



# Every Day, *Striving for Better*

**2021 Sustainability Report**

on Environmental, Social and Governance Progress





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## 2021 Report

The data presented in this report covers all manufacturing and production facilities within Lear's operational control for calendar year 2021. We have disclosed our material topics in accordance with the Global Reporting Initiative (GRI) Core Standards, wherever feasible. Please refer to the [Appendix](#) for more information.

Lear has historically reported our ESG performance and progress on an annual basis. Lear reserves the right to amend data and disclosures as needed. We plan to release our next fully refreshed report in 2023.



# Environmental, Social and Governance (ESG) at Lear



# A Message from Our CEO



Sustainability is all about progress toward a better future. I'm pleased to report that Lear made significant progress in 2021. Since we integrated ESG into our company's long-term strategy—alongside business results and operational excellence—our global teams are helping us advance on our sustainability journey. By creating a Renewable Energy Strategy, developing innovative technologies, assessing our supply chain sustainability, and expanding our diversity, equity and inclusion (DEI) efforts, Lear is moving forward.

Introduced in last year's report, our climate change goals are driving our Renewable Energy Strategy, and our global teams are putting our new Energy Efficiency Playbook to work. We are laser-focused on reaching our goals—and the entire electrical grid will be greener as more and more companies do the same.

We are growing our portfolio of innovative green products. In fact, six out of eight key E-Systems launches in 2022 will include content on new electric vehicles (EVs). To save energy, we are developing compact, light-weight solutions. To contribute to a circular economy, we are using renewable and recycled materials as well

as designing products that are recyclable at the end of their useful life. And to better understand the carbon footprint of our products, we've initiated life cycle assessments on our seating portfolio, leather products and wire harnesses.

In support of our ESG goals, our Industry 4.0 strategy will help us reduce emissions and waste, improve safety and ergonomics, and increase transparency and data privacy. Our factory of the future will help us make better decisions, become more efficient and avoid risks.

While shortages in the global supply chain continue to be a challenge, Lear employees have made heroic efforts to deliver. At the same time, we began a multi-year project to assess, map and monitor our supply chain sustainability risks. In 2021, 1,600 production supplier sites across the globe completed assessments tailored to address key environmental and human rights criteria, and we are on track to assess 100% of our eligible production suppliers by the end of 2022.

At the heart of our company are people whose courage and creativity continue to astonish me. As Typhoon Odette approached the Philippines, our employees worked tirelessly to prepare for the storm, support our 8,000 employees in Lapu-Lapu City on the island of Cebu, and began resuming production in just five days. In the second year of the pandemic, we opened our facilities to help vaccinate communities, developed creative ways to address mental health, and exceeded customer expectations.

In turn, we are helping employees achieve work-life balance with remote and hybrid work opportunities and parental leave policies. Through our DEI efforts, we are also making new connections, developing high-potential diverse leaders, and expecting inclusion as well as respect.

I'm incredibly proud of the progress we've made and confident we have the strategy, performance measures and team in place to meet our goals. Every day, we are striving to make our company better so that we can Make every drive better™.

Sincerely,

**Ray Scott**

Lear President and Chief Executive Officer



Lear is continuing our commitment as a signatory to the United Nations (UN) Global Compact, **the largest corporate sustainability initiative in the world.**

# ESG Highlights

## ENVIRONMENTAL

Renewable Energy Strategy established and Energy Efficiency Playbook released

Life cycle assessments initiated for seating, leather and wire harnesses

3 Automotive News PACE Award-winning innovations

## SOCIAL RESPONSIBILITY

### Together We Grow

program launched to help future diverse leaders grow through proactive career management and leadership development

\$5.1B + 2.4M

spent with certified minority-owned, women-owned and veteran-owned suppliers in the United States over the past decade

hours of employee training and development in 2021

41M

hours worked in one year without a lost time incident at 10 Mexican sites

WE SUPPORT



UN Global Compact signatory participant

60,000+

vaccinations administered to employees and community members at our sites in Mexico

## GOVERNANCE

### No Deforestation Policy

reinforces responsible sourcing and conserves natural resources

### New Information Security Management System

and software safeguards implemented

1,600

production supplier sites across the globe completed sustainability assessments

50%

of Lear's Board of Directors were women and/or minorities in 2021

# Always Ready to Respond

## Weathering Typhoon Odette

Super typhoon Odette (Rai) struck the Philippines on December 16, 2021, with heavy rains, driving winds, landslides and storm surges. Already battling a pandemic, residents lost power and access to water. Homes were destroyed, and roads became impassable. Even before landfall, Lear's 8,000 employees in Lapu-Lapu City on the island of Cebu took action, employing our risk management and typhoon and flood contingency plans. Thanks to their heroic efforts, our internal network checked on the well-being of our teammates, we assisted storm victims, and we began resuming operations within just five days with minimal disruption to our customers.



**8,000+**  
employees



covered computers, electronics and lab equipment with plastic; removed outside bulbs and potential projectiles; reinforced roofing; charged radios; stocked fuel, batteries and food; backed up servers; secured vehicles, hazardous materials and inventory; prepared first aid supplies; and ensured lines of communication for employees, customers and suppliers.

Nearly  
**400** employees  
lost their homes



**7** buildings

damaged by floods and winds, with one building completely destroyed

Nearly  
**5,000**  
employees



received calamity assistance from Lear for lost work and home repairs

Within  
**5 days**



some sites resumed operations, and the rest were on line a few days later. Lear communicated with employees via text, phone or in-person visits.

**76**  
employees



who went above and beyond to reestablish operations received personal recognition awards from our CEO



## COVID-19 Response, Reopening & Reset 2021

The second year of the pandemic was an evolution to a new normal that motivated us to embrace new ways to work. We are proud of how our employees delivered for our customers while faced with the added complexities of adopting enhanced safety protocols, overcoming supply chain disruptions, and helping each other navigate unforeseen challenges.

35,000+



Safe Work Playbooks downloaded

To reestablish a workplace where employees felt comfortable performing their jobs safely, Lear wrote and shared the **Safe Work Playbook** in 2020. Considered a global best practice, it has been downloaded more than 35,000 times by customers, suppliers, companies from multiple industries, civic groups and non-governmental organizations (NGOs). We continually adapted our internal playbook to ensure efficacy across a complex global landscape of virus variants and regulatory requirements.

Zero Disruptions



Lear received a coveted GM Overdrive Award for creating the Lear Safe Work Playbook and sharing it with the industry. In addition, our team executed flawless product launches during the pandemic, exceeding our customers' expectations—on time and on budget.

Driving Wellness



The strain of worry and constant change has put new emphasis not just on physical health but mental health as well. Our teams are **driving wellness** and supporting each other around the world.



60,000+  
Vaccinations

With the help of hundreds of employees, our operations in Mexico graciously opened their doors to military and healthcare workers, transforming their facilities into vaccination centers to serve Lear employees, their families and local communities.



Flexible Work Environments

Our **Future of Work Taskforce** conducted employee surveys, held focus groups and led benchmarking studies to explore more flexible work environments. Today, some traditional schedules have transitioned to remote, flexible and hybrid arrangements. While some companies are struggling to address the new world of work, Lear wrote the playbook... again. Our new **Hybrid Work Playbook** provides managers with tips on how to help their teams stay engaged, productive and healthy in a hybrid environment.



Even in the toughest situations, our employees are always ready to respond quickly to support each other, our customers and their communities.

**Their commitment, cooperation and hard work are incredible."**

**RAY SCOTT**  
President and CEO



# This is Lear

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

## SEATING



\$14.4B sales in 2021

## E-SYSTEMS



\$4.9B sales in 2021



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



### 160,000 employees

with industry-leading talent and technical expertise globally in 2021



### 253 facilities in 38 countries

with a balanced global engineering and manufacturing footprint

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** with \$19.3B 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 **450+ 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...



Distinguished Service Citation, Ray Scott



Ranked #4 in Automobiles and Parts Industry

# Supporting the United Nations Sustainable Development Goals

Lear addresses some of the world's biggest challenges by supporting economic well-being, education and environmental conservation in the global communities where we live and work. 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 supported each goal in 2021.

<p>1 NO POVERTY</p>	<ul style="list-style-type: none"> <li>• Meaningful employment opportunities and competitive wages and benefits</li> <li>• 46 charities supported</li> <li>• \$1.05M donated by Michigan employees to the United Way and other organizations through <b>Operation GIVE</b> campaigns</li> <li>• 19 Lear executives serve on the boards of non-profit organizations</li> </ul>	<p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> <li>• 11 years of sponsorship for the General Motors/Wayne State University Supply Chain Case Competition</li> <li>• 121 employees involved in our U.S. tuition reimbursement program</li> <li>• 4 scholarships awarded to Lear employees to attend the Eli Broad College of Business MBA program at Michigan State University</li> <li>• Volunteer time and funds donated to the Detroit Children's Fund, Winning Futures, and Cornerstone schools to support teachers and students</li> </ul>
<p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> <li>• 2 tons of food donated in Coventry, United Kingdom</li> <li>• 40 meals a month cooked in our Pozzo d'Adda, Italy, cafeteria and distributed through a local food bank</li> <li>• Donations to Forgotten Harvest, Focus: HOPE, and the Pope Francis Center helped feed thousands in Michigan</li> </ul>	<p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> <li>• <b>Annual Global Pay Equity Review</b> reported Lear consistently provides equitable promotion opportunities to men and women</li> <li>• &lt;1.3% of women required an adjustment to achieve pay equity</li> <li>• 1,320 in-person and virtual <b>Employee Resource Group (ERG)</b> events held</li> </ul>
<p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> <li>• 60,000+ vaccinations administered to employees and community members at our sites in Mexico</li> <li>• 0.35 Total Recordable Injury Rate (TRIR) demonstrates world-class safety achievements</li> <li>• 41M hours worked in one year without a lost time incident at 10 Mexican sites</li> </ul>	<p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> <li>• Zero significant spills impacted the environment</li> <li>• 9.5M gallons of potential water savings</li> <li>• 43 water-saving projects completed</li> </ul>



- 100% renewable energy goal set for electric power consumed at our manufacturing plants by 2030
- 160 energy efficiency projects completed, potentially saving 5,000+ MWh of energy globally
- 11% reduction in absolute energy use since 2019
- 59,000 gigajoules of energy saved



- 4M EVs expected to rely on Lear's new high-voltage connection systems as the main battery/vehicle interface by 2026
- 2.7M metric tons of CO2 emissions avoided by EVs with the assistance of Lear's E-Systems products
- **Automotive News PACE Award-winning innovations** help EVs charge faster and deliver more power, provide energy-efficient comfort, and offer next-generation connectivity



- 2.4M hours of developmental, compliance and corporate training
- 96,800 employees in 24 countries responded to 180+ surveys measuring engagement and culture
- Paid vacation, holidays, overtime pay and flexible work hours
- Nearly 20 years of success with **high-performance self-directed work teams**



- Made from U.S. sourced soybeans, Lear's SoyFoam™ requires 60% less conversion energy to produce compared with conventional foam, which in turn creates 4 times less emissions
- 26,000 unit loads of expendable packaging and 240 long distance sea container shipments eliminated through weekly workshops aimed at packaging optimization and reduction
- 1,600 production supplier sites across the globe completed sustainability assessments



- **Industry 4.0** investments manage high-complexity manufacturing tasks with less cost
- Intelligent automation deploys equipment and robotics to improve material flow, efficiency, throughput and quality
- 7 plants in Mexico earned Clean Industry certifications from Mexico's Federal Attorney General for Environmental Protection (PROFEPA)



- 50% reduction goal set for carbon emissions at our manufacturing plants by 2030
- Created detailed **Renewable Energy Strategy**, engaged energy procurement consultant and released our global **Energy Efficiency Playbook**
- 100% of the electricity powering our plants in Germany, Poland and the United Kingdom comes from renewable sources



- \$5.1B spent with certified minority-owned, women-owned and veteran-owned suppliers in the United States over the past decade
- 47% ethnic, women or minority new hires in the United States in 2021
- 190,000+ hours of DEI and Expect Respect training, including anti-harassment, nondiscrimination and zero tolerance for retaliation, since 2019
- **Together We Grow** career development program launched



- No water used directly from lakes or rivers
- 1,450 pounds of waste removed from beaches by employees in the Dominican Republic



- **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
- 1,800 trees planted by employees in the Dominican Republic, Philippines and South America



- 2021 Human Rights Campaign Corporate Equity Index Score of 90%
- 98% of salaried employees completed Code of Conduct training
- **Ethics & Compliance Helpline** allows employees, suppliers and business partners to anonymously report concerns in their local language



- Signatory to the UN Global Compact
- Joined the U.S. Department of Energy's Better Climate Challenge, Clean Energy Buyers Alliance (CEBA), and DTE On-Site Energy Management Program in Michigan
- 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

Lear has been a signatory participant in the UN Global Compact since 2020 and recommitted to participate in 2021. 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

WE SUPPORT



# Our Sustainability Strategy

Lear prioritizes people and our planet, placing ESG alongside business results and operational excellence. ESG is integrated into how we do business every day.



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 our vision through environmental stewardship, social responsibility and effective governance, which aligns with our core values: Be Inventive, Be Inclusive, and Get Results the Right Way.

Three Lear vice presidents support and guide our ESG efforts. To learn more, see [Environmental, Social and Governance Oversight](#).

Our Vision		
<h2 style="color: red;">Making every drive better™</h2> <p>cleaner, safer, smarter and more comfortable mobility</p>		
Our Core Values		
<p><b>Be Inventive</b></p>	<p><b>Be Inclusive</b></p>	<p><b>Get Results the Right Way</b></p>
Dimensions of Sustainability		
 <b>Environmental Stewardship</b>	 <b>Social Responsibility</b>	 <b>Effective Governance</b>
Key Elements		
<p>Our innovative technologies are enabling electrification and connectivity, while propelling new mobility concepts such as autonomous driving, shared mobility and transportation as a service (TaaS).</p> <p>We use responsibly sourced, renewable and recyclable materials to protect the environment.</p> <p>Our efficient operations conserve energy and water, while minimizing waste and reducing emissions.</p> <p>Our Renewable Energy Strategy reduces our carbon footprint and supports our climate change goals.</p>	<p>Meaningful employment provides competitive pay, benefits and development for union and nonunion employees around the world.</p> <p>Our diverse and engaged global teams work together with respect, integrity and inclusion.</p> <p>Safety is at the core of everything we do, from creating safe work environments and protecting our employees from COVID-19 to raising community awareness about distracted driving through our Focus on the Drive campaign.</p>	<p>An experienced and diverse Board of Directors provides oversight.</p> <p>Carefully crafted policies and procedures enforce our commitment to ethics, integrity and human rights.</p> <p>Our focus on cybersecurity protects our products, data, customers and enterprise.</p> <p>Partnering with suppliers ensures a joint commitment to human rights and sustainability.</p>



The true worth of any company cannot be measured solely by its bottom line. Our customers, investors, current and future employees, and our entire global value chain have a greater, more holistic vision. So do we.

Lear understands how our actions affect the world. To make the world a better place, we need to anticipate, find and address the risks that threaten our mutual future. Placing policies on paper is just the first step. Assessing, benchmarking, collaborating with suppliers and stakeholders, and continuously improving our ESG efforts never ends.

ESG makes Lear a better company, a better investment and a better employer because we understand that sustainability is a long-term strategy that benefits us all.”

**HARRY KEMP**

Senior Vice President, General Counsel, Corporate Secretary and ESG Lead



# Materiality Assessment




In 2021, Lear refreshed its 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 our various stakeholder groups to develop the list of our highest-priority issues. We engaged with our stakeholders in a variety of ways, from regular, open discussions and targeted interviews, to completing sustainability assessments and questionnaires requested by our customers, ESG raters and shareholders. Lear also monitors ESG trends through white papers, studies and other publications. As part of this refreshed materiality assessment, Lear surveyed sample groups of employees and supply chain partners from around the world to gather feedback and guidance more directly. Based on this input, Lear created the list of our highest-priority topics shown below in alphabetical order.

We will continue to use and enhance this process to improve our sustainability strategy, increase transparency and refine the content of Lear's ESG reporting.



## Highest-Priority Material Topics (in alphabetical order)










	<p><b>BUSINESS ETHICS AND COMPLIANCE</b></p>	<p>Getting results the right way by promoting integrity, responsible and ethical corporate behavior, and abiding by Lear's Code of Conduct to avoid business ethics issues such as fraud, corrupt practices, anti-trust violations, money laundering or bribery</p>
	<p><b>CLIMATE RISK AND RESILIENCE</b></p>	<p>Developing strategies to address climate change across Lear's value chain, including the physical and transitional impacts of rising temperatures, climate-related policies, and emerging technologies in our changing world</p>
	<p><b>COMPANY ECONOMIC PERFORMANCE AND COMPETITIVENESS</b></p>	<p>Generating revenues and managing Lear's assets, liabilities, and the financial interests of our stakeholders and stockholders</p>

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	<b>DIVERSITY, EQUITY AND INCLUSION (DEI)</b>	<p>Creating an environment throughout Lear's value chain that promotes and celebrates diversity as well as individuality while providing equal opportunities and outcomes for all</p>
	<b>ENVIRONMENTAL STEWARDSHIP</b>	<p>Responsibly managing resources and mitigating the impact Lear's operations have on the environment, including the efficient use and management of energy, water and waste, as well as overall environmental compliance</p>
	<b>GHG EMISSIONS AND OPERATIONAL EFFICIENCY (SCOPES 1, 2 AND 3)</b>	<p>Reducing greenhouse gas (GHG) emissions from Lear's operations and products. This area includes efficiently using energy at Lear facilities, transitioning to renewable energy sources, and taking actions to reduce downstream emissions created by our products and our suppliers.</p>
	<b>HUMAN RIGHTS</b>	<p>Protecting rights that justifiably belong to all human beings, regardless of nationality, place of residence, national or ethnic origin, color, religion or any other status. For Lear and its value chain, this includes fair labor practices and the right to freedom of association.</p>
	<b>OCCUPATIONAL HEALTH AND SAFETY</b>	<p>Ensuring safe and healthy working conditions for employees, contractors, and all people at Lear sites and operations globally by setting and enforcing health and safety standards as well as providing training, outreach and assistance</p>
	<b>PRODUCT QUALITY AND DELIVERY</b>	<p>Taking a total quality approach to products and services to ensure that delivered products fully satisfy agreed upon customer specifications and requirements</p>
	<b>PRODUCT SAFETY</b>	<p>Using specific procedures, designs and manufacturing processes, as well as meeting global automotive component regulations, to fulfill customer safety requirements</p>
	<b>SUSTAINABLE SUPPLY CHAIN</b>	<p>Ensuring that Lear's global supply chain partners adhere to ethical and sustainable business practices that consider the environmental and human impact of their products, operations and services, including providing support to supplier partners to meet those expectations through monitoring, guidance, education and training</p>
	<b>SUSTAINABLE PRODUCTS</b>	<p>Designing and developing products that leverage light weighting, connectivity and efficiency improvements, use recycled and bio/natural content, and/or have end-of-life recyclability to mitigate negative environmental and human health impacts while enabling consumer acceptance of EVs and other mobility trends</p>

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	<b>THIRD-PARTY RISKS</b>	Managing risks related to Lear's reliance on third parties for a multitude of goods and services, including ensuring ethical business behavior on Lear's behalf
	<b>EMPLOYEE HEALTH AND WELL-BEING</b>	Providing a welcoming, harassment-free environment that supports work-life balance and positive mental health, as well as competitive and equitable pay and benefits

### Material Topics to Continue to Manage and Monitor (in alphabetical order)

	<b>BIODIVERSITY AND DEFORESTATION</b>	Managing and reducing the impact of Lear's operations and products on natural habitats and ecosystems, including forests
	<b>CUSTOMER SATISFACTION</b>	Implementing programs and processes that ensure Lear's products, delivery and pricing meet or surpass customer expectations
	<b>CYBERSECURITY AND OPERATIONS/PRODUCTS</b>	Providing processes and technologies to protect Lear's operations and IT systems from cyber and physical security threats, as well as developing technologies that safeguard end-use consumers from risks of threats to data security and driver safety
	<b>DISASTER AND EMERGENCY PREPAREDNESS</b>	Identifying, preparing for and effectively responding to disasters that could impact Lear's operations, customers and communities
	<b>GLOBAL COMMUNITIES</b>	Supporting Lear's global communities through employment, localized volunteering, charitable contributions and investments, education initiatives, disaster relief and other activities
	<b>RESPONSIBLE USE OF DATA AND DATA PRIVACY</b>	Ensuring the protection and privacy of employee, customer and consumer information through policies, information management systems and software safeguards
	<b>WORKFORCE RECRUITMENT, RETENTION, DEVELOPMENT AND ENGAGEMENT</b>	Creating a workplace that attracts the best talent to stay competitive, while providing ongoing engagement and development opportunities to enhance employee skills and enable career growth



HOW WE MAKE THE WORLD A BETTER PLACE

# Environmental Stewardship

53 One Planet, One Lear

# Highlights



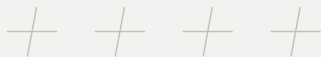
## Progressing toward a carbon neutral future

**Renewable Energy Strategy** created and energy procurement consultant engaged

**100%** of the electricity powering our plants in Germany, Poland and the United Kingdom is generated from renewable sources

**Life Cycle Assessments** initiated for 3 major product lines

**Energy Efficiency Playbook** launched in all plants



## Future-focused technologies

**2.7M** metric tons of CO2 emissions avoided by EVs with the assistance of Lear's E-Systems solutions in 2021\*

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

**60%** less conversion energy is used to produce SoyFoam™ compared with conventional foam, which in turn creates 4 times less emissions



## Protecting the environment

Nearly **12%** reduction in absolute Scope 1 and 2 emissions since 2019

Nearly **12%** reduction in absolute water use since 2019

**11%** reduction in absolute energy use since 2019



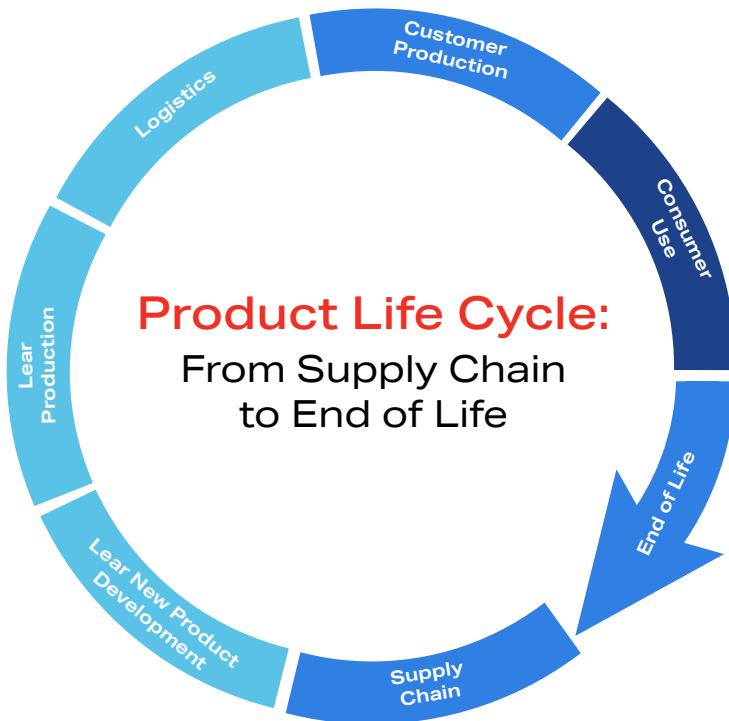
**144,000** metric tons of potential waste diversion through reduction, recycling and reuse based on 164 projects completed in 2021

\* 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 estimates have not been verified by a third party.

# The Road to a Carbon Neutral Future

The automotive industry is committed to a carbon neutral future. We are working together to identify solutions and implement change. From automakers and Tier 1 suppliers like Lear to raw material suppliers at the beginning of the supply chain, the industry has a mutual interest and responsibility to reach this common goal.

Just as there are many moving parts in any vehicle, the solutions needed to achieve our goals will require evaluating every product we produce and how it progresses through the entire supply chain. From our raw material suppliers to Lear’s new product development to production and beyond, we are working to develop a roadmap that will help us reduce carbon emissions during the entire life cycle of our products. We are focusing on what we can control—our products, operations and shipping—and collaborating in the areas we can influence—our suppliers, our customers and our products’ end of life.



## LEAR'S CLIMATE CHANGE GOALS\*

- 2030**
  - 50% reduction in direct and indirect carbon emissions at our manufacturing plants
  - 100% renewable energy for electric power consumed at our manufacturing plants
- 2050**
  - Achieve net zero emissions at our manufacturing facilities, and both upstream and downstream where Lear has influence

\* 2019 baseline

The auto industry’s supply chain is interconnected and shares many of the same suppliers. As a result, Lear has varying degrees of influence on our supply chain. Where Lear has direct supplier relationships, we have greater influence. Where our direct suppliers manage the deeper supply chain or an automaker directs us to use a specific supplier, we have less influence. Achieving a carbon neutral future will require industry collaboration on common definitions, standards, measurement methods, product specification development, and standardized reporting to drive improvements. That’s why Lear participates in **industry groups** such as the Automotive Industry Action Group (AIAG).



For Lear, the road to a carbon neutral future will require simultaneous efforts in three areas: operations, supply chain and green products.

## Operations

Saving energy and reducing waste have always been priorities in our operations. Our **Renewable Energy Strategy** will help us achieve 100% renewable energy for electric power consumed at our manufacturing plants by 2030. Our internally developed **Energy Efficiency Playbook** is already helping our operations save energy, and we are working on more playbooks to reduce waste and save water. Our enhanced building specifications exceed typical municipal standards, requiring alignment with the ANSI/ASHRAE/IES 90.1 standard for major energy-consuming equipment. We are also accelerating our efforts to optimize logistics and improve shipping methods whether by land, sea or air.

## Supply Chain

Currently, the majority of our Scope 3 emissions (indirect emissions we do not own or control that are part of our value chain) are generated by consumers' use of our customers' products—driving cars. As EVs displace internal combustion-powered mobility, our Scope 3 emissions will be significantly reduced. At that point, Lear's greatest opportunities to reduce our carbon footprint are in the goods and services purchased from our deep supply chain—including mining and metal processing, petroleum-based materials, and transportation.

While we are initially focusing our carbon reduction efforts on what we control, we are also moving quickly to assess, educate and engage our suppliers. For example, we are currently assessing our **suppliers' sustainability** efforts and plan to share our newly developed **Energy Efficiency Playbook** and upcoming Waste Reduction Playbook and Water Stewardship Playbook with our suppliers. In 2021, we initiated a process to connect with 500 suppliers through **CDP** as a first step toward engagement. Like the rest of the automotive industry, which pioneered returnable packaging decades ago, we work with suppliers on reusable and recyclable packaging. Together, we will collaborate on developing renewable energy strategies and alternative processes that reduce energy use and emissions to reach our mutual goals.

## Green Products

The automotive industry is rapidly increasing capacity to support the significant growth in EV demand. Lear is pleased to be at the forefront of this revolution, providing **innovative technologies** that support a circular economy and propel us to a greener future. We recently initiated **life cycle assessments** (LCAs) on three of our major product categories and added **green product guidelines** to our formal design review process for new products. As with our suppliers, we work with our customers on reusable and recyclable packaging for our products.



# Lear's Carbon Neutrality Roadmap

By focusing on what we can control and collaborating in the areas we can influence, we will reach our destination.

## Operations



<b>Energy</b> Renewable Energy Fuel Switching*	<b>Efficiency</b> Logistics Packaging Energy, Waste, Water	<b>Other Actions</b> Goods & Services New Equipment Employee Travel
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Scope 1, 2 & 3

## Green Products



<b>Design Innovation</b> Reduce Product and Product-Use Footprint	<b>Sustainable Materials</b> Renewable and/or Recycled Content	<b>End of Life</b> Circular Economy Reuse, Renew, Recycle
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Scope 1, 2 & 3

## Supply Chain



<b>Educate &amp; Engage</b> CDP Outreach AIAG Training Supplier Education Portal	<b>Assess &amp; Report</b> ESG Assessments CDP Reporting Supplier Portal Tracking	<b>Energy</b> Renewable Energy Fuel Switching*	<b>Efficiency</b> Logistics Packaging Energy, Waste, Water	<b>Other Actions</b> Goods & Services New Equipment Employee Travel
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Scope 3

**Carbon  
Neutrality and  
Beyond**



\* Switching from higher to lower carbon fuels. For example, switching from propane, gasoline or diesel to electric power for forklifts.

# Climate Change Goals

## Our Renewable Energy Strategy

After setting climate change goals in 2020, we immediately took action to achieve them. We committed internal talent and resources, performed a baseline assessment, and worked closely with our external experts to:

- Study energy markets in all of the key regions where Lear operates
- Benchmark customers, competitors and Fortune 500 sustainability leaders
- Assess our energy options and available resources
- Investigate relevant political, regulatory and administrative topics
- Determine our carbon emissions impact
- Evaluate overall cost implications for both short-term and long-term actions
- Account for carbon reductions associated with each market

To achieve our goals, Lear plans to use a combination of methods to procure, source and generate renewable energy for its global sites. The method used in an area will depend on geographical location, applicable legislation, regulations and government actions in the relevant markets, and customer requirements.

Our multifaceted approach will balance short-term costs and long-term opportunities. In the short term, we plan to execute a strategy based around green energy programs offered by our electric utility providers complemented with the purchase of unbundled environmental attribute certificates (EACs). By 2025, we also plan to source our renewable energy from power purchase agreements (PPAs) in key regions, green energy programs from local utility providers and on-site generation at selected manufacturing sites. This mix will allow us to focus on projects that deliver new green resources to the power grid and provide local impact where we do business.

Lear recognizes that the renewable energy arena is constantly changing. Similarly, we plan to optimize our Renewable Energy Strategy depending on changes in our global footprint, local regulations and renewable energy sources.



With operations in 38 countries, achieving our climate change goals will require tailored solutions based on the different resources and regulations in each location. **Working with our local teams, we will target our efforts to protect the planet in areas where we operate just as we support the local communities where we do business."**

**JOZEF CHRZANOWSKI**

Vice President, Renewable Energy

**100%**

of the electricity powering our plants in Germany, Poland and the United Kingdom comes from renewable sources, representing **47% of our electricity use in Europe** and approximately **12% of our global energy use** based on 2020 data

**6**

on-site solar installations in Europe, South America and Asia





## Renewable Energy Roadmap

● **2030**

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

● **2025 - 2030**

Establish PPAs for Europe and the United States. Supplement with unbundled EACs, utility programs and on-site renewable energy.

● **2022 - 2025**

Procure renewable energy through green energy programs offered by utilities and unbundled EAC purchases. Install on-site solar projects in key markets. Continue to improve energy efficiency within operations.

● **2021**

Began to develop detailed Renewable Energy Strategy and engaged energy procurement consultant. Increased renewable energy use in Mexico, Europe and China. Released global Energy Efficiency Playbook.

● **2020**

Defined and announced climate change goals, including 100% renewable energy for electric power consumed at our manufacturing plants by 2030.

## Lear Introduces Energy Efficiency Playbook

Building on the enterprise-wide success of our **Together We Win Playbook** and **Safe Work Playbook**, Lear gathered best practices from a variety of sources—including governments, the global automotive industry, audit results and Lear’s employee engagement efforts—to develop and publish our Energy Efficiency Playbook. The playbook includes guides, checklists and trackers to help our plants improve energy efficiency and achieve our climate change goals.

By the end of 2022, we anticipate most of our plants will complete six no-cost/low-cost “plays” to save energy by:

- Building employee awareness
- Optimizing heating, ventilation and air conditioning (HVAC) systems
- Improving compressed air systems
- Continuing efforts to switch to LED lighting
- Upgrading motors
- Repairing boiler systems

Each play defines the opportunity, explains why we are pursuing the improvements, and lists tasks for each plant to perform. We expect these efforts to result in efficiency improvements across our global operations.

After completing Level 1 Plays, plants will progress to higher levels, tackling improvement projects that may require capital investments.

In addition to deploying the playbook, Lear updated our facility specifications for new construction and significant building refurbishments to require more energy efficient systems such as automated plant-wide ventilation systems, leakage detection devices, LED lighting, and systems for recycling heated air and water streams, where practicable.



**We believe energy awareness throughout all levels of the organization will drive conservation and improve our bottom line.** The Energy Efficiency Playbook is our step-by-step guide to unlocking the full energy efficiency potential at our plants.”

**AVTAR MAVI**

Senior Global Manager,  
Strategic Environmental Development & Sustainability



## Putting Energy into Saving Energy

Around the world, Lear's employees are enthusiastic about our journey to a carbon-neutral future.

### Solar Power and EV Charging Stations

GERMANY



In Remscheid, two charging stations service up to four EVs at once while solar panels enable Lear to generate clean electricity on-site. The solar power not only allows Lear to use less electricity from the grid, but it also helps power the charging stations. Employees and guests can charge their vehicles while working, reserve a time slot if needed, and pay for power through an app.

### Virtual Energy Treasure Hunts

GLOBAL

Lear engages employees in energy treasure hunts, where teams are trained to spot potential energy inefficiencies at their plant, estimate cost savings, and present top ideas to management. At four Lear plants, virtual energy treasure hunts identified potential energy savings of 2,700 MWh and reductions of 1,100 metric tons of CO2e GHG emissions. Lear also collaborated with a major customer to help develop and pilot a virtual energy treasure hunt process during the COVID-19 pandemic. Teams were educated by an expert via Zoom and then searched for potential energy inefficiencies throughout the plant. After gathering data and taking photos, online coaches reviewed the results. The virtual process empowers local teams to improve energy efficiency at their own facilities while eliminating the environmental impact of experts' travel to the sites for training.

### TikTok Managers

THAILAND



Who says saving energy can't be fun? Managers from every department made TikTok videos reminding employees how even small steps can add up to big energy savings.

## A Collaborative Effort

### Better Climate Challenge



During the 2021 UN Climate Change Conference (COP26) event, Lear joined the U.S. Department of Energy's (DOE) **Better Climate Challenge** as part of an inaugural group of 32 companies. Lear was

later recognized by the Secretary of the U.S. Department of Energy as a DOE partner among 90 other organizations during a formal launch of the program in February 2022. Through the Better Climate Challenge, organizations pledge to reduce their Scope 1 and 2 emissions by at least 50% within 10 years. The DOE is supporting our decarbonization efforts with technical assistance and peer-to-peer learning to share solutions on reducing emissions and making power purchasing decisions.

### Clean Energy Buyers Alliance (CEBA)

Lear joined **CEBA**, formerly known as the Renewable Energy Buyers Alliance (REBA). Membership in this buyer-led organization provides Lear with guidance on renewable energy procurement strategies, facilitates collaboration on low carbon energy solutions, and helps us build relationships with energy buyers, providers and industry experts to support our overall energy goals.

### DTE On-Site Energy Management Pilot Program

Through its On-Site Energy Management Pilot Program, local energy company DTE is working with Lear to assess building performance, monitor energy use and identify energy waste reduction opportunities in nine Detroit-area facilities. An on-site energy manager works with our team to assess energy use, propose leading methods and processes, initiate projects, and report energy savings.



### RE100

To help accelerate the change toward zero carbon emissions, Lear plans to join **RE100**. Led by the Climate Group in partnership with CDP, RE100 brings together the world's most influential businesses to drive the transition to 100% renewable energy. Members commit to a target date to match 100% of the electricity used across their global operations with electricity produced from renewable sources, whether from the market or self-produced.

### Science Based Targets initiative (SBTi)

Lear's climate change goals are in alignment with the Paris Accord and **SBTi** goals. SBTi defines and promotes best practices in reducing emissions and setting net-zero targets, offers technical assistance and resources, and provides independent assessments and validation. Lear plans to commit to SBTi in 2022.



# Life Cycle Assessments

What is the carbon footprint of Lear's products? It's a tough question to answer without considering the entire life cycle of a product, from acquiring raw materials, shipping and manufacturing to using the product and disposing of it at the end of the product's life.

Lear is among the first automotive suppliers to conduct life cycle assessments (LCAs) to better understand our carbon footprint and the potential impact our products have on the environment. This cradle-to-grave analysis will help us make more informed decisions about raw materials, logistics, new product design, production and recycling/reuse opportunities as we develop our path to carbon neutrality.

## Our Strategy

Lear developed an overall LCA Strategy to determine our products' carbon footprint and initiated high-content LCAs on our seating and wire harness products in 2021.

Because our seats are available with a wide range of options (fabric, leather, heat, massage, infotainment and more), the LCA analyzed a high-content seat with common options to represent a multitude of combinations, allowing us to model more than 95% of our seating portfolio. The carbon footprint of seats with fewer options can then be accurately extrapolated. Similarly, the LCAs for a wide variety of wire harnesses can be determined based on the same process. In 2022, Lear will also conduct a comprehensive LCA study on our leather products to assess the environmental impact of leather in 16 different finished leather options. Lear plans to conduct LCAs on 100% of its product categories.

Because even LCAs compliant with ISO and other standards cannot be compared with one another easily, the automotive industry is currently considering ways to standardize how carbon data is gathered. Lear's strategy is to move forward, supporting our customers and working with our supply chain to obtain and provide the best data possible.

## Cradle-to-Grave Sustainability

In addition to conducting LCAs to find opportunities to reduce our environmental footprint, Lear is currently pursuing life cycle sustainability throughout the organization by:

- Publishing a **new product sustainability directive** and process to formalize the integration of sustainability into our design process, including sourcing raw materials, green manufacturing processes, and reusability or recyclability at end of life
- Educating our engineering teams at workshops
- Developing internal **green product definitions**, baselines and strategies for model-to-model improvements
- Hosting continuous improvement projects driven by green product metrics
- Exploring alternative raw materials
- Participating in SteelZero's drive toward net zero steel



In 2022, Lear plans to complete third-party verification of our LCAs and share the results with customers to help them determine their own carbon footprints.



# Innovative Green Products

Our green product portfolio continues to grow, with more than 850 global patents and pending patent applications for sustainable technologies—and counting. To drive **cradle-to-grave sustainability**, we developed internal green product definitions, baselines and strategies for model-to-model improvements in 2021.

At Lear, we define our green products as having one or more of the following attributes:

- Support EVs and electrification
- Contain renewable or recycled materials
- Have reduced mass to save energy
- Are recyclable at end of life

Based on this definition, nearly all of our products are green.

Lear is laser-focused on integrating sustainability into our product development strategies and processes. We go beyond envisioning products for the future. As part of our formal design reviews, any new product or manufacturing change requires engineers to complete a checklist designed to identify sustainable content, features, processes, packaging and transportation. Our sourcing teams also find environmentally and socially responsible suppliers to support our sustainability journey with high-quality alternative materials.

**850** global patents and pending patent applications for green products

[VISIT OUR WEBSITE](#) ▶ to learn more about our forward-thinking solutions



**CONFIGURE+ LONG-RAIL SYSTEM TEAM**  
SOUTHFIELD, MI & VALLS, SPAIN



*Innovation Possibilities Award*

**WINNER**



## Champions of Lear: Lear Innovation Possibilities Award

**SPAIN AND UNITED STATES**

To inspire a culture of innovation and technology, Lear presents the Lear Innovation Possibilities Award for the best product, process or business model ideas with the potential to deliver high value to Lear and our customers. This year's award was presented to the Lear ConfigurE+ team for developing real-time location tracking and seat orientation in a ConfigurE+ system. The innovation controls and manages any number of movable and/or removable elements in vehicles with configurable interiors, providing automakers and end-users with a direct interface with ConfigurE+ technology and an overview of how vehicle interiors can be configured.

**Learn more** about our 2019 Automotive News PACE Award-winning ConfigurE+



## Automotive News PACE Award-Winning Innovations

In 2021, Lear submitted three innovations in the prestigious Automotive News PACE Awards competition—and all three won. This also marked the third consecutive year Lear has won a PACE Award.

The annual PACE Awards honor superior innovation, technological advancement and business performance among automotive suppliers. PACEpilot Innovations to Watch Awards recognize pre-commercial, post-pilot innovations in the automotive or future mobility space.



We are excited to win multiple 2021 Automotive News PACE and PACEpilot Awards. This achievement demonstrates the focus and dedication of the Lear team to our company mission of Making every drive better™ by providing innovative and disruptive solutions for our customers and enhancing the in-vehicle experience for end-consumers.”

**RAY SCOTT**

President and CEO



**PACE Award Winner**  
Battery Disconnect  
Unit (BDU)



**PACEpilot Award Winner**  
INTU™ Thermal Comfort  
with Gentherm's ClimateSense™



**PACEpilot Award Winner**  
5G Telecommunications  
Unit (TCU)

**Making every drive better™**

Helps EVs charge faster and deliver more electrical power

Personalized, energy-efficient comfort

Next generation connectivity

**Firsts**

The first-to-market primary interface between an EV's battery pack and the electrical system supports two parallel 400-volt systems

The first production-ready technology to integrate intelligent climate control software in a complete seating system

The first TCU to combine nine flat antennas with all corresponding connectivity components

**Benefits**

- Greater energy density and peak current for more power
- High power switching for quicker charging
- Superior thermal management to dissipate internal heat
- Lighter and smaller, making room for a larger battery
- Overcurrent protection for safety
- Developed in only 18 months during the COVID-19 pandemic
- Many patents pending

- Addresses individual needs rather than the entire cabin
- Seats heat or cool in half the time using less energy
- Ability to preheat or precondition the seat with remote start
- Intelligent temperature control to automatically regulate occupant comfort
- Automatic adjustments for custom user profiles and environmental inputs
- Improved occupant comfort while supporting energy efficiency for the overall vehicle architecture
- 2 patents pending for Lear innovations

- Sophisticated aesthetics conforming to vehicle body
- Significant reduction in system cost
- Improved aerodynamics for better fuel economy or longer battery life
- Scalable/upgradeable key technologies via over-the-air updates

**Changing the Future of Mobility and Reducing Our Carbon Footprint**

Overcomes challenges with electrification of larger vehicles and reduces vehicle emissions

Battery driving range increases 3% (when actively cooling the seat) to 20% (when actively heating the seat)

Lower system cost, improved aesthetics, and comparable performance to "shark fin" solution



## Inspiring Innovation

Fresh perspectives are inspiring innovation at Lear. For example:

- Through our new Inspire and Train program, external influencers lead hands-on workshops involving hundreds of engineers on topics such as sustainable innovation inspired by nature and looking at problem solving from 25 different points of view.
- Lear leadership and local experts present Tech Talks on the latest pursuits in different fields.
- In the spirit of open innovation, employees are encouraged to submit novel ideas and explain how significant the impact will be to product and/or process sustainability (energy, water, waste, carbon emissions).
- Followed by more than 1,000 employees, the “Imagine” Yammer channel congratulates patent winners, features innovators, recalls landmark inventions and promotes collaboration.

## How We Invest in Innovation

Lear is accelerating the pace of innovation and collaboration around autonomous, connected, electrified and shared mobility trends. For example, Lear jointly coordinated training with an institute to adopt nature-inspired engineering strategies, such as using the lightweight structures of birds to inspire seating designs. We also established a multidisciplinary, co-located team of graphic designers, engineers and product marketing professionals with an external business partner to fast-track concept and prototype development.

# Well-Diversified Global Seating Supplier



Safe

## Seat Covers

**LIMITLESS DESIGNS, MANUFACTURED WITH THE HIGHEST QUALITY**  
Production-ready, serviceable materials protect against microbial attack.

Sustainable

## Eagle Ottawa Leather

**PREMIUM AUTOMOTIVE LEATHER, RESPONSIBLY SOURCED & MANUFACTURED**  
A natural, renewable resource, leather is also durable and cleanable.

Sustainable

## Foam & Comfort Systems

**BRINGING SCIENCE TO COMFORT**  
Made from U.S. sourced soybeans, SoyFoam™ requires 60% less conversion energy to produce compared with conventional foam, which in turn creates 4 times less emissions.

Smart

## Complete Seat Systems

**STUNNING DESIGN, SUSTAINABLE MATERIALS, INTEGRATED TECHNOLOGY**  
An electrified and configurable seating system, ConfigurE+ supports autonomous driving, ride-sharing and TaaS.  
  
INTU™ intelligent seating featuring Thermal Comfort delivers faster comfort with less energy than traditional heating or cooling methods, contributing to extended battery driving range.

Sustainable

Sustainable

## Guilford Textiles

**CAPTIVATING DESIGNS, SUPERIOR QUALITY**  
We manufacture a selection of premium textiles 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

## 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 reduces mass and cost and provides 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**

Battery Disconnect Units, Integrated Power Modules and Battery Management Systems help EVs charge faster and drive farther. Joint ventures with Hu Lane and Shinry Technologies in China, and joint development agreements with IMS Connector Systems in Germany support vertical integration to strengthen our position and support high-speed data.

Sustainable

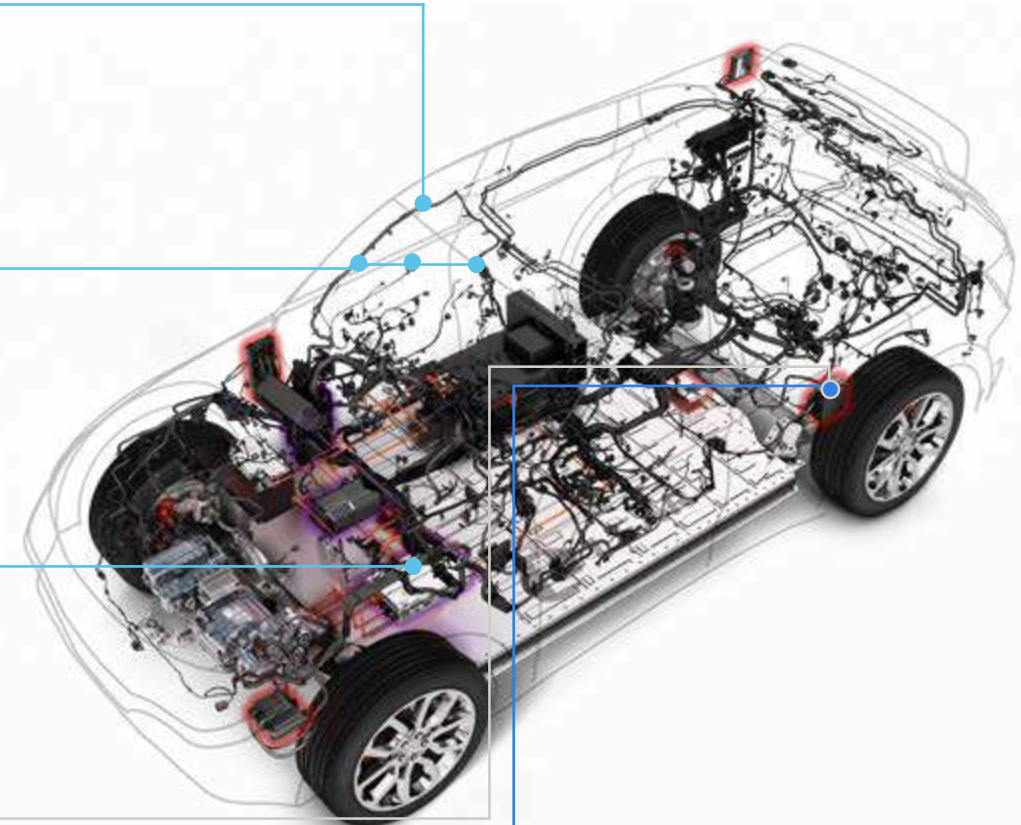
## Connectivity & Software

**NEXT-GENERATION CONNECTIVITY ACROSS 5G, V2X AND GNSS, MODULAR SOFTWARE ARCHITECTURES DELIVERING CONNECTIVITY AND ELECTRIFICATION**

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

Safe

Smart



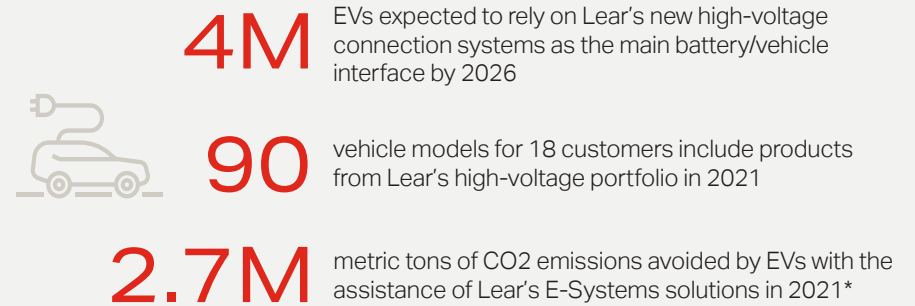
## Driving Electrification

An abundance of new EV models have hit the mass market—including the Ford Mustang Mach-E, Volkswagen ID.4 and Chevrolet Bolt EUV—and sales in the segment are accelerating. Consumers reserved more than 160,000 Ford F-150 Lightning trucks, and the automaker sold out of its E-Transit vans. Reservations for the GMC Hummer EV Edition 1 sold out in just 10 minutes. In 2021, EV sales have more than doubled, and demand for EVs is outpacing production. In fact, some predict that the tipping point—when the cost of an EV becomes less than a gas-powered vehicle—may arrive in just a few years.

Lear has been electrifying the automotive industry for over a decade. In 2008, Lear and its partners developed the first mass market onboard charger for the Chevy Volt. Today, we are the only Tier 1 supplier with the capabilities and expertise to offer full architecture solutions for both electrical distribution systems and power electronics. Our expertise in E-Systems is also driving new innovations in safe, smart and sustainable Seating systems, such as our Automotive News PACE award-winning **INTU™ intelligent seating**.

With integrated system solutions that connect, transform and protect power, Lear is uniquely positioned to benefit from the explosion in EV growth. We don't design batteries—we develop and produce the entire ecosystem around them. Lear continually innovates, integrating components into powerful, sophisticated systems to maximize EV 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 ConfiguE+ seating system, which began production in 2021, takes advantage of the flat load floor often seen in EVs. 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.



*\* 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 estimates have not been verified by a third party.*





## Ahead-of-the-Curve Connectivity

Connected cars are expected to save lives. With 5G and vehicle-to-everything (V2X) technology, cars will communicate with traffic lights, talk to toll booths, see pedestrians in blind spots, be aware of construction zones and eventually support autonomous driving and TaaS. Connectivity will likely 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.

**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, a sleeker look—and no shark fin

**10cm**

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



## 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, use 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, miniature terminals and electrical components reduce vehicle weight, which enables lower emissions and increased battery driving range independent of vehicle drivetrain.

**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

Lear recognized the megatrend toward sustainable materials early. We launched SoyFoam™ in 2007, blazing a trail in sustainable alternative materials. PET water bottles can now be spun into yarn to make seating material. Leftover plastic resin from the molding process can be reground and added to virgin material to produce 100% recycled and recyclable plastic for channels to hold wires in place and route them throughout the vehicle.

By engineering solutions focused on diverting waste and developing a robust supply chain, we became an early enabler, offering our customers the same high quality, performance and appearance they expect for demanding automotive applications. Major global automakers are beginning to embrace the movement, specifying recycled content for various applications including headliners, door panels and seating.

Lear is prepared with a portfolio of technologies ready now. To support the quest for sustainable materials, we are evaluating renewable and recycled raw materials—such as plant-based fibers and recycled plastics for yarn and seat covers, and foam made from recycled polyester and sustainably farmed, U.S. sourced soybeans.

Lear has also developed technologies designed for enhanced recyclability at end of life. For example, our seat trim includes fabric that has foam-free backings, eliminating the need to separate foam from the face fabric. Made from 100% recyclable polyester, the textile material can be easily reclaimed to produce new seat covers. Polyester fibers and nearly all electrical components are also recyclable.

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



## Diverting Waste

Recycling plastic reduces our reliance on petroleum, stops plastics from ending up in oceans or landfills, diminishes microplastics formed when ocean water breaks down plastics, prevents destruction to marine life that ingest or get caught in plastics, and supports a global circular economy. Depending on the composite content, recycled plastic may also be recyclable. In the future, petroleum-based products such as polyester are not expected to be eliminated but instead incorporated into a closed loop system to be endlessly recycled and reimagined as a versatile and sustainably conscious material. Here are a few of Lear's production ready solutions and advanced development projects.

### Production Ready Solutions

- PET from plastic water bottles for fabrics and recycled polyester yarn for carpet
- Recyclable plastic clips replace steel clips to reduce weight
- Recovered plastic waste along waterways and upcycled marine plastics by SEAQUAL™ used in seating and surface materials

### Advanced Development Projects

- Coffee ground waste recycled into yarn by S.Café®, a supplier that patented the sustainability technology
- Nonstructural seating components made from recyclable polyester yarn instead of foam
- Headliners and other applications made from recycled and recyclable polyester yarn

**12M** tons of plastic waste ends up in our oceans every year

**100%** of Lear's recycled suede is fully recyclable

**80%** of the world's ocean plastics enter through rivers and coastlines

**37.8M** plastic water bottles were recycled into yarn used by Lear in 2021

**1 lb.** of plastic water bottles produces 1 lb. of yarn



# Synergized Ecosystems

Fibers from natural resources such as animals and plants are renewable, biodegradable, UV resistant, breathable and a natural alternative to petroleum-based solutions. Made from plants, bio-based plastics and Lear's SoyFoam™ support a global circular economy, reduce reliance on petroleum-based polyester and conserve raw materials. These are some of Lear's other production ready solutions, advanced development projects and concept developments.

## Production Ready Solutions

- Blended yarns made from 30% wool and 70% recycled polyester
- Panels made from 60% cellulose and fleece fiber add structure to seating
- Paper honeycomb molded panels replace steel or plastic in seating panels
- Wood fiber from tree waste used as a filler material in injected molded components

## Advanced Development Projects

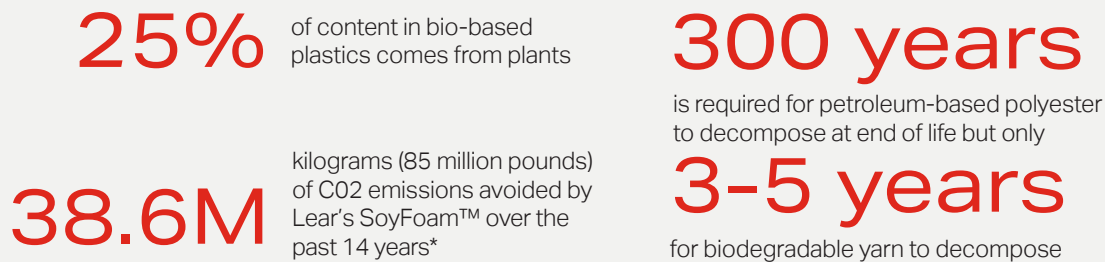
- Natural animal fibers such as wool, alpaca and mohair
- BioTech Leather made with increased recycled waste content and repurposed natural materials such as oils from soybeans, collagen from leather shavings, and cellulose from wood
- Plant-based fibers such as bamboo, beech and eucalyptus
- Bio-based plastics made from corn, sugar beet and biowaste

## Solutions in Concept Development

- Biodegradable yarn decomposes quickly when introduced into a conditioned environment

## More Sustainable Solutions

- **Lowest carbon steel available** produced from recycled steel uses electricity instead of fossil fuels during production and generates 30% fewer CO2 emissions.
- **Zeology tanning** utilizes zeolite minerals derived from natural elements to produce bright white leathers with superior performance.
- **Olive tanned leather** applies extracts derived from olive leaves discarded during harvesting and trimming instead of metal salts or aldehyde.
- **Bio-based finishing** technology displaces traditional leather coating chemistry with renewable plant-based compounds or resins produced either from carbon capture technologies or recycled petroleum materials such as oil and plastics.
- **Fabrics designed to harvest solar energy** improve EV battery life.
- **Ceramic fibers** help control temperature with less weight.



\*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

# Industry 4.0

For more than 100 years, Lear has built its reputation on operational excellence and continuous improvement. Industry 4.0 is part of our perpetual journey. It is an evolving and complex set of ideas, encompassing equipment, physical systems, data analytics and AI. The concept is leading to a future where organizations are driven by data and supported by employees with digital skillsets.

In 2021, following internal and external assessments, we developed a vision of what the factory of the future will look like at Lear and created a long-term strategy to realize our vision.

## Lear's Vision & Strategy

Enhance Lear's competitiveness through disruptive, automation-driven profitability, and be the best automotive Tier 1 supplier and employer of choice for the talent of tomorrow.



### Pragmatic

Smart, business case driven investment in automation



### Pervasive

Lear-wide transparency and control for faster response to customer needs and supply chain disruptions



### Perpetual

Transforming the culture and mindset to continuously disrupt and improve operations



**Industry 4.0 isn't only about installing automation and eliminating manual tasks.**

It's a never-ending journey that unifies equipment, data and the organization to drive efficiency and quality, create a better working environment for our employees, and ultimately reduce our impact on the environment."

**DAN DROUIN**

Vice President, Industry 4.0



Our Industry 4.0 roadmap includes prioritizing initiatives, developing our transition plan, and creating development programs for employees. We will use intelligent automation to deploy equipment and robotics to improve material flow, efficiency, throughput and quality.

Our factory of the future will improve safety and ergonomics for employees while optimizing operations, avoiding unplanned downtime and improving quality. For example, Lear's industrial ergonomics software platform now uses motion capture and AI to automate 70% of ergonomic assessments with up to 83% better accuracy than traditional manual methods. Up-skilled team members will be empowered to manage digitally enabled solutions—such as process optimization, programming, predictive maintenance and robotics management—leading the charge into the future.

In addition to helping Lear increase efficiencies to become a better supplier for our customers, our ongoing efforts will make us a better investment opportunity for shareholders through multiple ESG advantages.

**531** people trained globally in AI Ergonomics Software in 2021

**Lear's Industry 4.0 strategy is expected to improve efficiencies as well as reduce emissions and enhance Lear's social and governance key performance indicators (KPIs).**





# Environmental, Health, Safety & Sustainability

## Our Environmental Management System

Lear's Environmental Management System (EMS) helps us identify, manage, monitor and control environmental topics 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. Key accomplishments include:



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 as a whole to determine energy, water and waste reduction performance, and identify opportunities for improvement.



In 2021, Lear completed our integration of ISO 14001:2015 and ISO 45001:2018 Environmental Health and Safety Management System (EHSMS) to improve employee engagement, performance and efficiency. The system combines eight global groups into three (Europe/Africa, Asia and Americas). To learn more, see [Employee Safety](#).

## Our Environmental, Health, Safety & Sustainability (EHS&S) Policy focuses on:

- Integrating environmental, health, safety and sustainability elements into our overall business strategy and supply chain management
- 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
- Conserving energy, water and other natural resources, reducing waste and chemical use, decreasing GHG emissions, and supporting climate change initiatives
- Striving to continually reduce the environmental impact and improve the performance of our products

## CDP Supply Chain & Investor Surveys

The CDP (formerly known as the Carbon Disclosure Project) allows companies to benchmark their progress toward environmental stewardship against their peers. In 2021, Lear's score for water security improved, matching the North American average. For climate change, our score also increased with a rating higher than North American and global averages. In both categories, Lear improved from a Disclosure Level to a Management Level.



### Climate Change



### Water Security



Lear has reported our annual CDP Climate Change data to customers since 2011 and to CDP investor signatories since 2017. We currently report our climate change and water data to customers and CDP investor signatories, and forests questionnaire to investor signatories. See our [Water Security CDP Score Report](#) and our [Climate Change 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](#).

Lear is currently transitioning to a new software solution to manage environmental data. The system will streamline safety, environment, health and sustainability data and reporting. We expect to complete the transition in 2022.

# 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 or cardboard packaging made from wood pulp—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 recognizes the important role natural forests and rainforests play in the health of the global ecosystem. We are committed to working with our supply chain to protect these forests and ensure our manufacturing and sourcing activities do not contribute to deforestation. We expect the same commitment from our global supply chain. Our **No Deforestation Policy** requires:

- Complying with all government laws, regulations and guidelines regarding deforestation
- Forested areas are not clear-cut or burned for production or development
- Purchasing and supplying materials from legally compliant sources that are free of content acquired from illegally deforested, indigenous or other protected lands
- Encouraging the protection of High Conservation Value (HCV) forests/lands and averting the conversion of other valuable and vulnerable ecosystems, within the framework of local legal requirements

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.**

# Improving Air Quality

To meet our **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

In addition to implementing our **Renewable Energy Strategy**, our continuous improvement teams are using Lear's new **Energy Efficiency Playbook**, together with lean manufacturing processes, to identify energy and waste reduction projects, track progress and share best practices. Our plants will also use the playbook to identify opportunities for capital projects to be implemented in 2023. Their efforts are reducing energy use around the world.



160

projects completed in 2021, potentially saving 5,000+ MWh of energy globally

11%

reduction in absolute energy use since 2019

59,000

gigajoules of energy use reduction in 2021

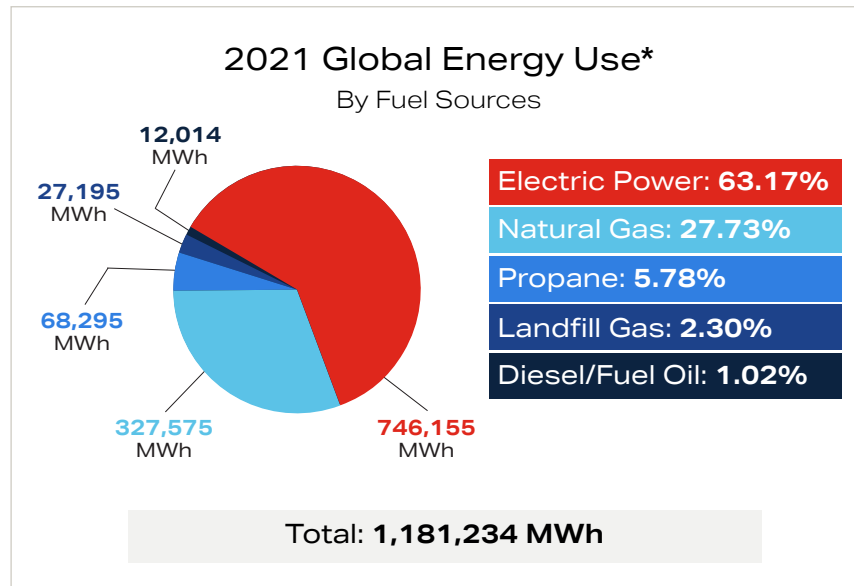
### Energy efficiency projects include:

- Performing virtual and in-person energy audits and treasure hunts
- Systematically shutting down process equipment during partial production or at peak energy use times
- Eliminating compressed air losses and reducing energy use through audits, leak detection/repair programs, and decreasing pressure requirements
- Upgrading to new air compressors
- Programming motors to pause between operations
- Replacing air conditioning units with centralized air conditioning
- Making efficiency modifications to chillers
- Installing new LED lighting and using light sensors or timers to illuminate only active employee work areas
- Capturing heat from cutting machines and recycling heated air or water streams to warm areas of the facility
- Engaging employees in energy-saving awareness programs to turn off lights, computers, fans and other equipment when not in use or after work hours
- Repairing or replacing doors to prevent heat or cooling losses
- Programming water heating devices with automatic shut off

## Investing in Renewable Energy

Lear aims to use 100% renewable energy—such as solar and wind—for electric power consumed at our manufacturing facilities by 2030. With less than a decade to meet this climate change goal, we have developed a **Renewable Energy Strategy** and **roadmap** to achieve our targets on time.

We already consume renewable energy within our manufacturing operations. For example, 100% of the electricity powering our plants in Germany, Poland and the United Kingdom is generated from renewable sources. Six on-site solar installations also provide power in Europe, South America and Asia.



\*Data for 2019 and 2020 is included in the Appendix.

## 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 aim 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.

Lear is currently transitioning to a new software solution to manage environmental data. The system will streamline safety, environment, health and sustainability data and reporting.

Nearly **12%** reduction in absolute Scope 1 and 2 emissions since 2019

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.

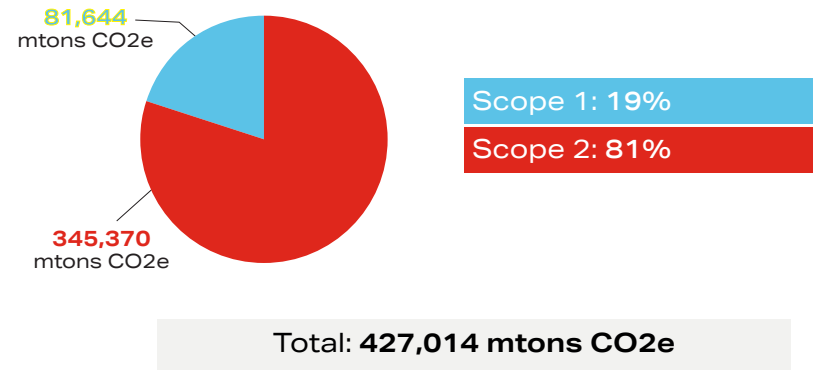
### Global Scope 1 Emissions by Business Division (CY 2021)

Business Division	Location Based (mtons CO2e)
Seating	73,688
E-Systems	7,956
<b>Total Scope 1 Emissions</b>	<b>81,644</b>

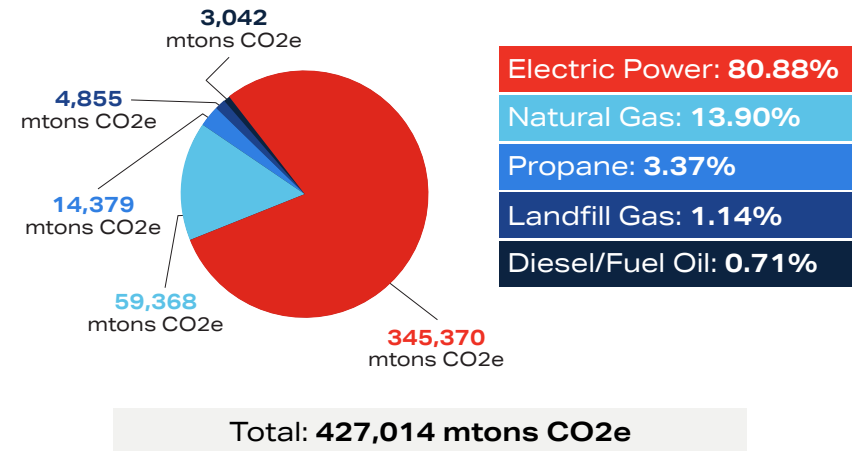
### Global Scope 2 Emissions by Business Division (CY 2021)

Business Division	Location Based (mtons CO2e)	Market Based (mtons CO2e)
Seating	236,526	201,246
E-Systems	108,844	96,137
<b>Total Scope 2 Emissions</b>	<b>345,370</b>	<b>297,383</b>

### 2021 GHG Emissions (Location Based)\* by Scope



### 2021 GHG Emissions\* by Fuel Source



\*Data for 2019 and 2020 is included in the Appendix.



# 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.

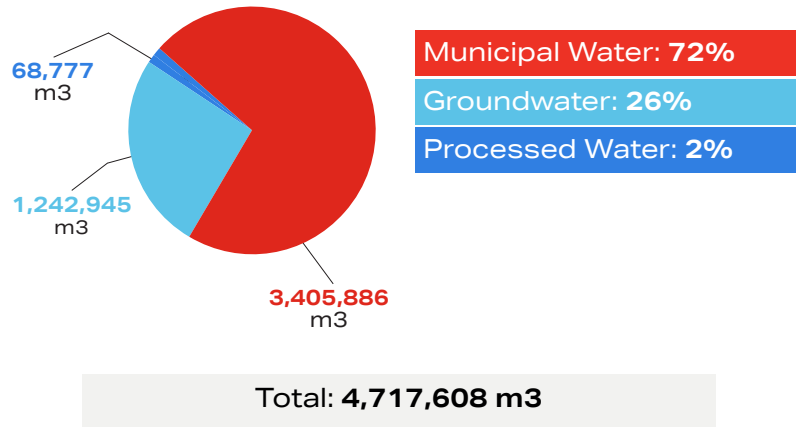
According to the World Resource Institute (WRI), water scarcity, floods, droughts and other water risks can cause operational and supplier disruptions, higher operational costs, brand damage and heightened regulatory uncertainty.

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).

In 2021, Lear took a closer look at the high water risk sites identified in the 2019 study. Sixty-four locations in 11 countries were selected for further analysis to define and prioritize water risks and opportunities. Based on 2022 WRI Aqueduct and World Wildlife Fund (WWF) indicators as well as internal ratings, sites were scored to reflect anticipated short-term and long-term conditions. The study revealed that 42 of the sites have high composite risk. Various mitigation actions and strategies are being considered for implementation in 2022 including rolling out Lear's new Water Stewardship Playbook.



### 2021 Water Withdrawal (Use) Data\*



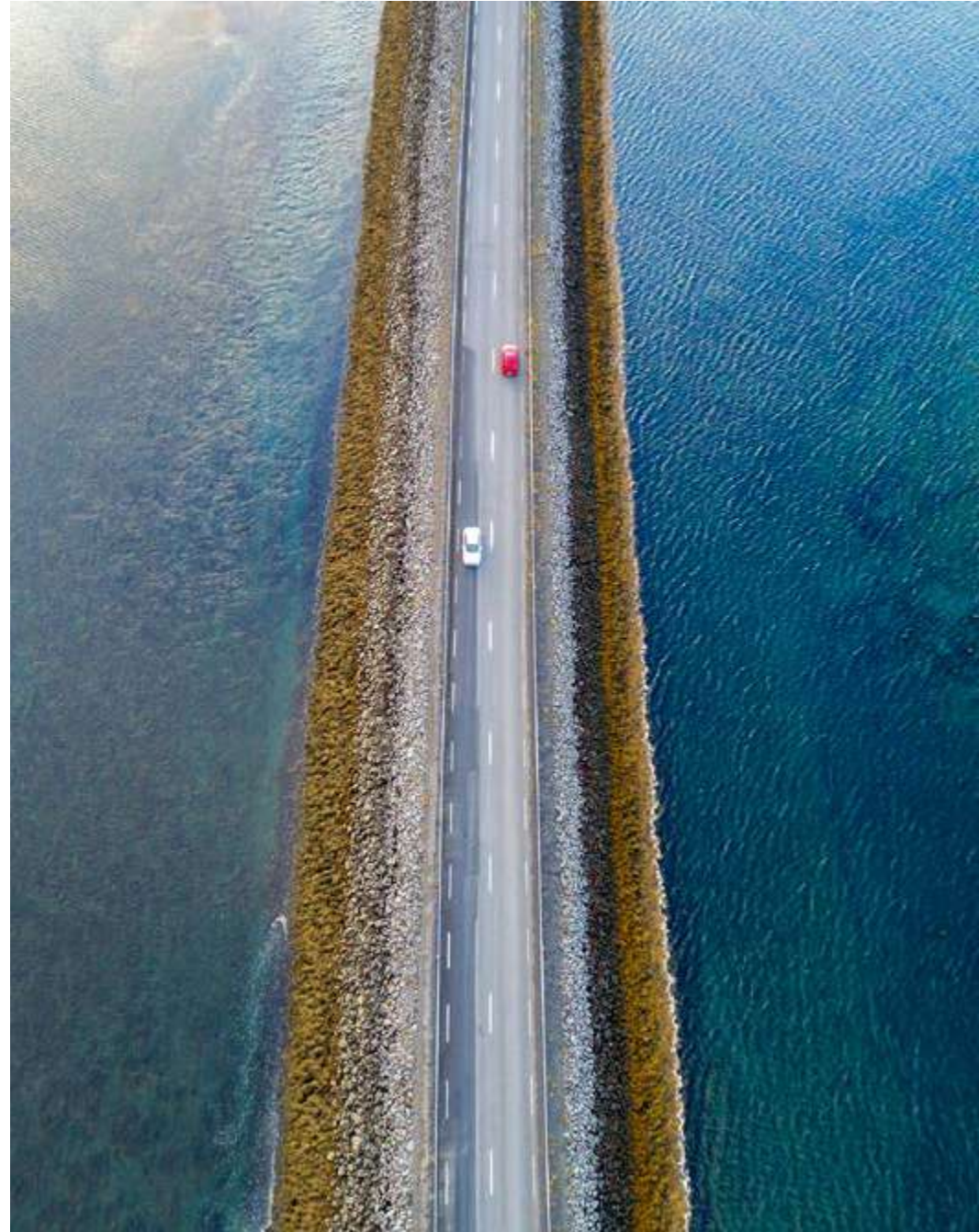
\*Data for 2019 and 2020 is included in the Appendix.

Nearly **12%** reduction in absolute water use since 2019

**9.5M** gallons of potential water savings from 43 projects completed in 2021

**0** gallons of water used directly from lakes or rivers

**0** environmental spills have significantly impacted the environment, above local legal requirements





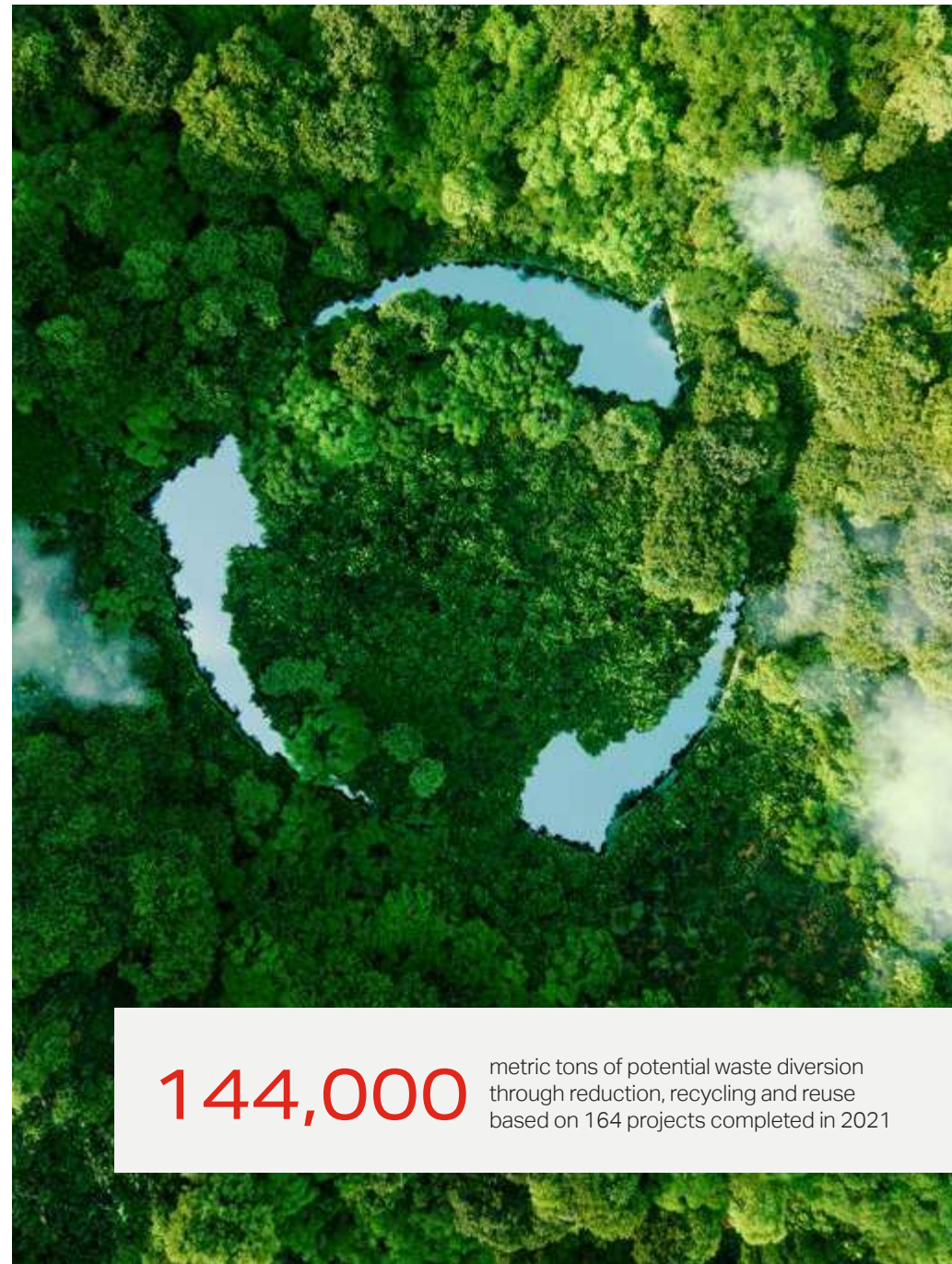
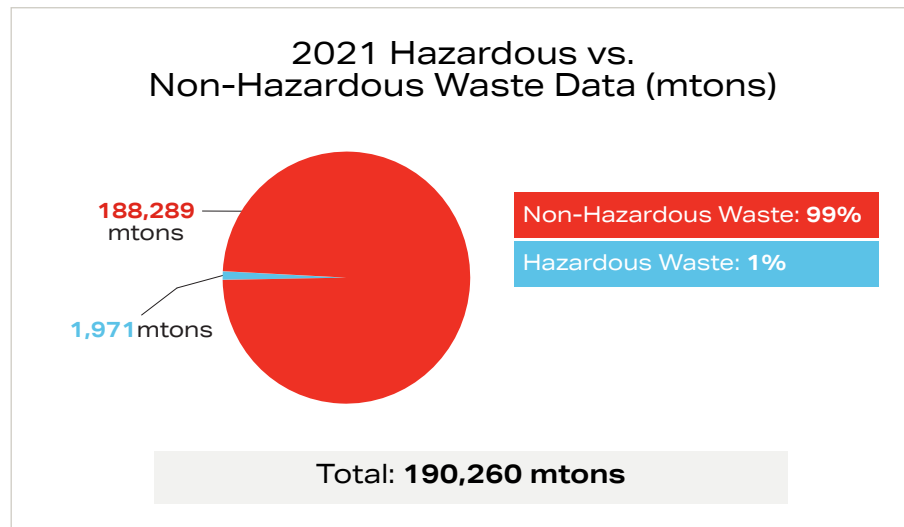
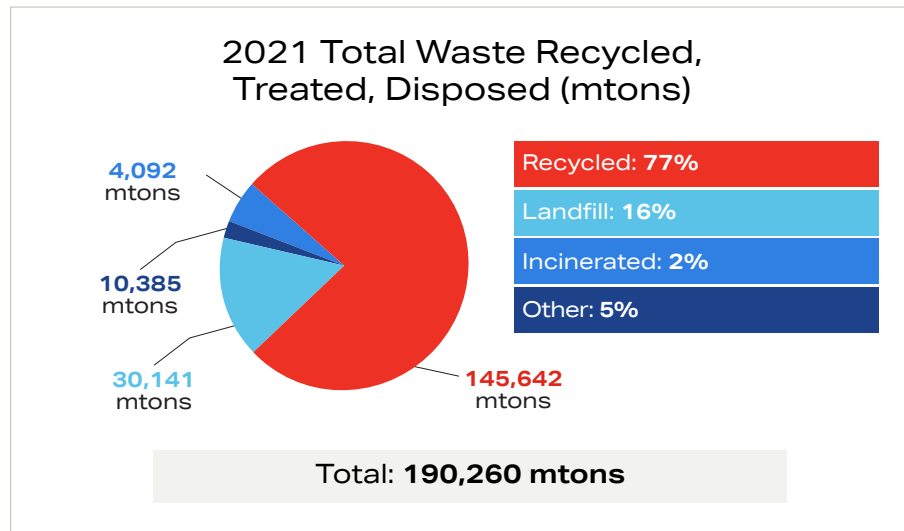
## Water Reduction Projects

Lear promotes water reduction projects at all of our locations around the world. Our continuous improvement and environmental teams share best practices. Here are just a few examples.

- In the United Kingdom, a closed-loop system recycles water from nearly 20 production dye vessels for knit and woven fabrics. Using ultrafiltration and reverse osmosis, the system removes dyes and finishing chemicals (such as water repellent and fire retardant coatings) and recirculates the clean water back to the dye vessels. Measuring equipment monitors the amount of steam produced in boilers to optimize the system and identify leaks.
- Eagle Ottawa by Lear has implemented leading closed-looped practices and water-saving technologies for processing and finishing leather. In some facilities, state-of-the-art biological water treatment removes organic material without chemicals. All Eagle Ottawa plants treat wastewater, some of which is reused within the manufacturing facilities or repurposed to water grass.

# Eliminating Waste

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

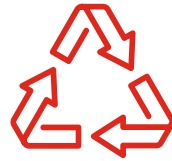


**144,000** metric tons of potential waste diversion through reduction, recycling and reuse based on 164 projects completed in 2021



## Reuse

- Plastic shipping bins are repaired and reused
- Pallets, plastic tubes and reels are reused for shipping
- Hydraulic oil is reused for robotic machinery



## Renew

- 50% of wood pallets purchased in Mexico and Honduras were refurbished from used pallets
- 96% renewable content achieved by using recycled waste and repurposed natural materials during the leather making process
- 100% of leather scrap material from operations in Europe, Mexico and China is upcycled



## Recycle

- Plastic bins designed to ship products are ground down and recycled when no longer repairable
- 29,600 metric tons of corrugated cardboard packaging is recycled at our plants
- Zero-solids-to-landfill at our Alfreton, United Kingdom, facility since 2016
- Recycled plastic from molding wire channels and polyol from foam scrap avoids landfills and increases recycled content in new products



## Redesign

- 26,000 unit loads of expendable packaging and 240 long distance sea container shipments were eliminated in 2021 through weekly workshops aimed at packaging optimization and reduction
- Mass is reduced by switching from steel to plastic clips, strategically decreasing thickness for plastic parts, or using ultra high strength steel for structures

Participating on the Board of Directors for the Suppliers Partnership for the Environment, an association of automakers and suppliers working to make a positive environmental impact, Lear helped establish best practices in sustainable packaging materials and other initiatives.



**In 2022, Lear plans to launch a Waste Reduction Playbook and a Water Stewardship Playbook to improve Lear's waste and water initiatives across the globe.**

# 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 a few examples.



## Champions of Lear: 2021 People and Planet ImpACT Award

**CHINA**

The Green Plant Team from Beijing received Lear's 2021 People and Planet ImpACT Award for driving numerous environmental improvements. The team carried out eight energy conservation projects, reduced electric power usage by more than 6%, became ISO 50001:2018 energy management certified, and received the Green Plant Honor from the government of China.



## Cleaning Up Beaches

**DOMINICAN REPUBLIC**

On International Coastal Cleanup Day, our team in the Dominican Republic collected more than 500 pounds of waste off the beaches of Playa Linda in San Cristobal and cleaned up over 950 pounds of waste off the coast of Nigua Ecological Park.



## Supporting Reforestation

**DOMINICAN REPUBLIC, PHILIPPINES & SOUTH AMERICA**

In celebration of Earth Month, employees from our teams in the Dominican Republic and South America planted about 1,200 trees in their local communities. Employees in the Dominican Republic also planted 600 mangroves and sea grapes in the Nigua Ecological Park, and we officially adopted the Biasong mangrove area in the City of Cebu in the Philippines in partnership with Project MORE (Mangrove Management Optimization for Resilient Ecosystems).



## 7 Plants Earn Clean Industry Certification

**MEXICO**

Our facilities in Leon 2, Monarca, Nova, Puebla, Ramos 1, San Luis Potosi and Torres achieved Clean Industry certification in 2021. Sponsored by Mexico's Federal Attorney General for Environmental Protection (PROFEPA), Clean Industry certification helps safeguard the country's environment by evaluating compliance with federal environmental laws, based on audits by accredited auditors.



## Protecting Pollinators

### GLOBAL

At many of our facilities, our teams plant gardens to support declining pollinator populations by providing habitats for bees, butterflies, hummingbirds and other pollinators. In Thailand, employees were also given flowers to plant at home.

**WATCH** ▶ How gardens help bees, butterflies and other pollinators



## Cleaning Up the World

### BRAZIL & ROMANIA

On World Clean Up Day, our employees in Brazil not only collected waste but recycled it or sent it to the environmentally correct destination. The team recycled 580 kg of materials and disposed of 130 kg of electronic waste. Volunteers and their families from Pitesti and Campulung collected trash from nearby forests, showing their "Let's Do It, Romania" spirit.



## Replanting Forests Ravaged by Fire

### MEXICO

When fire destroyed local forests, employees at numerous plants collaborated with Support Your Local Forest to support 450 firefighting brigades and will help plant 20 million trees over the next five years.



## Reducing Emissions

### MEXICO

During their Car Service community campaign, more than 60 vehicles were tested for emissions, and employees collected 70 kg of batteries.



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



## Protecting the Earth

### POLAND

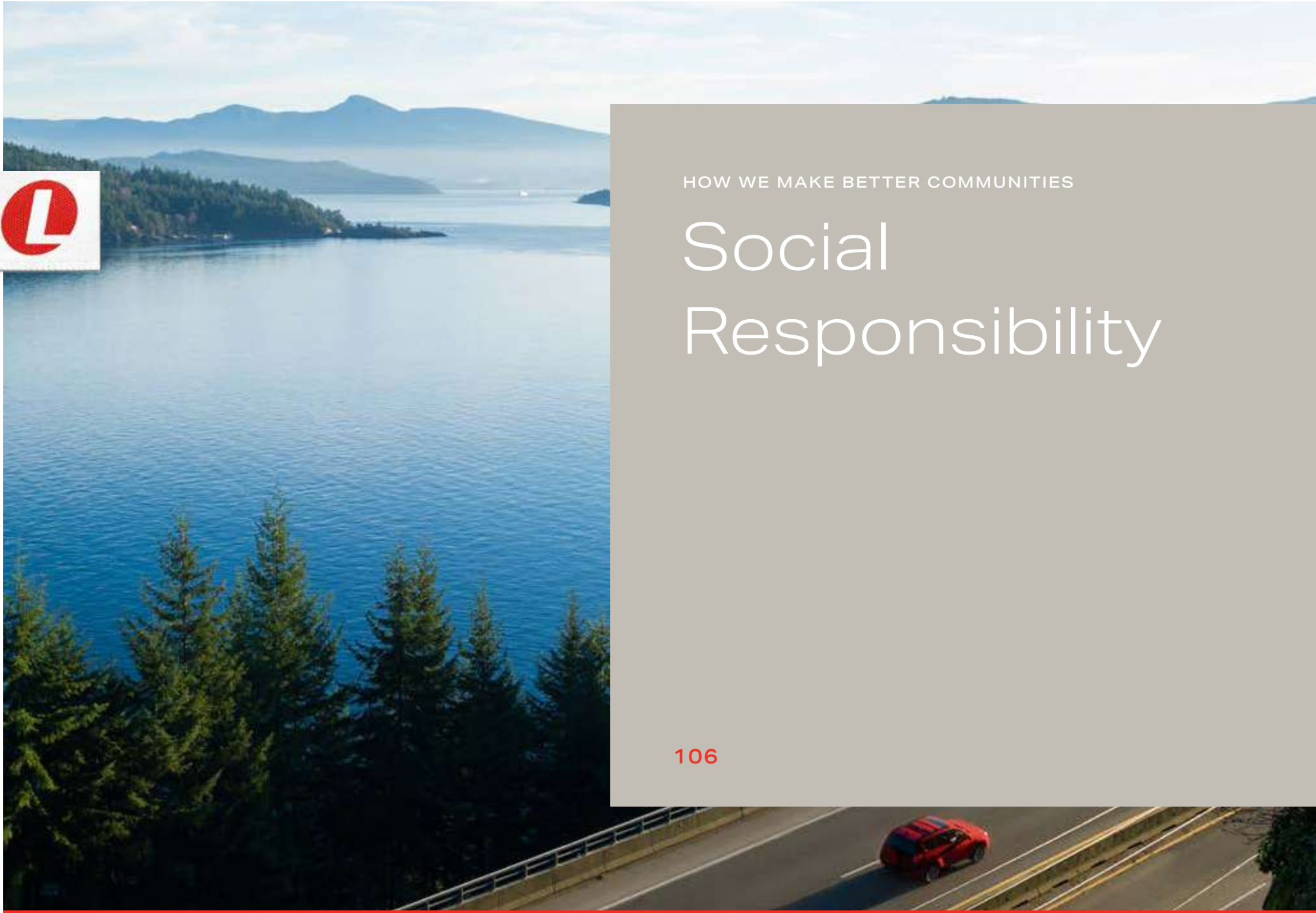
To celebrate Earth Day, employees cleaned the green space around their plant in Legnica, gathering nearly 20 large garbage bags of trash. The team planted an oak tree as a symbol of their dedication to protecting the environment.



HOW WE MAKE BETTER COMMUNITIES

# Social Responsibility

106



# Highlights



## Meaningful employment opportunities

**160,000** team members

**Competitive pay & benefits**

**77,500**

employees globally are covered by **labor agreements**



**2.4M** hours of training and development in 2021



## Engaged workforce



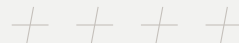
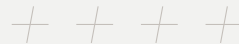
**96,800**

participants responded to **180+** engagement surveys in **24** countries

**+85%** increase in **Leadership Report Card participation** since 2017

Developed employee engagement, safe work and hybrid work

**playbooks**



## Striving for diversity, equity and inclusion

**Together We Grow**



career development program launched in 2021

**190,000+**

**hours** of DEI and Expect Respect anti-harassment **training completed** since 2019

**\$5.1B** spent with **minority-owned, women-owned and veteran-owned suppliers** in the United States over the past decade






# Diversity, Equity & Inclusion (DEI)

## Together We Belong

At Lear, we have a long-standing commitment to a harassment-free, discrimination-free workplace where everyone is welcome. Implemented in 2020, Lear's Together We Belong campaign drives awareness and engagement, educates our employees, and funds organizations committed to change.

In addition to establishing an Executive Diversity Council (EDC), the campaign 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 DEI toolkits have been developed for plant deployment. Lear also funds 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.

In 2021, we continued to enhance our DEI efforts through training programs such as Connecting with Others and leadership development opportunities like Together We Grow.

			
Drive	Educate		Fund
Connect grassroots efforts with our EDC, CEO and the leadership team to develop a comprehensive strategy, focus our initiatives, and drive accountability and results	<b>DISCUSS</b> Offer in-person and virtual events including <b>ERGs</b> , lunch-and-learn sessions, panel discussions, educational presentations, social events and community engagement	<b>LEARN</b> Provide DEI toolkits for hourly employees and online Expect Respect training for salaried employees in all locations	Provide financial and nonfinancial resources to local and national nonprofits that align with Lear's vision and are devoted to achieving racial equity





## Connecting with Others

Rolled out in 2020, our Connecting with Others training helps employees realize the strategic benefit of connecting with a wider range of people, distinguish between diversity and inclusion, identify barriers to inclusion, learn inclusive counter behaviors, acquire skills to repair disconnects, and commit to stronger connections. Understanding the difference between flocking and networking, cultural naivete and sensitivity, and other dynamics is building bridges throughout the company. Employees are taking the initiative, listening and cooperating with each other. As part of this training, more than 70% of participants took the Inclusion Challenge to reach out to someone who is significantly different than them and engage in inclusive practices for six weeks. The highly successful program is expanding to all hourly and salaried employees in our U.S. manufacturing facilities.

**70%**

of participants in Connecting with Others training took the 6-week Inclusion Challenge

## Together We Grow

Piloted in 2021 with a diverse group of 31 employees in the United States, our Together We Grow initiative helps future diverse leaders grow by investing in meaningful development and proactive career management. The program identifies high-potential employees, provides one-on-one mentoring, and offers training and career mapping to advance and promote talent to next-level roles and leadership positions. Participants set individual specific career goals and target the soft and hard skills they need to progress. The program is focused on retaining top performers, helping the leadership team become more diverse, and increasing the likelihood that if you work for Lear, you work for a great leader.

**WATCH** ▶ [Together We Grow](#)

## 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, among others, 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. We conduct pay equity studies on gender globally and on race in the United States. The global 2021 Pay Equity Study of 100% of our nearly 20,000 salaried employees revealed less than 1.3% 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. In the United States, less than .04% of diverse employees required an adjustment.

## Developing Diverse Leadership

We expanded our **leadership development opportunities** for minority employees to inspire career growth and help prepare them for the next level in their careers. 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.

## Supporting Supplier Diversity

Our DEI efforts also extend to our suppliers and our global communities. In 2021, Lear met or outperformed the supplier diversity spending targets set by our customers, attended 15 supplier diversity events, partnered with 13 organizations to support supplier diversity initiatives, and worked with 221 certified minority-owned, women-owned and veteran-owned suppliers in the United States. No potential supplier is precluded from consideration on the basis of race, color, religion, sex, age or national origin.

**\$5.1 B** spent with certified minority-owned, women-owned and veteran-owned suppliers in the United States over the past 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, KPIs, 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 (HR), community relations and supplier diversity departments** collaborate with our Vice President of DEI to coordinate efforts across functions. The team manages events, community support initiatives, training and other 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. Each ERG is sponsored by one of our executives to drive business alignment and gain visibility. Anyone can join an ERG.

6

ERGs

15

countries represented

1,320

in-person and virtual ERG events held in 2021



**GROW**

### Global Resources & Opportunities for Women

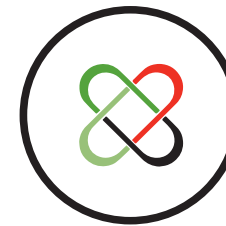
promotes the positive visibility of women through community impact, an inclusive work environment and Expect Respect culture.



**LYP**

### Lear Young Professionals

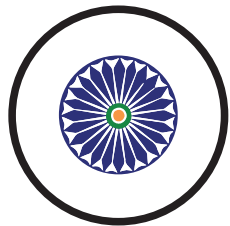
provides networking opportunities within Lear and the surrounding community, and supports onboarding, engaging, developing and retaining young professionals.



**LAAN**

### Lear African Ancestry Network

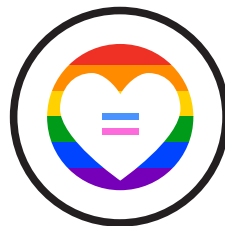
encourages recruiting, support and volunteer service to drive community impact and awareness among African Ancestry populations.



**LION**

### Lear Indian Origin Network

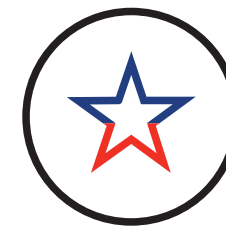
engages in outreach events to make a positive impact on all the communities around Lear.



**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.

## Lear ERGs Make a Difference



### Champions of Lear: New DEI Award

For the first time, Lear presented a DEI Award as part of our signature **Champions of Lear** event. Thirty-four submissions from 16 countries competed for the honor. The winning cross-functional team from Brazil and Argentina has 160 active participants in its ERGs. Its DEI survey reported that 93% consider DEI important in the workplace, 88% believe Lear cares for all people equally, and 90% think Lear hires professionals who represent diversity. The team also received 2021 Great Place to Work certifications for all eight Lear plants in Brazil.



### Learning about Asian American and Pacific Islander Heritage Month

During Asian American and Pacific Islander (AAPI) Heritage Month, our GROW and LION ERGs collaborated on a virtual lunch-and-learn event to promote awareness of this community's history, culture and achievements. More than 100 participants learned about the broad diversity of the 48 countries spanning the Asian region, played games and took part in a question-and-answer session.



### Commemorating Black History Month

Our LAAN ERG hosted an enriching variety of digital content during Black History Month. During its signature event, Alicia Davis, Senior Vice President, Strategy and Corporate Development, welcomed more than 150 participants to the virtual celebration. "I really enjoyed LAAN's Signature Event this past February. The poetry readings were very moving. The fact that these poems were created specifically for this event made them even more special," said one participant.



## A Veteran's Best Friend

Our VALOR ERG hosted an event on our Southfield, Michigan, campus with the Veteran Service Dogs Organization, a non-profit group that trains and provides service dogs to U.S. military veterans. Lear is proud to support this great organization by donating and helping to raise awareness about how these animals improve the mental and physical health of our veterans.

## Understanding Intellectual Property and Celebrating Diwali

Along with advanced engineering, our LION ERG hosted a webinar on innovation and intellectual property, emphasizing that innovation is important to everyone at Lear, not just our engineers. During Diwali, LION members decorated a conference room with flowers and candles to immerse their teammates in a cultural experience celebrating the Festival of Lights. The ERG also volunteered to sort groceries for needy families at Forgotten Harvest.

## International Women's Day



Sponsored by Lear's GROW ERG, teams around the world showed their support for this year's International Women's Day theme: #ChooseToChallenge. The theme encouraged everyone to choose to challenge inequality by fostering an inclusive environment for all.

**WATCH** ▶ the full International Women's Day virtual celebration!

## Supporting Parents, Families and Friends of the LGBTQ+ Community



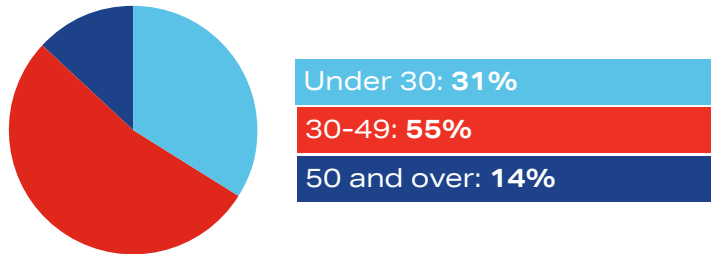
Lear LOVES held an educational event for parents and family members of LGBTQ+ children to offer employees the opportunity to hear stories and ask questions from a panel of experts. One attendee commented, "I know someone whose child had recently come out, and she was so glad Lear LOVES hosted this conversation."

## DEI 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.

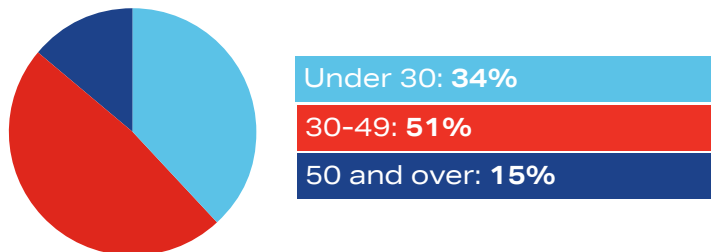
### Global Female Employees

By Age Group



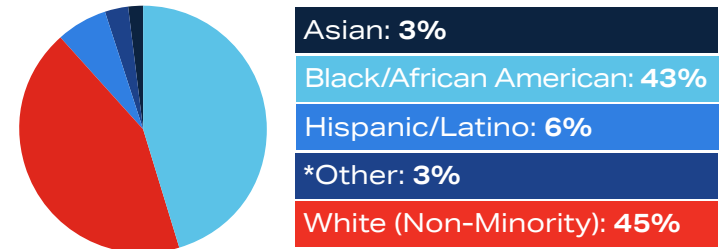
### Global Male Employees

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\*

47%

ethnic, women or minority new hires in the United States in 2021



\*Leaders are defined as manager-level and above

## Women at Lear

In 1952, Lear hired its first female production employee. Today, women comprise 44% 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 HR teams and 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.



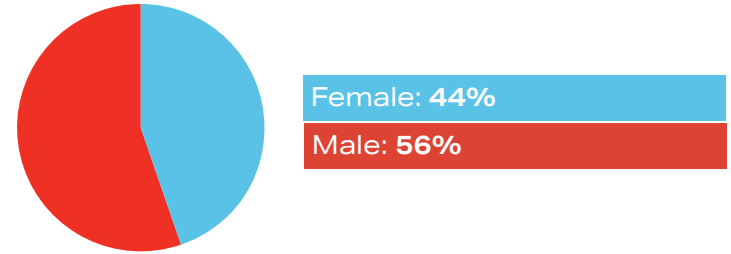
**24%** of Lear's global leaders are female\*

\*Leaders are defined as manager-level and above

**33%** of global salaried new hires in 2021 were female

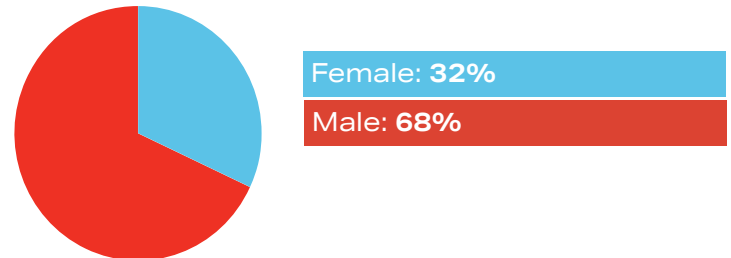
### Global Employees

By Gender



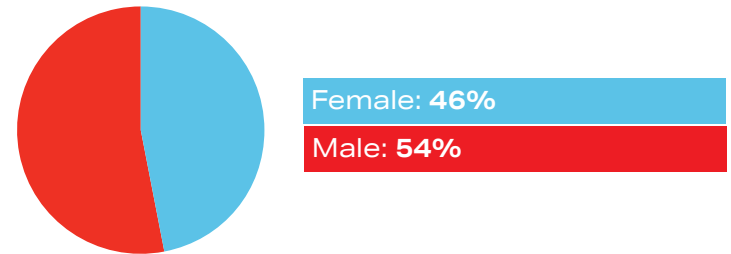
### Global Salaried Employees

By Gender



### Global Hourly Employees

By Gender





## Community Partners & Engagement

- Asian Pacific American Chamber of Commerce (APACC)
- Canadian Aboriginal Minority Supplier Council (CAMSC)
- Council of Supplier Diversity Professionals (CSDP)
- Detroit Regional LGBT Chamber of Commerce (DRLGCC)
- Great Lakes Women's Business Council (GLWBC)
- Michigan Hispanic Chamber of Commerce (MHCC)
- Michigan Minority Supplier Development Council (MMSDC)
- National Association of Women Business Owners (NAWBO)
- National Minority Supplier Development Council (NMSDC)
- National Veterans Business Development Council (NVBDC)
- Veteran Owned Business Roundtable (VOBRT)
- Women's Business Enterprise Canada (WBE)
- Women's Business Enterprise National Council (WBENC)

## Actions & Achievements

- Automotive News Rising Star – Chauna Grigsby
- Savoy Magazine Most Influential Black Corporate Directors – Patricia Lewis and Conrad Mallett
- Corp! Magazine Salute to Diversity Awards – Derrick Mitchell, Diversity Business Leader
- Crain's Detroit Business 100 Most Influential Women in Michigan – Alicia Davis
- Crain's 2021 Notable Executives in DEI – Derrick Mitchell
- The Manufacturing Institute STEP Ahead Awards – Jennifer McIntosh
- Top 100 Best Companies for Women in India
- Human Rights Campaign Corporate Equity Index score of 90%
- Panel speakers at the NMSDC Center of Excellence, GLWBC Conference, NMSDC Program Manager Training, and MMSDC Health Care Group
- MMSDC Collaborative Growth Initiative participant
- MMSDC InFuse Corporate Mentoring Program participant
- MMSDC Board of Directors and Corporate Development Committee co-chair
- GLWBC Corporate Development Committee member
- VOBRT Corporate Advisory Committee member
- GM Supplier Inclusion Board member



# 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 the **Ten Principles of the UN Global Compact**, 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 our complaint reporting resources. Expect Respect is a simple, memorable and effective concept of how we should interact with employees, customers, suppliers and our communities.



Salaried and hourly employees participate in Expect Respect training during onboarding and refresher opportunities at the discretion of their site leaders. In 2021, we added an Expect Inclusion module to the course in addition to other 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 helpline** to report violations in the employee's local language. All reports are investigated, and metrics are reported quarterly to the Board of Directors.

**190,000+** hours of DEI and Expect Respect training completed since 2019



# Together We Win

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 at our manufacturing facilities in 2017, Together We Win is a global employee engagement program focused on driving cultural change. Together We Win unites 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.

Plants advance through four levels—leadership, work environment, employee involvement and team empowerment. To help our employees along the journey, our propriety Together We Win Playbook provides a roadmap of best practices, and engagement surveys give employees a voice in measuring progress at each site.

In 2022, our headquarters and other corporate locations around the world will also become Together We Win sites, allowing corporate employees to make their workplace and our culture even more dynamic, inclusive and engaging. Together We Win is how we achieve our outstanding reputation—not only for operational excellence—but as a great place to work.

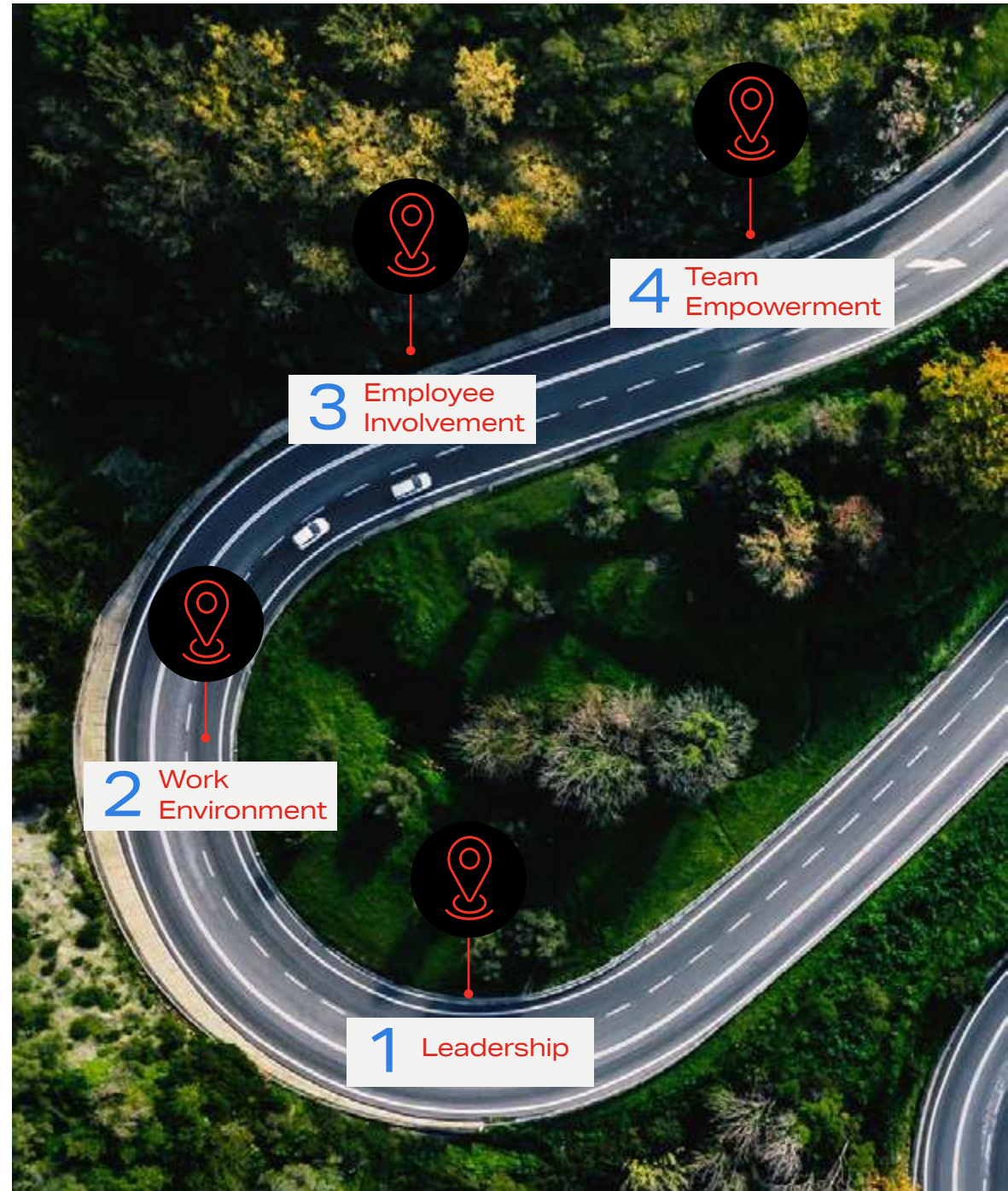
## Our Together We Win Playbook

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

**41 plants** are certified on all four levels of the playbook





## 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 evaluates 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.

### 2021 Global Engagement Surveys

**96,800** participants **24** countries

**180+** surveys **7%** increase in response rate globally





## Champions of Lear: Together We Win Award

The team in Green Valley, Honduras, won Lear's 2021 Together We Win Award for demonstrating their Together We Win spirit, exceptional leadership culture and outstanding performance in key employee engagement metrics. Despite challenges due to hurricanes as well as the pandemic, the team achieved a 95% retention rate, reduced absenteeism, and reported zero accidents or lost time injuries.



## We Wrote the Playbook

Lear developed a Together We Win Playbook to train plant managers and employees to transform plant culture. It includes helpful and comprehensive guidelines on a variety of topics such as hosting ergonomics awareness training, team leader talks and implementing lunch-and-learn events. The Together We Win Playbook was the foundation for the 80-page **Safe Work Playbook**, developed in response to the COVID-19 pandemic. Lear continues to share the Safe Work Playbook 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 manufacturing, plant support and corporate teams who represent the best-of-the-best in our global operations. Individuals, teams or plants can submit applications, which are reviewed by a diverse panel of judges including 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, we introduced a new award category to recognize initiatives that support DEI in the workplace.

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

**CELEBRATE** ▶ the 2021 Champions of Lear!



Nearly  
**600** submissions  
from  
**27** countries

**16**  
awards

Argentina  
Brazil  
China  
Czech Republic  
Germany  
Honduras  
Hungary  
India  
Indonesia

Italy  
Macedonia  
Mexico  
Moldova  
Morocco  
Philippines  
Poland  
Romania  
Russia

Serbia  
Slovakia  
South Africa  
South Korea  
Spain  
Thailand  
United Kingdom  
United States  
Vietnam

## 2021 CEO Special Appreciation Award

### VACCINATION CAMPAIGN TEAM

#### Mexico

As part of the Mexico National Vaccination Campaign, more than 60,000 doses of COVID-19 vaccines have been administered to employees and local residents at our plants in Ciudad Juarez, Mexico, and throughout the country. The effort took the hard work of hundreds of Lear employees and a leadership team that graciously opened the doors of our facilities to military and health workers to administer vaccines quickly and efficiently. We applaud the Vaccination Campaign Team for all their hard work and dedication to keeping our employees, families and communities protected and healthy.



**WATCH** ▶ the Vaccination Campaign Team in action!



## Corporate Giving

Lear supports a wide range of organizations through its corporate giving and employee involvement.



### Educating for the Future

#### UNITED STATES

Through the Detroit Children's Fund, Lear invested in public education in an effort to strengthen the pipeline of teacher talent, provide an alternative teacher certification program, retain and train promising leaders, and open doors to new charter school opportunities. To prepare students for the workforce, we also supported Winning Futures' school-based and college success mentoring programs, as well as college and career planning workshops.



### A Cornerstone of Learning

#### UNITED STATES

At Cornerstone Schools, our employee volunteers shared their experiences and advice with students through Career Pathways, participated in Junior Achievement programs for middle school students, and collaborated with the Detroit Area Pre-College Engineering Program.



Every year, Lear employees generously donate to Operation GIVE. **Their gifts of volunteer time and financial resources reinforce family resiliency, inspire hope and create opportunities for a better future.**

**VALENCIA MORRIS**

Director, Corporate Relations

### Learning Life Skills

#### UNITED STATES

Lear's donations to the Black United Fund of Michigan helped prepare 2,500 youth for careers and college, improve social and mental health, and develop leadership skills. Our support for the Boys & Girls Clubs of Southeastern Michigan, an organization dedicated to providing 6- to 18-year-olds with safe environments to build skills and confidence, helped raise funds to serve 21,000 youth. Employee volunteers and Lear's donations contributed to workforce development and early learning programs for hundreds of families through Focus: HOPE, as well as financial literacy and job skills for nearly 42,000 youth through Junior Achievement.

## Supporting Veterans

### UNITED STATES

Through American Corporate Partners, Lear supported 25 veterans and active-duty spouses, pairing them with volunteer employee mentors to help them transition from military to civilian life with tools such as professional development programs, networking events, and resume and interview workshops. Our contributions to Southwest Solutions provided food, housing and services for previously homeless veterans living in Piquette Square for Veterans, a 150-unit apartment project that provides mental health counseling, substance abuse treatment, on-site job training, computer labs and other support services. We also supported Veterans Returning Home to help veterans in crisis transition to civilian life through housing, legal support, job placement, disability benefit connections and life skills training.

## Bringing Light to Those in Need

### UNITED STATES

To support the Tarence Wheeler Foundation, Lear contributed 1,500 light bulbs for families in need. Lear also donated light bulbs to Detroit's Habitat for Humanity "Return Home Safe" construction projects and renovations, which help senior citizens avoid falls by providing better and more significant lighting throughout their homes.



## Supporting the Great Outdoors for All

### UNITED STATES

Lear's contributions support the operations of Chandler Park Conservancy and the Belle Isle Conservancy, providing environmental education, recreation and conservation opportunities for youth and families in the greater Detroit region.

## Students Compete in Real-World Challenges

### UNITED STATES

For 11 years, Lear has sponsored the General Motors/Wayne State University Supply Chain Case Competition—where students solve real-world challenges such as selecting suppliers, resolving logistics issues and dealing with part shortages. The annual competition has encouraged about 1,000 students from universities throughout the United States and around the world to pursue careers in automotive supply chain management. Over the years, our employees have volunteered as speakers and judges.





## Fostering Food Security

### UNITED STATES

Through Forgotten Harvest, we supported a summer lunch program, serving 150,000+ lunches distributed through 100+ mobile pantry sites to feed nearly 40,000 children. Our aid to Focus: HOPE also helped deliver food to 41,000+ seniors. At the Pope Francis Center, we helped fund housing for 250 people each day, nearly 87,000 meals, 4,000+ loads of laundry, nearly 3,000 showers and 200+ COVID-19 vaccinations.



## Supporting Young Women

### UNITED STATES

Lear's Vice President of Global Business Services, Finance, Carla Sarti is a board member of the Rhonda Walker Foundation. She welcomed TV news anchor and journalist Rhonda Walker to our Southfield, Michigan, campus for a panel discussion on her philanthropic mission to support young women in the Metro Detroit community. For nearly 10 years, Lear has supported the Rhonda Walker Foundation to help provide tutoring and scholarships. In 2021, Lear provided four scholarships to young women entering college.



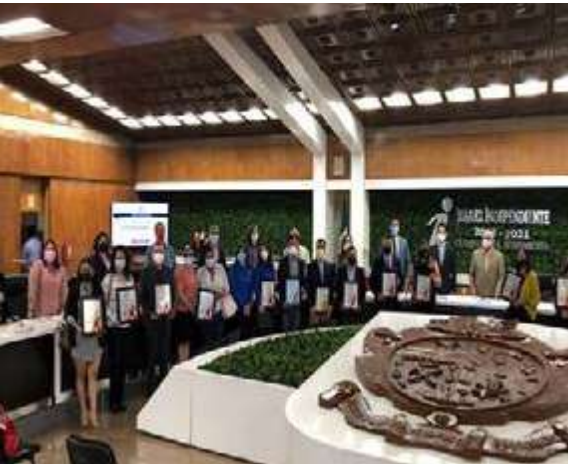
## Promoting Health and Wellness

### UNITED STATES

In Michigan, our contributions to the Ruth Ellis Center provided mental health services for young people who do not have access to public or private health benefits, and our sponsorship of Stride for Pride helped fund programs to provide housing, training and family preservation services for LGBTQ+ youth. During the 2021 Paul W. Smith Golf Classic, Lear helped raise funds to create healthier, more equitable communities for children and families through Detroit PAL, The Children's Center, Variety Children's Charity of Detroit, and the Children's Hospital of Michigan Foundation. These organizations provide a wide range of services from food, clothing and personal care items to prosthetics, supplies for burn patients, bikes for special-needs children and sports programs.

## Supporting Our Local Communities

Our employees around the world reach out to their local communities through numerous activities and events.



### Socially Responsible Company

#### MEXICO

Lear was recognized as a Socially Responsible Company by the Cabildo of Ciudad Juárez for our continued support of education, health and community management in the city. "We are proud to receive such an important recognition. We thank everyone who makes it possible, in every donation, in every activity," said Oscar Domínguez, President of Operations of Lear Mexico.



### United Way Presents 6th Award to Lear

#### MEXICO

For the sixth consecutive year, the Lear Mexico team received first place from United Way Chihuahua for the Great Donor Company Award and the Live Together Award, recognizing the team's efforts to improve the quality of life of hundreds of families through volunteer activities and donations.



### Lunch for Students and Patients

#### THAILAND

To help lift their spirits and provide encouragement, employees in Thailand provided lunch for children at the Camillian Social Center, as well as for AIDS patients at a local hospital.



## Furry Friends

### POLAND

Our employees shared their passion for horseback riding with children at a local orphanage, offering free lessons and a visit to a horse farm. Employees also collected donations, food and useful items for a local animal shelter for homeless dogs and cats. A photo contest encouraged employees to share pictures showing how much they love their favorite pet.



## Free Meals and Wheels

### ITALY

Our facility in Pozzo d'Adda continued its support of the local community's "social car," which provides transportation for the poor and disabled. In addition, 40 meals each month are cooked in the company's cafeteria and distributed to the hungry through the local food bank.



## Filling Food Banks

### UNITED KINGDOM

When the local food bank was struggling to keep up with demand, our team in Coventry partnered with the local primary school to donate more than 2 tons of essential food items and treats to feed local families.

*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 distracted drivers 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.



300+

students at 5 schools in multiple states attended virtual presentations in 2021

180+

virtual and in-person presentations since 2017

Stand with us and take the pledge to end distracted driving at [Focus on the Drive](#)

**WATCH** ▶ The winning videos from the 2021 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 winning recipient, a student from New York, received a \$5,000 scholarship for her video.*





# Teamwork & 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.

**2.4M** hours of developmental, compliance and corporate training in 2021

## Attracting New Talent

Due to new programs and business wins, the number of new hires at Lear grew significantly in 2021. Faced with tremendous recruiting needs in a volatile market, Lear’s talent acquisition team took a multi-faceted approach, including:

- Strategically building out our recruiting team with new team members focused on manufacturing and information technology
- Partnering with LinkedIn and improving the global distribution of job openings and rotation of positions for increased exposure based on talent needs
- Offering flexibility with **remote and hybrid work opportunities**
- Working with our compensation team to extend competitive financial offers
- Aiming for a diverse slate of candidates, particularly in terms of gender and ethnicity
- Boosting focus on high-potential internal talent, giving current employees the opportunity to build their careers at Lear
- Targeting specific functional areas and supporting a pipeline of new talent from universities and colleges

Lear is focused on creating mutually beneficial relationships for the long term—making the best hiring decisions for the company and potential new employees. Lear uses a global assessment process to understand what motivates and drives a candidate and how that aligns with the Lear culture and the objectives of the role. Learning about a candidate’s personal journey, work experience, successes and challenges helps to highlight key indicators for future success at Lear.

## Promoting from Within

Providing employees with opportunities for advancement has always been a priority at Lear. In addition to internally promoting open roles, we strongly encourage employees to refer candidates from their own personal network. In the United States, the newly revamped employee referral program reminds team members that they are often our best resource for future talent. To incentivize their contribution to the talent strategy and culture of Lear, the program offers a referral fee paid to the employee or a charity of their choice within 30 days after the new employee joins Lear.

**23%** of new hires recruited in the United States were referred by current employees, up 11% over 2020



## Hearing and Hiring the Deaf

The hearing-impaired community has its own language and culture. Working with the Association of Lapu-Lapu City, more than 50 Lear employees at Lear's Philippines Engineering Technical Center learned sign language and tips on how to communicate with the hearing-impaired. In Spain, Lear partners with the Association of Deaf People in Zaragoza and Aragon (ASZA), an organization dedicated to providing hearing-impaired people with resources for daily living, training and employment. Currently, four hearing-impaired employees work at the plant, performing the same tasks as other employees without special restrictions.

## 2021 New Hires

Recruited by the Talent Acquisition team in the United States and Canada

**20%** of positions filled by internal candidates

**23%** of new hires were referred by current U.S. employees

**47%** ethnic, women or minority new hires in the United States

Approximately **50%** of new hires were for newly created positions





## Supporting Talent for Tomorrow

To ensure a pipeline of new talent, we encourage candidates to launch their careers at Lear through a number of creative programs. Targeted recruiting efforts focus on specific career paths—such as finance, supply chain, HR, information technology and Industry 4.0. Our team hosts events at universities to introduce Lear and our current available opportunities. Interviews are held the next day and usually result in internship offers extended to the candidates.

In addition to other universities and colleges near our manufacturing facilities, Lear’s corporate headquarters recruits from numerous universities such as:

- Brigham Young University
- Central Michigan University
- Eastern Michigan University
- Ferris State University
- Grand Valley State University
- Indiana University
- Kettering University
- Lawrence Technological University
- Michigan State University
- Michigan Technological University
- Northwestern University
- Oakland University
- Purdue University
- University of Georgia
- University of Illinois
- University of Michigan – Ann Arbor
- University of Michigan – Dearborn
- University of Michigan – Flint
- University of Minnesota
- University of Notre Dame
- University of South Carolina
- Wayne State University
- Western Michigan University

### 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, as well as other areas such as purchasing, accounts receivable, sales, information technology and project management.

36

students participated in the co-op program in 2021

10

hired since 2019



## 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.

An average of **60**



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



## Trainee Program

In Valls, Spain, Lear offers two types of trainee programs for final year university students. The Lear Trainee Program attracts students from the engineering or business administration fields, and assigns them to a specific role within a department such as finance, purchasing, marketing or engineering. The Lear Innovation Trainee Program focuses on engineering students who are added to a Lear project team within software, hardware, electrification or advanced engineering, providing direct experience to product development within the automotive industry while they complete their final degree project. In both programs, students are closely mentored by Lear professionals and can gain up to 10 months of work experience.

**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 México and Universidad Tecmilenio 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, HR or EHS departments. These 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.

**29** employees currently involved in the rotation program **75%** of participants in the supply chain program are diverse

## 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 Magazine's 2021 World's Most Admired Companies – fifth consecutive year
- Great Place to Work Awards – Brazil, all 8 sites
- Forbes Best Employers Award - Poland
- Shenyang Model Harmonious Labor Relations Enterprise Award – China
- Shanghai Yangpu Innovative and Advanced Organization Award - China
- Family Friendly Employer – Szolnok, Hungary
- Top Employer - Slovakia
- Top 100 Best Companies for Women in India





## 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:

### Together We Grow

In 2021, we launched a new merit-based career development program called Together We Grow. Designed to inspire career ownership and growth especially for diverse employees, the program provides leadership development training, stretch assignments and one-on-one mentorship to help employees build a personalized career development plan. By helping high-potential employees strengthen both hard and soft skills, expand their perspectives and gain exposure to senior executives, they develop new leadership and coaching behaviors. Together We Grow was piloted with a group of diverse candidates in the United States and will eventually expand globally to all high-potential employees regardless of diversity.

### Director and Plant Manager Academy

Created in partnership with the Monterrey Institute of Technology and Higher Education, Lear launched an academy for plant managers, high-potential managers and directors in Mexico and Honduras in late 2021. Each week, 59 employees from multiple businesses and locations were invited to participate in four online modules addressing teamwork and employee motivation, business finance, project management and decision making. At the end of each module, participants were tested and achieved an average final score of 91%. In 2022, participants will complete 14 more modules focused on seven competencies ranging from talent management and ethics to operational management and strategic mindset.

**59** plant managers, managers and directors

**1,800+** hours of training

**91%** average final score

## Career Acceleration Program

In China, we launched the Career Acceleration Program for high-potential employees. The 12-month program teaches key leadership principles and offers expert coaches to help employees reach their full potential as leaders. Through training, experiential learning and project execution, participants assess critical business challenges and present solutions.

### CEO Academy

Launched in 2018, Lear's CEO Academy is our annual premier leadership development opportunity. This year, a select group of nine leaders representing diverse functions and backgrounds were invited to participate in a week-long leadership immersion event with our CEO. Each participant presented a bold business idea to help drive Lear's success. Participants built relationships, gained one-on-one exposure to the CEO, received feedback and expanded their perspectives, while taking advantage of the opportunity to significantly impact our business.



## 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

By receiving valuable feedback early in their careers, leaders can accelerate their career development while strengthening our culture of transparency. Completed by a leader's peers and their direct reports, our annual Leadership Report Cards measure how well our managers lead others, lead the business and lead future leaders.

Results in each area are graded on an ABC scale. When leaders receive their results, Lear also provides a roadmap of next steps, an action plan and access to Lear-curated resources. Leaders with a B- or lower are coached either externally or internally. Report cards are used in talent reviews as well as reward and recognition programs worldwide.

In 2021, our report cards added questions on DEI and remote work. We also went broader and deeper, expanding the program to all senior managers, directors, plant managers and vice presidents.



### Annual Talent Review & 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

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.

### 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.



**Our people and plants are the heartbeat of our company.**

Since 2018, our global employee engagement program, Together We Win, has made Lear feel like a family... and a great place to work."

**NOELLE VALENTE**

Vice President, Global Leadership & Organizational Development, and Corporate Human Resources



## Training

All Lear employees receive EHS, Code of Conduct and Lear policy training as well as any legally required instruction. In addition, our global organizational development teams delivered virtual and in-person training programs to employees at all levels around the world. Here are just a few examples:

- Webinars on Industry 4.0, ESG, finance, engagement, mental health, leadership, Six Sigma Green Belt certification and more
- Workshops on the Lear Leadership Model, Skills in Action for Successful Leadership program for plant supervisors, diversity awareness, coaching, scorecards, leadership development and Together We Win
- Multiple-day training through the Emerging Leadership Development program, Directors and Plant Managers Academy, and Fundamental Leadership training
- Lunch-and-learn events on wellness, communication, conflict resolution and more
- Internal trainer and Together We Win auditor certification





## 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 the Team Leaders in Action program. 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.

**121** employees involved in the U.S. tuition reimbursement program in 2021

## Klaus Rahm Memorial Scholarship

In 2021, Lear awarded four scholarships to select employees based on performance, dedication and leadership potential. These scholarships provide 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 (EAPs) 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
- Overtime pay
- Child care at some locations
- Adoption services
- Banking
- Dry cleaning
- Transportation to and from work at some locations

Learn about our new [Hybrid Work Playbook](#) for managers.



## Remote and Hybrid Work Opportunities

Lear assembled a Future of Work Taskforce to determine how our work environment could quickly adapt to the post-pandemic world. The team led benchmarking studies, conducted employee surveys and held focus groups. Based on their research, eligible U.S. employees were given the opportunity to:

- Convert to full-time remote status or
- Join a 3/2 pilot program, working 3 days in the office and 2 days remotely

**40%** of office employees in Mexico follow hybrid work schedules



Most international locations offer similar arrangements based on country-specific pandemic protocols

Lear's Hybrid Work Playbook provides tips on how to use our new remote onboarding process, manage hybrid teams, and keep employees engaged, productive and healthy in a hybrid environment

## Parental Leave

Welcoming a new child to the family is a happy and life-changing event. To help both parents give their children the best possible start in life, U.S. salaried employees will be offered parental leave and adoption assistance beginning in 2022. The birth parent is eligible for 6-8 weeks of short-term disability plus six weeks of paid leave followed by six weeks of full-time remote work. The nonbirth parent also receives six weeks of paid leave followed by six weeks of full-time remote work.

## HR GBS Transforms Human Resources

In 2021, Lear introduced Human Resources Global Business Services (HR GBS) to deliver people-focused HR services to our global teams through streamlined digital processes, increased global collaboration and optimized HR service delivery. Using kiosks in our plants or personal devices such as computers or mobile phones, employees can securely log into the HR Service Center (HRSC) and access HR solutions in a single location, anytime, anywhere. More than 200 knowledge base articles answer the most common HR inquiries and empower employees to resolve issues. HR GBS has supported more than 98,000 cases globally with staffing, benefits, compensation, data management, and time and attendance. HR GBS transforms the delivery of repeatable HR transactions and knowledge to strategically support plant and people leaders, allowing them to focus on in-person moments that matter, such as onboarding, training, performance management and leadership development.



**200+**

articles empower employees to resolve issues and answer questions

**98,000+**

cases supported globally in 2021

**300+**

associates support HR GBS globally

**19**

countries served with support in 12 languages

# 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. Continued in 2021, the campaign addresses four aspects of well-being: body, mind, nutrition and balance. Here are some examples of how our teams are Driving Wellness.

# driving wellness.



## Body



In Spain, employees can see a physiotherapist at competitive rates, visit a medical consultant via online chat, and get discounts at local sports centers and gyms. In collaboration with the Spanish Association Against Cancer, employees learned “your health comes first” when preventing cancer. In Moldova and the Czech Republic, employees joined an aerobics class sponsored by the GROW ERG on fitness day, rowed boats on canoe day, and biked together on bicycle day. In Morocco, our facilities feature on-site fitness areas, basketball and football courts, wellness checkups, and a mobile breast and cervical cancer diagnostic clinic.



## Nutrition



Wellness packets filled with vitamin D, magnesium and organic drops helped boost immune systems in Macedonia. In Slovakia, employees challenged each other to one month without sugar, and online training invited employees to learn about healthy nutrition. Monthly live cooking demonstrations with fresh ingredients in the United Kingdom, poke bowls on the menu in Italy, free fruit days in Poland, and a weekly newsletter featuring information about seasonal fruits and vegetables in Hungary encourage healthy eating.



## Mind



The Mental Well-Being Program launched in the United Kingdom creates awareness, educates the management team to identify risks, and supports mental well-being first aiders. More than 70 employees were trained to support the mental well-being of others. Lunch-and-learn events, group conversations, and quarterly sessions presented opportunities for all employees to learn about mental health. Implemented in six sites covering 250 employees, the program works with the National Health Service and local professional organizations, encouraging employees to connect, be active, keep learning, take notice and give their time, words and presence. In Italy, employees also held mindfulness sessions outdoors.



## Balance



During Lavender Day in Moldova, the GROW ERG sponsored a visit to lavender fields to experience the calming effects of nature. Throughout Morocco, Mama Rooms provide private breastfeeding areas for mothers. In Poland, employees joined the Healthy Cities Challenge, a cooperative event between local medical facilities and the state forest to reward activity by planting trees. The Lear team logged nearly 5.5 million steps in just 30 days. As a result, the challenge sponsors will plant 50 hectares of forests in Poland. In the United Kingdom, more than 150 men and women attended workshops to learn how menopause affects women at work.



Now in only our second year, we continue to be amazed at the creativity and enthusiasm this program has generated. As individuals, it has made us healthier. As a team, it has made us stronger. At Lear, employees really are Driving Wellness."

**MARCIA GABILONDO**

Director Leadership & Organizational Development and Wellness  
Europe and Africa

**234**

wellness-related activities took place in Europe and Africa during 2021



In the United States, 10 free counseling sessions are available through the company's EAP as well as access to the myStrength® app, which provides digital tools for coping with stress, relieving depression, improving sleep and more. During Health Week, employees in South America participated in a webinar featuring a psychologist who offered advice on dealing with anxiety and depression due to the pandemic. Other activities addressed healthy eating, strengthening immune systems and quitting smoking.

# Labor Relations

Our talented teams are pros at 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.

We have a strong working relationship with our union partners. As champions of human rights and fair labor practices, Lear respects the right of employees to join or not join a union. In our locations with labor unions, we bargain in good faith to reach amicable, cost-competitive agreements in the best interest of our employees and customers. We benchmark the area labor market, pay competitive wages and pride ourselves on offering superior benefits.

Responsibility for labor relations begins with senior leadership and continues to the site level where we meet regularly with bargaining representatives to address topics critical to our shared success. Common subjects include safety, working conditions, employee engagement results, the state of the industry, new business awards, business transfer plans, performance relative to targets, implementing technology to support Industry 4.0, regional labor requests, and labor and management issue resolution, among others. These forums also provide opportunities for employees to discuss issues and concerns.

**77,500** employees covered by union agreements globally

**40+** union partners around the world



# High-Performance Self-Directed Work Teams

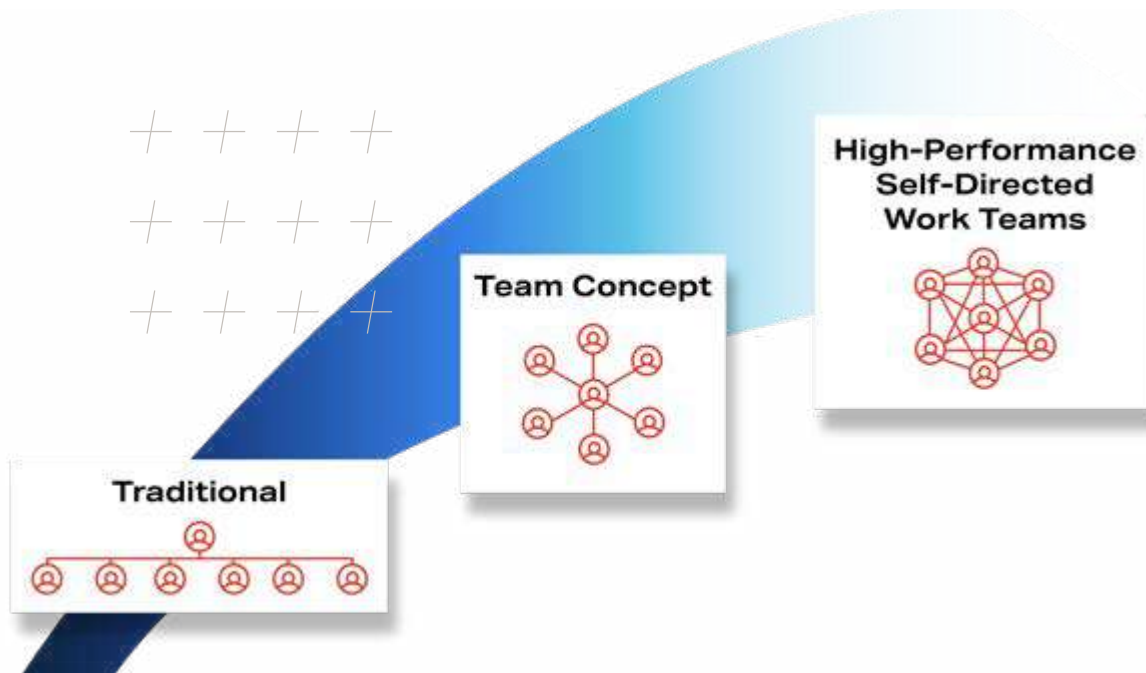
In 2004, Lear introduced our first high-performance self-directed work team in Montgomery, Alabama. We believe we are among a small group of companies that have not only managed to implement high-performance self-directed work teams, but to also sustain and grow the concept for nearly 20 years. In cooperation with our labor union partners, Lear has established these work teams at numerous sites around the globe with the commitment to further progress every site through implementation of Lear's **Together We Win Playbook**.

The autonomous work environment concept allows employees with different skills to work together with minimal supervision. With team members rotating positions, 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, high-performance 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.

~95%

of day-to-day decisions are made by individual high-performance self-directed work teams, where they exist

In many traditional plants, operations have moved from the "builder" concept—where a supervisor manages employees who are each responsible for one repetitive task—to the team concept—where a team leader directs employees who are skilled in several tasks. High-performance self-directed work teams provide more autonomy, allowing employees to rotate to different jobs, specialize in functional skills, and manage production processes and staffing decisions as a team.



## Collaboration at Work

### Asia

In the Philippines, employees discuss issues and concerns at daily meetings, participate in roundtable discussions, and meet with the plant management team to review metrics each quarter. In China, every employee has opportunities to interact and collaborate across all levels through lunch-and-learn events, roundtables and recognition programs. For new program launches, engineers train employees on technical support while R&D engineers work with production operations to fine-tune prototypes. Team China's esprit de corps unites all employees for a common purpose—stay safe, deliver and have fun together!



### United States & Canada

Dressing in teamwear, sharing parking lots and lunchrooms, and posting open invitations to all meetings demonstrate the Together We Win spirit and have eliminated subtle lines of demarcation between hourly and salaried employees. Engineers consult high-performance self-directed work teams on changes that impact manufacturing, and teams write their own work instructions, where appropriate. Suppliers work directly with teams to correct issues, and team members take part in customer audits to understand expectations. Traditional work rules have been replaced by coaching based on Lear values.



### Mexico

Union representatives participate in onboarding new employees and meet with HR weekly. Promotions, training graduations, social events and awards for quality, efficiency and attendance are celebrated. Every day, supervisors meet with randomly selected employees for a 15-minute discussion in a designated "uno-a-uno" area to address any open issues or concerns. Plant managers hold roundtables with 20% of hourly employees each week. Employees leaving the plant are met by supervisors who thank them for their efforts.

### Europe, Middle East & Africa

Throughout our operations, regular monthly meetings at the plant level encourage close cooperation on staffing, health and safety, and community activities. In Serbia, union representatives support hiring efforts. In Poland, a person responsible for contacts with unions and employee relations has been appointed to help identify and solve issues early. In the United Kingdom, Lear was one of the first organizations to put agreements in place with Unite the Union, the second largest trade union in the country, to allow us to employ and pay employees during the pandemic.

# Human Rights

Our Human Rights Policy clearly defines how we approach, govern and defend the dignity of people throughout our operations, communities and global supply chain. As champions of human rights, we embrace the international principles expressed in the **Ten Principles** of the UN Global Compact, the **Universal Declaration of Human Rights**, the **UN's Sustainable Development Goals** and the International Labour Organization's **1998 Declaration on Fundamental Principles and Rights at Work**.

## Reporting Concerns

Through Lear's **Ethics & Compliance Helpline**, 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 DEI in the Workforce

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 governments 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. 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

In 2017, Lear embarked on a journey to combine and closely align our Health and Safety Management System (ISO 45001:2018) with our Environmental Management System (ISO 14001:2015). Creating one Environmental, Health and Safety Management System (EHSMS) will increase efficiency, improve EHS performance and enhance employee safety.

Our new global EHSMS is compliant with ISO 45001:2018 standards and processes, including hazard identification, risk management, emergency preparedness, health and safety reporting, audits and more. All of Lear's plants are already ISO 14001:2015 certified. Lear is working to complete ISO 45001:2018 certification at 100% of its eligible production sites by 2025, prioritizing sites where certification is required by customers.

**100%** of Lear's eligible production sites are ISO 14001:2015 certified

**100%** of Lear's production sites are ISO 45001:2018 compliant

**20%** of Lear's production sites are ISO 45001:2018 certified as of December 2021

## Lear's ISO 45001 Journey





## Champions of Lear: Safety Leadership and Excellence Award

Lear's Safety Leadership and Excellence Award recognizes team engagement, report card performance, lost time and total recordable injury/illness rates (LTIR and TRIR), safety innovation, and transferable practices. Based in Valls, Spain, the 2021 winning plant hosted 6,000 employee safety meetings, provided nearly 2,200 hours of safety training, and achieved 100% of their LTIR and TRIR goals.

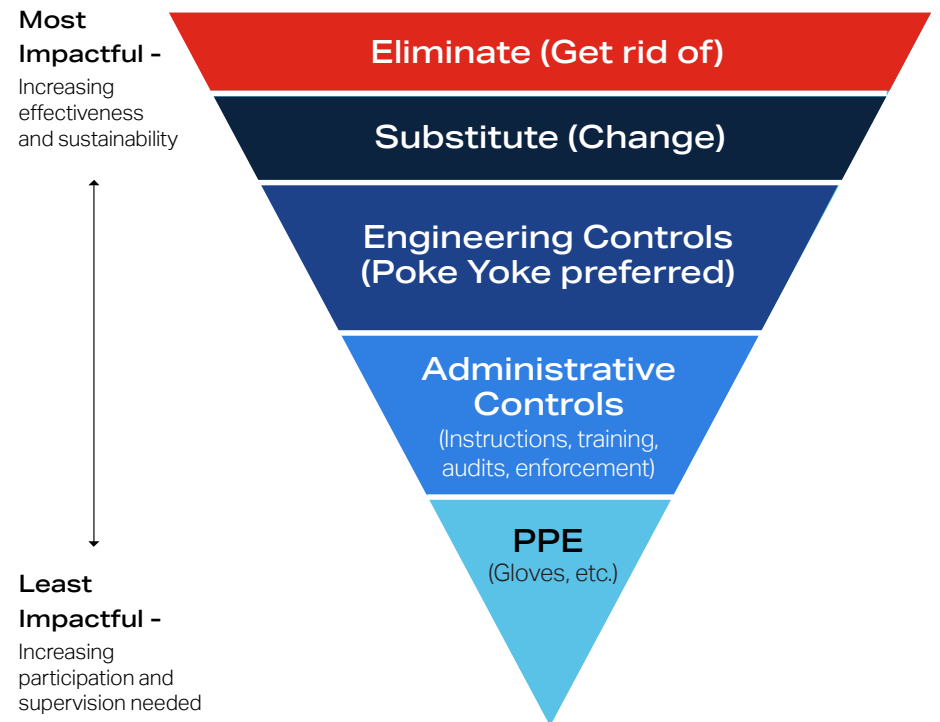


## Awarding Safety

To encourage employees to keep safety top of mind and recognize their accomplishments, Lear honors every facility that achieves 1 million hours with zero injuries or accidents. Annual awards are also presented to plants with no lost-time incidents or recordable injuries as well as the most improved plants.

## Hierarchy of Controls

To manage the most and least effective safety methods, Lear has developed an EHS&S Hierarchy of Controls.



## Key Employee Safety Statistics

Our safety efforts apply to everyone on our property, from employees and contract employees to visitors, customers, suppliers and students. In 2021, our safety metrics improved in nearly every category.

**540,500** hours of safety training in 2021

**89,900** hours of COVID-19 safety training in 2021

## World class 0.35 TRIR

achieved compared with 0.60 benchmark and nearly world class 0.09 LTIR attained compared with 0.06 benchmark

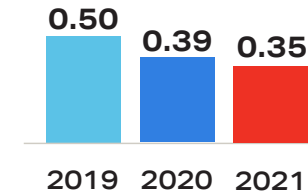


**30%** reduction rate at critical sites through the Safety Focus program

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

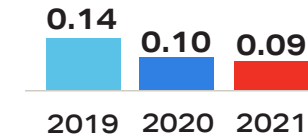
### Total Recordable Injury/Illness Rates (TRIR)

2019 - 2021



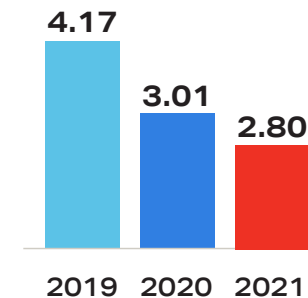
### Lost Time Injury/Illness Rates (LTIR)

2019 - 2021



### Lost Time Injury/Illness Severity Rates

2019 - 2021



Number of Lost Days / Total Recordable Injuries and Illnesses

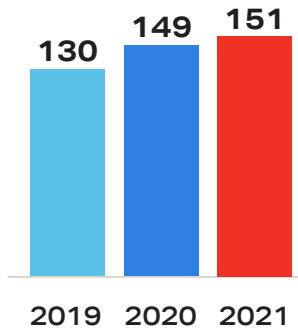


# 0 employee fatalities

in 2019 - 2021

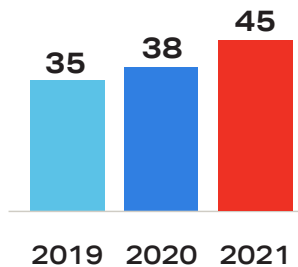
## Facilities\* with 0 Recordable Injuries

2019 - 2021



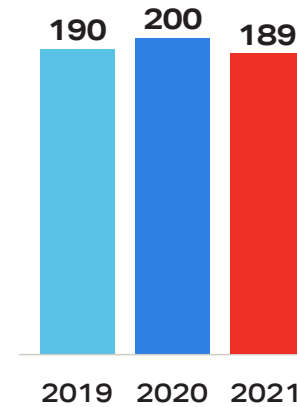
## Facilities\* that Achieved 1 Million Hours without a Recordable Injury

2019 - 2021



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

2019 - 2021



# 63 facilities\*

achieved 1 million hours with 0 lost time injury/illness cases in 2021

*\* Includes administrative, engineering and headquarters facilities*



## Contractor Safety

Lear is concerned about the safety of every person in our facilities. Everyone on Lear premises is required to follow safe work rules whether they are employees, contract employees or external contractors not directly supervised by Lear.

At a minimum, we require everyone to adhere to legal requirements. However, our safety best practices are often more stringent than local laws. In 2021, Lear began tracking occupational injuries and illnesses for external contractors. Our contractors reported 0 fatalities, a global LTIR of 0, and a global TRIR of 0.033 based on more than 5.9 million hours.



**There is no better example of getting results the right way than ensuring the health and safety of the people who work at Lear. It's a team effort, for everyone, every day. We are very proud of the millions of safe hours achieved in our facilities around the world."**

**JEFFREY BLAKE**

Global Director, EHS

## 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.



### On the Road to 4 Years of 0 Accidents

#### MEXICO

Our team at the Ramos 2 Plant achieved more than 7.2 million hours with zero recordable incidents or lost-time accidents. In addition, they reduced first aid incidents by 22% and earned Lear's North American Kaizen award for automating a production operation to decrease ergonomic risks 80%.

### 5th Award for Zero Accidents

#### THAILAND

Our plant in Rayong earned its fifth consecutive Zero Accident Gold Award from the Thailand Ministry of Labor. Employees made more than 200 suggestions to improve safety in 2021, helping them log an outstanding 12 million hours with no accidents.



### Ergonomics Month

#### MEXICO

Throughout October, Mexican locations host Ergonomics Month, a series of training, workshops, games and activities to promote ergonomics awareness, operational excellence and a Together We Win culture. Ergonomics is about designing the job and work environment to enable people to perform their jobs safely, efficiently and effectively. Ergonomics Month concluded with 36 teams striving to win the Ergo Kaizen competition. Each team's Kaizen project was evaluated based on employee engagement, risk reduction, potential deployment to other sites or teams, use of standard ergonomics methods, and overall degree of difficulty. The team in San Luis Potosi achieved the highest score for reducing repetitive injury risks by 50% while decreasing scrap and improving productivity.

### 4 Gold and 1 Silver RoSPA Awards

#### UNITED KINGDOM

Two Lear locations earned their fifth and third consecutive gold medals respectively from the Royal Society for the Prevention of Accidents (RoSPA), while two more facilities achieved their first gold awards, and another received a silver award. Dedicated to their vision of "life, free from serious accidental injury," RoSPA presents health and safety awards based on documented systems and KPIs.

# 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.

**6.9B** production wire harnesses, terminals, connectors, electronics, electrical components and service parts produced



**45.3M** production seats, seating components, surface materials and service parts produced

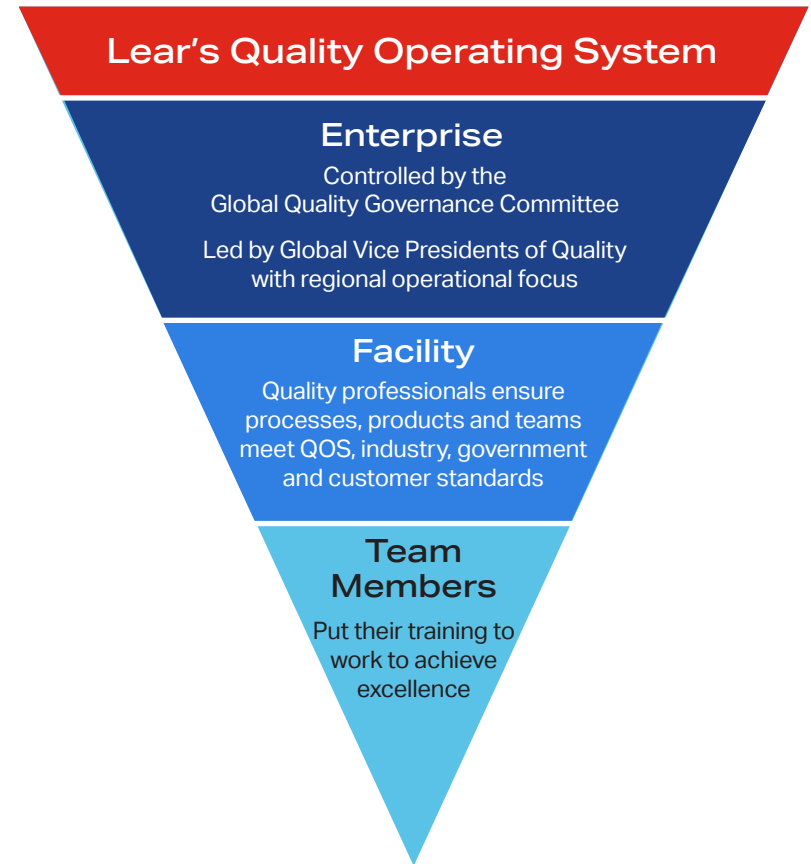


**100%** of eligible sites are IATF16949:2016/ISO 9001:2015 certified\*

*\*The International Automotive Task Force (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. In 2021, Lear updated our Global Policy Manual and 12 procedures in the QOS.



## Quality 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
- Effective problem solving
- AIAG & VDA Process FMEA: Understanding and Implementing with Control Plans
- IATF 16949:2016 internal audit training
- Global quality procedures
- Supplier quality tracking
- Product-specific requirements
- Customer system requirements
- Warranty tracking and reporting methods
- Quality documentation standards
- Quality mindset

In addition, Lear's quality group leads one-hour virtual meetings on a variety of quality standard-related topics nine times a year. 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.



## Lear Plant of the Future Quality Program

In 2016, Lear launched our Plant of the Future quality program, an in-depth assessment to ensure every plant operates at the highest levels of quality. Every quarter, locally trained auditors assess 12 key factors focused on integrating quality practices and standards into everyday activities. An annual audit by corporate quality professionals is also conducted at each plant.

Lear's Plant of the Future helps employees of all levels incorporate quality into their daily work, sets clear, measurable expectations, and provides regular milestones for review and improvement. The scores amount to 50% of the Champions of Lear Quality Award criteria. Looking forward, we are raising the bar at all of our plants, setting higher targets for supplier sustainability, health and safety, and social responsibility.

## Quality Assured in Software Engineering

With millions of lines of code in our E-Systems products, our structured quality assurance program ensures our software meets Automotive SPICE® (Software Process Improvement and Capability dEtermination) standards for performance, safety and quality. In every location where we design and produce software-related products, quality assurance professionals work with our engineers to create a globally integrated and unified approach to software development. Locally, they participate in management design reviews for each step in new product development and launches. In addition, a dedicated software quality assurance team in the Philippines conducts offline audits and process checks. To learn more, see [Cybersecurity](#).



## Champions of Lear

### GLOBAL QUALITY AWARDS

Our quality teams are focused on meeting and exceeding customer expectations while creating a culture that empowers and encourages our global operations team to strive to be the best. Lear presented a 2021 Global Quality Award to the E-Systems Overall Outstanding Quality Performance Team in Tangier, Morocco, for achieving outstanding quality performance metrics with Ford and Jaguar Land Rover, and completing 47 continuous improvement projects. The Just-in-Time (JIT) Seating facility in Ramos, Mexico, also earned the award for solving a production issue resulting in zero reworked parts and zero rejected parts from the customer. The JIT Seating plants in Pacheco, Argentina, and Shenyang, China, were named finalists for achieving zero defects and meeting the highest customer quality goals, respectively.

## 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 16949:2016 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.

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



### In 2021, Lear received numerous quality awards from our customers:

- Chang'an Ford Automobile Company Excellent Supplier Award – China
- Dongfeng Lear Yunhe Special Achievement Award - China
- Dongfeng Motor Corporation Passenger Vehicle Company Excellent Supplier Award – China
- Dongfeng Peugeot Citroen Automobile Company Best Supplier Award – China
- FAW-Volkswagen Foshan Excellent Supplier Award – China
- FAW-Volkswagen Quality & Supply Guarantee Award – China
- Ford Craiova Engine Plant - Best Managed Companies with Outstanding Quality Performance, Zero Defects – Serbia
- Ford Q1 Certification – United States
- Ford World Excellence Silver Award – Argentina
- Ford World Excellence Silver Award – China
- GAC Fiat Chrysler Automobiles Excellent Delivery Award – China
- GAC Fiat Chrysler Automobiles Excellent Supplier Award – China, 2 awards
- GAC Fiat Chrysler Automobiles Innovation Activities Gold Award – China
- GAC Fiat Chrysler Automobiles Work Resumption Support Award – China
- Gasgoo China Top 100 Auto Suppliers
- GM Overdrive Award – 2 awards for safety and innovation
- GM Supplier of the Year
- GM Supplier Quality Excellence Award – China
- GM Supplier Quality Excellence Award – Honduras, 2 sites
- GM Supplier Quality Excellence Award – Mexico, 6 sites
- GM Supplier Quality Excellence Award – United States
- Hyundai Motor Top Quality Supplier of New Car – South Korea
- J.D. Power Seating Quality Awards – 7 awards
- SAIC-GM Supplier of the Year Gold Award – China
- SGM Best Supplier Award – China

# Product Safety & 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 could 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 to ensure issues are addressed in a timely manner. Depending on frequency and severity, concerns are directed to Lear's Global Product Compliance and Safety Committees for review and appropriate action.

What we learn from PPIRP drives improvements throughout the product life cycle. To prevent potential issues in the future, corrective actions are used to create new design guidelines, which are consulted during the review process for new product designs. In addition, Lear conducts on-site product safety audits to verify production practices.



### As a result of Product Compliance and Safety Committee reviews:



**87** on-site product safety audits conducted

**80** product safety design reviews conducted

**86** new design guidelines released

# Chemical Risk Management

Chemicals offer many benefits when handled appropriately and used correctly. Every Lear facility maintains a chemical inventory and supplier-provided safety data sheets for all chemicals used in production processes as well as other chemicals such as paint and cleaning supplies. To protect employee health, regular training sessions provide education about the proper use, handling, storage and risks of the chemicals used at work. We meet all global requirements for risk management and hazard communication.



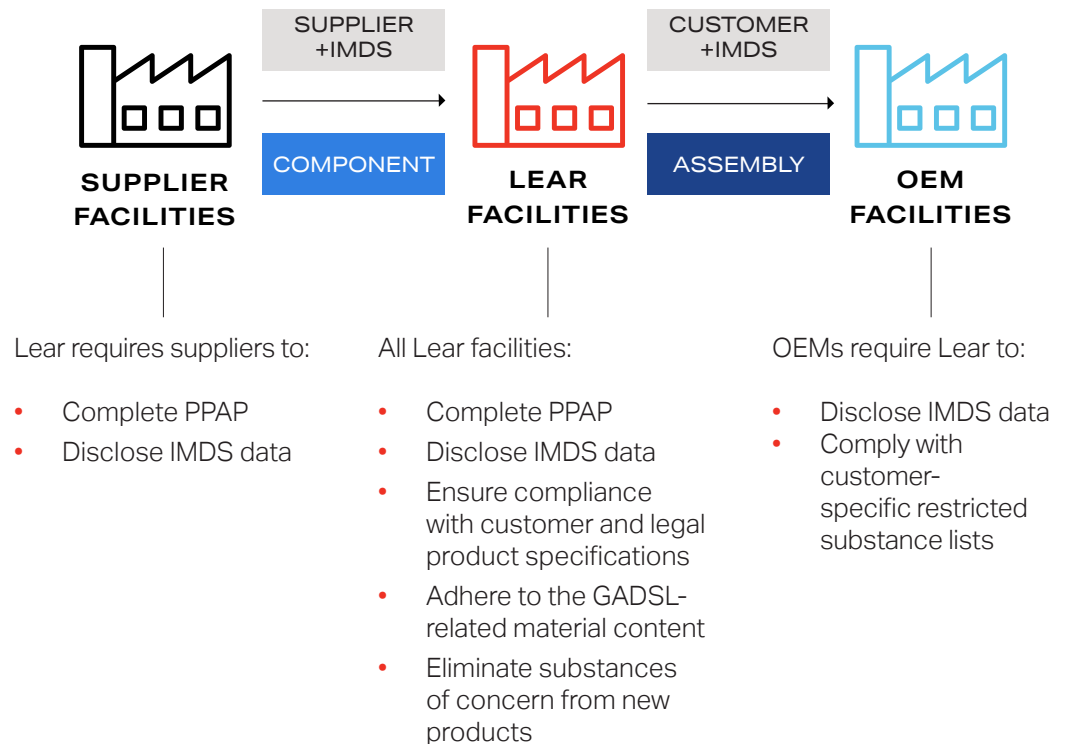
## Every Lear Facility

- Identifies and lists all chemicals
- Collects up-to-date safety data sheets
- Trains employees on proper use, handling, storage and risks

External hazard communication—from suppliers to Lear and from Lear to our customers—is managed through the production part approval processes (PPAP). The content of every product is disclosed through the International Material Data System (IMDS). Our product development teams adhere to applicable product regulation and material reporting requirements, and ensure compliance with customer and legal product specifications, including Global Automotive Declarable Substance List (GADSL) related material content. In addition, we comply with the customer-specific restricted substance lists, and we cascade their requirements throughout our supply chain.

Lear partners with **industry associations** and customer initiatives to obtain long-term visibility on upcoming legal requirements, and we proactively replace substances in our products that are in the process of being restricted.

In 2022, Lear began working with CLEPA, the European Association of Automotive Suppliers, and participates in their Materials and Substances Work Group and Sustainability Work Group.





WE GET RESULTS THE RIGHT WAY

# Governance

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# Highlights



## Experienced and diverse board and management team

**50%** of Lear's Board of Directors were **women and/or minorities** in 2021

**100%** of board members **have ESG experience**



## Employees uphold our Code

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

 **New mobile app** for reporting concerns to the Ethics & Compliance Helpline

**98%** of salaried employees **completed Code of Conduct training** in 2021

*\*Of employees surveyed in 2020*



## Cybersecurity protects our products, customers and enterprise

**18,000**

**self-reported suspicious emails** resulted in the discovery and **prevention of 59 email-based cyberattacks**, one of which contained a zero-day threat



**5.8B**

**estimated cyberthreats blocked** in 2021



## Partnering with suppliers

**3,000+** **production suppliers** globally

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



**1,600**

**production supplier sites** across the globe assessed for sustainability

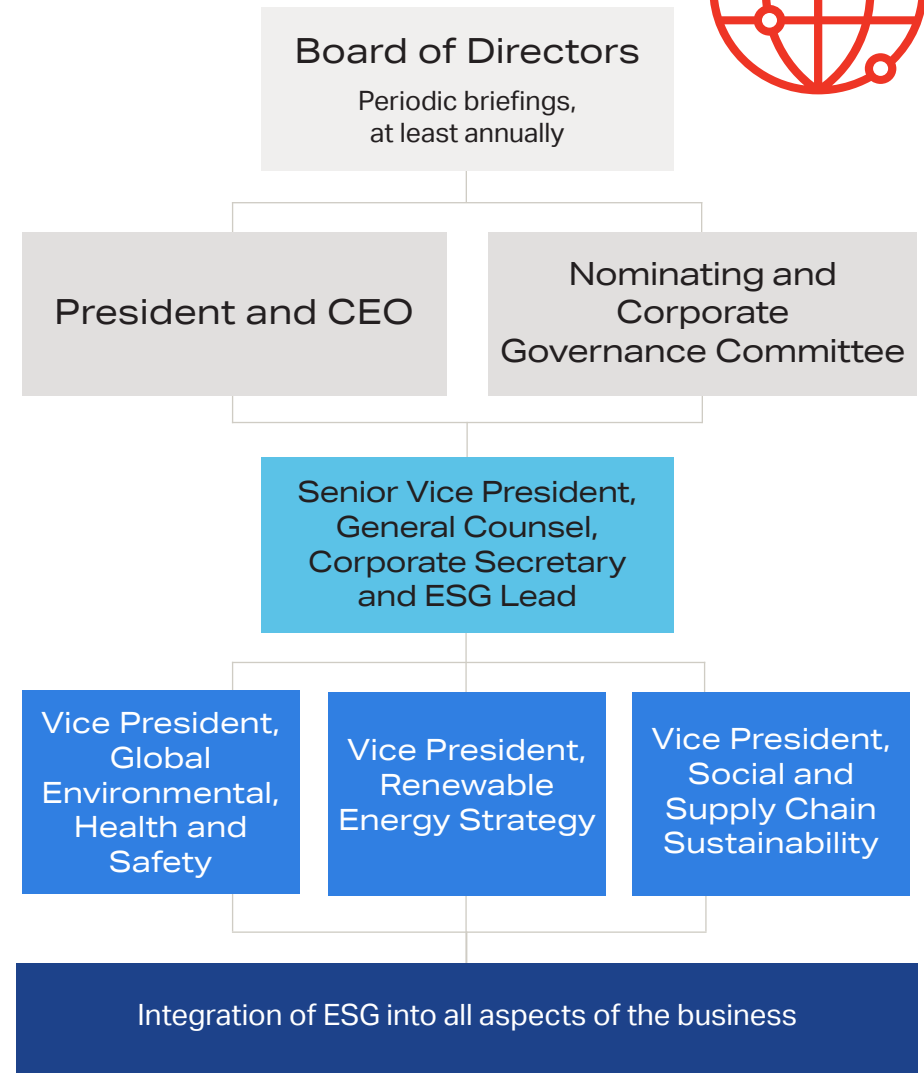
# Environmental, Social and Governance Oversight

As the automotive industry evolves, ESG topics 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 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 continuous improvement. Lear aligns its reporting and disclosures with the core standards of GRI. This marks the third year Lear has reported to the Sustainability Accounting Standards Board (SASB) framework and the second year of reporting to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.



## 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 2021

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 incentive compensation payouts move up and down, reflecting company performance and our pay-for-performance alignment. 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 2021 were determined based on the achievement of specific performance measures.

### Offer a Balanced Mix of Performance Measures

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

### Require Equity Retention

Until an executive officer 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.

### 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 People and 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 CEO. 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	People and Compensation	Nominating and Corporate Governance
Financial, compliance, cybersecurity and risk management oversight	Compensation oversight	Governance, ethics and <u>ESG oversight</u>

See our [2021 Proxy Statement](#) for more detailed information.

## 2021 Board of Directors\*

10 members

9 independent directors

50% women and/or minorities

100% of directors elected annually

7.5 years average tenure

10 board meetings held in 2021

*\*Thomas P. Capo retired from Lear's Board of Directors in May 2021. The statistics above reflect the board's composition after his retirement.*

+ + + + +

## 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



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

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



**Justice Conrad L. Mallett, Jr.**  
Chairman, Nominating and Corporate  
Governance Committee  
Member, Audit Committee  
Director

Corporation Counsel of the City of Detroit  
Former 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



**Mei-Wei Cheng**  
Member, Audit Committee  
Member, People and 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, People and Compensation  
Committee  
Member, Nominating and Corporate  
Governance Committee  
Director

Chief Executive Officer, Founder and Chairman, 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*

+ + + +

## Our Board of Directors



**Bradley M. Halverson**

Member, Audit Committee  
Member, People and Compensation 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.



**Patricia L. Lewis**

Member, People and Compensation Committee  
Director

Executive Vice President and Chief Sustainability Officer, UnitedHealth Group



**Ray Scott**

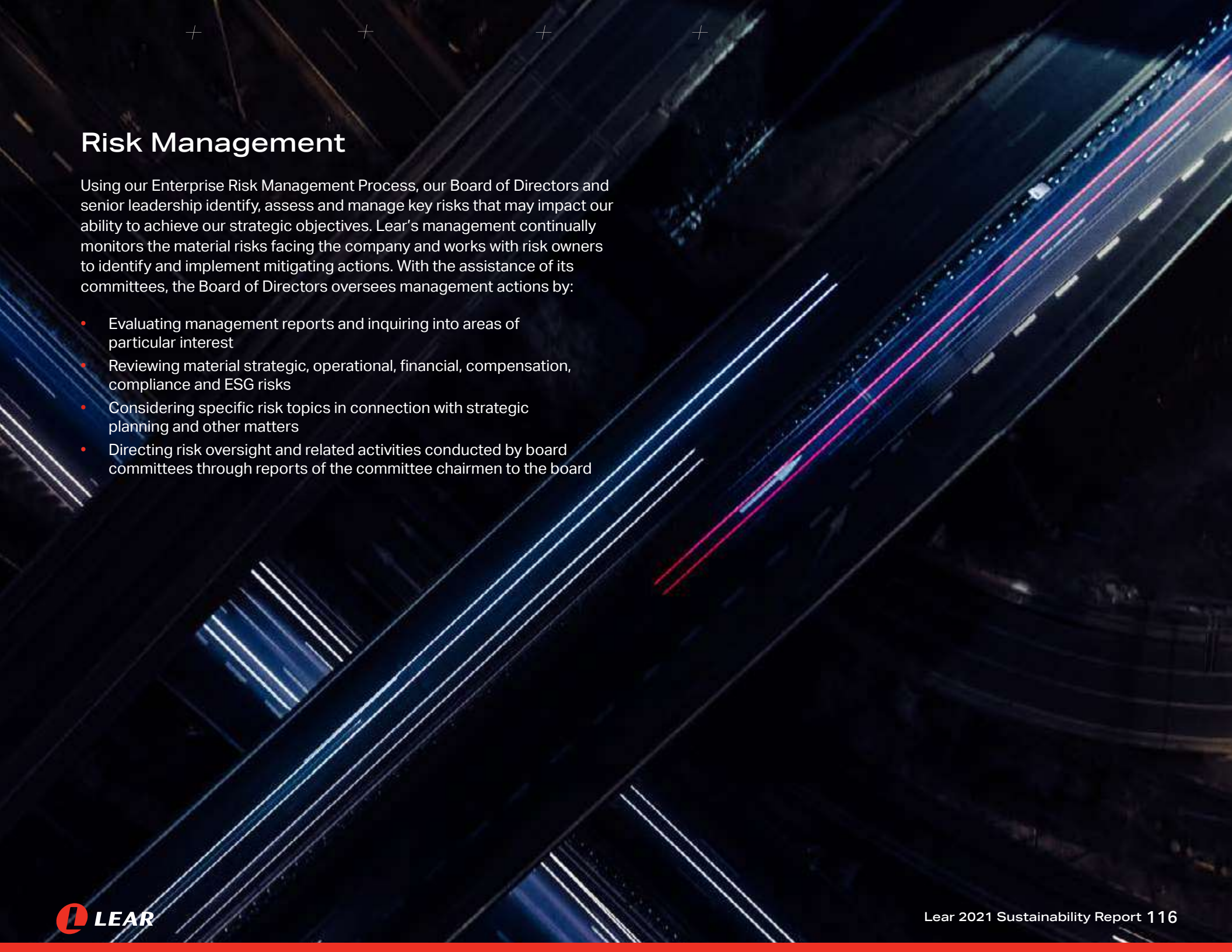
President, Chief Executive Officer, Lear Corporation  
Director

30+ years of automotive industry experience

## 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	•	•	•	•	•	•	•		•	•



## 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, customers, global supply partners, investors and local communities.

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.

## Political Contributions & Lobbying

Our **Code of Business Conduct and Ethics** prohibits making any political contributions to be used for political purposes 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.

## Investor Engagement

Members of Lear’s senior management team engage with shareholders and investors regularly through conferences, product days, non-deal roadshows, small group meetings and one-on-one meetings to discuss a broad variety of topics, including sustainability. Our open dialogue is supplemented by Lear’s:

- Annual sustainability report in accordance with the GRI Core Requirements, as well as SASB and TCFD recommendations
- Sustainability assessments and ratings
- Annual report
- Proxy statement and SEC filings
- Annual shareholder meeting
- Quarterly earnings calls
- Investor relations website

315

investor interactions in 2021

9

investor conferences attended in 2021



We eagerly **share our strategic vision with investors and work collaboratively with all stakeholders** to deliver on Lear’s commitments.”

**JASON CARDEW**

Senior Vice President and Chief Financial Officer

# Ethics & Compliance

Lear's Ethics & 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 and the middle out, provide regular training, and offer employees multiple channels to ask questions or report concerns.

## Targeted Training

In addition to company-wide training on the Code of Conduct and Financial Integrity, Lear takes a practical, proactive approach with targeted training. Each year, we choose our training curriculum based on a number of factors, including new regulatory issues and the types of inquiries we receive from employees. Lear also offers in-person and "micro-learning" sessions to supplement employees' understanding of ethical issues and ways they can support a culture of integrity.

**98%**

of salaried employees completed Code of Conduct training

**5**

online courses required for salaried employees each year

**95%**

of salaried employees completed other online ethics training

**6**

online courses offered



## New App-Based Reporting

In 2021, Lear launched its new mobile phone app for reporting concerns to the Ethics & Compliance Helpline in North America. By scanning a QR code on posters at our locations, employees can use this app to report an incident. Posters are being rolled out in Lear plants to remind employees how to report concerns and to promote reporting through this app.



## New Training for Investigators

If a report requires investigation, the Ethics & Compliance team involves a cross-functional team of investigators to help. Anyone who assists in an investigation is offered training explaining the standards to which Lear holds its investigators, how to properly manage an investigation, and how to maintain confidentiality. These investigators are required to follow Lear's Investigator Code of Conduct—which is also published to all employees in 27 languages. The goal is to ensure transparency and accountability throughout the process.



Within 48 hours, the Ethics & Compliance team reviews every report and, when appropriate, begins an investigation with the proper departments. Formal escalation criteria determine the level of people who are involved and made aware of the investigation. Substantiated reports result in counseling, verbal and written warnings, or termination of employment, depending on the severity of the incident. All incident statistics and sexual harassment claims are reported to the Audit Committee.



Lear's Ethics & Compliance program **supports Lear's culture of integrity** by providing employees with the support and resources they need to make informed and ethical decisions."

**AMANDA PONTES**

Vice President and Divisional Counsel, Seating

## Continuous Improvement & Monitoring

Investigations resolve concerns and provide opportunities for continuous improvement to ensure that everyone who works at Lear upholds our values. To increase transparency, we share metrics with our Board of Directors and with each of our business units. We've also implemented regular cross-functional meetings where we share program updates, best practices and review case studies. Our 2020 Ethical Culture Survey results showed employee commitment and responses in line with benchmarks.

## Program Oversight

Led by our Chief Compliance Officer, Lear's Compliance Committee is comprised of a cross-functional team of senior level executives that meet regularly to discuss major initiatives, risk assessments and high-profile investigations. The Chief Compliance Officer reports quarterly to the board's Audit Committee on:

- Status of program initiatives and outcomes of risk assessments
- Complaint reporting metrics, including intake methods, substantiation rates and outcomes
- Training completion rates
- Material compliance-related concerns

## Speak Up!

Throughout our facilities, brochures and posters encourage employees and business partners to speak up if they see or suspect a violation of our code, policies, procedures, or any law or regulation by:

- Talking to their manager or supervisor
- Contacting the Ethics & Compliance Helpline anytime, whether online, by phone or using their mobile phone to scan the QR code on posters at their facility
- Submitting a complaint webform through Lear's intranet site
- Emailing or calling the Ethics & Compliance team
- Mailing details to Lear's Chief Compliance Officer

Reports to the Ethics & Compliance Helpline, an independent resource outside Lear, can be made 24/7/365 in 27 languages and anonymously, unless prohibited by local law.

### 2021 Ethics & Compliance Helpline Reports

#### TOTAL REPORTS

**633** total reports

**44%** of total inquiries and reports related to ethics and compliance matters

**3.7** reports per 1,000 employees

**0** monetary losses due to noncompetitive behavior

#### TOPICS

**355** personnel and HR

**251** ethics and compliance

**27** inquiries





# Data & Cybersecurity

Cybercrime has become a \$200+ billion-dollar business for professional criminals. For example, last year hackers targeted hundreds of thousands of Microsoft Exchange servers in organizations across the globe, and the Colonial Pipeline ransomware attack shut down most of the fuel pipeline along the East Coast of the United States, creating a damaging ripple effect throughout the supply chain.

For years, Lear has been working to combat these types of global threats, building two collaborative teams dedicated to product and enterprise cybersecurity, respectively. The Audit Committee of our Board of Directors is responsible for both product and enterprise cybersecurity oversight.

## Product Security

Led by  
Vice President,  
Cybersecurity and  
Functional Safety

## Enterprise Security

Led by  
Vice President and  
Chief Information  
Security Officer

## Secure Products

Our world-class, in-house product security experts are directly involved in the design, development, testing and monitoring of Lear's electronics components. Located in six locations around the world and supported by engineering teams with security expertise, our product security team supports all security aspects of product development for electronic modules, including interfaces with cloud communication, smartphones and the production plant.

Working directly with our customers and Lear's product development teams, our approach includes:

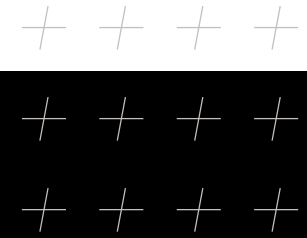
- Establishing a product security policy and baseline security levels for all our programs, and if our baseline is beyond our customers' requirements, setting the baseline at the higher level
- Complying with ISO 21434:2021
- Providing guidance for engineers on developing secure products and enforcing a code hygiene standard
- Integrating quality assurance and security controls throughout the product development life cycle
- Completing design reviews, process audits and technology assessments to confirm products satisfy security requirements
- Performing threat analyses, risk assessments and complete security testing
- Deploying security on the production line
- Offering security monitoring throughout the life of the vehicle to assess risks and recommend mitigation for newly discovered vulnerabilities
- Conducting regular mandatory global awareness training and technical security training

## New Industry ISO Standard for Vehicle Cybersecurity

In the European Union, car makers must implement a certified cybersecurity management system (CSMS) for all new vehicles produced after July 2024 in compliance with UN Regulation No. 155. Automotive companies are using the new ISO 21434:2021 cybersecurity standard to fulfill the CSMS requirement. ISO 21434:2021 applies to electronic systems, components and software as well as any communication interfaces (such as Wi-Fi, Bluetooth® technology, Ethernet, etc.) providing developers with a comprehensive set of process requirements for implementing security safeguards spanning the entire development life cycle and supply chain. Lear contributed to the development of the ISO 21434 standard, and our processes already cover the majority of the standard's requirements. Lear expects to be fully compliant in 2022.



# Lear's Product Security Scope



## Protect Computing Platform

- 1. Secure microcontroller
- 2. Secure boot and secure partitioning
- 3. Secure environment and integrity monitoring

## 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

## Automated Monitoring throughout Product Life Cycle

- 1. Auto-ISAC and information monitoring
- 2. Monitoring throughout product life cycle
- 3. Incident response

## Development and Operations Security

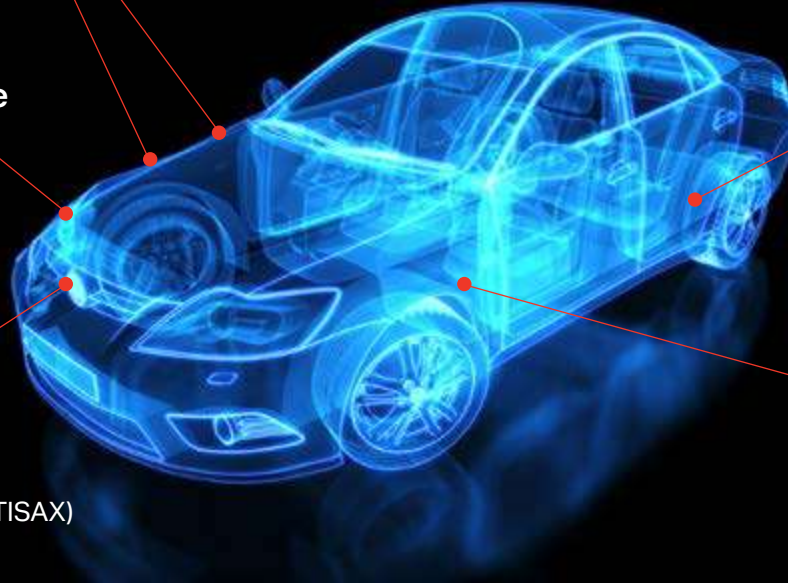
- 1. Manufacturing facilities
- 2. Development workspaces
- 3. Supply chain security
- 4. Protect connected cloud services

## Development Process

- 1. Secure development process
- 2. Risk assessment and penetration testing
- 3. Industry standards (ISO 21434:2021 and TISAX)

## Security Features

- 1. Anti-GNSS spoofing
- 2. Hardened platform and control flow integrity
- 3. V2X security stack



# Secure Enterprise

Lear has established a sophisticated enterprise security program 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. In 2021, we continued our ongoing efforts to anticipate attacks and protect our company.



## New Information Security Management System

Following a thorough assessment to identify security gaps throughout the enterprise, Lear's new Information Security Management System (ISMS) provides one source for security standards, forms and policies. The ISMS is based on the ISO 27001 control framework and covers all aspects of the business from physical security and operations to communications and HR.



## New Software Safeguards

Lear has implemented a suite of software solutions, applying cutting-edge machine learning to malware and virus protection to predict threats and vanquish them in real time. New email defenses automate incident detection and response. Employees can flag suspicious emails with one click, which automatically quarantines the email and alerts our response team. Employees at all levels, in all functions and in all locations gain access through a universal ID management system, bringing everyone in the company under one controlled security umbrella.



## Growing Security Awareness Ambassador Network

Employee engagement is important to us. A critical component of our organization's defense is our crowd-sourced security awareness ambassador network. These are not IT managers but more than 300 employees around the world who volunteer to spread threat awareness and share best practices at work and in their communities. Going beyond policies, training and technology, our growing network of ambassadors—now covering Lear sites in dozens of countries—is passionate about protecting our company and represents employees from diverse functions and locations.

**WATCH** ▶ Our Security Awareness Ambassador Network in action!



## Security Awareness Challenges

To recognize outstanding achievements in enterprise security, Lear awards Black, Red and—new in 2021—Green Challenge Coins. See the box at right to learn more.

# Lear's 2021 Cybersecurity Challenge Awards

## 3 Black Challenge Coin Winners

Black Coins are awarded when a security best practice results in the direct prevention of a significant threat or loss. For example, a cybercriminal impersonated one of Lear's suppliers, requesting a bank account change via email. The Lear employee called the supplier to verify and discovered an attack. In another example, an IT employee flagged a suspicious email that turned out to be a zero-day threat. For protecting the company in a significant way, three employees received Lear's Black Challenge Coin Award.

## 78 Red Challenge Coin Winners

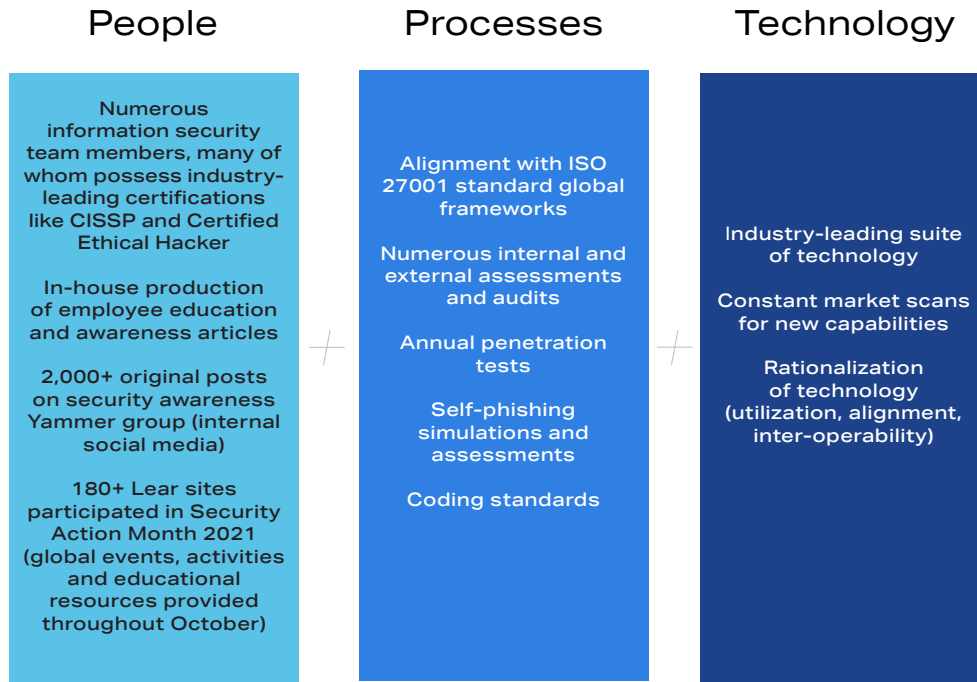
Red coins are awarded to employees for noteworthy contributions to Lear's security awareness and training program. They are also given to employees whose self-reporting resulted in the capture of malicious emails. Lear awarded 78 Red Challenge Coins in 2021.

## 49 Green Challenge Coin Winners

Green coins are presented to plant managers for achieving outstanding site security and demonstrating a personal commitment to security awareness. In 2021, 49 plant managers received this coin.



Our Enterprise Security Strategy focuses on fortifying our people, processes and technology.



In 2021, Lear was one of many companies that experienced a major, sustained and organized network attack known as

distributed denial-of-service or DDoS. Although it overwhelmed our systems with traffic and interrupted our communications, no data was compromised. Our global IT teams implemented a cloud-based solution within 72 hours, demonstrating Lear's ability to respond to threats quickly.

### TISAX Certification for Enterprise Security

German automakers have adopted the Trusted Information Security Assessment Exchange (TISAX), a standard developed by the VDA for information and prototype protection. TISAX certification is earned by each location (rather than globally) and is valid for three years. Lear certifies sites wherever required by our customers. To date, 10 Lear sites around the world have earned certification.

## A Snapshot of Cyberattacks on Lear in 2021



### FIREWALL

5.8B illegal intrusions on the Lear network blocked



### ANTIVIRUS

68.7M individual malware attempts blocked



### PROXY (Website Filter)

10M cyberattack websites blocked



### MULTIFACTOR AUTHENTICATION

50,000 non-Lear login attempts blocked

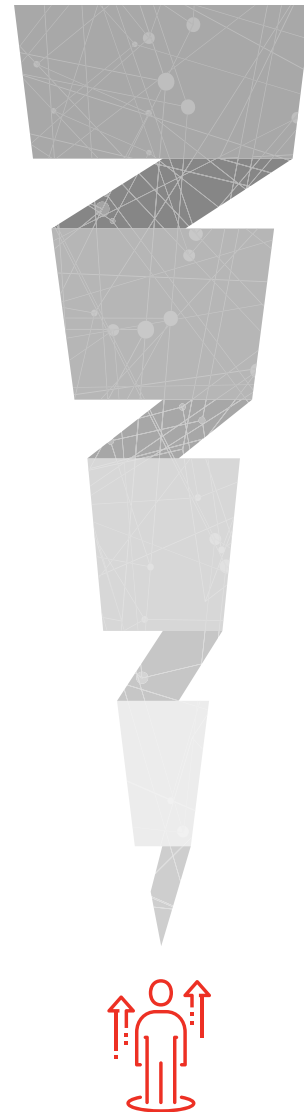


### ROGUE DEVICES

Nearly 6,000 infected USBs detected

### LEAR SECURITY AWARENESS & TRAINING

18,000 suspicious emails self-reported  
59 verified phishing attacks prevented





# 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.

## Assessing & Monitoring Risks

Lear is in the midst of a multi-year project to assess, map and monitor our supply chain risks. Working with NQC Ltd., our global third-party supply chain sustainability management partner, Lear is identifying and addressing industry-specific sustainability risks. Using Drive Sustainability's SAQ 4.0, Lear's suppliers must complete a sustainability assessment questionnaire (SAQ) administered by NQC to win new business with us. The SAQ reviews:



- Company management
- Working conditions and human rights
- Health and safety
- Business ethics
- Environment
- Supplier management
- Responsible sourcing of raw materials

In 2021, Lear also initiated a process to connect with 500 suppliers to gather carbon data.



### 2022

- Assess 100% of our global production suppliers
- Require all new suppliers to complete SAQ 4.0
- Launch new SAQ-based supplier scorecards

## Scoring Success

Lear requires our suppliers to comply with our **Supplier Sustainability Policy**, which includes identifying and mitigating risks within their own supply chains. In late 2021, Lear began revising our Supply Chain Policy to include sustainability assessment ratings in our supplier scorecards. Based on the results of SAQ responses, the color-coded system requires minimum overall scores to win new business with Lear and provides an opportunity to improve as shown below. The new scorecards will take effect in 2022.

Color Code	SAQ Score	New Business
Green	+70%	Can be awarded
Yellow	<70% with accepted action plan	Can be awarded, Re-evaluation required
Red	<70% without action plan or completed SAQ	Can NOT be awarded without management approval*

*\* With the exception of new emerging suppliers during a 180-day probationary period.*

SAQ scores provide an indicator of a supplier's sustainability performance compared with industry standards. Suppliers that do not achieve a satisfactory—or green—score will be required to take remedial actions to correct potential issues. Lear will work with the supplier as needed to assist in resolving concerns. This could include on-site surveillance by Lear or a third party. Supplier performance will be actively managed on an ongoing basis.

With guidance from international standards and global advocates for protecting human rights, such as the **UN Guiding Principles for Business and Human Rights**, Lear will continue to 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.

## 2021 SAQ Engagement June - December 2021

**1,600** production supplier locations completed SAQ 4.0 in 2021

**100%** of eligible production suppliers expected to be assessed by the end of 2022



# 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 16949:2016 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 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

Since launching our **Forced Labor Awareness Campaign** in 2019, we continue 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

**221** minority-owned, women-owned and veteran-owned suppliers in the United States

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

# 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. Also known as conflict minerals, 3TG minerals can sometimes be linked to high-risk areas where child labor and EHS issues are common. 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
- Continually 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.

**READ** ▶ Our **Annual Conflict Minerals Report**. Our latest product information is available on [lear.com](http://lear.com)

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 sponsor e-learning for the automotive supply chain.

### Lear's 2021 Annual Conflict Minerals Survey

**650** total in-scope suppliers      **97%** response rate

## Cobalt

Small quantities of cobalt are used in electrical automotive components. Like 3TG minerals, cobalt can sometimes be linked to high-risk areas and can also be considered conflict minerals.

Although there are currently no laws concerning cobalt, Lear is taking an active role with the **AIAG** to increase supplier transparency by developing industry guidelines similar to those for other conflict minerals. Marisyl Guevarra, Project Manager for Sustainability and Conflict Minerals, is a co-leader of the Global Requirements and Mineral Sensing Group of AIAG's Responsible Materials Work Group, which aims to help suppliers navigate the growing number of risk minerals in the supply chain.

At Lear, we assessed the cobalt content in all of our products, identified suppliers that provide components containing cobalt, and began requiring them to report cobalt processors to help us conduct traceability exercises and perform due diligence on potential risks in sourcing this material in our supply chain. Although the amount of cobalt in our products is very small, Lear is leading the effort to drive due diligence in our supply chain.



Working with our industry partners, we look beyond laws to deal with human rights and environmental issues. **We don't wait for legislation to be implemented to do the right thing."**

**MARISYL GUEVARRA**

Project Manager for Sustainability  
and Conflict Minerals

### Prepared for New Legislation

In June 2021, Germany approved its Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz), which implements the UN Guiding Principles on Business and Human Rights. Established to protect human rights and ensure sustainable production, the legislation will take effect in January 2023. Lear is analyzing the new legislation and proactively aligning with the new law.

# Leather

## Responsibly Sourced

Eagle Ottawa by Lear selects premium hides—a primary raw material that is 100% natural and 100% renewable—from suppliers in Argentina, Brazil, China, France, Germany, Italy, Mexico, Spain, the United States and Uruguay. Through our comprehensive supply chain management system, Eagle Ottawa only works with top Leather Working Group (LWG) rated suppliers and ensures they meet our standards and comply with our **Supplier Sustainability** and **No Deforestation policies**. We are confident that our suppliers have state-of-the-art systems in place to protect against deforestation.

We log incoming raw materials using codes stamped on each hide to trace them back to processing centers and groups of direct supplier farms. In Brazil's Amazon, Cerrado, Pantanal, Mata Atlantica and Caatinga Biome, our major suppliers use satellite images to assess vegetation density and cross reference this information with mandatory government environmental registration programs to block farms where deforestation, intrusion on indigenous lands, or invasion of conservation areas are detected.

In fact, Eagle Ottawa's largest direct hide supplier uses a network of "green offices" to provide support to help potentially noncompliant suppliers correct violations and processes. Developed through government and NGO collaboration, the **Beef on Track Protocol** also provides uniform guidelines for responsible cattle sourcing.

100%

of leather suppliers processing hides originating in Brazil are LWG gold or silver rated as of December 31, 2021

## Accelerating Supply Chain Transparency

Eagle Ottawa's direct suppliers developed state-of-the-art systems to track every hide to the groups of farms from which they purchased the animal. Our major suppliers are developing blockchain and AI technology systems to further improve traceability. We are also working with suppliers and using public information provided by government databases and other organizations' monitoring systems to improve traceability in an effort to avoid purchasing materials from illegally deforested areas. We collaborate with certain automakers, suppliers and, more recently, with the WWF on specific projects to receive guidance, share knowledge, collaborate and improve transparency.

Through NQC Ltd., our global third-party supply chain sustainability management partner, Lear is in the process of assessing all production suppliers, including direct hide suppliers, on sustainability criteria using **Drive Sustainability's SAQ 4.0**. In addition, traceability audits from third parties such as LWG, which also monitors environmental compliance and performance, are conducted regularly. To evaluate farms' animal management policies and performance, the food industry has adopted Business Benchmark on Farm Animal Welfare (BBFAW) rating criteria.



## Responsibly Produced

For more than 150 years, Eagle Ottawa has produced premium leather products. Some of our most notable sustainability innovations include:

- 1991** First automotive supplier to switch to water-based finishing, reducing hazardous air pollutants by 99%
- 1995** First automotive leather manufacturer to mass produce vegetable-tanned, chrome-free leather
- 2004** First-to-market low volatile organic compound (VOC) leather, leading to 90% lower aldehyde emissions in cars
- 2013** First Eagle Ottawa manufacturing site to install solar panels to power its **water treatment plant**
- 2018** First **LCAs** conducted by Eagle Ottawa to determine the environmental impact associated with the life cycle of two leather products
- 2021** First automotive OEM-approved, ready-for-market 90 - 95% bio-based leather, known as BioTech, uses recycled and repurposed retanning and finishing agents from food, wood and leather

As part of Lear's ongoing **LCA Strategy**, a comprehensive study will be conducted in 2022 to assess the environmental impact of leather in 16 different finished leather options, which will allow Eagle Ottawa to model and extrapolate the environmental impact of a multitude of combinations.

We use best-in-class product specifications and process controls to operate our state-of-the-art production facilities across the globe. Determining and reducing our environmental impact is an ongoing priority. We are working toward zero-landfill, less waste, lower water consumption and reduced carbon emissions goals. In addition, Eagle Ottawa is in the process of earning LWG certification in our five finishing facilities worldwide.

## Luxurious & Sustainable

The luxurious leather covering the seats in vehicles around the world is not only comfortable and durable but sustainable. And consumers prefer leather. According to a recent Millar Marketing Study, 70% of consumers in North America and Europe overall designate leather as a "must have" and "would like to have" feature in their vehicles.

The value chain begins with cattle raised to provide beef for the food industry. As a by-product worth 3 – 5% of the animal's market value, hides are upcycled for leather manufacturing, diverting 250 million hides from landfills every year. And unlike synthetic, fossil-fuel based materials, cattle hides are a 100% natural, renewable resource.

## Ethical Treatment of Animals

We expect our extended supply chain to implement industry-best policies and practices for the ethical treatment of animals. These practices are reviewed by independent third parties, including on-site veterinarians.

### Five Freedoms of Animal Welfare

				
<b>Freedom from Hunger and Thirst</b>	<b>Freedom from Discomfort</b>	<b>Freedom from Pain, Injury or Disease</b>	<b>Freedom to Experience Normal Behavior</b>	<b>Freedom from Fear and Distress</b>

Employees and our supplier partners can anonymously **report any animal welfare 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, 2021, 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 253 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 Greenhouse Gas (GHG) emissions and environmental data covers all owned or leased operations worldwide, for which Lear has operational control for calendar year 2021. 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.

## Limited Level of Assurance: Scope 1 & 2 Emissions

In 2021, Lear received assurance to a limited level for its Scope 1 and Scope 2 (location-based) GHG emissions by Stantec Consulting Ltd. (Stantec). See Stantec's full statement of limited assurance on pages 136 - 137.

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](#)** for an overview of our GRI alignment and complying report content.

Lear conducted a refresh of its Materiality Assessment in 2021 based on engagement with and input from our key stakeholders. Details on how the refresh was conducted, identified material topics, as well as how Lear uses the information to inform our strategies and reporting, can be found beginning on page 15.

The use of "material" or "materiality" in this report is directly related to those issues we believe have the greatest impact on our stakeholders, from a sustainability perspective. The use of "material" or "materiality" is not intended to convey matters or facts that could be deemed "material" to a reasonable investor as referred to under U.S. securities laws or similar requirements of other jurisdictions.

Restatements of previously reported information, if occurred, 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, 2021, and its other Securities and Exchange Commission filings.

**Published date of previous report: 2020 Sustainability Report (May 2021)**

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

# Statement of Verification – Stantec

2021 CALENDAR YEAR VERIFICATION STATEMENT  
LEAR CORPORATION



## Statement of Verification

### Introduction

Stantec Consulting Ltd. (Stantec) was contracted by Lear Corporation (Lear) to conduct an independent third-party verification of a selection of their 2021 calendar year greenhouse gas (GHG) assertion (the GHG Assertion) for their facilities located globally.

In this work, Lear was responsible for the collection of activity data used in the calculations, data management, completion of the calculations, preparation of the report that contains the GHG Assertion, and quality assurance and control.

Stantec was responsible for planning and executing the verification to deliver an opinion to a limited level of assurance as to whether the GHG Assertion is presented fairly and in accordance with the verification criteria. Stantec is accredited with the ANSI National Accreditation Board (ANAB), a member of the International Accreditation Forum (IAF), in accordance with ISO 14065 (Accreditation ID #0805 issued to Stantec Consulting Ltd. for greenhouse gas verification and validation).

### Intended User

The results of the verification will be used by Lear for Corporate Sustainability Reporting and for voluntary reporting to CDP, SBTi and other organizations. The users of this statement are Lear, shareholders and the public.

### Verification Objective

The objective of the verification is to assess whether the GHG Assertion (as presented in Table 1) for Lear's 2021 calendar year is accurately prepared in accordance with appropriate criteria.

### Verification Boundaries

The boundaries of the verification include Lear owned or leased manufacturing operations worldwide, for which Lear has operational control. Facilities excluded from Lear's boundary are manufacturing facilities for which Lear does not have operational control. Also excluded from Lear's boundary are all administrative offices, sales/engineering offices, and warehouses, some of which are under Lear's operational control. The facilities and locations which were excluded from the GHG Assertion have been provided to Stantec and are included in the detailed verification report for transparency.


### Reporting Period

The verification was conducted for the 2021 calendar year period of January 1, 2021 to December 31, 2021.

### GHG Assertion

The GHG Assertion is provided in Table 1.

2021 CALENDAR YEAR VERIFICATION STATEMENT  
LEAR CORPORATION



## Table 1. Lear Corporation – Calendar Year 2021 GHG Assertion

Parameter	Assertion (tonnes carbon dioxide equivalent, tCO <sub>2</sub> e)	Unresolved Immaterial Discrepancies
Scope 1 GHG Emissions*	81,044	0.6% of Scope 1 emissions (over-reported) 8 immaterial qualitative discrepancies
Scope 2 GHG Emissions* (location-based)	345,370	3.1% of Location-Based Scope 2 emissions (over-reported) 1 immaterial qualitative discrepancy

\* Excluding manufacturing facilities for which Lear does not have operational control, as well as all administrative offices, sales/engineering offices, and warehouses.

### Verification Criteria

Stantec has conducted sufficient and appropriate procedures to express a *limited level of assurance* opinion as to whether the GHG Assertion for the 2021 calendar year as quantified by Lear satisfies the requirements of the following criteria:

- ISO 14064 Greenhouses Gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, 2006
- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD), The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), March 2004
- WRI/WBCSD, GHG Protocol Scope 2 Guidance: An Amendment to the GHG Corporate Standard, January 2015
- CDP Guidance for the 2021 reporting year (CDP Guidance)


### Verification Standards

The verification was conducted in accordance with:

- ISO 14064 – Part 3: Greenhouse Gases: Specifications with guidance for the validation and verification of greenhouse gas assertions
- ISO 14065: Greenhouse Gases – Requirements for Greenhouse Gas Validation and Verification Bodies for Use in Accreditation or Other Forms of Recognition
- International Accreditation Forum Mandatory Document for the Use of Information and Communication Technology for Auditing/Assessment Procedures: Issue 2 (IAF MD4:2018)
- ANSI National Accreditation Board (ANAB)'s Guidance and Expectations for the Increased Use of IAF MDF 4 During the COVID-19 Pandemic, March 23, 2020 (for virtual site visits and teleconferences)

# Statement of Verification – Stantec

**2021 CALENDAR YEAR VERIFICATION STATEMENT**  
LEAR CORPORATION



### Verification Opinion


Based on the processes and procedures completed, there is no evidence that Lear's stated GHG Assertion for the 2021 calendar year is not, in all material respects, fairly stated in accordance with the criteria noted herein.

### Verifier's Independence, Impartiality, and Competence

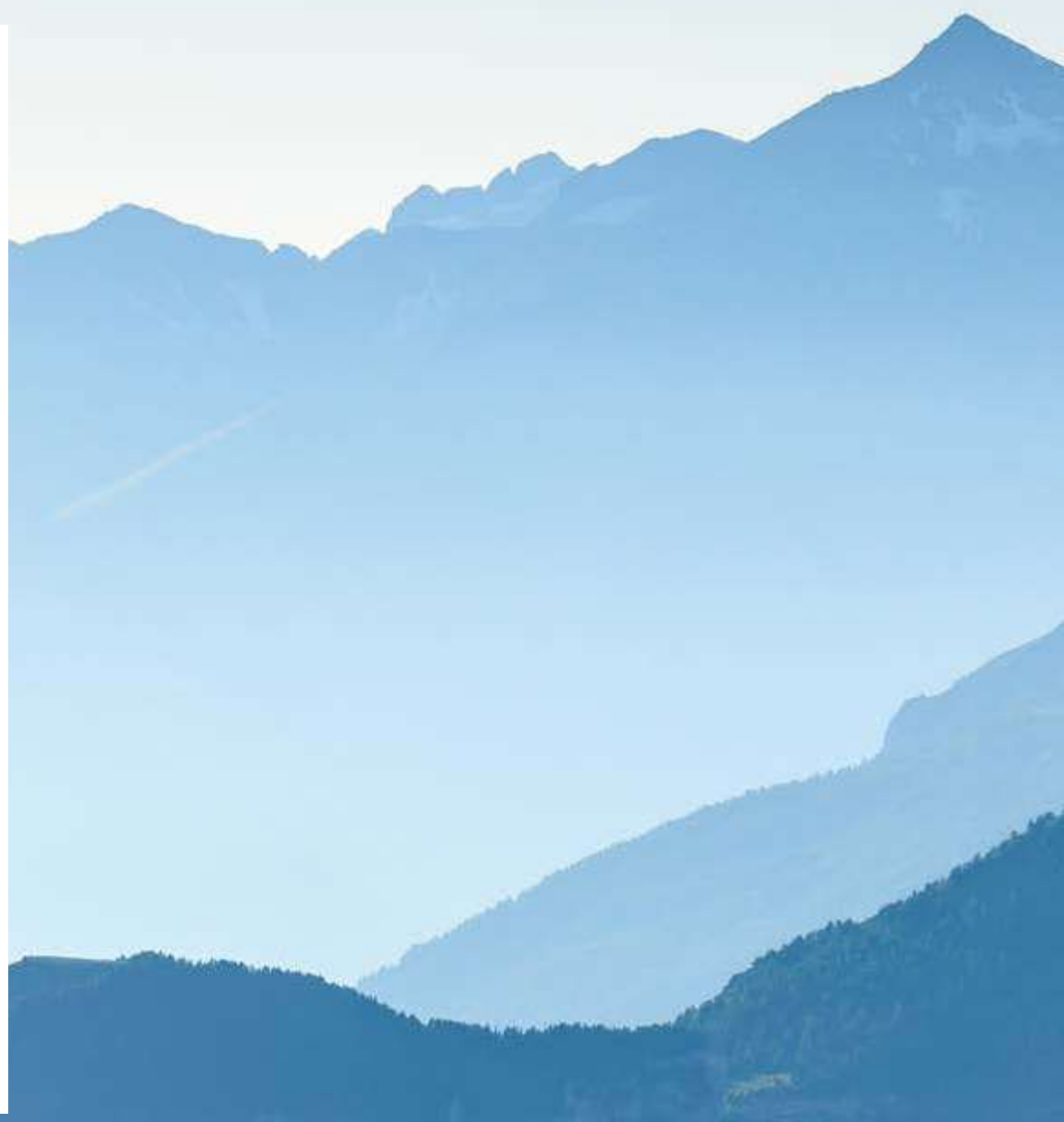
Stantec provides this conclusion as an independent third-party verification body. Prior to entering into an assurance agreement Stantec assesses for any real, potential, or perceived conflict. Stantec continues to monitor for compromised impartiality throughout the engagement.

Stantec provides this statement to Lear in accordance with our terms of agreement. We consent to its public release. Because of the inherent limitations in any verification, Stantec accepts no responsibility by use of a third party. Stantec has undertaken all assignments in its role as an environmental engineering consulting firm using professional effort consistent with ISO 14064-3. Stantec has assessed the 2021 calendar year GHG Assertion for Lear using reasonably ascertainable information. The assessment represents the conditions in the subject area at the time of the assessment. Stantec did not conduct direct GHG emissions monitoring or other environmental sampling and analysis in conjunction with this verification statement.

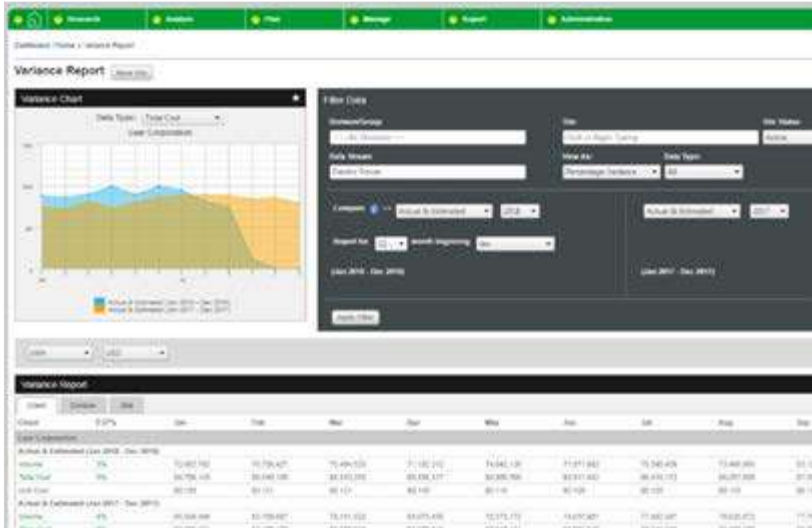
**STANTEC CONSULTING LTD.**

<b>Gizem Gunal-Akgol</b> Gizem Gunal-Akgol, P.Eng. (ON) Lead Verifier Environmental Services Tel: (519) 569-8126	<small>Digitally signed by Gizem Gunal-Akgol Date: 2022.05.17 08:29:14 -0400</small>	 <small>Digitally signed by Vicki Corning Date: 2022.05.17 08:38:09 -0300</small>	<b>Vicki Corning, P.Eng. (NB, AB)</b> Independent Peer Reviewer Environmental Services Tel: (506) 457-3216
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Issued May 17, 2022 in Waterloo, Ontario, Canada



# Lear's Data Management and Integrity Platforms



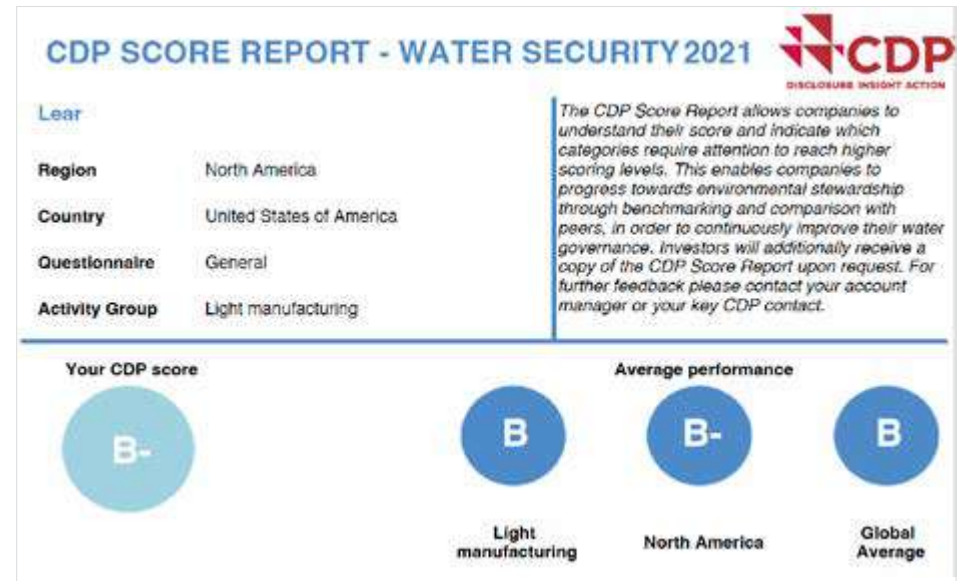
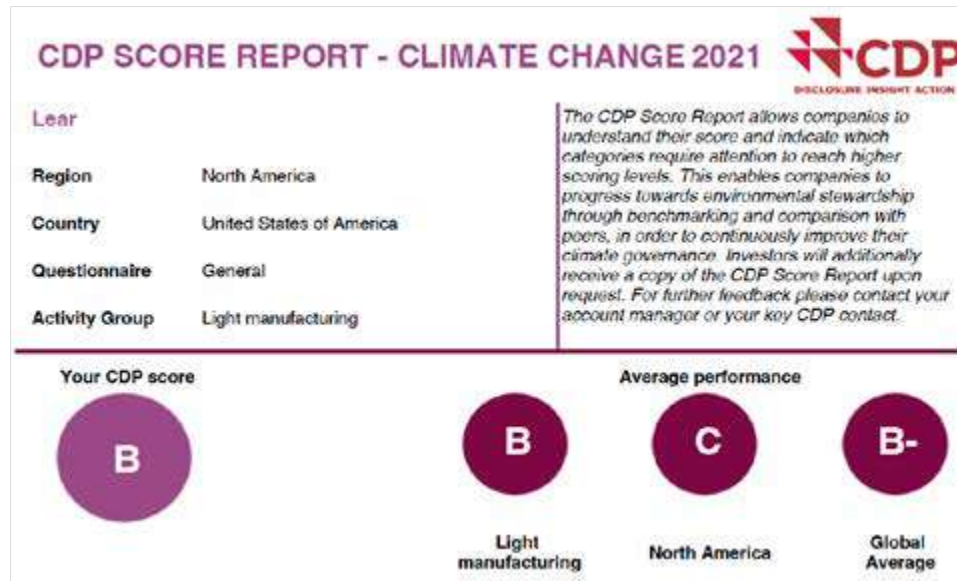
The screenshot shows the 'Continuous Improvement Tracking System - CITS' interface. It features a search filter section with fields for 'Project ID', 'Title / Problem Statement', 'Project Type', 'Status', 'Business Segment', 'Region', 'Status', 'Plant Name & Unit ID', and 'Originator / Unit ID'. Below the filter is a table of project search results.

Project ID	Plant Name	Business Segment	Title	Problem Statement	Project Type	Status	Completion	Value	Attachment
4814	Hamden, CT	Systems - Other	SDS Closure de Saison de Production	Incomplète en matière de conformité car existe un historique de données qui ne sont ni actualisés ni supprimés en fonction de la saison de production.	Other	In-Process		\$	
4810	East Pontiac	Tooling - IT	Production in order in legacy gun	There are many associations with legacy gun and there is a possibility that next generation gun will be built on the legacy gun.	Other	Approved	Completed	12-07-2021	\$
4811	Genoa	Systems - TBC	Optimization of scrap buckets	The Transport des Schmelzen an den Schmelzofen ist nicht optimiert und verursacht viel Abfall.	Process	In-Process			
4813	Meroux (France)	Systems - Wire	Process flow of WCS run	Using a single bar for all WCS facilities will give traceability and a saving of material.	Process	In-Process			

The screenshot shows the 'everyONE.Lear.com' website. The main heading is 'Continuous Improvement'. Below it, there are sections for 'Everything Lean', 'Everything Six Sigma', and 'Tools Menu'. A 'Continuous Improvement profile' is featured, including a graphic with 'CI', 'CUSTOMER FOCUS', 'TEAMWORK', and 'SUPPORTING COMMUNITIES'. The profile text welcomes users to the Global Continuous Improvement resource site and provides links for 'Open Forum Discussion', 'Success Stories', and 'MarketPlace'. There is also a 'new discussion' button and a link to 'LEAN SIX SIGMA for TRANSACTIONAL & NON-MANUFACTURING EN'. The footer includes 'By Sarah A. Proctor'.

The screenshot shows the 'Improvement Plan - Main Menu' interface. It features a 'Welcome Max, Avtar' message and a 'View/Edit Improvement Plan (select a region below)' button. A world map is displayed with 'Global Seating' highlighted. Below the map, there are several menu items: 'Request Additional Plant Location Access', 'Run a Report', 'Weekly Data Experts', and '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)

- Board of Directors
- Board of Directors Objectives & Compensation Committee
- Corporate Responsibility Steering Committee
- Export Compliance Advisory Group
- NAFTA 2.0 Work Group
- Responsible Sourcing Team
- Environmental Work Group
- 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
- 3D Model Technical Data Package Exchange Guideline Work Group
- Health & Safety Ad Hoc Group
- Living Wage Definition Project Team

## Clean Energy Buyers Alliance (CEBA)

## DTE On-Site Energy Management Pilot Program

## International Safety Quality Environment Management Association (ISQEM)

- Board of Directors

## Manufacturers Alliance for Productivity and Innovation

- Base Member

## National Institute for Occupational Safety & Health (NIOSH)

- National Occupational Research Agenda (NORA) Manufacturing Council
- NORA Service Council

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

- Communications Executive Council
- Legal Issues Council

## Responsible Minerals Initiative (RMI)

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

## Suppliers Partnership for the Environment

- Board of Directors
- Founding Member
- Vice Chair
- EHS Forum Co-Chair

## U.S. Department of Energy (DOE)

- Better Climate Challenge members

## Diversity Partners

- Asian Pacific American Chamber of Commerce (APACC)
- Canadian Aboriginal Minority Supplier Council (CAMSC)
- Council of Supplier Diversity Professionals (CSDP)
- Detroit Regional LGBT Chamber of Commerce (DRLGCC)
- Great Lakes Women's Business Council (GLWBC)
- Michigan Hispanic Chamber of Commerce (MHCC)
- Michigan Minority Supplier Development Council (MMSDC)
- National Association of Women Business Owners (NAWBO)
- National Minority Supplier Development Council (NMSDC)
- National Veterans Business Development Council (NVBDC)
- Veteran Owned Business Roundtable (VOBRT)
- Women's Business Enterprise Canada (WBE)
- Women's Business Enterprise National Council (WBENC)

# GRI Content Index

Lear Corporation has reported in accordance with the GRI Core Standards for the period of January 1 to December 31, 2021, for the preparation of this Sustainability Report. The following GRI Content Index provides the location of key disclosures and well as references to how Lear's activities align with the UN SDGs.

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 2, 8-9, 134, <a href="#">Lear Corporation</a>	
102-02	Activities, brands, products, and services		Pages 8-9, 13, 29-37 <a href="#">Lear Corporation</a>	
102-03	Location of headquarters		Pages 8, 134	
102-04	Location of operations		Pages 8, 134	
102-05	Ownership and legal form		Page 134	
102-06	Markets served		Pages 8-9, 134	
102-07	Scale of the organization		Pages 8-9, 134	
102-08	Information on employees and other workers	SDG 8, 10	Pages 8, 57-64, 78-89, 92, 95-100	
102-09	Supply chain	SDG 8, 9, 12, 15	Pages 105, 126-132, <a href="#">Supplier Sustainability</a>	
102-10	Significant changes to the organization and its supply chain		Pages 105, 126-132, Supplier Sustainability	
102-11	Precautionary principle or approach		Pages 20-25, 43-44, 106, 128	
102-12	External initiatives	SDG 17	Pages 10-12, 71-76, 139	External initiatives are included throughout Lear's Sustainability Report.
102-13	Membership of associations	SDG 17	Pages 27, 139	
102-14	Statement from senior decision-maker	SDG 3, 5, 7, 8, 9, 10, 11, 13	Page 4	
102-15	Key impacts, risks, and opportunities	SDG 3, 5, 7, 8, 9, 10, 12, 13	Pages 15-17, 20-25	Key impacts, risks, and opportunities throughout Lear's Sustainability Report
102-16	Values, principles, standards, and norms of behavior	SDG 8, 9, 13, 16, 17	Pages 4, 8 - 9, 13	
102-17	Mechanisms for advice and concerns about ethics	SDG 8, 10	Pages 118-120, Lear's <a href="#">Code of Business Conduct and Ethics</a>	
102-18	Governance structure	SDG 8, 9	Page 110	
102-19	Delegating authority		Pages 110-112	

# GRI Content Index

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
102-20	Executive-level responsibility for economic, environmental, and social topics	SDG 8	Page 110, <a href="#">TCFD Disclosure</a>	
102-21	Consulting with stakeholders on economic, environmental, and social topics	SDG 17	Pages 15-17, 117, 92-92, 139	
102-22	Composition of highest governance body and its committees		Pages 112-115, <a href="#">TCFD Disclosure</a>	
102-23	Executive-level responsibility for economic, environmental, and social topics		Page 110	
102-24	Nominating and selecting the highest governance body		Pages 112-115, Lear's <a href="#">Proxy Statement</a>	
102-25	Conflict of interest		Lear's <a href="#">Proxy Statement</a>	
102-26	Role of highest governance body in setting purpose, values, and strategy		Pages 112-115, Lear's <a href="#">Proxy Statement</a>	
102-27	Collective knowledge of highest governance body		Pages 112-115, Lear's <a href="#">Proxy Statement</a>	
102-28	Evaluating the highest governance body's governance		Page 112, Lear's <a href="#">Proxy Statement</a>	
102-29	Identifying and managing economic, environmental, and social impacts		Pages 13, 15-17	
102-30	Effectiveness of risk management processes		Pages 6-7, 116, Lear's <a href="#">Proxy Statement</a>	
102-31	Review of economic, environmental and social topics		Page 110, <a href="#">TCFD Disclosure</a>	
102-32	Highest governance body's role in sustainability reporting		Pages 110, 112	
102-33	Communicating critical concerns		Page 110, <a href="#">TCFD Disclosure</a>	
102-35	Remuneration policies		Page 111, Lear's <a href="#">Proxy Statement</a>	
102-36	Process for determining remuneration		Page 111, Lear's <a href="#">Proxy Statement</a>	
102-37	Stakeholders' involvement in remuneration		Lear's <a href="#">Proxy Statement</a>	
102-38	Annual total compensation ratio		Lear's <a href="#">Proxy Statement</a>	
102-39	Percentage increase in annual compensation ratio		Lear's <a href="#">Proxy Statement</a>	
102-40	List of stakeholder groups	SDG 17	Pages 15, 117	
102-41	Collective bargaining agreements	SDG 8	Pages 92-94, <a href="#">Lear's Annual Report</a> dated February 10, 2022	

# GRI Content Index

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
<b>STAKEHOLDER MANAGEMENT</b>				
102-42	Identifying and selecting stakeholders		Page 117	
102-43	Approach to stakeholder engagement		Page 117	
102-44	Key topics and concerns raised		Pages 15 – 17, 117	
102-45	Entities included in the consolidated financial statements		Lear's <a href="#">Proxy Statement</a>	
102-46	Defining report content and topic boundaries		Pages 15 –17, 134	
102-47	List of material topics		Pages 15 –17, 134	
102-48	Restatements of information		Page 134	
102-49	Changes in reporting		Page 134	
102-50	Reporting period		Page 134	
102-51	Date of most recent report		Pages 2, 134	
102-52	Reporting cycle		Pages 2, 134	
102-53	Contact point for questions regarding the report		Page 134	
102-54	Claims of reporting in accordance with GRI Standards		Pages 2, 134	
102-55	GRI Content Index		Pages 140-146	
102-56	Delete black box		Pages 134-136	In 2021, Lear received assurance to a limited level for its Scope 1 and Scope 2 (location based) Greenhouse Gas (GHG) emissions by Stantec Consulting Ltd.
<b>MANAGEMENT APPROACH</b>				
103-01	Explanation of the material topic and its boundary		Pages 15-17, 134	
103-02	The management approach and its components		Pages 13, 15-17	Lear details its management approach throughout our sustainability report.
103-03	Evaluation of the management approach		Pages 13, 15-17	Lear details its management approach throughout our sustainability report.

# GRI Content Index

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
<b>ECONOMIC PERFORMANCE</b>				
201-02	Financial implications and other risks and opportunities due to climate change	SDG 13	Pages 20-35, <a href="#">TCFD Disclosure</a>	
201-03	Defined benefit plan obligations and other retirement plans	SDG 1, 3, 8	Lear's <a href="#">Proxy Statement</a>	
<b>PROCUREMENT PRACTICES</b>				
204-01	Proportion of spending on local suppliers	SDG 10	Pages 56, 59	Lear does not publicly report all metrics related to spending on local suppliers due to the confidential nature of these values.
<b>ANTI-CORRUPTION</b>				
205-02	Communication and training about anti-corruption policies and procedures	SDG 16	Pages 118-120, Lear's <a href="#">Code of Business Conduct and Ethics</a>	
<b>ANTI-COMPETITIVE BEHAVIOR</b>				
206-01	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SDG 16	Page 120, Lear's <a href="#">Code of Business Conduct and Ethics</a>	
<b>ENERGY</b>				
302-01	Energy consumption within the organization	SDG 7, 8, 12, 13	Page 46	
302-03	Energy intensity	SDG 7, 8, 12, 13	Page 46	
302-04	Reduction in energy consumption	SDG 7, 8, 12, 13	Page 46	
<b>WATER AND EFFLUENTS</b>				
303-02	Management of water discharge-related impacts	SDG 6	Page 49	
303-03	Water withdrawal	SDG 6, 8, 12	Page 49	
303-04	Water discharge	SDG 6, 12	Page 49	Water consumption is minimal within our direct operations. Due to the de minimis nature within our organization, associated metrics have been omitted.
303-05	Water consumption	SDG 6, 12	Page 49	Water consumption is minimal within our direct operations. Due to the de minimis nature within our organization, associated metrics have been omitted.
<b>EMISSIONS</b>				
305-01	Direct (Scope 1) GHG emissions	SDG 3, 12, 13, 14, 15	Page 47	
305-02	Energy indirect (Scope 2) GMG emissions	SDG 3, 12, 13, 14, 15	Page 47	We detail our management approach throughout the report.
305-04	GHG emissions intensity	SDG 13, 14, 15	Page 47	We detail our management approach throughout the report.
305-05	Reduction of GHG emissions	SDG 13, 14, 15	Pages 46- 47	
305-06	Emissions of ozone-depleting substances (ODS)	SDG 3, 12, 13, 14, 15	Pages 46- 47	

# GRI Content Index

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
<b>EFFLUENTS AND WASTE</b>				
306-02	Waste by type and disposal method	SDG 3, 6, 12	Page 51	
306-03	Significant spill	SDG 3, 6, 12, 14, 15	Page 49	
<b>ENVIRONMENTAL COMPLIANCE</b>				
307-01	Non-compliance with environmental laws and regulations	SDG 16	Page 43	There were no significant non-compliance events in 2021 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 126 - 132 <a href="#">Global Requirements Manual and Code of Conduct for Suppliers</a> <a href="#">Supplier Sustainability Policy</a>	Lear expects our suppliers to share our commitment to environmental compliance and sustainability, as outlined in Lear's Global Requirement 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	Pages 63-64, 79	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
403-01	Occupational health and safety management system	SDG 3, 8	Pages 96-101	
403-02	Hazard identification, risk assessment, and incident investigation	SDG 3, 8	Pages 96-101	
403-03	Occupational health services	SDG 3, 8	Pages 96-101	
403-05	Worker training on occupational health and safety	SDG 3, 8	Page 98	
403-08	Workers covered by an occupational health and safety management system	SDG 3, 8	Pages 96-101	
403-09	Work-related injuries	SDG 3, 8	Pages 98-99	
403-10	Work-related ill health	SDG 3, 8	Pages 96-100	
<b>TRAINING AND EDUCATION</b>				
404-02	Programs for upgrading employee skills and transition assistance programs	SDG 8	Pages 58, 81-87	
404-03	Percentage of employees receiving regular performance and career development reviews	SDG 5, 8, 10	Pages 81-87	

# GRI Content Index

GRI Disclosure Number	GRI Disclosure Title	UN SDG Alignment	Page Number and/or Hyperlink	Additional Information
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
405-01	Diversity of governance bodies and employees	SDG 5, 8, 10	Pages 63-64, 112-115	
405-02	Ratio of basic salary and remuneration of women to men	SDG 5, 8, 10	Page 59	
<b>NON-DISCRIMINATION</b>				
406-01	Incidents of discrimination and corrective actions taken	SDG 5, 8, 10, 16	Pages 66, 120	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 95, 126-128	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.
<b>CHILD LABOR</b>				
408-01	Operations and suppliers at significant risk for incidents of child labor	SDG 8	Pages 95, 126-128	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, forced and child labor.
<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 95, 126-128	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, forced and child labor.
<b>HUMAN RIGHTS ASSESSMENT</b>				
412-02	Employee training on human rights policies or procedures	SDG 5, 8, 10	Page 66	
<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 7, 10-12, 53-54, 71-76	
<b>PUBLIC POLICY</b>				
415-01	Political contributions		Page 117	

# 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) 4,252,442 GJ</p> <p>2) Approximately 63%</p> <p>3) 12% renewable energy according to SASB definition.</p> <p>After announcing its climate change goals in 2020, Lear developed a robust strategy to help the company achieve 100% renewable energy for electric power consumed at its manufacturing plants by 2030.</p> <p>Currently, the electricity powering all Lear sites in Germany, Poland and the United Kingdom comes from renewable sources, representing 47% of our electricity use in Europe</p> <p>Lear plans to use a combination of methods to procure and generate renewable energy for electricity used at all global manufacturing sites. Learn more at <a href="#">Our Renewable Energy Strategy</a>.</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) 190,260 metric tons (t) of waste from manufacturing</p> <p>2) 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 77% 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 2021, Lear had \$1.2 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. 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 <i>(continued)</i>	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>• Assessed the cobalt content in all of our products, identified suppliers that supply components containing cobalt, and required them to report cobalt processors to help us conduct traceability and due diligence on potential risks in sourcing this material in our supply chain. Although the amount of cobalt in our products is very small, Lear aims to drive due diligence in the supply chain.</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. 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>Learn more at <a href="#">Managing Risk</a> and in <a href="#">Lear's 2021 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.  Up to 90% of copper and other metals in Lear's E-Systems products are recycled.
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 2021.



**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 – 6.9 billion Seating – 45.3 million  <i>* The global E-Systems number of parts produced reported for 2020 included intracompany component sales. In 2021, Lear revised its calculation methodology to exclude intracompany component sales.</i>
Weights of parts produced*	Quantitative	Metric tons (t)	TR-AP-000.B	E-Systems - 11.6M metric tons (t) Seating - 1.08M metric tons (t)  <i>* 2021 weights of parts produced data reflects changes in calculations as referenced above under, "Number of parts produced."</i>
Area of manufacturing plants	Quantitative	Square feet (m2)	TR-AP-000.C	Approximately 42,173,480 (sq. ft.)

## Task Force on Climate-related Financial Disclosures 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](#).



