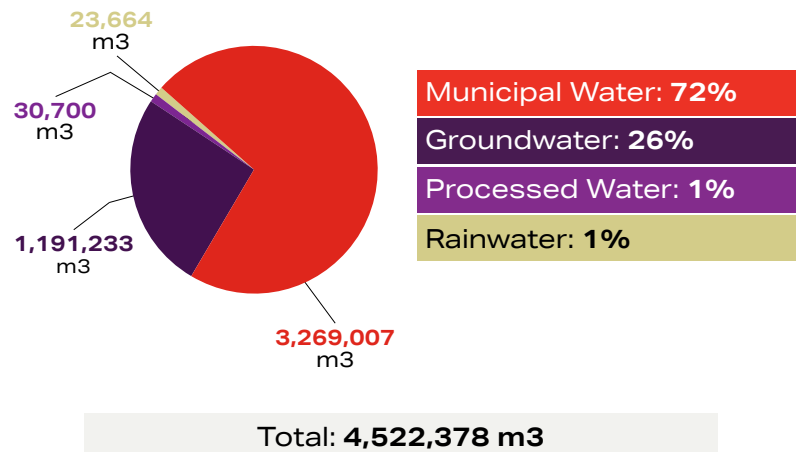
gallons of potential water savings from 40 projects completed in 2020

14%

increase in water recycling initiatives at our global leather operations since 2019



## 2020 Water Withdrawal (Use) Data

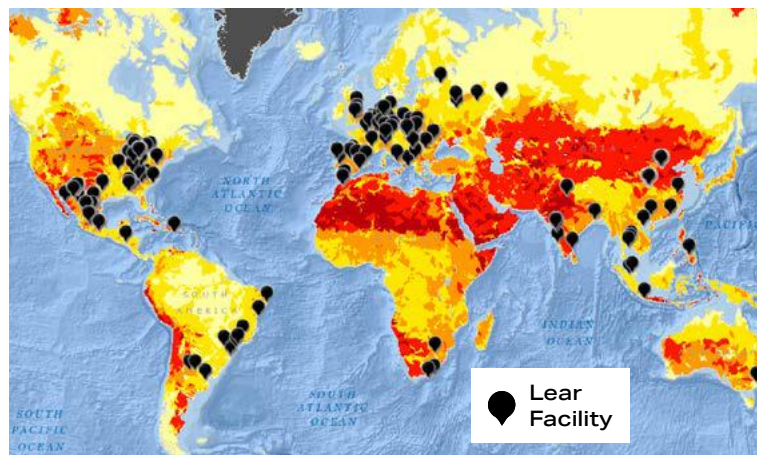


## Water Reduction Projects

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:

- Reducing consumption during painting processes and other production activities
- Installing rainwater sensors to prevent overnight watering when it is raining
- Using rainwater in air conditioning
- Trapping fog to collect water in the air
- Training employees in safe water consumption and usage
- Improving condensate lines on boilers to prevent water waste
- Improving building water maintenance systems to detect leaks
- Adapting water tank levels to allow for less water usage
- Installing water-saving bathroom, kitchen and cafeteria fixtures with automatic shut-off valves and timers
- Using treated wastewater and recycled water for landscaping
- Providing reusable water bottles for employees

## Water Risk Assessment



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 & Reputation Risk categories.

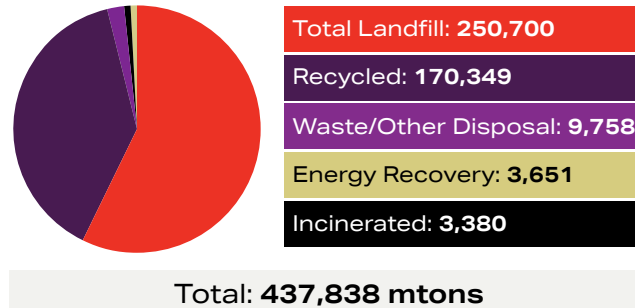
# Eliminating Waste

Lear minimizes waste through several programs focused on reuse, renew, recycle and redesign concepts.

**5,000**

metric tons of potential waste reduction from 170 projects completed in 2020

## 2020 Total Waste Recycled, Treated, Disposed (mtons)



## 2020 Waste Data

Total Hazardous Waste	1,550 mtons
Total Non-Hazardous Waste	436,289 mtons
Total Waste	437,838 mtons
Total Wastewater	1,931,206 m3

### Reuse

- Replacing bubble wrap for wire harness packaging with protection sleeves made from fabric scraps from our trim plants
- Utilizing reusable bags for shipping seats to customers
- Reusing hydraulic oil for robotic machinery
- Replacing disposable masks with reusable masks
- Using durable instead of disposable utensils and plates in dining areas

### Renew

- Using up to 100% natural and renewable tanning extracts from responsibly harvested sources to tan leather
- 100% of leather scrap material from European operations is upcycled

### Recycle

- Achieving zero-solids-to-landfill at our Alfreton, United Kingdom, facility since 2016
- Guilford offers a range of seating fabrics that contain renewable, recycled or recyclable materials to reduce environmental impact
- Reducing metal and wire harness scrap
- Segregating cardboard and plastic for different recycling streams
- Installing cardboard compactors
- Recycling 3D printer rolls

### Redesign

- 55% of our E-Systems and 40% of our Seating components are recyclable
- Optimizing tape cutting machines to reduce waste
- Improving packaging to reduce waste in shipments
- Reducing seat cleaner and other chemical use



# One Planet, One Lear

As part of the human family, we share one planet. Working together, Lear employees are making a positive impact. 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, and participated in Lear's Global Sustainability Yammer group to share ideas and learn about ongoing events.



## Building Coral Reefs

### THAILAND

Nearly 90 team members worked with the Thai Navy to create and install artificial coral to build the reef at Nang-Rong beach. The Navy briefed employees about the effects of climate change and how the artificial coral will offer a habitat for sea life. Employees also helped remove trash from the beach.

## 2020 People and Planet ImpACT Award

### SPAIN



Through seven major projects, team members reduced energy consumption more than 12% year-over-year and saved \$83,000 by recycling polyamide fabric.



## Building Forests

### PHILIPPINES

To fortify Cebu's endangered forests—which have less than 500 cinnamon trees—the Lear team donated funds and volunteered to support sustainable protection, restoration and conservation strategies.



## Biking to Work

### SPAIN

A team of seven has been biking 386 km (239 miles) to work every week for the past two years. "Biking not only reduces emissions and benefits our health but also reinforces stronger relationships between our departments," said Logistics Planner Xavier Graells.



## FCA Supplier Sustainability Award

### SOUTH AMERICA

Our South America team was named a Supplier of the Year in the Sustainability category at the virtual FCA LATAM Annual Supplier Conference & Awards. The award reflects Lear's strong commitment to our people, communities and the environment.

## Sustainability Art Contest

### GLOBAL



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

## Protecting Pollinators

### GLOBAL



Lear supported the Biodiversity Work Group Pollinator Project Challenge to educate, engage and recognize meaningful conservation projects. The group is collectively managing over 2,400 acres of corporate land to create a connected corridor of wildlife habitat for pollinators and other migratory species.



**See** more examples of how Lear is making an impact around the world by following us on our social media channels.







HOW WE MAKE BETTER COMMUNITIES

# Social Responsibility

# Highlights



## Meaningful employment opportunities

**~175,000** team members

**~150,000** hourly employees

**Competitive pay and benefits**

**~82,500** employees globally are covered by labor agreements

**3.7M** hours of training and development in the past two years



## Engaged workforce



**178,000**

culture and engagement surveys completed by hourly workers since 2017

## Developed playbook

on leadership, work environment, employee involvement and team empowerment



## Striving for diversity, equity and inclusion

**\$1M** pledged to end racial injustice

**Together We Belong** campaign launched in 2020

**125,000+**

hours of DEI and Expect Respect anti-harassment training completed in 2019-2020

**\$4.6B** spent with minority-, women- and veteran-owned suppliers in the past 10 years





## Diversity, Equity & Inclusion

# Together We Belong

In the midst of the COVID-19 pandemic, a movement reminded us about the importance of racial equality. At Lear, we have a long-standing commitment to a harassment-free, discrimination-free workplace where everyone is welcome. And still, we are striving for better.



Being inclusive can't just be something that is written on a wall. It has to be part of your culture. **You have to do it in a way that is meaningful."**

**RAY SCOTT**

President and CEO



In 2020, Lear launched our Together We Belong campaign to provide greater structure and strategy around our DEI efforts. It is spearheaded by our Vice President of Diversity, Equity and Inclusion (DEI), Non-Production Purchasing and Minority Business Enterprises Derrick Mitchell, who previously served as Lear's Director of Supplier Diversity and Development.



**MEET** ▶ Our Vice President of DEI, Non-Production Purchasing and Minority Business Enterprises

"The faces of Lear represent all **spectrums of diversity**. Wherever you come from, whoever you are—**your ideas and thoughts are heard at Lear**. I'm excited to build on our tremendous progress."

**DERRICK MITCHELL**

Together We Belong drives awareness and engagement, educates our employees and funds organizations committed to change. In addition to establishing an Executive Diversity Council (EDC), consisting of our CEO Ray Scott and his leadership team, the program helps hourly and salaried employees understand the history of racial injustice, learn to navigate difficult conversations and support minority colleagues. Regional leaders share best practices, and toolkits have been developed for plant deployment. In addition, Lear pledged \$1 million to initiatives that address racial inequality and discrimination via a combination of grants to external organizations as well as internal investments to educate and engage our employees.



## Drive

Established the EDC to connect grassroots efforts and senior leaders, develop a comprehensive strategy, focus our initiatives, and drive accountability and results

The EDC, senior leadership, subcommittees and ERGs all work together to achieve success.



## Educate

### DISCUSS

Multiple lunch-and-learn sessions hosted

Multiple global DEI panels and roundtables held

### LEARN

Diversity Toolkit for hourly employees and online Expect Respect training for salaried employees launched in all locations

**1,400 employees** have completed new DEI training since Q4 2020

**125,000+ hours** of DEI and Expect Respect anti-harassment training completed in 2019 - 2020



## Fund

Provide financial and non-financial resources to local and national nonprofits that align with Lear's vision and are devoted to achieving racial equity. Now actively vetting organizations.



## Attracting Diverse Talent

Lear recruits, hires and retains the best from every background and community around the world. To ensure diverse leadership, we require interviewing a diverse slate of candidates for all roles of manager and above. In our corporate office and U.S. plants, Lear works with the National Society of Black Engineers, National Black MBA Association, Women of Color Conference and the Society of Women Engineers to help fill our pipeline with diverse talent. We also support these groups through internships, externships, conference participation and sponsorships.

## Equal Pay, Equal Opportunities, Equal Rewards

Each year, our Global Compensation group leads a comprehensive review of pay equity at Lear, including base pay, reward programs and promotions. In the 2020 Pay Equity Study, our review of 19,448 salaried employees revealed less than 1.5% of women required an adjustment to their base pay to achieve pay equity. In addition, the study reported that Lear consistently provides equitable promotion opportunities to men and women.

## Developing Diverse Leadership

We expanded our **Leadership Development Program** for minority employees to inspire career growth and help prepare them for the next level in their careers. Known as **Leads Self**, the program offers three training modules that include leadership webinars, reading groups, strength assessments, self-development tools and an introduction to Lear's Leadership Scorecard.

**190** employees from all 6 Lear **ERGs** participated in **Leads Self** in 2020

## Supporting Supplier Diversity

Our DEI efforts also extend to our suppliers and our global communities. We partner with 12 organizations to support supplier diversity initiatives. No potential supplier is precluded from consideration on the basis of race, color, religion, sex, age or national origin.

**\$4.6B** spent with **215** certified minority-, women- and veteran-owned suppliers in the last decade

## DEI Governance

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



**Our Board of Directors** reviews succession planning, pay equity, key performance indicators, DEI efforts and Lear's talent acquisition strategy every year.



**Our Executive Diversity Council (EDC)**, consisting of our CEO and his leadership team, develops our comprehensive DEI strategy, prioritizes activities and drives accountability and results.



**Our Vice President of DEI, Non-Production Purchasing and Minority Business Enterprises** leads our DEI efforts, which are reviewed by our EDC every month.



**Our human resources, community relations and supplier diversity departments** collaborate with our CDO to coordinate efforts across functions. The team manages events, community support, training and programs to attract, retain, develop and promote diverse talent.

## Employee Resource Groups

Lear's Employee Resource Groups (ERGs) provide networking and mentorship opportunities for people who share common interests, backgrounds or demographics. At Lear, anyone can join an ERG, whether they are part of the group or allies who support our diverse communities. In 2020, two new ERGs were added, and each ERG gained executive sponsors to drive business alignment and gain visibility.

**6** ERGs

Nearly  
**300%**  
increase in participation  
since 2018

**15** countries  
represented



**GROW**

### Global Resources & Opportunities for Women

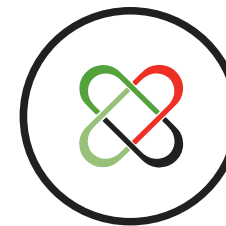
promotes the positive visibility of women through community impact, an inclusive work environment and **Expect Respect** culture.



**LYP**

### Lear Young Professionals

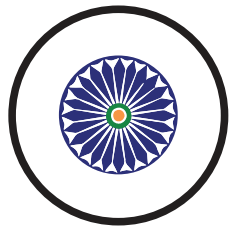
provides networking opportunities within Lear and the surrounding community, and supports onboarding, engaging, developing and retaining young professionals.



**LAAN**

### Lear African Ancestry Network

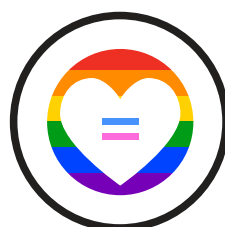
encourages recruiting, support and volunteer service to drive community impact and awareness among African Ancestry populations.



**LION**

### Lear Indian Origin Network

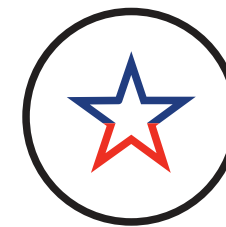
engages in outreach events to make a positive impact on all the communities around Lear.



**LEAR LOVES**

### Lear LGBTQ+ Outreach, Visibility, Education & Support

is devoted to a culture of inclusion and the equality of love that advocates for the welfare, authenticity and opportunity of LGBTQ+ persons.



**VALOR**

### Veterans At Lear Offering Resources

works with veterans, active duty military, family members and allies to drive success for veterans inside and outside of Lear.

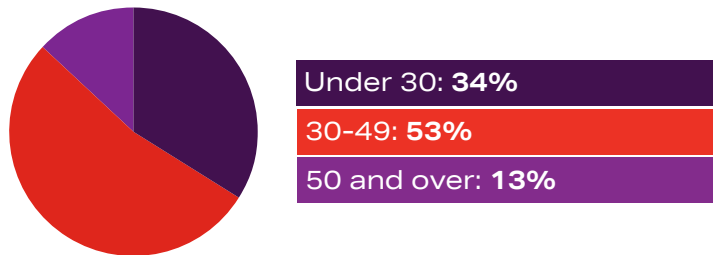


## Diversity, Equity and Inclusion at Lear

Diversity in the workforce values 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.

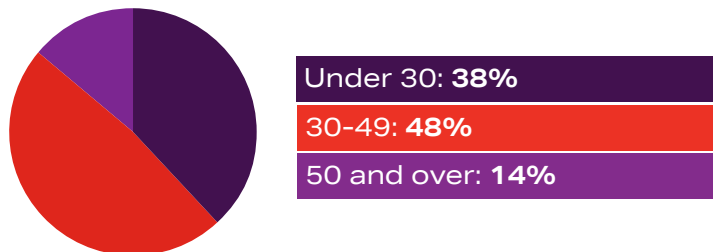
### Global Female Employees

By Age Group



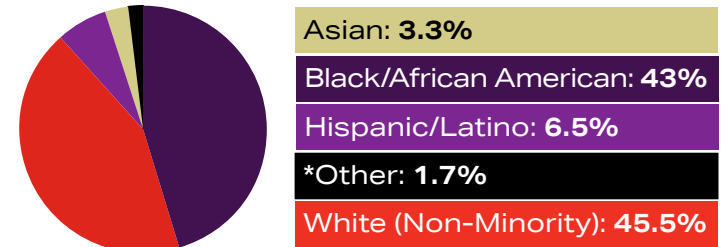
### Global Male Employees

By Age Group



### U.S. Workforce

By Self-Reported Race and Ethnicity



*\*American Indian/Alaskan Native, Native Hawaiian or other Pacific Island, two or more races*

**26%** of Lear's U.S. leaders are **ethnic minorities\***



*\*Leaders are defined as manager-level and above*

## Women at Lear

In 1952, Lear hired its first female production employee. Today, women comprise 45% of our entire workforce. Whether working in our plants or offices, women at Lear play a vital role in the success of our company. Through our human resources teams and Global Resources & Opportunities for Women (GROW) ERG, we promote an inclusive work environment, offer development opportunities, encourage women to pursue nontraditional careers, support work/life balance and celebrate the achievements of working women at Lear and in our communities.



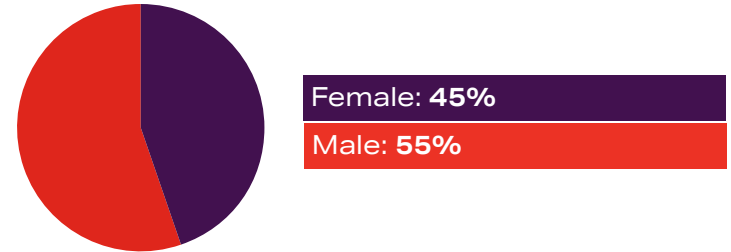
**23%** of Lear's global leaders are female\* **31%** of global salaried new hires in 2020 were female

\*Leaders are defined as manager-level and above

**WATCH** ▶ Our top female leaders share their advice for the next generation entering the workforce.

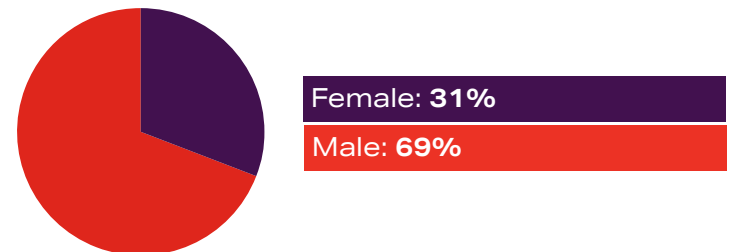
### Global Employees

By Gender



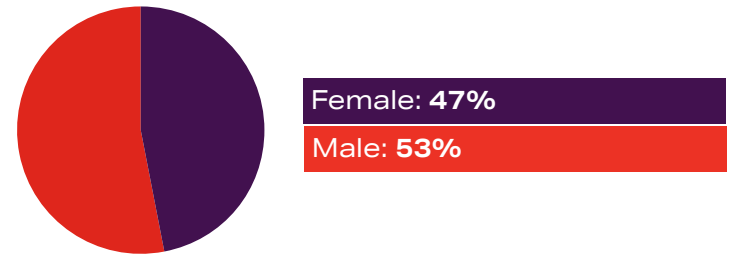
### Global Salaried Employees

By Gender



### Global Hourly Employees

By Gender







## Actions & Achievements

- \$1 million committed to support organizations and initiatives to address racial inequality and discrimination
- 2020 STEM Workforce Diversity Magazine Top 50 Employers List
- 2019 Human Rights Campaign Corporate Equity Index Score of 90%
- AVTAR Group Top 100 Best Companies for Women – India
- Signatory of CEO Action for Diversity and Inclusion Pledge
- Corp! Everything Business Diversity Magazine Award Winner

## Community Partners and Engagement

- Asian Pacific American Chamber of Commerce
- Canadian Aboriginal Minority Supplier Council
- Council of Supplier Diversity Professionals
- Gay & Lesbian Chamber of Commerce
- Great Lakes Women's Business Council
- Michigan Hispanic Chamber of Commerce
- Michigan Minority Supplier Development Council
- National Association of Women's Business Opportunities
- National Minority Supplier Development Council
- National Veterans Business Development Council
- Women's Business Enterprise Canada
- Women's Business Enterprise National Council

# We Expect Respect

To give and be treated with respect is an expectation at Lear. Expecting Respect also reflects our core value: Be Inclusive.

Built on the foundation of UN principles and supported by our **Code of Business Conduct and Ethics** and other policies, our global Expect Respect campaign promotes our anti-harassment, nondiscrimination and zero-retaliation policies, as well as complaint reporting resources. Expect Respect is a simple, memorable and effective concept of how we should interact with employees, suppliers and our communities.



The training component of the program covers key topics, such as maintaining a respectful culture, how words and actions are perceived by others, types of harassment, company policies, legal responsibilities and reporting.

Lear offers an anonymous, **toll-free hotline** to report violations in the employee's local language. All reports are investigated and reported quarterly to the Board of Directors.

**125,000+** hours of DEI and Expect Respect training completed in 2019 – 2020





# Together We Win

Our plants and hourly workforce are at the core of our success. We believe the best way to deliver the highest quality products and services is to maintain a work environment that prioritizes safety and fosters collaboration, inclusion, respect and excellence.

Launched in 2017, Together We Win is a global employee engagement program focused on driving cultural change in our operations. Plants advance through four levels—leadership, work environment, employee involvement and team empowerment. Together We Win unites hourly employees across the globe in achieving excellence based on key operations and employee engagement metrics such as quality, absenteeism, health and safety performance, and operational efficiency.

To help our plants along the journey, our propriety playbook provides a roadmap of best practices, and engagement surveys give hourly employees a voice in measuring progress at each plant. Together We Win is how we achieve our outstanding reputation—not only for operational excellence—but as a great place to work.

## Our proprietary Playbook

provides a roadmap of best practices to drive employee engagement and achieve certification at each level



## Anonymous and confidential Engagement Surveys

help plants measure their progress based on the input of those that matter most—our employees



## Global Engagement Surveys

Every year, we survey hourly manufacturing employees around the world during Together We Win events. The festive atmosphere typically includes ribbon-cuttings, appearances by executive leadership and other activities. Conducted entirely online or by mobile phone, the anonymous and confidential survey covers 22 questions evaluating relationships between employees and plant leadership, employee recognition, retention, health and safety, motivation and respect in the workplace.

Many plants conduct follow-up pulse surveys using our online employee engagement hub. The tool helps plant leaders prepare and launch the questionnaire, analyze results, develop action plans, assign tasks to team members and track the plant's status in the Together We Win Scorecard. In addition, global teams share feedback and photos, collaborate on projects and track their progress.

178,000

surveys completed since 2017\*

\* Some plants surveyed more than once

206

locations

27

countries

89%

feel their supervisor treats them with respect

82%

expect to continue working at Lear in the next year, up from 73% in 2019

In 2021, our goal is to survey every Lear plant in the world



80%

feel highly motivated

18%

improvement in engagement over 2019\*

\* Based on employees who responded positively to four core questions about pride, value, motivation and working well with their supervisor



## We Wrote the Playbook

Based on Together We Win principles, Lear developed a playbook to train plant managers and employees to transform plant culture. Known as Playbook Plays, it includes helpful and comprehensive guidelines on a variety of topics such as hosting ergonomics awareness training, team leader talks and implementing lunch and learns. Playbook Plays was the foundation for the 80-page Safe Work Playbook, developed in response to the COVID-19 pandemic. Lear shared the document with the world, and it has been downloaded more than 35,000 times.



# Champions of Lear

Ask any employee about Lear and you'll hear terms like team mindset, collaboration, opportunity and pride—again and again. We've worked hard to nurture an inclusive culture, where ideas are valued and efforts are recognized.

The Champions of Lear program celebrates our global operations and our hourly and salaried employees who represent the best-of-the-best in our company. Individuals, teams or plants can submit an application to be reviewed by a diverse panel of judges that includes Lear leadership. Award categories honor achievements in culture, customer appreciation, innovation, supply chain, quality, safety, operational excellence, continuous improvement, sustainability, best launch and best plant collaboration, as well as the prestigious CEO Special Appreciation Award. In 2021, an additional award category will be added to recognize initiatives that support DEI in the workplace. When possible, winners are announced at an annual celebration at Lear's headquarters in Southfield, Michigan.

We are very proud of every team's accomplishments and congratulate this year's winners.

**WATCH ▶** as the 2020 Champions of Lear are revealed!



## 2020 CEO Special Appreciation Award

### MASK PRODUCTION TEAMS

*Dominican Republic, North Carolina & Pennsylvania*

When China mandated all citizens wear face masks in February, they were soon in short supply. Our engineers in Mocksville, North Carolina, designed masks made in the Dominican Republic for employees working in China—all in just 72 hours. At our manufacturing facility in Pine Grove, Pennsylvania, two semi-automatic production machines were installed to make 1 million masks per week, kicking off an exceptional global endeavor that produced more than 10 million masks in only four months. While we supported our employees, helping our local communities is also in our DNA. As a result, Lear also donated masks to first responders in local communities.



**700+** submissions  
**26** from countries

**15**  
awards

Argentina  
Brazil  
China  
Czech Republic  
Germany  
Hungary  
India  
Indonesia  
Italy

Macedonia  
Malaysia  
Mexico  
Moldova  
Morocco  
Philippines  
Poland  
Portugal  
Romania

Russia  
Serbia  
Slovakia  
Spain  
Thailand  
United Kingdom  
United States  
Vietnam

## Look at What Our Champions Accomplished

(Example achievements from individual sites or facilities)



**12%** lower energy consumption

**60M** gallon reduction in wastewater

**0** waste to landfill

**130** tons of plastic and cardboard recycled

**68%** lower turnover

**1,400** new jobs

**20%** manufacturing efficiency improvement

**120** best quality practices shared

**2** assembly lines integrated into 1 by optimizing labor through a Kaizen event

**2** successful product launches while transferring production from one facility to another

**Millions** of dollars saved in material costs, transportation and waste reduction

**1,600** days without an injury

**2,500+** hours of safety training

**600+** safety audits

### 6 Award Designations

JD Power Award

3rd GM Supplier Excellence Award

Ford Q1 Gold Level rating

Best-in-class 0.8 RPPM

### 1st-to-Market Technologies

3 patents filed



# Operation GIVE

Backpacks loaded with supplies for kids going back to school. Scholarships for inner-city girls in Detroit. New beds for cancer patients. Food for the needy, quarantined residents and hungry truck drivers.

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. Operation GIVE (which stands for Grow, Invest, Volunteer and Empower) supports:



## Economic Well-Being

We assist 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

We 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.

Although the COVID-19 pandemic forced many charitable organizations to cancel their annual events, many of our employees participated virtually or found creative ways to help.

**WATCH** ▶ We are grateful to all our employees who stepped up to help others during the pandemic and support charitable and service organizations every year.

## Through Operation GIVE, Lear supports organizations such as:

- American Corporate Partners
- Boys & Girls Clubs
- Children’s Hospital of Michigan
- Capuchin Soup Kitchen
- Cornerstone Education Group
- Detroit Regional Partnership Foundation
- FIRST Robotics
- Focus HOPE
- Forgotten Harvest
- Goodwill Industries
- Greenlight Fund
- Habitat for Humanity
- Innovations for Learning
- Nature Conservancy
- Numerous universities & colleges
- Rhonda Walker Foundation
- Save the Children
- Student Advocacy Center
- UNICEF
- United Way
- Vets Returning Home
- Winning Futures

80

charities supported in 2020

20

Lear executives serve on the boards of non-profit organizations

1,372

employees in Michigan donated a total of \$1 million to local and global organizations through Operation GIVE campaigns

\$2.67M

in employee and corporate contributions in Mexico and Brazil

## How We're Making a Difference

Our global teams reach out to their local communities through numerous activities and virtual events.

### PPE for COVID-19

#### GLOBAL

**WATCH** ▶ Lear employees produced more than 10 million masks to protect employees and healthcare workers from COVID-19. In Mexico, our plants donated N95 masks to a regional hospital and 60 Tyvek® full-body protection suits to Red Cross first responders. In Poland and Romania, employees sewed and donated 15,000 masks for their communities. In the Philippines, our electronics hardware development team retrofitted portable countertop ovens with shortwave ultraviolet (UV-C) lights to sterilize masks for hospitals. And in the United States, Lear donated 20,000 masks to Goodwill Industries of Greater Detroit.

### Feeding the Hungry

#### BRAZIL & PHILIPPINES



When employees in Brazil noticed city residents mobilizing to cook and distribute meals to truck drivers during the pandemic, they joined the effort, distributing water bottles, providing tables and organizing volunteers to benefit 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. In the Philippines, employees responded to the local government's call to help quarantined residents with powdered milk donations.

## Aiding Those in Need During the Pandemic

### STORIES FROM AROUND THE GLOBE

- As annual events were cancelled and volunteer opportunities diminished, charities refocused to creatively meet new needs. Lear was quick to help. At Forgotten Harvest, where Dave McNulty, Vice President, Global Seating, Human Resources, is a board member, Lear's contribution to the Healthy Food, Healthy Kids program helped provide 307,890 meals for kids impacted by unanticipated school closures. Our \$50,000 matching donation to the "Hunger Free in the D" radio telethon helped raise \$700,000 for Detroit's Capuchin Soup Kitchen and Gleaners Food Bank to provide 2.3 million meals for the hungry.
- When the Pope Francis Center's Annual Gala was cancelled, our sponsorship dollars were redirected to fund emergency relief efforts for food and supplies. Our sponsorship of the College for Creative Studies Student Exhibition Opening was repurposed to support safe return to campus preparations and meet immediate and evolving student needs. As the weather allowed for more outdoor activities, Lear contributed additional operating funds to Chandler Park Conservancy (CPC) to address mental and physical health while maintaining social distancing. In addition to coordinating COVID-19 testing, the CPC offered participants information on how to stay safe and connect to resources.
- In Michigan, Lear donated 147 used laptops to Cornerstone Schools to enable students to continue their education in manufacturing, construction and IT curriculums at home. Some communities relied on printing paper lessons during the pandemic. In the Philippines, employees joined the company in Pledge for Education, which raised funds to donate four new printers, ink and 108 reams of paper to two elementary schools serving 1,400 students in the mountains of Cebu.





## Going Back to School

### ROMANIA & MOLDOVA

Employees raised funds to purchase schoolbags and supplies for children in need. "In times where everything has changed, it is amazing to see that the joy of these children has remained unchanged," said Plant Manager Olga Lefter in Iasi, Romania.



## Awarding Scholarships

### 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.



## Supporting Victims of Domestic Violence

### GERMANY

Lear employees in Oberding-Schwaig donated money and supplies 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 support children and teens.

## Supporting Cancer Patients

### GLOBAL

Our team members in Morocco donated new beds, bedding and other furniture to Association Jannat, a community organization that hosts cancer patients while they receive treatments in local hospitals. Employees in France raised funds for young adult and teenage patients at the Gustave Roussy Hospital in Paris, which specializes in rare forms of cancer. Our global teams also showed their support in the fight against breast cancer by hosting fundraisers, educational seminars and decorating our facilities in pink.

## 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, employees participated in a 6 km charity run for the Red Cross. In the United Kingdom, our team hiked 26 miles through Wye Valley to raise funds and awareness for Macmillan Cancer Support. In Germany, employees took first place for entering the highest percentage of employees in the annual Company Run race. The money they raised aided Aktion Lichtblicke and CARE, organizations dedicated to helping the needy.





## Building a New Fire Station

BRAZIL

Our team helped build a new station for the non-profit Volunteer Firefight Department in Navegantes. "We are very proud to support the Volunteer Firefight Department, which provides exemplary service to the community," said Plant Manager Elliton Vasques Bulla.

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



## 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 end distracted driving at <https://lear.com/FocusOnTheDrive/>.

# 39,000+

people signed the pledge around the world

Deployed in the United States, Asia and Mexico

# 105

total presentations

# 41

schools visited since 2019

**WATCH** ▶ The winning videos from the 2020 National Distracted Driving Video Contest

*Co-sponsored by Lear and Students Against Destructive Decisions (SADD), high school and middle school students submitted short videos, memes and GIFs to encourage their peers to avoid distracted driving. The contest awarded more than \$13,000 in prizes.*



# Teamwork and Talent

Lear is 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. To ensure our culture actively demonstrates our values, we deliver millions of hours of training every year and continuously expand career and leadership development opportunities.

**3.7M** hours of developmental, compliance and corporate training in the past two years

## Attracting New Talent

We take an active approach to attracting the best talent. Instead of relying on staffing agencies and applicants to come to us, we “push” for candidates using external websites such as LinkedIn as well as our intranet. Lear also uses talent mapping to understand “who’s who” in certain fields. For every senior manager position and above, we aim to have a diverse slate of candidates by gender and ethnicity.

To ensure a pipeline of talent, we encourage candidates to launch their careers at Lear through a number of creative programs. While many were postponed in 2020 due to the pandemic, most programs have been contributing to our talent pool for many years, and we are eager to restart them as soon as practical.



## Remote Onboarding

Much has changed this past year, including how businesses interview, hire and onboard new employees in a world of remote work. Even as immunizations increase, health and safety restrictions are relaxed and a new normal is realized, it’s clear that many people across all industries will continue to work remotely.

In 2021, Lear is launching a new onboarding process that engages current employees from senior leadership to peer groups to help ease the integration of newcomers to the company. No longer limiting the onboarding process to Human Resources but including Lear staffs from cross-functional teams and ERGs will ensure that the missed in-person interactions will be replaced with meaningful remote connections. Quarterly welcome calls with our CEO, assigning work buddies, and adding the newcomers to group projects will be prioritized as we welcome new hires, navigate those critical first few months and set employees up for long-term success.

## Student Innovation Challenge

University students majoring in engineering and business compete for internships at Lear through our Student Innovation Challenge. To ensure diversity of thought, candidates submit a personal statement and take a personality assessment. During the initial two-day jumpstart, students tour our headquarters, learn about innovation techniques and Lear's capabilities, receive a real-world challenge and brainstorm solutions. The teams then have two weeks to work with Lear coaches on a solution and business case, which they present to our executives. The winning team is offered a summer internship in our innovation department to develop their idea. At the end of the summer, the team reports their progress to our technical leaders and executives. The successful program has expanded to Europe and Asia.

### Since 2017:

4	innovation challenges held	4	patents filed
96	students participated	21	internships awarded
7	universities represented	4	full-time new hires
9	invention disclosures submitted		







## Kettering University Co-op Program

Through the Kettering University Co-op Program, high-performing students rotate between the classroom and workplace every three months, applying their engineering and business studies in the real world. Co-op students work in many engineering departments throughout Lear, including structures, software execution, Trusted Computing Base (TCB) engineering, quality, comfort, test labs and just-in-time engineering, as well as other areas such as purchasing, accounts receivable, sales, information technology and project management.

**37** students currently co-oping at Lear

## Summer Internships

For many years, Lear has partnered with a variety of universities to offer summer internships to college students, many of which result in offers of full-time positions.

**50-70** students typically participate in summer internships at our World Headquarters or in plants across the United States each year

## Trainee Program

In Spain, Lear offers two types of trainee programs for university students completing their final year. The Engineering Training Program is designed for software, hardware and mechanical engineering students. The Administration Program attracts students studying finance, information systems, purchasing or marketing. Trainees work for 8 – 10 months while they complete their final degree project. In addition, engineering trainees present a special project to compete for an Innovation Award and €5,000 prize.

**15+** years of trainees

**10-20** students typically participate each year

## Scholarship Program

In Mexico, Lear partners with Tecnológico de Monterrey, Universidad de Monterrey, Universidad del Valle de Mexico and Tec Milenio among others to offer scholarships. A mentor is assigned to each student who develops a special project while working 30 hours a week.

## Rotation Programs

College graduates—often from our internship program—can participate in rotational programs through our finance, supply chain, human resources or environmental, health and safety departments. Employees gain skills in one location for about 18 – 24 months before moving to a new U.S. location with a new manager and team. The opportunity provides a variety of experiences and a fast track for career growth.

## Lear is a Great Place to Work

Accolades from organizations around the world confirm it. Our Together We Win culture, future-forward technologies and reputation for operational excellence attract new talent.

- Fortune's 2020 Most Admired Companies
- Automotive News Rising Stars – Jun Ham
- Automotive News 100 Leading Women Honoree – Vickie Piner
- Forbes Best in State for 2020 – Michigan
- Great Place to Work Award – Brazil and India
- Top 100 Best Companies for Women
- Top Employer Poland







## Our Leadership Model

We believe great leaders create great cultures; great cultures attract and retain the best talent; and the best talent wins in the marketplace. 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.

### Get Results the Right Way

There are many ways to get results. 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, we Get Results the Right Way.

### Lead with Integrity

Integrity drives us to do the right thing, deliver what we promise and own our decisions. 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

Employees at all levels are invited to build their strengths and grow in their careers with these opportunities:

### Leads Self

In 2020, we launched Leads Self Lite, a self-guided career development program, to inspire career ownership and growth. Piloted with members of our valuable **ERGs**, participants received training to increase professional confidence, build their network, understand their strengths and know what it means to be a good leader at Lear. They became aware of where they are today, where they want to be tomorrow, and how to get there. Lear plans to expand the program in 2021.

1,197 registrations from a selection of 22 Leads Self classes



190 participants from all 6 ERGs



### 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. Each participant presents a bold business idea to help drive Lear's success. Participants build relationships, gain one-on-one exposure to the CEO, get feedback and expand their perspectives, while taking advantage of the opportunity to significantly impact our business.



### Emerging Leaders Development

This 12-month leadership and business course is designed to develop high-potential managers and directors. Each quarter, candidates are trained in tools and competencies to fuel success. 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.

135 employees participated in Emerging Leaders Development since 2016

99% retention rate among participants

## Leadership Assessments

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

Completed by a leader's peers and their direct reports, our annual Leadership Report Card assesses each leader based on specific behaviors needed to execute our business strategy. The report card measures how well they lead others, lead the business and lead future leaders.

### Annual Talent Review and Succession Planning

Lear's annual talent review process runs on a 12-month cycle with four phases to evaluate our global talent and ensure that the right people are in the right roles to drive organizational effectiveness.

Functional and business unit leadership assessments are conducted starting at the site and plant level, progressing through our global operations. Leadership report cards are reviewed, and succession plans are created to develop our bench talent for key roles. High potential employees with an emphasis on diverse talent are identified to increase exposure, explore potential next moves and ensure each is challenged and recognized appropriately.

In August, Lear's CEO and senior leadership team present our organizational review of talent and executive succession plan to our Board of Directors. Key outcomes from the process drive impact through the placement, development, advancement and retention of promotable and high-potential talent.

## Performance Management & Educational Programs

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

Our global performance management tool for all levels of salaried employees, these quarterly conversations between employees and their managers provide feedback about results, growth and career development. This review process is completely separate from compensation decisions.

Nearly  
**40,000** Talking Points completed in 2020

### Scorecards

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

We offer tuition reimbursement and apprenticeship programs for all education levels across the globe. For example, in Mexico, Lear offers private classes to any Lear employee who wants to complete a high school education certificate, and we celebrate their accomplishment with a graduation ceremony. Hourly employees can also prepare to become a team leader through Team Leaders in Action. Lear is proud of the upward mobility these programs provide to our employees. Many of our hourly employees have progressed from the shop floor to positions of leadership, including plant manager.

**136** employees involved in U.S. tuition reimbursement program in 2020



## Klaus Rahm Memorial Scholarship

Awarded to select employees based on performance, dedication and leadership potential, this scholarship provides the opportunity to attend the Eli Broad College of Business MBA program at Michigan State University with Lear's financial assistance. It is named in honor of Klaus Rahm, a former Lear executive who graduated at the very top of his class in this program, even though English was not his native language. A dedicated Lear employee for more than 10 years, Klaus 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.

## Work-Life Balance

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.

### Examples include:

- Maternity leave
- Flexible operating hours
- 16 – 18 holidays per year
- Paid vacation for all Lear employees globally in our bargained and non-bargained locations

### Based on location, Lear may also provide:

- Free Employee Assistance Programs to help with personal and family issues
- Dependent Care Flexible Spending Accounts
- Paid vacation in the first year of employment and progressing up to four weeks per year
- Paid time off to volunteer and support charitable initiatives
- Fair absenteeism policies supported by the local work team to alleviate unplanned or emergency time off
- Wellness campaigns to support employee health
- Rewards for perfect attendance
- Overtime pay
- Child care at some locations
- Adoption services
- Banking
- Dry cleaning
- Transportation to and from work at some locations

## Driving Wellness

In 2020, our facilities in Europe and Africa launched Driving Wellness, a campaign to promote healthier lifestyles and boost morale during the pandemic. The campaign addresses four aspects of well-being: body, mind, nutrition and balance. Here are some examples of how our teams in the United Kingdom are Driving Wellness.



### Body

Teams joined the 23-mile Three Peaks Challenge, scaling the highest peaks of Scotland, England and Wales while raising money for two local charities. Others completed the 26-mile Mighty Hike through the Wye Valley to get fit while supporting Macmillan Cancer Support. Although they did not win, our Coventry team took on the Wasps Rugby team to raise funds for Zoe's Place Baby Hospice.



### Mind

Sixteen employees from throughout the country were trained as mental health first aiders to offer support, listen and provide self-help guides or support directories to those experiencing stress, anxiety, depression or emotional difficulties. Activities during World Mental Health Day helped raise awareness and remove the stigma around mental health issues. Employees were also encouraged to team up with coworkers for Quiz Time or Tea and Talk sessions to promote team bonding.



### Nutrition

During Move to Smooth Day, employees pedaled a smoothie bike to run a blender and make their favorite smoothies. Working with the popular weight loss program Slimming World, the cafeteria team offered new lunch choices and caloric information for grab-and-go options. Pop Up Chefs served noodles and omelets with fresh, local ingredients.



### Balance

Employees donated home-baked desserts for the Macmillan Cancer Support Coffee Morning event. To reduce waste and balance the environment, employees paid a 20 pence cup tax for using disposable cups. To support the vulnerable in their community, employees established a food hub run by volunteers based on a "give what you can, take what you need" philosophy.

In France, employees flex their muscles during twice-a-week muscle strengthening sessions online. In Poland and the United Kingdom, employees join 30-minute mindfulness meditation sessions run by a professional coach to support mental health. "In this period when we are working longer and harder from home, it is extremely important that we take care of our own mental health and clear our mind frequently," said Nicky Burmester, Vice President, Human Resources, Europe and Africa.



driving wellness.



# Labor Relations

Our talented teams are pros at just-in-time manufacturing and product management with a well-earned reputation for excellence. Collaboration and teamwork are central to our culture. Through **Together We Win**, union and nonunion employees work collaboratively to improve efficiency, safety and quality every day. We share ideas, best practices and solutions across plants, regions and the globe.

As champions of human rights and fair labor practices, we respect our employees' right to freedom of association and satisfy all labor laws and regulations. Responsibility for labor relations begins with senior leadership and continues to the site level where we meet regularly with bargaining representatives to discuss topics critical to our shared success.

Common labor discussion topics include safety, working conditions, employee engagement results, the state of the industry and new business awards, business transfer plans, performance relative to targets, implementation of technology in support of Industry 4.0, regional labor requests, and labor and management issue resolution, among others. These forums also provide opportunities for employees to report issues and concerns.

**~82,500** employees globally are covered by labor agreements



## Self-Directed Work Teams

In cooperation with our labor union partners, Lear has established Self-Directed Work Teams at six sites around the globe. The autonomous work environment concept allows employees with different skills to work together with minimal managerial supervision. With team members rotating positions to perform all the jobs of the team, work becomes less task-oriented and more multi-dimensional. Team members improve their own work processes, collaborate with other departments, set goals and manage performance. A fundamental rethinking and redesign of business processes, Self-Directed Work Teams help provide clear strategy alignment throughout all levels of the organization and have resulted in increased employee ownership and engagement, process improvements, innovation, achievement of key operating objectives, and job satisfaction.



# Human Rights

We believe the best way to deliver the highest quality products and services is to maintain a work environment that fosters collaboration, interaction, tolerance and respect. As champions of human rights, we strengthened our **Human Rights Policy** to clearly define how we approach, govern and defend the dignity of people throughout our operations, the communities in which we operate, and our global supply chain.

Our policy is guided by the **UN Global Compact**, its **Ten Principles** and **Sustainable Development Goals**, as well as the **1998 ILO Declaration on Fundamental Principles and Rights at Work**. Under our policy, we:

## Reporting Concerns

Through Lear's **Compliance and Ethics Hotline**, employees, suppliers and business partners can anonymously report concerns in their language via a toll-free phone call, email, online website or regular mail. In addition, we monitor our operations, partners and suppliers for potential violations and act if violations occur, up to and including termination of employment or contract.



### Respect 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.



### Encourage Workforce Diversity, Equity and Inclusion

We provide all employees with a professional work environment, free from discrimination and harassment. As described in our **Equal Employment Opportunity Policy**, fair and equal employment opportunity is offered to every person. All hiring, compensation and promotion decisions are based on qualifications, performance, skills and experience.



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

We prohibit child labor in any of our facilities worldwide and meet all applicable laws regarding minimum employment age where we conduct business. 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.



### Treat Employees with Dignity and Respect

As described in our Harassment Free Workplace Policy, we do not tolerate harassment, discrimination, workplace violence, or physically, mentally or emotionally abusive disciplinary practices. We take appropriate corrective action to any unacceptable treatment or retaliation.



### Provide 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, as well as 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, provide a safe and healthy work environment, and shared our **Safe Work Playbook** to help businesses and government return to work safely during the pandemic.



### Allow 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. 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 stated in our **Supplier Sustainability Policy**, we expect our suppliers to respect their employees' right to freedom of association.



### Source Responsibly

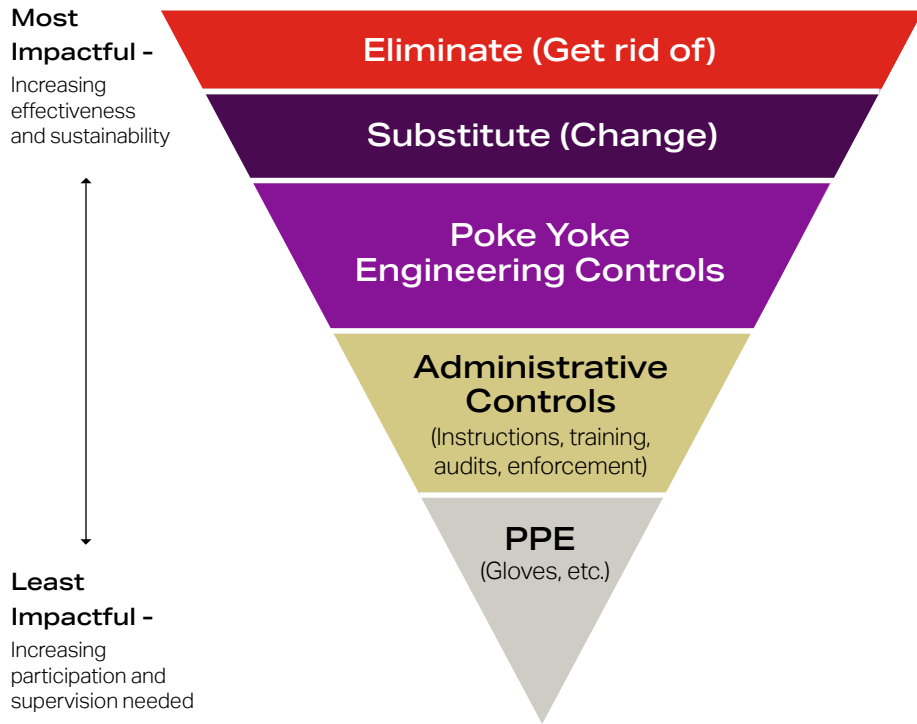
We ensure that materials used in our products do not directly or indirectly provide funding to conflicts or human rights abuses. We endeavor to use only components with raw materials where extraction, transport, trade, processing and export are obtained from validated sources as a matter of principle, 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.

# Employee Safety

Safety is one of the three pillars in our global Environmental, Health, Safety and Sustainability (EHS&S) culture. Each is interdependent, relying on a One Lear approach and continuous improvement to drive world class EHS&S outcomes, including operational excellence, reduced environmental impact and a healthier, hazard-free work environment.



Safety is always a top priority. To manage the most and least effective safety methods, Lear has developed an EHS&S Hierarchy of Controls.



## Safety Certifications

Lear's global safety management system is compliant with ISO 45001, its standards and processes, including hazard identification, risk management, emergency preparedness, health and safety reporting, audits and more.

11% of Lear's facilities are ISO 45001 certified. We intend to expand the ISO 45001 Occupational Health and Safety Management System certification to all plants by 2025.





## Key Safety Statistics

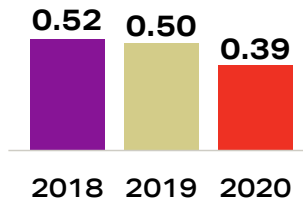
Our safety efforts apply to everyone on our property, from employees and contractors to visitors, customers, suppliers and students.

**819,000** hours of safety training in 2020

**386,000** hours of COVID-19 safety training in 2020

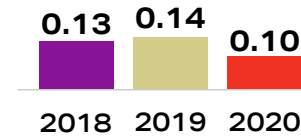
### Total Recordable Injury/Illness Rates (TRIR)

2018 - 2020



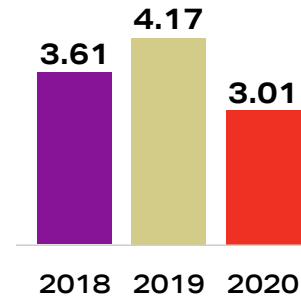
### Lost Time Injury/Illness Rates (LTIR)

2018 - 2020



### Lost Time Injury/Illness Severity Rates

2018 - 2020



Work Days Lost x 200,000 hours worked

- The **Total Recordable Injury/Illness Rate (TRIR)** calculates the number of recordable incidents per 100 people.
- The **Lost Time Injury/Illness Rate (LTIR)** is the number of lost time injuries per 200,000 hours worked.
- The **TRIR, LTIR and fatality rates** include Lear employees and contract employees, whom Lear values equally.
- Occupational diseases are not prevalent within our company.

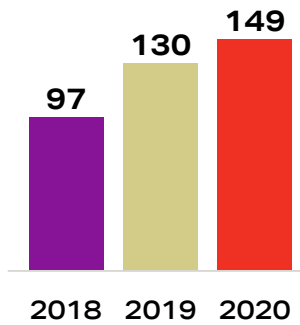


Lear had

**0 fatalities** in 2018 - 2020

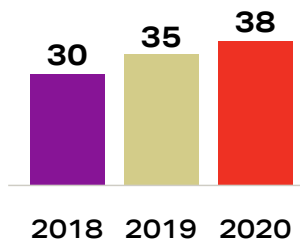
### Facilities with 0 Recordable Injuries

2018 - 2020



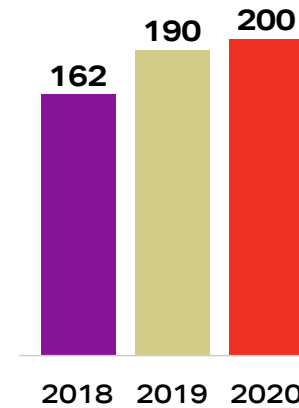
### Facilities that Achieved 1 Million Hours without a Recordable Injury

2018 - 2020



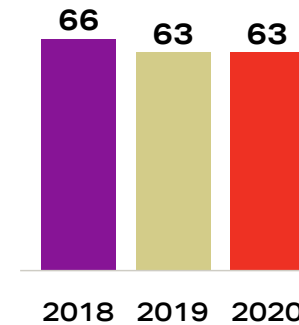
### Facilities with 0 Lost Time Injury/Illness Cases

2018 - 2020



### Facilities that Achieved 1 Million Hours with 0 Lost Time Injury/Illness Cases

2018 - 2020



## We Work Safely

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.



## 1,000 Days Accident Free

### CHINA

Committed to zero harm, zero accidents and zero infections, the Wuhan Seating structures team logged more than 1,000 days without a lost time incident. Each work area is responsible for its own safety, including area self-checks and risk assessments. Top management is also involved in safety management, audits, talks and activities.

## Getting Everyone Involved in Safety

### SPAIN

The best way to promote a global safety culture is to get everyone in every department involved. Daily 3-minute safety meetings on every line at every shift, 2,500+ hours of safety training, 600+ safety audits, 4 Kaizen ergonomic events, 350+ safety-related suggestions and actions reduced accident risks and created a culture centered on safety in our operations in Spain.

## Years of Safety and No Accidents

### MEXICO

Employees in the Saltillo Seating Structures plant celebrated five years without a lost time injury, while employees in Ramos 1 Plant 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 1.

## 10 Million Hours. 0 Accidents.

### THAILAND

For their outstanding achievement, the 650 employees at our plant in Bangkok 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.





# Quality Products

Our highly trained professionals have built Lear's outstanding reputation by delivering billions of top-quality products every year. They deploy an array of quality management tools, processes and systems with constant attention to detail.

**156,000** active part numbers

**43M** seats with **555M** components shipped in 2020

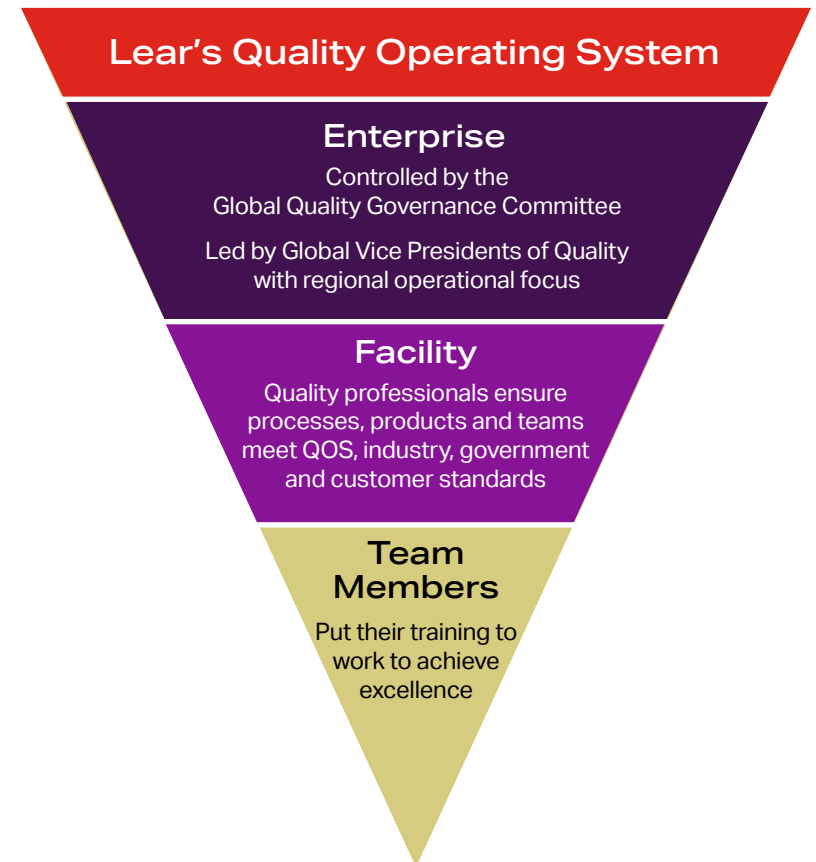
**~15B** E-Systems components shipped in 2020

**100%** of eligible sites are IATF16949/ISO 9001 certified\*

\* IATF is an automotive standard. It excludes non-automotive sites, non-manufacturing facilities and sites in operation for less than 12 months

## Lear's Quality Operating System

Our quality efforts are outlined in the Lear Quality Operating System (QOS). Accessible to every employee, our QOS is controlled at the enterprise level for consistency, deployed by quality professionals at every facility around the world and used by production team members to ensure the highest quality products are delivered on time to our customers every day.



## Training

To continuously improve, we constantly learn. Lear offers our employees interactive and/or self-paced training in:

- Quality and problem-solving tools such as Ishikawa, 5W/2H, descriptive statistics, 3-legged 5-why, fault tree, SPC and is/is not
- Global quality procedures
- Supplier quality tracking
- Product-specific requirements
- Customer system requirements
- Warranty tracking and reporting methods
- Quality documentation standards

Our online portal is also available to all team members and contains our global procedures and process descriptions, Global System Policy Manual, the Quality Professional's Handbook and the Supplier Quality Handbook.

**21,000+** hours of quality training in 2020

**100%** of quality professionals certified in QOS, including customer-specific requirements



## Champions of Lear

### GLOBAL QUALITY AWARDS

At Lear, we encourage our operational teams to reach for greatness, share best practices and achieve operational excellence. Every year, our Global Quality Awards are presented to one plant in each of our business units. The winning plants exemplify product, process and systems execution with performance metrics that meet customer quality expectations while maintaining Lear's QOS.

This year's winners and finalists optimized productivity, completed thousands of training hours, collected hundreds of new ideas, shared scores of best practices, achieved flawless launches and earned awards from our customers, such as the:

- JD Power Award
- 3rd GM Supplier Excellence Award
- Ford Q1 Gold Level rating
- Best-in-class 0.8 RPPM

## Supplier Quality Performance

To confirm and audit supplier performance, Lear follows AIAG and Verband der Automobilindustrie (VDA) Standards. The certification process includes our total manufacturing execution controls and processes, as well as Lear's management of Tier 2 and Tier 3 suppliers. We work with our suppliers in many ways, including:

- As part of Lear's annual review process, outlined in the **Global Requirements Manual and Code of Conduct for Suppliers**, our supply partners must recertify their products once a year.
- Lear's requirement that suppliers are IATF 16949 certified includes annual recertification through surveillance or recertification audits conducted at the supplier's site by an accredited third party.
- We meet with our core suppliers each quarter to assess their scorecards, quality, innovation, future business opportunities, ESG and other strategic partnership opportunities.
- Our Central and Regional Supplier Management Teams 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 compliance.
- Lear's Quality Management Teams 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.

Lear more about how Lear manages and monitors our extensive **global supply chain**.



### In 2020, Lear received numerous quality awards from our customers:

- Dongfeng Liuzhou Motors Supplier Excellence Awards – China
- Dongfeng Nissan Volume Production Quality Award – China
- Dongfeng Passenger Vehicle Excellent Supplier (Best 10 Suppliers) – China
- FCA SuPer Awards Gold Supplier – Brazil
- Ford Craiova Engine Plant Best Managed Companies – Serbia
- Ford Excellent Supplier Award – China
- GAC FCA Excellent Delivery Award – China
- GM Oldest Suppliers in Mexico – 57 Years
- GM Supplier of the Year – Seating
- GM Supplier Quality Excellence Award – India (2 years in a row)
- GM Supplier Quality Excellence Award – Thailand
- Honda Gold Supplier Award – India
- Indian Society for Quality First Runner Up Award with Mahindra
- J.D. Power Seat Quality Awards
- Mercedes Benz Supplier Performance Excellence Award – Thailand
- NEAA Innovation Award and Manufacturing Excellence Award – United Kingdom
- Nissan Best Safe Launch for L21B (Sentra) – Mexico
- Nissan Motor Co., Ltd. NQA Award – China
- PSA Quality Systems Basics+ Award – France
- Quality Circle Excellent Award in Kaizen – India
- Renault Customer Appreciation Award – India
- SGM Supplier of the Year – China
- Volvo Cars Quality Excellence (VQE) Award – China



# Product Safety and Compliance

Lear's product safety processes comply with our global customer requirements and applicable regulations.

## Product Safety

Our global Potential Product Issue Resolution Process (PPIRP) identifies critical issues that impact the performance of a salable product. In the event that any team member has a concern with a potential product performance issue, our process requires that a PPIRP be initiated. Using the PPIRP portal on Lear's intranet, employees can log in and create, view or modify issues depending on access level. Appropriate quality, engineering and other cross-functional resources are then assigned to review and address the concern. An automatic escalation mechanism is built into the process in the event issues are not addressed in a timely manner. Significant concerns are directed to Lear's Global Product Compliance and Safety Committees for review and appropriate action.

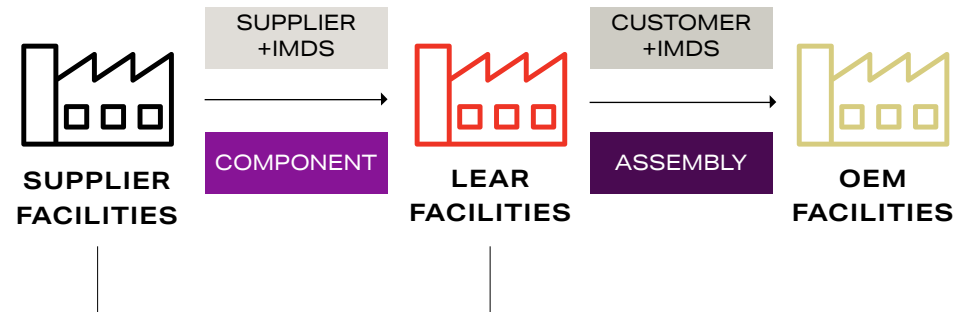
**215** PPIRPs initiated in 2020

**100%** corrective actions in place

**92%** closed as of December 2020

## Chemical Risk Management

Our program management teams comply with all product regulations and material reporting requirements, including completing production part approval processes (PPAP), using the International Material Data System (IMDS) to disclose the content of every product and reporting the analysis of chemical content from the supply chain to our customers. In addition, 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.



Lear requires suppliers to:

- Complete PPAP
- Disclose IMDS data

All Lear facilities:

- Complete PPAP
- Disclose IMDS data
- Ensure compliance with customer and legal product specifications
- Adhere to the GADSL-related material content
- Eliminate SOC's from new products



WE GET RESULTS THE RIGHT WAY

# Governance

# Highlights



## Experienced and diverse Board and management team

**45%** of Board members are **diverse** by race and/or gender in 2020

**125+** collective years of experience in the automotive industry



## Employees uphold our Code

**95%** know our expectations for **ethical behavior\***

**91%** feel a **personal responsibility** to act **ethically\***

 **39,800** hours of compliance training in 2019 and 2020

*\*Of employees surveyed in 2020*



## Cybersecurity protects our products, customers and enterprise

**In-house** security designed into our components

**2,400+** email-based cyberattacks prevented by employees in 2020

**8B** estimated cyberthreats blocked in 2020



## Partnering with suppliers

**3,000+** production suppliers globally

**100%** required to comply with our Supplier Sustainability Policy

**100%** of global production suppliers to be assessed against sustainability criteria by the end of 2022



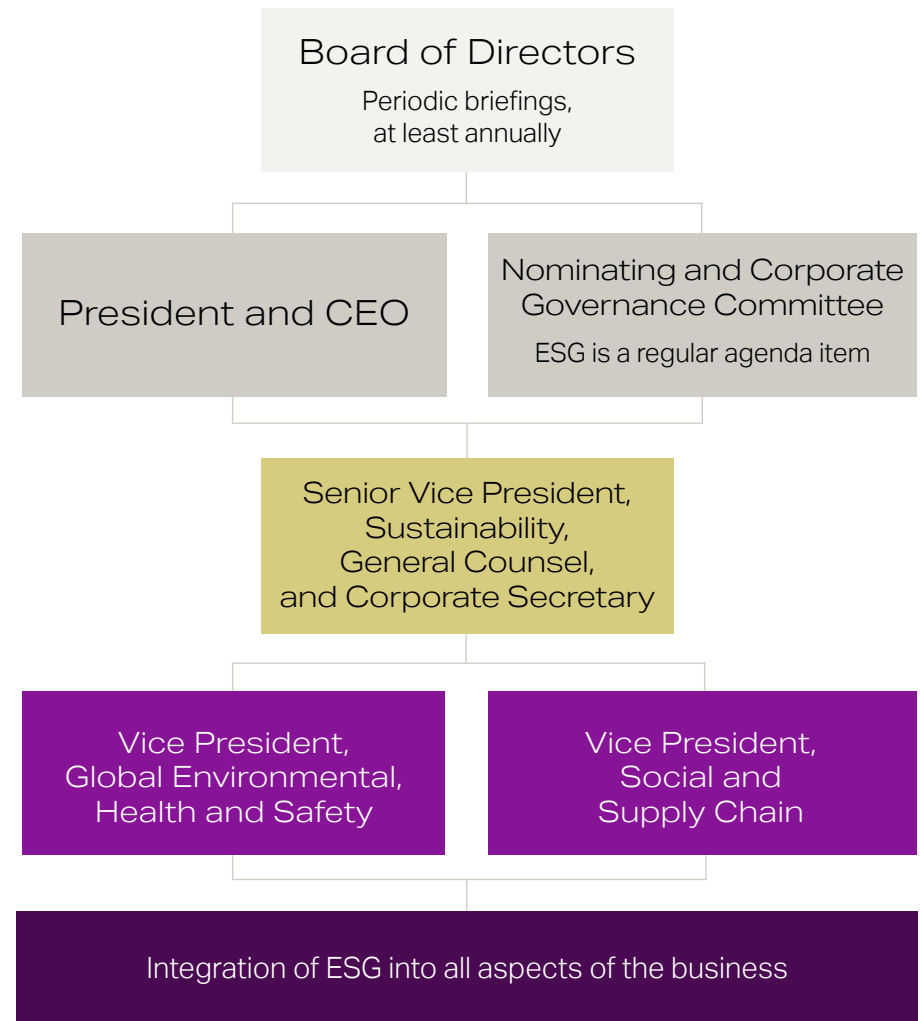
# Environmental, Social and Governance Oversight

As the automotive industry evolves, ESG issues have become even more significant, not only for Lear but for our customers, shareholders and other stakeholders. Consistent with our vision of Making every drive better™, we work to ensure that our passion for our business is also channeled into creating possibilities for a better world.

As part of our ESG initiatives, we are committed to safety in our workplaces, sustainability in our operations and products, and supporting our people in the communities where we do business. We expect our more than 3,000 production suppliers to share our commitment to corporate responsibility and ethical conduct.

Our commitment to ESG, operational excellence and transparency is monitored by our Board of Directors through the Nominating and Corporate Governance Committee and senior leadership. To better integrate sustainability throughout our enterprise, Lear has added specific ESG responsibilities to senior management across global functions. In addition, Lear has also established processes requiring formal sustainability considerations within our product strategies, including design and content.

Our ESG efforts are supported by a talent management strategy focused on leadership development, employee engagement and the continuous improvement of our EHS management systems, as well as programs and operations to enhance performance and teamwork. We value transparency and are working to align our reporting and disclosures to the standards for the Global Reporting Initiative, the Sustainability Accounting Standards Board and the Task Force on Climate-Related Financial Disclosures.



## Executive Compensation

To support long-term value creation, our strong pay-for-performance philosophy aligns our executive compensation programs with the Company's business strategy and shareholders' interests. It is also essential to our ability to attract, retain and motivate individuals who can achieve superior financial results.

**97%** of stockholders supported our executive compensation program and practices in 2020

A significant majority of the total compensation earned by our named executive officers consists of variable or performance-based compensation programs, such as annual and long-term incentive plans. Our executive compensation programs:

### Align with Our Business Strategy

Our incentive plan performance measures are aligned with our business strategy, correlate with stockholder return and are generally consistent with our peers.

### Include a High Percentage of Performance-Based Pay

All of the annual incentives and 60% of the long-term incentives offered to our named executive officers in 2020 were determined based on the achievement of specific performance measures.

### Offer a Balanced Mix of Performance Measures

Multiple financial performance measures and stock price based awards, such as stock options and total shareholder return, are assessed over one- and three-year periods.

### Require Equity Retention

Until an executive satisfies the applicable stock ownership guidelines, he or she must hold 50% of the net shares acquired upon the vesting of equity awards.

## Incorporate Robust Stock Ownership Rules

Management stock ownership guidelines are applicable to all executive officers, including our named executive officers. The stock ownership guideline for our CEO is six times his annual base salary.

## Include Holding Periods for Career Shares

As part of our long-term incentive package, the CEO and certain executives traditionally receive awards of time-based career shares. The units underlying the career shares must be held until the earlier of age 62 or three years after retirement. In 2020, rather than receiving time-based career shares, the CEO and certain executives received performance-based career shares, which are 100% performance-based and consist of equally weighted performance goals of total liquidity, backlog and relative total shareholder return. Distribution terms are consistent with prior awards.

## Recover Excess Compensation with a Clawback Provision

If we are required to prepare an accounting restatement due to any current or former executive officer's intentional misconduct, we will recover any excess incentive compensation.

## Are Reviewed Annually

Every year, we perform a risk assessment, compare key elements of our executive compensation programs with market practices and emerging trends, and consider our business strategy and talent needs. Our Compensation Committee also engages an independent compensation consultant.

Lear prohibits officers and directors from hedging transactions involving company stock or pledging company stock as collateral for loans. None of the employment agreements with our executive officers contains an excise tax gross-up provision.

Upon a change in control, all equity awards are subject to "double-trigger" vesting, which protects our employees and helps ensure an orderly leadership transition. In addition, our executives are not eligible to receive severance benefits solely upon a change in control. This is intended to ensure that members of senior management are not influenced by their personal situations but are able to maintain objectivity in evaluating a potential change in control transaction.

# Corporate Governance

## Board Structure

Elected by our shareholders and led by an independent, non-executive chairman, Lear's Board of Directors provides guidance, helps develop and implement our strategic plan, manages risk and builds long-term shareholder value. All directors are independent, except our president and chief executive officer. The duties of our directors are stated in our [Corporate Governance Guidelines](#).

To promote the interests of our shareholders, the Board has adopted governance structures and policies, including:

- Annual election of directors
- Majority voting standard with a director resignation policy for uncontested elections
- Robust stock ownership guidelines
- Annual Board and committee self-evaluations

The Board and its committees meet throughout the year to provide strategic leadership and guidance to the management team. Our Board has three standing committees.

### Audit

Financial, compliance, cybersecurity and risk management oversight

### Compensation

Compensation oversight

### Nominating and Corporate Governance

Governance, ethics and [ESG oversight](#)

See our [2020 Proxy Statement](#) for more detailed information.

11 members

10 independent directors

45% women and/or minorities

100% of directors elected annually

63 years average age

7 years average tenure

*\*Based on 2020 Board of Directors composition*



## Our Board of Directors



**Gregory C. Smith**

**Non-Executive Chairman,  
Board of Directors**

Principal, Greg C. Smith, LLC  
Former Vice Chairman, Ford Motor Company  
NACD Board Leadership Fellow



**Thomas P. Capo\***

**Chairman, Compensation Committee  
Member, Audit Committee  
Director**

Former Chairman, Dollar Thrifty Automotive Group, Inc.  
Former Senior Vice President and Treasurer,  
DaimlerChrysler Corporation



**Jonathan F. Foster**

**Chairman, Audit Committee  
Member, Nominating and Corporate  
Governance Committee  
Director**

Managing Director, Current Capital Partners  
Former Managing Director and Co-Head,  
Diversified Industrials and Services, Wachovia Securities



**Kathleen Ligocki**

**Chairman, Nominating and Corporate  
Governance Committee  
Member, Compensation Committee  
Director**

Former Operating Partner,  
Kleiner Perkins Caufield & Byers,  
Former Chief Executive Officer, Agility Fuel Solutions,  
Former Chief Executive Officer, Tower Automotive

*\*Director Thomas P. Capo will retire from Lear's Board of Directors in May 2021*

## Our Board of Directors



**Mei-Wei Cheng**

**Member, Audit Committee**  
**Member, Compensation Committee**  
**Director**

Former Chief Executive Officer,  
Siemens North East Asia,  
Former Chairman and Chief Executive Officer,  
Ford Motor (China) Ltd.



**Dr. Mary Lou Jepsen**

**Member, Compensation Committee**  
**Member, Nominating and Corporate**  
**Governance Committee**  
**Director**

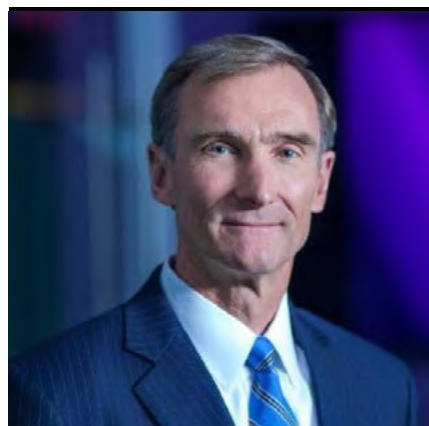
Founder, Openwater  
Former Executive Director of Engineering,  
Facebook, Inc.,  
Former Head of Display Division, Google, Inc.  
Named "One of the 100 Most Influential People in the  
World" by *Time Magazine*



**Bradley M. Halverson**

**Member, Audit Committee**  
**Director**

Former Group President and Chief Financial Officer,  
Caterpillar Inc.



**Roger A. Krone**

**Member, Nominating and Corporate**  
**Governance Committee**  
**Director**

Chairman and Chief Executive Officer,  
Leidos Holdings, Inc.



# Our Board of Directors



**Patricia L. Lewis**  
**Member, Compensation Committee**  
**Director**  
  
Executive Vice President and Chief Human Resources Officer, UnitedHealth Group



**Ray Scott**  
**President, Chief Executive Officer**  
**Director**  
  
32 years of automotive industry experience



**Justice Conrad L. Mallett, Jr.**  
**Member, Audit Committee**  
**Member, Nominating and Corporate Governance Committee**  
**Director**  
  
Deputy Mayor of the City of Detroit  
Former Chief Administrative Officer, Detroit Medical Center,  
Former Chief Executive Officer, Sinai-Grace Hospital,  
Former Chief Justice of the Michigan Supreme Court





## Director Skills Matrix

Our diverse Board of Directors offers a broad range of business experience, knowledge and skills to guide Lear. Below is a representative sample.\*

Category	Profile / Skills	Mei-Wei Cheng	Jon Foster	Brad Halverson	Mary Lou Jepsen	Roger Krone	Patricia Lewis	Kathleen Ligocki	Conrad Mallett	Ray Scott	Greg Smith
Demographics	Woman				•		•	•			
	African-American / Black						•		•		
	Pan-Asian	•									
	Non-U.S. Resident	•									
	LGBTQ						•				
Skills / Experience	CEO / Large Business Head	•	•	•	•	•		•	•	•	•
	CFO / Treasurer / Fin. Serv. Exec.		•	•							•
	Auto Industry	•	•			•		•		•	•
	Technology	•			•	•	•	•		•	•
	Strategy	•	•	•	•	•		•	•	•	•
	Finance	•	•	•		•		•	•		•
	Commercial / Marketing	•			•			•	•	•	•
	Operations	•			•	•	•	•	•	•	•
	Human Capital Management	•		•	•	•	•	•	•	•	•
	Legal / Governmental	•	•			•			•		
	Environmental, Social, Governance	•	•	•	•	•	•	•	•	•	•
	International	•	•	•	•	•	•	•		•	•

\*Director Thomas P. Capo will retire from Lear's Board of Directors in May 2021



## Risk Management

Using our Enterprise Risk Management Process, our Board of Directors and senior leadership identify, assess and manage key risks that may impact our ability to achieve our strategic objectives. Lear's management continually monitors the material risks facing the company and works with risk owners to identify and implement mitigating actions. With the assistance of its Committees, the Board of Directors oversees management actions by:

- Evaluating management reports and inquiring into areas of particular interest
- Reviewing material strategic, operational, financial, compensation, compliance and ESG risks
- Considering specific risk topics in connection with strategic planning and other matters
- Directing risk oversight and related activities conducted by Board Committees through reports of the Committee chairmen to the Board





## Stakeholder Engagement

Invested in our industry and our company's success, Lear's stakeholders include our employees, global supply partners, customers, local communities, investors and analysts, **industry associations**, academia, and government and non-government organizations (NGOs).

In addition to presenting our business strategy and ESG efforts, 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.

## Investor Engagement

Members of Lear's senior management team engage with investors regularly through conferences, small group meetings and one-on-one meetings. In 2020, our management team held Corporate Governance Roadshows for current and potential investors to highlight Lear's ESG activities.

## Political Contributions and Lobbying

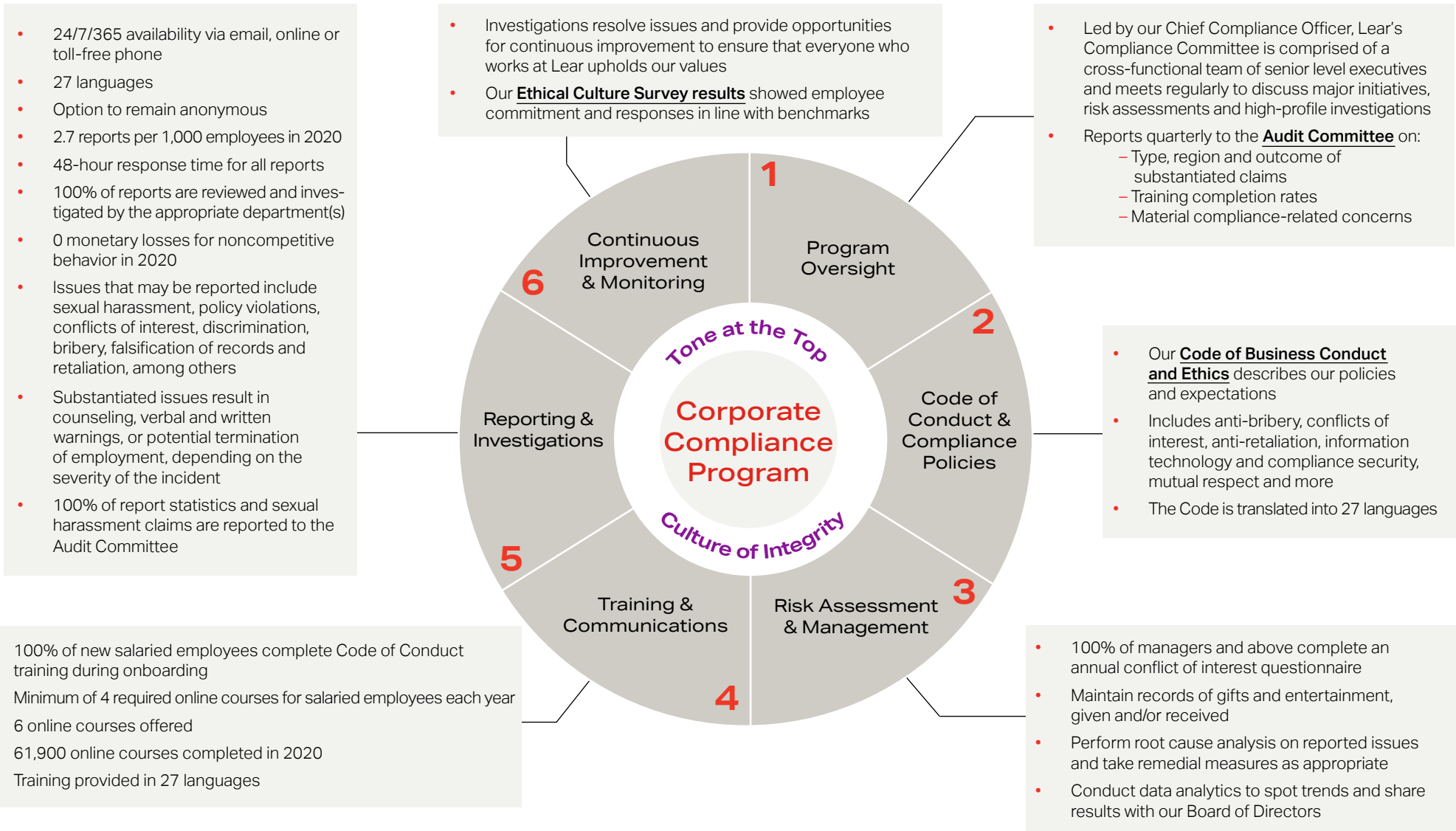
Our **Code of Business Conduct and Ethics** prohibits making any political contributions in the name of the company or using Lear funds, assets, services or facilities without the approval of our Board of Directors. We have not made any political contributions in the past five years.

Lear does not have a political action committee (PAC) and has not engaged any third parties to perform political lobbying activities on our behalf. However, we are members of trade associations that may engage in advocacy efforts on behalf of the automotive industry or automotive suppliers in general.



# Ethics and Compliance

Lear's Ethics and Compliance Program strives to support a culture of integrity, where employees feel encouraged and empowered to do the right thing. We set the tone from the top, provide regular training and offer employees multiple channels to ask questions or report concerns.



## Ethical Culture Survey

With the assistance of a third party, Lear conducted a survey of more than 8,700 global salaried employees to assess our company's ethical culture in 2020. Our results were in line with the assessor's historical benchmarks for every category.



**95%** know our core values and expectations for ethical behavior

**5,000+** comments and suggestions received

**95%** know how to report ethical concerns

**93%** of those who reported concerns to a Lear compliance representative were highly satisfied with the reporting process

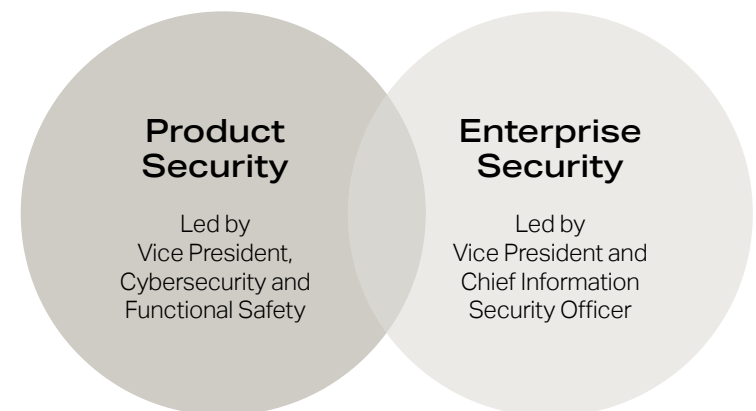
**83%** say their manager is a role model of ethical behavior



## Data and Cybersecurity

In the past two decades, cybersecurity has become a billion-dollar business for professional criminals. Just recently, the U.S. Federal Bureau of Investigation (FBI) warned businesses specifically about the threat of high-impact ransomware attacks, while daily headlines herald 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 critical vehicle systems.

Lear has diligently invested in product security as well as the necessary processes and people involved in making our products. For example, sophisticated cybersecurity technology protects Lear's vehicle gateway modules, which make up the electronic heart of 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 in-house cybersecurity experts are directly involved in the design of components and overall systems. 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 life cycle, 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 follows our cybersecurity process, utilizes the appropriate tools to recognize any problems and fixes 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, Cybersecurity and Functional Safety



## 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, EV charging 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. This technology has also been awarded multiple patents, including applications to market and commerce. A-LIGN, an independent accredited management systems certification body, has certified Xevo Market™ based on security, availability, processing integrity, confidentiality and privacy.

## 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 life cycle 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.

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 life cycle, threat monitoring, training, risk management, governance, collaboration with third parties and incident response. Lear's approach establishes:

- Security protocols integrated throughout the product development life cycle
- 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



# Lear's Cybersecurity Scope

## Protect Computing Platform

1. Secure microcontroller
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 life cycle

## Development Process

1. Secure development process
2. Threat analysis & penetration testing
3. Industry standards (ISO 21434 and TISAX)

## Secure Internal & External Communications

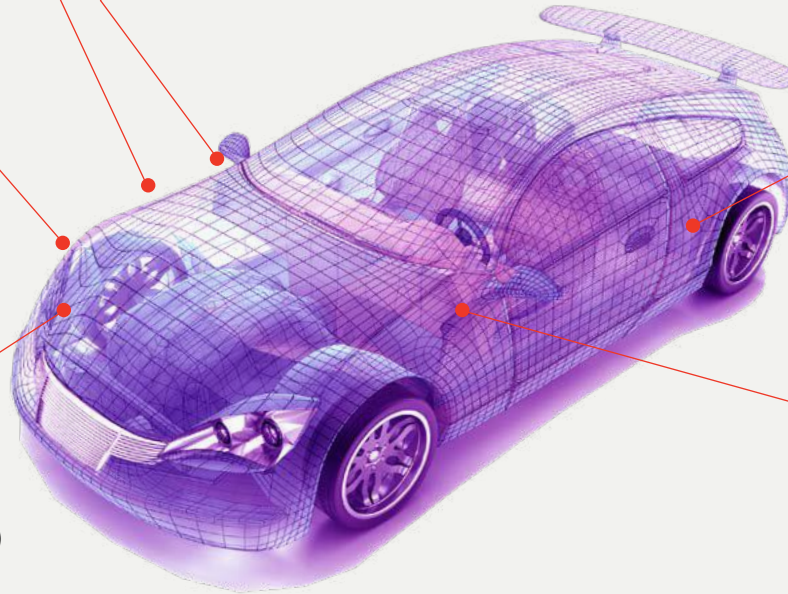
1. Block access to vehicle networks (firewall)
2. Isolate security sensitive electronic control units (ECUs) via gateway
3. Authenticate and/or encrypt communications

## 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





## 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 login 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

35+ InfoSec team members, many of whom possess industry-leading certifications like CISSP and Certified Ethical Hacker

In-house production of employee education and awareness articles

986 original posts on security awareness Yammer group (internal social media)

140 Lear sites participated in Security Action Month 2020 (global events, activities and educational resources provided throughout October)

## Process

Alignment with ISO 27001 standard global frameworks

Numerous internal and external assessments and audits

Annual penetration tests

Self-phishing simulations and assessments

Coding standards

## Technology

Industry-leading suite of technology

Constant market scans for new capabilities

Rationalization of technology (utilization, alignment, inter-operability)

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.

## A Snapshot of Cyberattacks on Lear in 2020 Alone



### FIREWALL

**7,957,775,391** illegal intrusions on the Lear network blocked



### ANTIVIRUS

**112,421,403** individual malware attempts blocked



### PROXY (Website Filter)

**37,789,179** cyberattack websites blocked



### MULTIFACTOR AUTHENTICATION

**68,162** non-Lear login attempts blocked

### LEAR SECURITY AWARENESS & TRAINING

**2,454** verified cyberattack emails reported

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





## Supplier Sustainability

One of Lear's core competencies is managing our complex global supply chain of more than 3,000 production suppliers. We work hard to carefully select our suppliers and develop long-term collaborative relationships for our mutual success. We continuously evaluate supplier quality, delivery and price, as well as supplier governance, human rights and sustainable business practices. Now we are taking the next steps, as discussed in the following pages.



Supporting supplier sustainability is good for the entire value chain, from the economic health of our company, customers and investors to protecting the rights of the many employees who work at Lear and throughout the supply chain to the families, consumers and local economies that depend on us."

**RON BOYER**

Vice President, Social and Supply Chain Sustainability



## Assessing & Monitoring ESG Risks in the Supply Chain

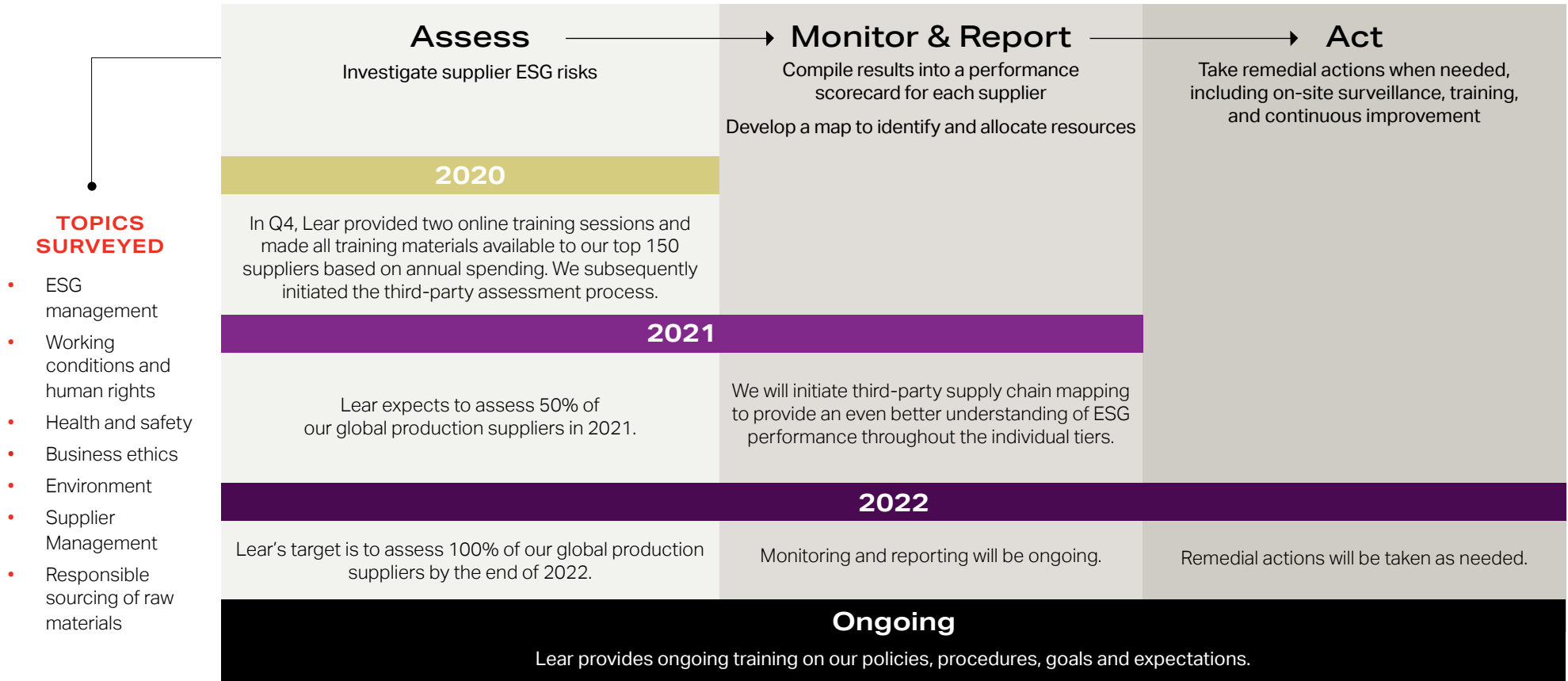
Recently, Lear engaged NQC Ltd., a global third-party supply chain sustainability management firm, to map, assess and monitor direct and extended supply chain risks related to ESG, including human rights. Launched in Q4 2020, the program will be rolled out globally in 2021.

Lear worked with internal and external stakeholders to develop a questionnaire to identify and address industry-specific sustainability risks. We will supplement this by engaging the supply base directly for on-site reviews as needed once borders are open and travel is permissible.

Over time, Lear's suppliers will be scored based on the quality of their

sustainable business practices. The cumulative scores will help us build a supply chain map that will allow Lear to more appropriately identify and prioritize resources toward our most salient risks. We intend to share qualitative and quantitative data in an upcoming sustainability report.

Suppliers that do not achieve a satisfactory score will be required to take remedial actions, potentially including on-site surveillance by Lear or our designate. We will do everything in our power to ascertain and correct the situation through education, increased on-site monitoring and impact assessments with individual workers. With guidance from international standards and global advocates for protecting human rights, such as the [UN Guiding Principles on Business and Human Rights](#) and the [Danish Institute for Human Rights](#), Lear will identify best practices and tools to resolve concerns. While our preference is to remedy potential issues with existing suppliers, Lear reserves the right to cancel contracts and switch to a compliant vendor when appropriate remedies cannot be achieved.



# Lear Core Competency: Managing Our Extensive Global Supply Chain

## Qualifying Suppliers

Lear's suppliers must:

- Meet the standards in our **Global Requirements Manual and Code of Conduct for Suppliers** and our **Supplier Sustainability Policy**
- Audit their own suppliers for assurance that they have the same policies and processes in place
- Demonstrate proven production capabilities, finances, quality systems, policies and procedures to consistently produce uniform, quality parts
- Achieve IATF Standard 16949 certification

## Managing Risk

To support our customers' just-in-time production, Lear:

- Obtains multiple component sources and dual validation, where practical
- Requires new or alternative suppliers to demonstrate production capability and obtain written approval before products can be substituted
- Audits supplier facilities for compliance and may terminate the relationship due to any breach of the **Global Requirements Manual and Code of Conduct for Suppliers** or violation of law

## Monitoring

To monitor compliance, Lear:

- Performs regular evaluations and audits including on-site reviews when and where practicable
- Uses proprietary risk management systems and scorecard metrics to identify potential warning signs and risks at an early stage
- Conducts special, intensive reviews when a supplier experiences quality, delivery or other issues

## Resources

Lear's online **Supplier Information Portal** provides our suppliers with these valuable resources:

- **Global Requirements Manual and Code of Conduct for Suppliers** – outlines standards and obligations all suppliers must meet, including our right to audit and assure compliance.
- **Supplier Sustainability Policy** – addresses our expectations and direction on critical ESG topics such as human rights, working conditions, bribery and corruption, environmental, safety, and freedom of association, among others.

## Forced Labor Awareness Campaign

Lear launched a **Forced Labor Awareness Campaign** to educate our global supply chain partners on the risks and warning signs of child labor, forced labor and human trafficking using resources from the International Labour Organization (ILO), including a video dramatizing how people find themselves in forced labor situations.

**3,000+** production suppliers globally

**215** minority-, women- and veteran-owned suppliers

**100%** of production suppliers received access to our **Forced Labor Awareness Campaign**

**100%** of leather suppliers processing hides originating in Brazil are LWG gold or silver rated.

**Numerous** partnerships with **industry associations**

# Responsible Sourcing

## Conflict Minerals

A variety of minerals—such as tin, tungsten, tantalum and gold (also known as 3TG)—are raw materials in certain products from both our Seating and E-Systems businesses. We work to prevent the use of components where the extraction, transport, trade, processing and export of raw materials are obtained from sources where regulations and controls are not validated. For example, Lear:

- Requires suppliers to perform due diligence of their own supply chains and report the content of the parts they provide to Lear
- Discloses the use of conflict materials originating in the Democratic Republic of the Congo and adjoining countries each year
- Uses an active mapping process to ensure we are driving toward conflict-free sourcing of all materials used in our products
- Follows 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)

### A 5 - Step Framework



- Participates in **industry-driven programs**, such as the Responsible Minerals Initiative, which validate industry-wide control systems and transparency, including chain of custody and traceability systems
- Benchmarks our efforts via the 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.
- Conducts continual product material assessments to identify risks beyond conflict minerals (3TG) and has begun assessments and supplier outreach on other critical minerals, such as cobalt

**READ** ▶ Our **Annual Conflict Mineral Report**. Our latest product information is available at <https://www.lear.com/Site/Technology>

To protect the people and environments where we do business—even in places far from our direct supply base—Lear has developed and adopted a **Responsible Materials Sourcing Policy** as well as a **Supplier Sustainability Policy**. We also worked with the AIAG to provide training to the automotive supply chain.

### Lear's 2020 Annual Conflict Minerals Survey

**710** total in-scope suppliers      **91%** response rate



## 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, Italy, Mexico, Spain, the United States and Uruguay. Sourced from a 98% Leather Working Group (LWG) certified supply base and assessed annually by the Business Benchmark on Farm Animal Welfare (BBFAW), our supply chain is required to follow recognized animal welfare guidelines to provide comfortable living conditions, nutritious food, clean water and low stress environments for cattle.

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

**100%** of leather suppliers processing hides originating in Brazil are LWG gold or silver rated.

**100%** of Lear's Brazilian leather suppliers use geofencing to ensure they don't buy animals from farms involved in deforestation, invasion of indigenous and protected areas, or human rights violations.

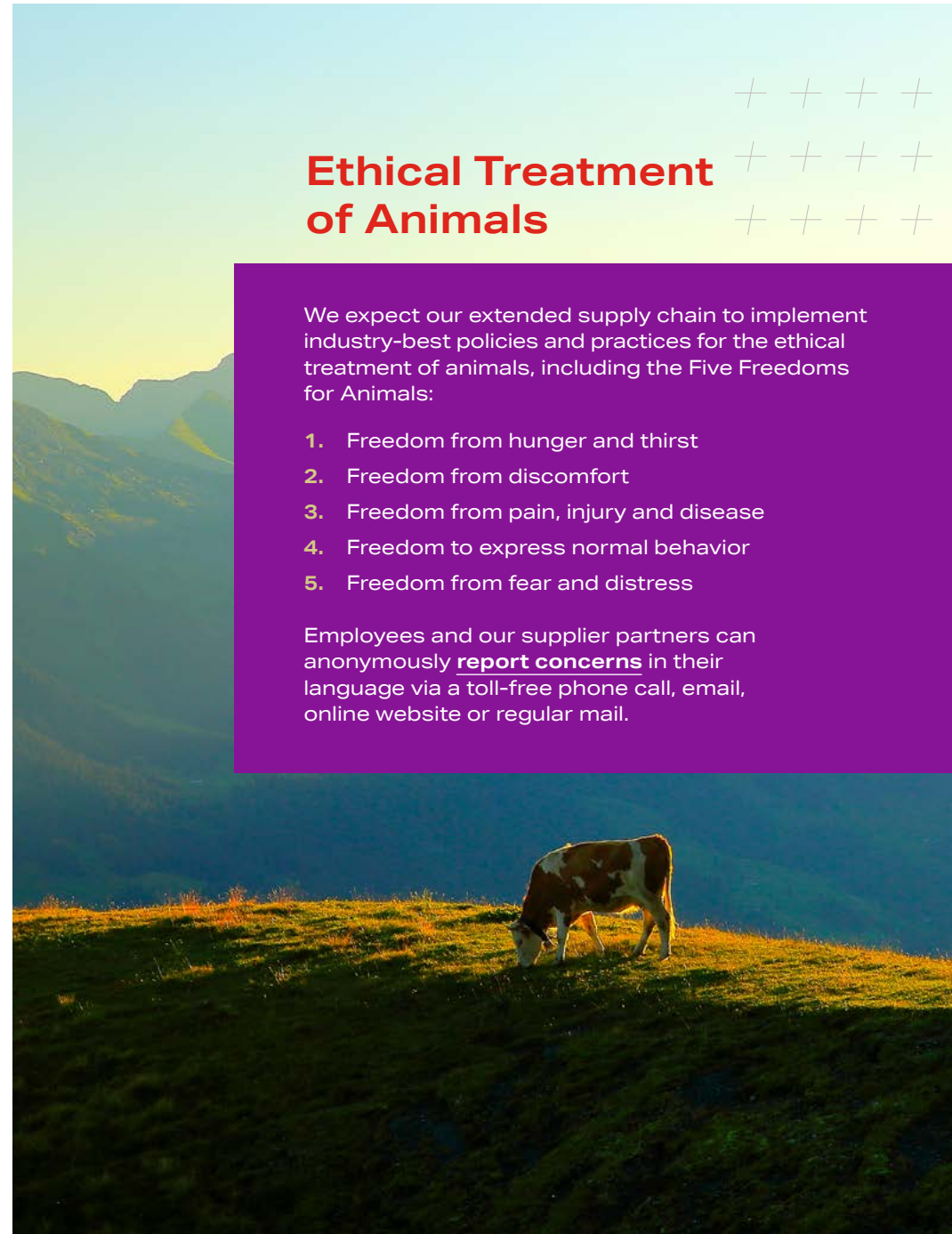
**98%** of our global crust volume is LWG rated, and we expect to achieve 100% by 2022.

## Ethical Treatment of Animals

We expect our extended supply chain to implement industry-best policies and practices for the ethical treatment of animals, including the Five Freedoms for Animals:

1. Freedom from hunger and thirst
2. Freedom from discomfort
3. Freedom from pain, injury and disease
4. Freedom to express normal behavior
5. Freedom from fear and distress

Employees and our supplier partners can anonymously **report concerns** in their language via a toll-free phone call, email, online website or regular mail.







# Appendix



# About This Report

Except where otherwise noted, the data provided in this report covers the fiscal period from January 1 to December 31, 2020, 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 of the world's major automotive manufacturers. We have 251 manufacturing, engineering and administrative locations in 38 countries and are continuing to grow our business in all automotive-producing regions of the world, both organically and through complementary acquisitions.

The GHG emissions and environmental data covers all manufacturing and production facilities within Lear's operational control for calendar year 2020. Any warehouses and offices leased or owned by Lear that are not part of the manufacturing/production facilities are excluded from Lear's organizational boundary for GHG emissions and environmental data reporting. The Lear "Every day, striving for better" 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 106 -110 for an overview of our GRI alignment and complying report content.

This report has not been externally assured. Lear intends to engage a third-party resource to validate our data in the future. Restatements of previously reported information are indicated where necessary throughout the report.

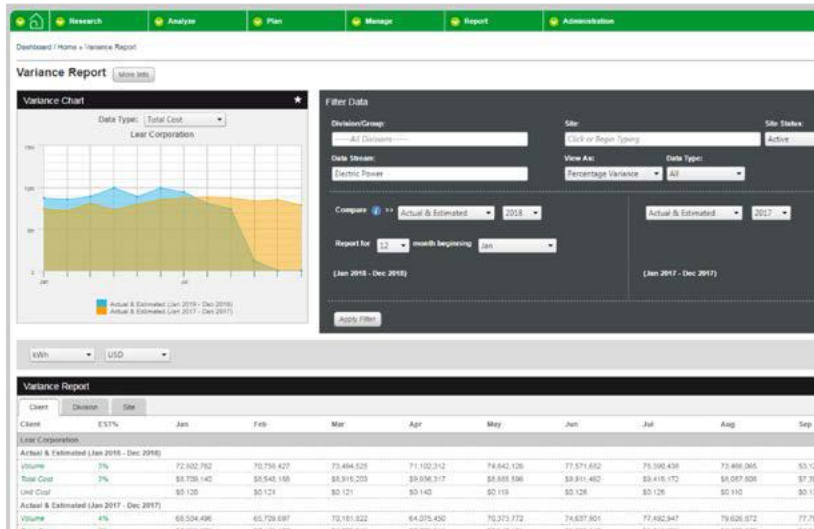
We expect to update this report annually. However, we undertake no obligation to update any statements herein to reflect later developments. This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "will," "may," "designed to," "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 document 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, 2020, and its other Securities and Exchange Commission filings.

**Published date of previous report: 2019 Sustainability Report (November 2020)**

**For questions, please contact Ron Boyer at [rboyer@lear.com](mailto:rboyer@lear.com).**



# Lear's Data Management and Integrity Platforms



**Continuous Improvement Tracking System - CITS**

Projects: OEA-B rev 01 OEA-B rev 02 OEA-B rev 03 Administration Help

You are using Internet Explorer with Compatibility Mode turned on. This may cause the application to not function properly. Click [here](#) for instructions on how to turn off Compatibility Mode.

**Project search filters**

Project ID Title / Problem Statement Project Type Metric Business Segment  
Region Status Plant Name (Limit 10) Originator (Limit 10)  
Project Complete Date Range  
Export to Excel

**Project search results**

Project ID	Plant Name	Business Segment	Title	Problem Statement	Project Type	Metric	Originator	Status	Completed	Attachments
45674	Honduras (Blacon)	E-Systems - Wire	IMS (Sistema de Gestion de Defectos)	Actualmente en plantas de ensamblaje no existe un sistema o data donde se registre el material defectuoso (material prima, ameros, encontrados en alto o cliente final. El registro se hace en una hoja de excel (metodo analogico).	Just Do It		Jorge Sotomayor Rivera Vazquez	In-Process		
45673	Brasil (Pernambuco - JT)	Sealing - JT South America	Protection in rubber to hogging gun	There are many modifications with hogging gun and there is a possibility that tools accidentally bumped in the bench.	Just Do It		Jaime Becerra	Completed	11-07-2018	
45672	Germany (Bosch)	E-Systems - T&Cs	Optimization of scrap buckets	Der Transport der Schneidzylinder im Bereich der Stationen führt aufgrund des Gewichtes und der verschiedenen Statistiken unter den Füllern zur Beschädigung des Fußbodens.	Just Do It		Heinrich Wilmann	In-Process		
45671	Morocco (Rabat)	E-Systems - Wire	Process flow of UCS scan	Using a single box for all UCS feeders can not give traceability and tracking of feeders.	Just Do It		Faycal Boulben	In-Process		

**everyONE.Lear.com**

Continuous Improvement

Everything Lean  
Everything Six Sigma  
Tools Menu  
Lear Internal Project Tracker (LIFT)  
Operational Excellence Assessment (OEA)  
On-Line Improvement Plan (OIP)  
Management Operating System (MOS)  
CI Dictionary  
CI Dictionary (Spanish)  
CI Leader Job Description  
Site Contents

**Continuous Improvement profile**

PEOPLE | QUALITY | MANAGEMENT  
**CUSTOMER FOCUS**  
TEAMWORK  
SUPPORTING COMMUNITIES  
OPERATIONAL EXCELLENCE

Welcome to the Global Continuous Improvement resource site. As you navigate the Internal Project Tracker, as well as links to data bases and repositories of our efficiencies and heighten quality. Our commitment to "Reach for Greatness"

[Open Forum Discussion](#) [Success Stories](#) [MarketPlace](#)

[new discussion](#)  
Recent My discussions Unanswered questions

LEAN SIX SIGMA for TRANSACTIONAL or NON-MANUFACTURING FAK  
By Canabre, Antonia

**Improvement Plan - Main Menu**

Welcome Max, Avatar

[View/Edit Improvement Plan \(select a region below\)](#)

**Global Seating**

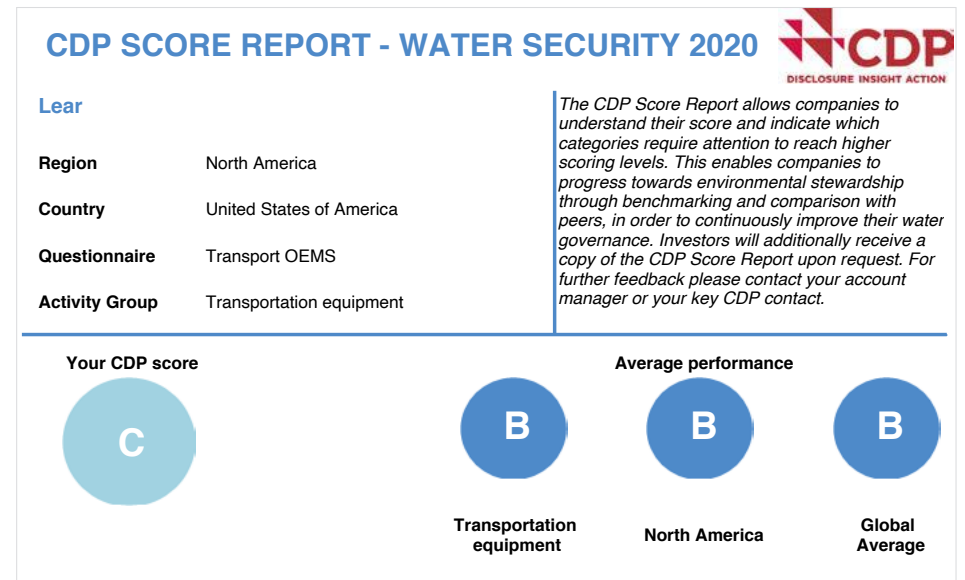
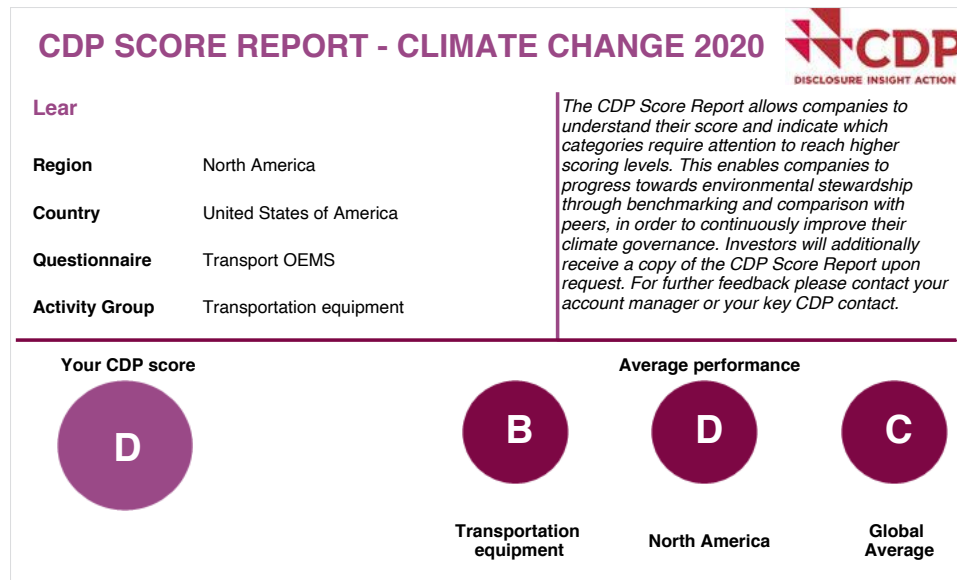
[Request Additional Plant Location Access](#)

[Run a Report](#)

[Weekly Data Exports](#)

[Change History](#)

# CDP Scores



# 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)**

- 3D Model Technical Data Package Exchange Guideline Work Group
- Board of Directors
- Board of Directors Objectives & Compensation Committee
- Corporate Responsibility Steering Committee
- Export Compliance Advisory Group
- Health & Safety Ad Hoc Group
- NAFTA 2.0 Work Group
- Responsible Sourcing Team
- Responsible Materials Work Group and Sub-groups:
  - Industry Best Practices
  - Global Requirements & Minerals Sensing
  - Smelter Engagement Team (AIAG-RMI Partnership)
  - Information Sharing
- Supplier & Product Reliability Assurance Work Group

## **Responsible Minerals Initiative (RMI)**

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

## **Suppliers Partnership for the Environment**

- Executive Steering Committee
- Founding Member
- Vice Chair
- EHS Forum Co-Chair

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

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

## **Manufacturers Alliance for Productivity and Innovation**

- Base Member

## **International Safety Quality Environment Management Association (ISQEM)**

- Board of Directors

## **Diversity Partners**

- Asian Pacific American Chamber of Commerce
- Canadian Aboriginal Minority Supplier Council
- Council of Supplier Diversity Professionals
- Gay & Lesbian Chamber of Commerce
- Great Lakes Women's Business Council
- Michigan Hispanic Chamber of Commerce
- Michigan Minority Supplier Development Council
- National Association of Women's Business Opportunities
- National Minority Supplier Development Council
- National Veterans Business Development Council
- Women's Business Enterprise Canada
- Women's Business Enterprise National Council



# 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		Pages 8-9, 102, <a href="#">Lear Corporation</a>	
102-02	Activities, brands, products, and services		Pages 8-9, 13, <a href="#">Lear Corporation</a>	
102-03	Location of headquarters		Pages 8, 102	
102-04	Location of operations		Pages 8, 102	
102-05	Ownership and legal form		Page 102	
102-06	Markets served		Pages 8-9, 102	
102-07	Scale of the organization		Pages 8-9, 102	
102-08	Information on employees and other workers	SDG 8, 10	Pages 40-50, 64, 66	
102-09	Supply chain	SDG 8, 9, 12, 15	Pages 75, 96-100, <a href="#">Supplier Sustainability</a>	
102-10	Significant changes to the organization and its supply chain		Pages 75, 96-100, <a href="#">Supplier Sustainability</a>	
102-11	Precautionary principle or approach		Pages 18, 28 - 36, 76, 97-98	
102-12	External initiatives	SDG 17	Pages 4, 12, 105	
102-13	Membership of associations	SDG 17	Pages 4, 12, 105	
102-14	Statement from senior decision-maker	SDG 2, 3, 7, 8, 10, 12, 13, 17	Page 4	
102-16	Values, principles, standards, and norms of behavior	SDG 8, 9, 16, 17	Pages 4, 8 - 9	
102-18	Governance structure	SDG 8, 9, 12	Page 10	
102-19	Delegating authority		Pages 79 - 81	
102-20	Executive-level responsibility for economic, environmental, and social topics	SDG 8	Page 79, <a href="#">TCFD Disclosure</a>	
102-21	Consulting with stakeholders on economic, environmental, and social topics	SDG 17	Page 15	
102-22	Composition of highest governance body and its committees		Pages 81-85, <a href="#">TCFD Disclosure</a>	
102-27	Collective knowledge of highest governance body		Pages 82-87	
102-31	Review of economic, environmental, and social topics		Page 79, <a href="#">TCFD Disclosure</a>	
102-33	Communicating critical concerns		Page 79, <a href="#">TCFD Disclosure</a>	
102-35	Remuneration policies		Page 80, Lear's <a href="#">Proxy Statement</a> dated April 5, 2021	
102-40	List of stakeholder groups	SDG 17	Pages 15, 79, 87	

# GRI Content Index

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
102-41	Collective bargaining agreements	SDG 8	Pages 66-67, <a href="#">Lear's Annual Report</a> dated February 10, 2021	
102-42	Identifying and selecting stakeholders	SDG 17	Page 6	
102-43	Approach to stakeholder engagement	SDG 17	Referenced throughout report, Pages 15, 79, 87	
102-44	Key topics and concerns raised		Page 15	
102-45	Entities included in the consolidated financial statements		Page 102, <a href="#">Lear's Annual Report</a> dated February 10, 2021	
102-46	Defining report content and topic boundaries		Page 102, <a href="#">Lear's Annual Report</a> dated February 10, 2021	
102-47	List of material topics		Page 15	
102-48	Restatements of information		Page 102	
102-49	Changes in reporting		Page 102	
102-50	Reporting period		Pages 2, 102	
102-51	Date of most recent report		Pages 2, 102	
102-52	Reporting cycle		Pages 2, 102	
102-53	Contact point for questions regarding the report		Page 102	
102-54	Claims of reporting in accordance with the GRI Standards		Pages 2, 102	
102-55	GRI Content Index		Pages 106-110	
102-56	External Assurance		Page 102	
<b>MANAGEMENT APPROACH</b>				
103-01	Explanation of the material topic and its boundary		Page 15	
103-02	The management approach and its components		Pages 13, 18, 20-26, 28-36, 53-56, 67-71, 76, 88, 96-100	We detail our management approach throughout the report.
103-03	Evaluation of the management approach		Pages 13, 18, 20-26, 28-36, 53-56, 67-71, 76, 88, 96-100	We detail our management approach throughout the report.
<b>ECONOMIC PERFORMANCE</b>				
201-02	Financial implications and other risks and opportunities due to climate change	SDG 13	Page 18, <a href="#">TCFD Disclosure</a>	
201-03	Defined benefit plan obligations and other retirement plans	SDG 1, 3, 8	Page 64	
<b>PROCUREMENT PRACTICES</b>				
204-01	Proportion of spending on local suppliers	SDG 12	Pages 43, 98	We do not currently publicly report all metrics related to our spending on local suppliers due to the confidential nature of these values.

# GRI Content Index

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
<b>ANTI-CORRUPTION</b>				
205-02	Communication and training about anti-corruption policies and procedures	SDG 16	Page 88	
<b>ANTI-COMPETITIVE BEHAVIOR</b>				
206-01	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SDG 16	Page 88, <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 31-33	
302-03	Energy intensity	SDG 7, 8, 12, 13	Pages 31-33	
302-04	Reduction of energy consumption	SDG 7, 8, 12, 13	Page 31	
<b>WATER AND EFFLUENTS</b>				
303-02	Management of water discharge-related impacts	SDG 6	Pages 34-35	
303-03	Water withdrawal	SDG 6, 8, 12	Page 35	
303-04	Water discharge	SDG 6, 12	Pages 34-35	
303-05	Water consumption	SDG 6, 12	-	Water consumption is minimal within our organization and is limited to consumption by our employees within our direct operations. Due to the de minimis nature within our organization, associated metrics have been omitted from this report.
<b>EMISSIONS</b>				
305-01	Direct (Scope 1) GHG emissions	SDG 3, 12, 13, 14, 15	Page 33	
305-02	Energy indirect (Scope 2) GHG emissions	SDG 3, 12, 13, 14, 15	Page 33	
305-04	GHG emissions intensity	SDG 13, 14, 15	Pages 32-33	
305-05	Reduction of GHG emissions	SDG 13, 14, 15	Pages 32-33	
305-06	Emissions of ozone-depleting substances (ODS)	SDG 3, 12, 13, 14, 15	Pages 32-33	
<b>EFFLUENTS AND WASTE</b>				
306-02	Waste by type and disposal method	SDG 3, 6, 12	Page 36	Please note: Historical waste data was corrected in 2018 to account for an updated calculation methodology, hence the decrease in total reported waste compared to the previous report.
306-03	Significant spills	SDG 3, 6, 12, 14, 15	Page 34	



# GRI Content Index

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
<b>ENVIRONMENTAL COMPLIANCE</b>				
307-01	Non-compliance with environmental laws and regulations	SDG 16		There were no environmental non-compliance events in 2020 that posed a significant impact to our business or operations.
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>				
308-01	New suppliers that were screened using environmental criteria	SDG 6, 7, 9, 12, 13, 14, 15	Pages 96-99 <a href="#">Global Requirements Manual and Code of Conduct for Suppliers</a> <a href="#">Supplier Sustainability Policy</a>	We expect our suppliers to share our commitment to environmental compliance and sustainability, as outlined in our Global Requirements Manual and Code of Conduct for Suppliers and Supplier Sustainability Policy.
<b>EMPLOYMENT</b>				
401-01	New employee hires and employee turnover	SDG 5, 8	Page 46	Lear currently reports the percentage of new hires globally by gender and looks forward to enhanced workforce disclosures in future years.
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
403-01	Occupational health and safety management system	SDG 3, 8	Pages 68-69	
403-02	Hazard identification, risk assessment, and incident investigation	SDG 3, 8	Pages 68-69	
403-03	Occupational health services	SDG 3, 8	Pages 68-69	
403-05	Worker training on occupational health and safety	SDG 3, 8	Pages 68-70	
403-08	Workers covered by an occupational health and safety management system	SDG 3, 8	Page 70	
403-09	Work-related injuries	SDG 3, 8	Pages 70-71	
403-10	Work-related ill health	SDG 3, 8	Pages 70-71	
<b>TRAINING AND EDUCATION</b>				
404-02	Programs for upgrading employee skills and transition assistance programs	SDG 8	Pages 57, 60, 61	
404-03	Percentage of employees receiving regular performance and career development reviews	SDG 5, 8, 10	Pages 57, 61	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
405-01	Diversity of governance bodies and employees	SDG 5, 8, 10	Pages 40-46, 78, 81	
405-02	Ratio of basic salary and remuneration of women to men	SDG 5, 8, 10	Pages 10, 43	

# GRI Content Index

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
<b>NON-DISCRIMINATION</b>				
406-01	Incidents of discrimination and corrective actions taken	SDG 5, 8, 10, 16	Pages 11, 40, 48	Specific metrics regarding incidents of discrimination were not available at the time of this report. We take incidents of discrimination seriously and look forward to improving how we report this information in future years.
<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	Pages 12, 40, 66, 97-98	Lear has 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. Launched in Q4 2020, the program will be rolled out globally in 2021.
<b>CHILD LABOR</b>				
408-01	Operations and suppliers at significant risk for incidents of child labor	SDG 3, 8	Pages 97-98	Lear has 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. Launched in Q4 2020, the program will be rolled out globally in 2021.
<b>FORCED OR COMPULSORY LABOR</b>				
409-01	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SDG 8, 12	Pages 97-98	Lear has 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. Launched in Q4 2020, the program will be rolled out globally in 2021.
<b>HUMAN RIGHTS ASSESSMENT</b>				
412-02	Employee training on human rights policies or procedures	SDG 5, 8, 10	Page 48	
<b>LOCAL COMMUNITIES</b>				
413-01	Operations with local community engagement, impact assessments, and development programs	SDG 1, 2, 3, 4, 13, 14, 15	Pages 6-7, 37-38, 53-55	
<b>PUBLIC POLICY</b>				
415-01	Political Contributions		Page 87	

# Sustainability Accounting Standards Board (SASB) Index

## About SASB

The Sustainability Accounting Standards Board (SASB) is an independent nonprofit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors. The table below includes Lear's disclosures and responses.

SASB Standard – Auto Parts					
Topic	Accounting Metric	Category	Unit of Measure	Code	Response/Comment
Energy Management	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	TR-AP0-130a.1	<p>1) 4,311,479 GJ</p> <p>2) Approximately 61%</p> <p>3) 0% renewable energy according to SASB definition</p> <p>Lear consumes renewable energy within our manufacturing operations and have plants on power grids with 50% or more renewable content. As part of Lear's commitment to achieve 100% renewable energy by 2030, we will be proactively investing in renewable energy in 2021 and each year thereafter until we achieve our goal. Those efforts will include financing global renewable energy infrastructure that will serve the world's population and help protect our planet.</p>
Waste Management	(1) Total amount of waste from manufacturing (2) percentage hazardous (3) percentage recycled	Quantitative	Metric tons (t), Percentage (%)	TR-AP-150a.1	<p>1) 437,838 mtons of waste from manufacturing</p> <p>2) Less than 1% of manufacturing waste is hazardous. Lear tracks hazardous waste generated according to the U.S. EPA Resource Conservation &amp; Recovery Act (RCRA)</p> <p>3) Approximately 39% of manufacturing waste is recycled</p>



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## SASB Standard – Auto Parts

Topic	Accounting Metric	Category	Unit of Measure	Code	Response/Comment
Product Safety	Number of recalls issued, total units recalled	Quantitative	Number	TR-AP-250a.1	<b>Code is not applicable:</b> Lear engages in product validation and implements quality systems that contribute to the safety of our products. The National Highway Traffic Safety Administration and original equipment manufacturers control the initiation of recalls on vehicles. Therefore Lear does not itself initiate recalls of Lear products.
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Quantitative	Reporting Currency	TR-AP-410a.1	In 2020, Lear had \$1 billion in revenue from our green product portfolio, including electrification, products that are lighter as a result of new innovations, and electrical improvements that increase fuel efficiency.
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	N/A	TR-AP-440a.1	<p>A variety of minerals—such as tin, tungsten, tantalum and gold (also known as 3TG)—are raw materials in certain products found in both our Seating and E-Systems businesses. Product information is available on Lear’s public domain <a href="https://www.lear.com/Site/Technology/">https://www.lear.com/Site/Technology/</a>.</p> <p>We work to prevent the use of components where the extraction, transport, trade, processing and export of raw materials are obtained from invalidated sources.</p> <p>For example, Lear:</p> <ul style="list-style-type: none"> <li>• Requires suppliers to perform due diligence of their own supply chains and report the content of the parts they provide to Lear.</li> <li>• Discloses the use of conflict materials originating in the Democratic Republic of the Congo and adjoining countries each year.</li> </ul>

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## SASB Standard – Auto Parts

Topic	Accounting Metric	Category	Unit of Measure	Code	Response/Comment
Materials Sourcing (continued)	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	N/A	TR-AP-440a.1	<ul style="list-style-type: none"> <li>• Uses an active mapping process to ensure we are driving toward conflict-free sourcing of all materials used in our products.</li> <li>• Follows 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).</li> </ul> <p><b>Risk Mitigation and Business Continuity</b></p> <p>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.</p> <p>Lear sources components from multiple geographical locations which helps ensure materials and components are available in the event of a regional or global crisis. 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.</p> <p>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.</p> <p>Additional information can be found on <a href="#">page 98</a> of Lear's Sustainability Report and in <a href="#">Lear's 2020 Annual Report</a>.</p>

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## SASB Standard – Auto Parts

Topic	Accounting Metric	Category	Unit of Measure	Code	Response/Comment
Materials Efficiency	Percentage of products sold that are recyclable	Quantitative	Percentage (%)	TR-AP-440b.1	40% of Lear's Seating products are recyclable.  55% of Lear's E-Systems products are recyclable.
	Percentage of input materials from recycled or remanufactured content	Quantitative	Percentage (%)	TR-AP-440b.2	Up to 50% of the steel and other metals in Lear's seating comes from recycled or remanufactured content.  Recycled content for Lear's E-Systems products is currently unspecified. Lear intends to enhance materials efficiency disclosures in the future.
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	Reporting Currency	TR-AP-520a.1	Lear had no monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations in 2020.





**Table 2. Activity Metrics**

Activity Metric	Category	Unit of Measure	Code	Response/Comment
Number of parts produced	Quantitative	Number	TR-AP-000.A	E-Systems - 15.68 Billion Seating - 43.4 Million
Weights of parts produced	Quantitative	Metric tons (t)	TR-AP-000.B	E-Systems – approximately 240M metric (t) Seating – approximately 1M metric (t)
Area of manufacturing plants	Quantitative	Square meters (m2)	TR-AP-000.C	Approximately 37,866,918 (sq. ft.)

## TCFD Index 2021

The **Task Force on Climate-related Financial Disclosures (TCFD)** has developed a voluntary, climate-related financial disclosure framework for companies to provide consistent information to their stakeholders while incorporating climate-related risks and opportunities into their risk management and strategic planning processes. Lear shares the TCFD's commitment to market transparency and stability, and creating a more sustainable world now and for future generations. For more information, see [Lear's TCFD Index 2021](#).



