



**Global Requirements Manual
and Code of Conduct for Suppliers**

Updated July 2024
Printed Copy for Reference Only

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1.0 Introduction

Lear Corporation is committed to being a supplier of choice by providing superior products while demonstrating excellence in quality, innovation, delivery, service, competitiveness, and sustainability. As an extension of our operations, we expect our supply base to share this commitment and to drive toward a culture of zero defects while utilizing sustainable business practices. This commitment will allow all of us to successfully operate in today's environment.

This Global Requirements Manual and Code of Conduct for Suppliers (the "Supplier Code of Conduct"), integrates certain of Lear's expectations and requirements with respect to each of the topics discussed herein, including our commitments to human rights, the environment, health and safety, business ethics and the development of a diverse and sustainable supply chain. This Supplier Code of Conduct is aligned with the ILO Declaration on Fundamental Principles and Rights at Work, the Universal Declaration of Human Rights, the United Nations Sustainable Development Goals, and the Ten Principles of the UN Global Compact of which Lear is a signatory partner.

We seek to establish strong supplier relationships with a high degree of integrity and corporate ethics. In return, our intention is to operate fairly and make decisions based solely on overall value to Lear and our supply chain. We will not allow any inappropriate influence to compromise or sway our decisions. We expect that our supplier partners will make this commitment to their suppliers and throughout their supply chain as well.

The requirements laid out in this Supplier Code of Conduct are a minimum to doing business with Lear. We expect our supplier partners to understand these requirements and any requirements that we communicate in addition to the Supplier Code of Conduct. If any of these requirements are not understood, it is the supplier's responsibility to immediately seek clarification from Lear.

Manuel Terrazas

Vice President, Quality
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David Kazyak

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Seating

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2.0 Scope

This Supplier Code of Conduct applies to all Lear approved suppliers globally. For the purposes of this Supplier Code of Conduct, “Lear” refers to Lear Corporation and its affiliates and subsidiaries. All requirements in this Supplier Code of Conduct are to be considered “Customer Specific Requirements”¹.

Compliance with the requirements within including the policies set forth in this Supplier Code of Conduct, as well as with all requirements set forth in the Lear Corporation Purchase Order Terms and Conditions, is mandatory.

It is the supplier’s responsibility to check at regular intervals for updates to this Supplier Code of Conduct on www.lear.com. Subsequent Supplier Bulletins will continue to be published to communicate all updates and changes. New bulletins will be posted on www.lear.com.

If for any reason, the above websites cannot be accessed, it is your responsibility to contact your assigned Lear buyer for a copy.

This Supplier Code of Conduct has been developed to describe and define the requirements and expectations of Lear. It is intended to drive consistency on a global basis in Lear’s sourcing, procurement, and operating activities. Our aim is to create a favorable business atmosphere for both Lear and our suppliers while supporting continuously improving costs, quality, efficiencies, productivity, sustainable business practices, and ultimately profits.

The value of the supply chain is fully recognized at Lear. Continuous improvement can only be attained through effective communications, documentation of quality expectations, and the successful implementation of action plans that support long-term customer loyalty and satisfaction. Globalization at Lear will be achieved through the penetration of existing and emerging markets with breakthrough technologies and extensive supplier/customer relationships on a global basis.

Lear expects all suppliers to provide zero defect materials delivered on-time, and to strive for continuous improvement in quality, innovation, delivery, service, competitiveness, and sustainability.

The following sections set forth Lear’s internal [policies](#) on key issues that we expect all Suppliers to perform in accordance with, and thereafter this Supplier Code of Conduct sets forth additional requirements or details on these and other topics that are binding on all of our suppliers.

¹ Reference IATF 16949 § 4.3.2.

3.0 Vision and Mission



Making Every Drive Better™

At Lear, we are driven by the possibilities that we see, but we are even more excited about our vision to take those possibilities to the next level: to make every product, every experience, and every drive better. This vision statement describes our purpose, serves as an operational map to the future, and reminds each of us what we're working towards.

Our values, found below, are the underpinnings of our company culture. They describe how we operate, how we expect every employee to conduct business, and how we treat one another.

Be Inclusive
Be Inventive
Get Results the Right Way

To achieve these values – and our overall vision – we will:

- Treat all individuals with dignity and respect
- Conduct our business ethically
- Continually strive for excellence
- Provide our employees, our most important resource, with an environment that:
 - Allows individuals to reach their full potential through education and career opportunities,
 - Encourages active participation, and
 - Is safe and clean
- Continually focus on our customers' needs and expectations
- Treat our suppliers with respect and encourage long-term relationships
- Be good corporate citizens, value the environment and actively participate in our community
- Balance resources to maximize shareholders' return on investment

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

Ray Scott
President and Chief Executive Officer

4.0 Lear Quality Policy



QUALITY POLICY

“Through a strategy of continuous improvement and teamwork, Lear Corporation is dedicated to establishing the highest industry standards for quality, value, service and technology.”

The foundation for achieving our commitment is based upon:

- Recognizing and understanding the requirements of our internal and external customers;
- Developing and implementing processes for Design, Engineering, Manufacturing, Administration and Quality that support the elimination of waste and the prevention of problems; and
- Effectively utilizing the creative talents of our employees and suppliers.

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

Ray Scott
President and Chief Executive Officer

5.0 Lear Minority Procurement Policy



MINORITY PROCUREMENT POLICY

It is the policy of Lear Corporation to provide opportunities for minority enterprises to ensure their fair consideration as vendors of our goods and services. In establishing this policy, Lear is recognizing its responsibilities to the communities that it serves and the society in which it conducts business. The use of minority business enterprises must be a function of our routine purchasing procedures. No potential supplier will be precluded from consideration on the basis of race, color, religion, sex, age, or national origin. Lear firmly believes that in a free enterprise system every attempt must be made to fully utilize all of our resources.

The term “minority business enterprise” means a business at least 51 percent of which is owned by minority group members, or the stock of which is owned by minority group members. For purposes of definition, minority group members are African-Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, and Asian-Indian Americans. In addition, because Lear’s intent is to economically benefit minority communities, minority and women owned business enterprises should establish as their goal substantial minority employment in all phases of their business.

Every employee delegated the responsibility to either directly or indirectly commit the expenditure of corporate funds for the purchase of goods and services is charged with the task of making this corporate objective a reality. The Vice Presidents of Purchasing are charged with the specific responsibility of administering the Supplier Diversity and Development Program for Lear Corporation. The Director of Supplier Diversity and Development will monitor and report at established intervals on our progress under this program.

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

Ray Scott
President and Chief Executive Officer

6.0 Environmental, Health, Safety, and Sustainability Policy



ENVIRONMENTAL, HEALTH, SAFETY AND SUSTAINABILITY POLICY

Lear Corporation is committed to environmental protection, employee health and safety, compliance with legal requirements and other obligations, pollution prevention, the efficient use of energy, water and other natural resources, and reducing the environmental impact of our products and supply chain.

Our commitment is realized through a strategy of continually improving our environmental, health, safety and sustainability management systems, programs, and operations.

The foundation for achieving our commitment is based on:

- Integrating environmental, health, safety and sustainability elements into our overall business strategy and supply chain management practices
- Striving for the prevention of pollution, including soil, noise, air and water pollution, and the prevention of work-related injury and illness
- Reducing EHS risk exposure by minimizing our environmental impact, including by recycling and reusing certain goods and materials, as well as by eliminating health and safety hazards
- Demonstrating our commitment to continuous environmental, health and safety improvement through management-level initiatives, consultations with and involving the participation of employees and their representatives, and employee training and empowerment
- Developing and utilizing environmentally conscious, safe, sustainable and efficient production methods and processes
- Implementing energy usage efficiency initiatives, and utilizing renewable energy where practicable, to reduce our global CO₂ footprint at all Lear facilities, supporting our goal to achieve net zero emissions in our operations
- Properly handling and reducing the use of chemicals and raw materials, as well as reducing waste generation
- Conserving energy, water and other natural resources in our operations and facilities
- Striving to continually lessen the environmental impact of, and improve the performance of, our products
- Communicating policies and expectations to all our employees, customers, suppliers, other stakeholders and the public; and
- Supporting communities where we do business and fostering community outreach and active engagement

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

Ray Scott
President and Chief Executive Officer

April 2023 Revision

7.0 Supplier Sustainability Policy



Supplier Sustainability Policy

Lear believes that how we operate as a company, and as individuals, is based on our core value to Get Results the Right Way. This leads our customers and business partners to do business with us, our shareholders to invest in us, our external stakeholders to respect us, and the best talent to join us in working for Lear.

We consider a strong relationship with our suppliers to be key to ensuring our mutual success. This **Supplier Sustainability Policy** (the “Policy”) identifies certain of our expectations of our suppliers to be followed in their business dealings with Lear.

This Policy applies to any third party that provides goods or services to Lear, including but not limited to production parts and materials as well as their subcontractors. Further information regarding our requirements and standards for our suppliers are outlined in the [Global Requirements Manual and Code of Conduct for Suppliers](#).

Code of Business Conduct and Ethics

Lear conducts business with integrity and in compliance with all applicable laws and regulations. A commitment to integrity is critical to how we conduct business and maintain our outstanding reputation in the communities in which we do business. Suppliers are required to understand and comply with [Lear’s Code of Business Conduct and Ethics](#), and demonstrate the highest standard of integrity and ethical conduct in all business activities.

Legal Compliance

Lear is committed to complying with all applicable legal requirements. Suppliers are expected to comply with all applicable legal requirements and prevent incidents or conditions that might result in a violation of law. This includes, without limitation, that all purchased materials used in manufacture of goods satisfy current governmental and safety constraints on restricted, toxic and hazardous materials, as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale.

Preventing Bribery and Corruption

Lear conducts business ethically throughout the world. Lear prohibits suppliers from giving or promising to give anything of value to any third party for the purpose of obtaining or retaining business, or to otherwise induce them to act improperly. Suppliers must conduct business with integrity and in full compliance with all applicable laws pertaining to bribery and corruption.

Human Rights and Working Conditions

Be Inclusive. Be Inventive. Get Results the Right Way. These are Lear Corporation’s core values and the foundation of our long-term success. As part of our commitment To Get Results the Right Way, we support and promote human rights throughout our operations, our communities in which we operate, and our global supply chain. We also embrace the international human rights principles expressed in the following conventions:

- The [Ten Principles](#) of the [United Nations Global Compact](#) of which Lear is a signatory partner;
- The [Universal Declaration of Human Rights](#);

- The International Labour Organization's [1988 Declaration on Fundamental Principles and Rights at Work](#); and
- The United Nation's [Sustainable Development Goals](#).

Lear's [Human Rights Policy](#) outlines our social responsibility principles and respect for human dignity, including with respect to topics such as collective bargaining and the freedom of association, as well as prohibitions of child labor, forced labor, modern slavery and human trafficking. We expect our suppliers to develop their own policies that aligns with Lear's Policy.

Further, providing safe working conditions is one of our highest priorities with respect to human health and welfare. Suppliers shall comply with health and safety management system international standards (e.g. ISO 45001 or equivalent). Suppliers are expected to share Lear's commitments by developing and implementing their own programs focused on worker safety and well-being. See Lear's [EHSS Policy](#).

Responsible Sourcing of Materials and Product Sustainability

We source responsibly and take steps to ensure that materials used in our products do not directly or indirectly provide funding to conflicts or human rights abuses. We expect the same from our suppliers.

We require our suppliers to comply with all applicable laws and regulations regarding ethical material sourcing, including those with respect to raw materials and production processes.

Lear recognizes the UN Declaration on the Rights of Indigenous Peoples and the value of Free, Prior and Informed Consent (FPIC) of indigenous peoples for property or land negotiations. No form of land grabbing is allowed.

We expect our suppliers to adopt best practices not only limited to production processes and securing the supply of materials and components, but also addressing environmental, social, and product safety aspects. See the [Responsible Materials Sourcing Policy](#) and [Lear Quality Policy](#).

Animal Welfare

Lear's commitment to the highest standards for ethical behavior extends to the treatment of animals. We require compliance with all legal requirements, as applicable, and we expect our suppliers to implement industry-leading policies and practices related to the ethical treatment of animals. Lear supports and expects its suppliers to promote a belief in the humane treatment of animals, including freedom from thirst and hunger, freedom from discomfort, pain, injury and disease, freedom to express normal behavior, and freedom from fear and distress.

Environmental Sustainability

Lear's definition of sustainability is "meeting the needs of the present without compromising the ability of future generations to meet their own needs." This means being aware of our impact and understanding how this affects the world around us. Our mission is to reduce our impact while increasing the profitability and longevity of our company.

We expect our suppliers to support Lear's environmental sustainability goals by complying with all applicable environmental laws, rules and regulations while also using resources wisely. Suppliers must comply with and be certified to all applicable environmental management system international standards. (e.g. ISO 14001 or equivalent). Suppliers are expected to align with Lear's commitments by developing and implementing their own environmental sustainability program focused on conservation of natural resources, including but not limited to:

- Carbon Reduction
- Energy Efficiency
- Reduced Water Usage

- Air Quality Improvement
- Recyclability and Waste Reduction
- Hazardous Material and Chemical Management and Control
- Protecting Biodiversity
- Employee and Supplier Training

See Lear's [EHSS Policy](#) and [No Deforestation Policy](#).

Implementation of Sustainability Standards in the Supply Chain

Lear suppliers and all their subcontractors must abide by the requirements of this Policy, including identifying risks within their supply chains and taking appropriate measures to address them.

Audit and Corrective Action Process

Lear reserves the right to conduct audits to ensure compliance with these requirements and also to take appropriate measures, including discontinuing any relationship with a supplier, should the supplier violate, fail to correct, or have a pattern of violating this Policy. Suppliers are required to cooperate with Lear's direct audit or through a third-party auditing firm utilized by Lear.

Compliance, Monitoring and Reporting

We comply with all applicable legal requirements and work to prevent incidents or conditions that might result in a violation of law. We monitor our operations and our suppliers for potential violations and take action if violations occur, up to and including termination of employment or contract.

We have established a process for reporting concerns about any potential human rights or business risks through a [Compliance and Ethics Hotline](#). Employees, suppliers, and business partners can make anonymous reports in their respective language via a toll-free phone call, e-mail, online website or regular mail. Lear requires its suppliers to make this reporting resource available to its employees and upstream supply chain, with consideration for individuals with limited access and disabilities.

We have a strong anti-retaliation policy and will not tolerate retaliation against anyone who in good faith raises a concern, reports misconduct or participates in an investigation.

We report our actions and engagement with suppliers in our [Annual Sustainability Report](#). We also publish on our website our values, principles, policies, and practices that this Policy reinforces.

8.0 Responsible Materials Sourcing Policy



Responsible Materials Sourcing Policy

On August 22, 2012, under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the U.S. Securities and Exchange Commission (SEC) approved the final rule to impose disclosure and reporting requirements related to conflict minerals (tin, tungsten, tantalum, and gold). The rule requires U.S. publicly traded companies to disclose the presence of conflict minerals originating in the Democratic Republic of the Congo (DRC) or adjoining countries in the products they manufacture, if the conflict minerals are necessary to the functionality or production of such products.

As a supplier in the automotive and non-automotive industries, Lear uses a wide variety of materials in the products it manufactures. The supply chain for these materials is complex.

It is Lear's policy to comply with the disclosure and reporting requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as all rules of the SEC promulgated under such Act. Lear works to prevent incidents or conditions that might result in a violation of law. Lear requires legal and ethical sourcing of materials in our supply chain. Lear requires its suppliers to engage in due diligence of their supply chains to understand and report the content of their parts supplied to Lear.

We expect suppliers to source responsibly and ensure that materials used in our products do not directly or indirectly contribute funding to conflicts or human rights abuses. Lear requires suppliers to perform due diligence on the source and chain of custody of their raw materials in accordance with all applicable laws, as well as the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" of the Organisation for Economic Co-operation and Development (OECD) and other relevant guidance.

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

Ray Scott
President and Chief Executive Officer
Lear Corporation

9.0 Human Rights Policy



Human Rights Policy

Be Inclusive. Be Inventive. Get Results the Right Way. These are Lear Corporation's core values and the foundation to our long-term success. As part of our commitment To Get Results the Right Way, we respect and reinforce human rights throughout our operations, our communities in which we operate, and our global supply chain. We also embrace the international human rights principles expressed in the following conventions:

- The [Ten Principles](#) of the [United Nations Global Compact](#) of which Lear is a signatory partner;
- The [Universal Declaration of Human Rights](#);
- The International Labour Organization's [1988 Declaration on Fundamental Principles and Rights at Work](#); and
- The United Nation's [Sustainable Development Goals](#).

We apply this policy throughout our company, the entities that we own, and the entities in which we hold a majority interest and to anyone who represents and works with Lear, including employees, officers, directors, and business partners. This policy is overseen by Lear's Board of Directors.

Workforce Diversity, Equity and Inclusion

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

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

Coercion, Harassment and Discipline

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

Wages, Hours, and Working Conditions

We comply with all applicable wage and hour laws, including equal pay, minimum wage, overtime, maximum hour rules, meal and rest periods. We also provide legally mandated benefits. Where local industry standards exceed applicable legal requirements, Lear pays fair wages and ensures working conditions that are competitive with the higher local industry standards.

We employ ethical recruitment practices. We prohibit recruiters from charging recruitment fees to potential employees and from withholding identity documents. Where our employees have employment contracts, we provide access to those contracts.

Employee Health and Safe Workplace

The safety and health of our employees is of paramount importance. We will not put employees in a situation that could be harmful to their well-being. We believe that safe workplaces are a result of the dedication of everyone at Lear. We make it our responsibility to embed safe behaviors in everything we do, coupled with strong programs, operating discipline, robust communications and training, and compliance with applicable safety and health laws and regulations. We know that working together, we can mitigate or eliminate hazards and risks, and get results the right way. See the [EHS Policy](#) and [Safe Work Playbook](#) information.

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.

Child Labor

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

Forced Labor and Human Trafficking

We believe that all employees should have the right to voluntarily elect whether to be employed by Lear. We do not use forced or involuntary labor of any kind, including prison labor, indentured labor, bonded labor, military labor, modern forms of slavery and any form of human trafficking. See the [Transparency in Supply Chains Act Disclosure](#).

Freedom of Association and Collective Bargaining

We respect employees' right to form, join or not to join a union, or to have recognized employee representation in accordance with local law. We are committed to maintaining a constructive dialogue and to negotiate in good faith with employees' freely chosen representatives. We do not harass, discriminate against, or otherwise penalize workers, worker representatives, or union members because of their interest and/or membership in, or affiliation with, a union, or their legitimate union activity, in accordance with international and local labor standards.

Responsible Sourcing

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

As part of our responsible sourcing efforts, we follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We also participate in industry-driven initiatives (e.g. Responsible Minerals Initiative) that validate and establish industry-wide control systems and transparency over the upstream supply chain such as chain of custody or traceability systems. See the [Lear Conflict Minerals Sourcing Policy](#) and [Supplier Sustainability Policy](#).

Compliance, Monitoring and Reporting

We comply with all applicable legal requirements and prohibit incidents or conditions that might result in a violation of law. We put in place several reporting mechanisms and have strong anti-retaliation policies. We monitor our operations, our partners and our suppliers for potential violations and take action if violations occur, up to and including termination of employment or contract.

We have established a process for reporting concerns about any potential human rights or business risks through a [Compliance and Ethics Hotline](#). Employees, suppliers, and business partners can make anonymous reports in their language via a toll-free phone call, mail, online website or regular mail.

We report our actions and engagement on human rights in our annual sustainability report. We also publish on our website our values, principles, policies, and practices that this policy reinforces. See [Lear's Code of Business Conduct and Ethics](#).



Ray Scott
President and Chief Executive Officer,
Lear Corporation

10.0 No Deforestation Policy



No Deforestation Policy

Lear recognizes the important role natural forests and rainforests play in the health of the global ecosystem and is committed to work with our supply chain to protect these forests and ensure our manufacturing and sourcing activities do not contribute to deforestation.

Lear defines deforestation as loss of forest due to illegal land conversion for agriculture, or practices that result in severe and sustained degradation of forests and peatlands. We recognize that deforestation has a negative environmental impact on land, water, biodiversity, indigenous communities, and the climate.

Lear is committed to the following “No Deforestation” principles and requires the same commitment from our supply chain:

- Compliance with all governmental laws, regulations and guidelines related to deforestation.
- Not to clear forested areas for production or development illegally through the setting of fires or by mechanical means.
- That materials purchased for production, and products supplied, are from legally compliant sources and free of content acquired from illegally deforested areas or areas of indigenous or other protected lands.
- Encourage the protection of High Conservation Value (HCV) forests/lands and avert the conversion of other valuable and vulnerable ecosystems, within the framework of local legal requirements.

Lear may conduct audits or require third-party verification to ensure compliance with these requirements and also reserves the right to take appropriate measures, including discontinuing any relationship with a supplier should the supplier violate the [Lear policies](#).

Lear is committed to working with our suppliers and customers to protect forests by eliminating deforestation and forest degradation.

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

Ray Scott
President and Chief Executive Officer
Lear Corporation

No Deforestation Policy – March 2022 Revision

PURCHASING

11.0 Registration to Lear Corporate Purchasing Applications and Supplier Tracking (eSRM)

All suppliers are required to register a supplier administrator for access to the Lear eSRM applications at <https://access2.lear.com>.

Your Supplier Administrator is responsible for assigning user access IDs and passwords for others in your company to access the Lear Purchasing applications, which include:

- Online Quote System
- Supplier Rating System (SRS)
- Purchase Order Retrieval
- ProFile and LearPro (Supplier APQP/PPAP and Supplier SCTO Ideas)
- Supplier Quality Tracking System (SQTS)
- Lear Packaging Approval System (LPAS)

For potential suppliers, to register a Supplier Administrator for your company, access www.lear.com, go to the Web Applications Tab and click on the link to Supplier Registration for Potential Suppliers.

For existing suppliers send an email request to SupplierAccess@lear.com with contact details. The Supplier Administrator “Supplier User Enrollment Manual” is available on <https://access2.lear.com> and details the responsibilities of the administrator and instructions for adding and deleting users to the applications.

All suppliers are expected to maintain an up-to-date Supplier Information Sheet with their Buyer. At a minimum, this must be reviewed annually. The Supplier Information Sheet can be found at www.lear.com.

12.0 Cost Recovery Policy

Pursuant to the Lear Corporation Purchase Order Terms and Conditions, suppliers may be liable for certain costs, expenses and liabilities associated with their supply of parts to Lear. Lear will charge its suppliers based on local rates of the affected Lear manufacturing location. ~~but for labor charges will not exceed the equivalent of \$75.00 (U.S.) or €75.00 (Euro) per hour.~~

Suppliers may contact their Lear Buyer for the rate in a specific Lear location. Note that Lear reserves the right to setoff (debit) amounts owing by suppliers to Lear pursuant to the Lear Corporation Purchase Order Terms and Conditions.

Potential chargebacks to external suppliers include but are not limited to:

- Rework/Repair
- Overtime to Avoid Production Interruption
- Disposition of Scrap
- On-Line Containment
- Tear-Down (Minor, Major or Complete)
- Outside Lab Testing
- Delays in Complete PPAP Submission (incl. rejected PPAPs)
- Receiving Inspection, Material Handling, Freight
- Premium Freight Costs including Air Charter
- Production Downtime for Lear and End Customer
- Delays in IMDS Submission
- Contractor Costs
- Customer Returns and charges (incl. Warranty)
- Travel
- Sorting of Suspect Material In-House, at Customer Location, or Third-Party Warehouse
- Salaried Employee Expenses (above and beyond)

Administrative Charge—Each Quality Notice (QN) may have an administrative charge of [2 hours minimum](#) covering the collection of data and documentation of the quality incident/spill.

13.0 Supplier Cost/Technical Optimization (SCTO)

SCTO is a process used on current or new production parts, which seeks to reduce the cost of a part without impact to performance, eliminates features that add no true value but incur cost, and/or yields improvements in quality and/or eliminates waste in the value stream.

Ideas shall be submitted either directly to your Lear Buyer or via ProFile or LearPro, Lear's web-based global project management software system that includes Supplier APQP/PPAP status, timing and supporting documentation, and Supplier Cost/Technical Optimization Ideas.

Examples of Ideas include:

- Change materials or specifications of materials
- Change dimensions or tolerances
- Reduce unnecessary test requirements
- Logistics or packaging improvements
- Manufacturing process improvements or elimination
- Improvements that reduce warranty costs
- Changes that improve manufacturing costs at Lear
- Inventory management improvements
- Alternate component and/or construction

Lear's SCTO process with suppliers includes:

- Lear/Supplier CTO workshops
 - Conduct system level tear downs
 - Invite key suppliers to that system
- Lear Manufacturing Facility Tour
 - Walk suppliers through Lear manufacturing facility to see how their parts are presented to the line and assembled in final product
- Competitive Benchmarking
 - Conduct teardowns of competitor products
 - Parts room—place similar product parts side-by-side
 - Invite suppliers in to view and analyze

QUALITY

14.0 Supplier Quality Registration

All approved Lear suppliers are required to establish adequate documentation and implement effective production, quality, and management systems compliant with, at a minimum, the requirements outlined below, and all other Lear specified requirements and OEM customer requirements.

Suppliers are expected to implement all necessary controls to achieve the delivery of zero defects to Lear.

14.1 Lear Corporation is registered to ISO 9001 and IATF 16949. **Lear's Quality Certification Requirements for all approved production supplier manufacturing locations is 3rd party Registration to ISO 9001 and IATF 16949.** Lear also expects its production suppliers to cascade this requirement throughout the supply chain.

IMPORTANT NOTE:

Registration to ISO 9001 ONLY may be acceptable in lieu of IATF 16949 for those suppliers that do not meet the applicability requirements of IATF 16949 as described below or as an interim step to achieving IATF 16949 certification. Suppliers that do not have IATF 16949 registration must be approved in writing by Lear.

For those suppliers that do not currently meet this requirement, the following sequence is required:

- a) Certification to ISO 9001 through third-party audits; (conformity to ISO 9001 by maintaining a third-party certification issued by a certification body bearing the accreditation mark of a recognized IAF MLA (International Accreditation Forum Multilateral Recognition Arrangement) member and where the accreditation body's main scope includes management system certification to ISO/IEC 17021;
- b) Certification to ISO 9001 with compliance to other customer-defined QMS requirements (such as Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers [MAQMSR] or equivalent);
- c) Certification to ISO 9001 with compliance to IATF 16949;
- d) Certification to IATF 16949 through third-party audits (valid third-party certification of the supplier to IATF 16949 by an IATF-recognized certification body).

It is the supplier's responsibility to submit copies of both their Quality and Environmental certificates for each shipping location. Information on all certificates must match the name and address on file in the Lear system for the manufacturing location.

Directed suppliers may be considered "certificate exempt" through a specific contractual agreement with the appropriate Customer(s).

Applicability Requirements:

IATF16949 applies to organizations that manufacture product that ends up in the final vehicle assembly, including:

- Production Materials
- Production or Service Parts

- Assemblies
- Heat treating, Welding, Painting, Plating, or other Finishing Services

Compliance to [VDA 6.3](#) is required for all Tier 2 and Tier 3 suppliers of German Automotive Products.

All Quality Certificates (IATF 16949 and ISO 9001), transition plans, and current Environmental Certificates (ISO 14001 or Responsible Care Management Systems, (RCMS) Technical Spec. RC 101.02) must be uploaded in the SAP SRM Portal (<https://slm.lear.com>). Failure to submit a valid timeline and transition plan or a copy of its renewal certificate may have a negative impact on the supplier's monthly scorecard and potentially jeopardize future business with Lear.

Copies of a supplier's renewal certificates must be submitted on or before the expiration date of the certificate. Customer Satisfaction QNs may be issued to suppliers with missing or expired certificates.

Suppliers that provide processes and services that affect customer requirements such as (but not limited to) subassembly, sequencing, sorting, rework, and calibration services are required to be ISO9001 certified. In case of processes and services providers not certified, the following quality management system progression will be applied, using a risk-based model:

- a) Certification to ISO 9001 through third-party audits,
- b) Certification to ISO 9001 with compliance to Lear and related CSR requirements through second-party audits.
- c) certification to ISO 9001 with compliance to IATF 16949 through second-party audits.

Suppliers of inspection, test and calibration services must have their laboratory facilities accredited to ISO/IEC 17025 or its national equivalent (e.g., CNAS-CL01 in China) by an accreditation body (Signatory) of the ILAC MRA (International Laboratory Accreditation Forum Mutual Recognition Arrangement—www.ilac.org) and include the relevant inspection, test, or calibration service in the scope of the accreditation (certificate); the certificate of calibration or test report shall include the mark of a national accreditation body; or there shall be evidence that the laboratory is acceptable to the customer (customer assessment or customer-approved second party assessment).

- 14.2** Lear reserves the right to verify a supplier's manufacturing location for site compliance to these standards by performing site audits by a designated Lear representative.
- 14.3** Third party certification does not relieve the supplier of the full responsibility for the quality of the product supplied.
- 14.4** Lear requires all production suppliers to:
 - 14.4.1** Verify sub-suppliers' 3rd party certification—including obtaining a copy of the valid registration certificate and receiving updates as their certificates expire.
 - 14.4.2** Maintain documented evidence of sub-supplier compliance, which must be available for review upon the request of Lear.

14.4.3 In the event that a sub-supplier provides a proprietary material, is not registered and/or on-site verification is impractical (limited resources and/or location), exceptions to the certification requirement must be documented and approved by an authorized representative of Lear.

14.4.4 Monitor the production development and ongoing quality of sub-suppliers.

15.0 Pre-production and New Product Launch Requirements (APQP)

All approved production suppliers involved in pre-production and new product launches are required to formulate advanced quality plans to support the development of new products and/or services in accordance with the guidelines in the Advanced Product Quality Planning and Control Plan (APQP) manual published by the Automotive Industry Action Group (AIAG).

15.1 Program Management Requirements

Suppliers are required to:

15.1.1 Download the ProFile (Legacy) or LearPro (new projects as of May 2022) User Guide and communicate the requirements throughout their organization and manufacturing facilities. Please contact your Lear Buyer to determine which system to utilize, ProFile or LearPro.

15.1.2 Utilize ProFile or LearPro. ProFile and LearPro are web-based global project management software systems that includes Supplier APQP/PPAP status, timing and supporting documentation, and Supplier Cost/Technical Optimization (SCTO) Ideas. If the Lear program is not in ProFile or LearPro, the supplier must contact its Lear Buyer to ascertain where to submit the required timing and forms. ProFile or LearPro can be accessed at www.lear.com.

15.1.3 Enter Supplier APQP/PPAP status, timing and supporting documentation for each program in ProFile or LearPro.

15.1.4 In addition, all suppliers shipping product that undergoes a “Special Process” as defined by AIAG, must adhere to the guidelines provided in the appropriate AIAG assessment. Reference Sections 26-31.

Suppliers may be required to complete additional audits and/or documentation at the request of Lear or Lear’s customer(s).

Note: Lear creates and provides CAD data to suppliers and vendors in one of several native formats. Lear is not responsible for any deviations, omissions, or errors to CAD data provided in any format (“neutral”) other than its native format.

16.0 Launch Readiness Measures

New product/process launch, tool kick-off approval and readiness measures must be implemented to ensure that the supplier is able to produce in accordance with all requirements of Lear’s Purchase Order, automotive standards, other Lear requirements, and applicable OEM requirements.

16.1 Capacity Agreement

Supplier must demonstrate enough capacity to cover Lear expectations through a Capacity Agreement: Planned capacity before the Program award and installed capacity during the Run at Rate.

16.2 Component Review Meeting (CRM)

Component Review Meetings are held with selected suppliers to identify key product/process characteristics (dimensional or performance) that are to be statistically monitored to ensure stability and ongoing compliance. If Lear does not identify specific key characteristics, suppliers are expected to identify key characteristics for on-going statistical monitoring.

Suppliers are required to conduct CRMs with their own sub-suppliers to highlight and identify customer specific requirements, i.e., part branding/identification. With sufficient notice, Lear and/or the OEM may participate in sub-supplier reviews. The supplier is to use OEM specific documentation when requested by Lear. All components with pass-through characteristics to Lear's customer should have a CRM conducted.

16.3 Document and Process Review (DPR)

All production suppliers should complete and return a Supplier Document and Process Review (DPR) sheet for each representative part number that is scheduled to launch for the current year at the supplier's manufacturing location.

It is the supplier's responsibility to obtain this information package from www.lear.com under Purchasing Downloads and Web Guides, Supplier Development—Information and Forms. Specific OEM documentation may also be required and will be communicated to the supplier by Lear Purchasing.

It is a Lear requirement that the supplier will perform similar DPR audits with their sub-suppliers and provide that information to Lear upon request.

Lear has the authority to conduct an on-site DPR audit at any time for parts produced by a supplier or sub-supplier for Lear. When requested by Lear, the supplier shall permit reviews at the supplier's or sub-supplier's site with Lear (and OEM if required).

Compliance with the DPR does not relieve the supplier of its responsibilities to comply with other specified AIAG requirements.

16.4 Run at Rate

All suppliers are required to perform a Run at Rate to verify that the actual production process is able to meet 115% of quoted program peak volumes at an agreed-upon quality level and required capacity.

Lear may require that the supplier complete OEM specific documentation and this will be communicated by Lear Purchasing. When requested, Lear and/or the OEM may participate in the Run at Rate at the supplier's site.

The intent of a Run at Rate is to demonstrate that the normal production process, operators, and equipment with normal production support levels can produce at least 115% of 24 hours of consumption within 24 hours of production. The supplier's process must be able to produce 115% of the quoted volume using production tools and equipment and within the actual manufacturing site and process, unless otherwise

specified in writing by Lear. Lear may request repeated Run at Rates if the supplier's process does not meet the requirement.

A staggered Run at Rate may be permissible if approved (or requested) by Lear Supplier Quality. A staggered Run at Rate allows for a supplier to ramp up their capacity based on Lear's or the OEM's ramp-up plan. A staggered Run at Rate will demonstrate that the normal process can produce the planned customer consumption level at least three months prior to the actual need.

It is the responsibility of the supplier to enter the completed Run at Rate documents and Open Issues list as an attachment in ProFile or LearPro (see Section 15.1).

In the event issues are identified during the Run at Rate, the supplier will create an Open Issues list which will be tracked by Lear until closure.

Suppliers are required to ensure that a Run at Rate is conducted for all sub-suppliers and provide supporting documentation to Lear upon request. When requested, Lear and/or the OEM may participate in the Run at Rate at the sub-supplier's site. Capacity Planning for the supplier and all sub-tiers is the responsibility of the supplier.

16.5 Production Trial Run

Lear may require advanced shipment of a quantity of new material to assure there is no adverse impact on subsequent processing at Lear or our customers. Suppliers are expected to produce, package, label, and ship parts for trial runs as directed by Lear.

16.6 Launch Support

During any program launch at a Lear production facility, a supplier may be required to provide on-site representation. The supplier's launch support representative(s) must be knowledgeable, capable, and empowered to make decisions. Coverage must be provided for all shifts as required.

Suppliers may be required to attend key event builds prior to production launch.

16.7 Safe Launch Containment

Temporary and extraordinary controls shall be put in place to absolutely guarantee no non-conformances are received by Lear during the launch timeframe. All new components or assemblies, as well as all carry-over components or assemblies that are identified as a safety or critical item, or those that contain any special record retention requirements must have additional production controls and/or inspection implemented prior to Lear receiving the component or assembly for launch. Each component or assembly shipment must be certified for the identified period. Exit criteria must be approved by Lear.

16.8 Production Part Approval

16.8.1 Suppliers are not authorized to begin production or ship material to Lear prior to obtaining approval from the Lear receiving facility per the requirements of the AIAG Production Part Approval Process (PPAP) Manual, according to the latest revision level. Any deviation to this requirement must be approved in advance and agreed by Lear in writing.

Directed suppliers may be considered “PPAP approval exempt” by Lear through a specific contractual agreement with the appropriate Customer(s).

- 16.8.2** All sample submissions are to be Level 3 unless otherwise specified. Lear may require that the supplier complete OEM specific documentation.
- 16.8.3** Annual Layouts are required to verify continuing conformance on all parts and components.
- If a Lear Plant is required to submit PPAP to its customer, all supplier PPAP documentation must be updated if more than one year old.
 - Suppliers are responsible to proactively send PPAP and/or Annual Validation information to the Lear Plant as per AIAG requirements. A definition of retention/submission requirements for Level 3 PPAP submission is outlined in Table 4.2 of the 4th Edition of the AIAG PPAP Handbook.
 - **Directed suppliers may be considered “exempt” of this requirement through a specific contractual agreement with the appropriate Customer(s).**
- 16.8.4** PMCRR-IMDS (Product Materials Content & Recyclability Reporting-International Material Data System) data must be updated per IMDS and customer requirements (see Section 38.3). PMCRR-IMDS must be accepted by Lear and the IMDS approval number MUST be included on the Part Submission Warrant.
- 16.8.5** PPAP samples shall serve as “Master Samples.” When cosmetic issues arise that cannot be addressed by the use of the master samples, the supplier is responsible for establishing approved boundary samples with Lear prior to shipping. All boundary samples that clarify upper and lower specifications require the approval of Lear.
- 16.8.6** Test labs must be accredited and meet Lear’s and its customers’ requirements.
- 16.8.7** A Customer Satisfaction Quality Notice may be issued for missing PPAP or expired Annual Validation information (see Section 19).
- 16.8.8** A key characteristics declaration agreed with LEAR must be provided as a PPAP deliverable.
- 16.8.9** Minimum content requirements for dimensional data:
- Dimensional data identified in the PPAP drawing. This shall include measurements data for all suites/cavities of any multi-part tooling or process
 - Six minimum samples required by suite/cavity
 - Measurements must be clearly identified and referenced in the Dimensional Report including the conformity status of each measurement (OK/NOK)
 - The units for each measurement
 - A unique dimensional report number

16.8.10 Lear’s PPAP requirement is supplier manufacturing site to Lear’s manufacturing site, and approval can be provided physically signed -off or through an electronic form.

16.9 Advanced Inventory to Support Builds

Suppliers are expected to have advanced inventory available and ready to ship for support of all advanced builds and the launch of production.

16.10 Lear Supplier Risk Assessment

Lear Purchasing, Quality, and Program Management will conduct a Supplier Risk Assessment to determine those suppliers deemed “High Impact.” Those suppliers will have product and process development and validation (APQP) activities tracked and monitored by Lear within Profile or LearPro.

16.11 Supplier Day

Suppliers are expected to support all Lear Supplier Day activities that they are invited to whether they are held in conjunction to a specific program or a general review of requirements.

17.0 Production Phase/Manufacturing

17.1 External Production Supplier Extended Shutdown/Start-Up Audit (SESSA):

Lear Purchasing, Quality, and ALL receiving Lear facilities must be notified in writing prior to a supplier’s extended production shutdown and must submit a completed SESSA audit that covers all products at each of their manufacturing locations that ship to Lear.

Copies of the “External Supplier Notification of Extended Shutdown/Start-Up Audit” document can be downloaded from www.lear.com under Web Guides, Supplier Development–Information & Forms, Supplier Extended Shutdown/Start-up Audit Requirements.

- Examples of Extended Shutdown/Start-up periods include customer change-over, unscheduled preventive maintenance, extended holiday closings, or the anticipation of a work stoppage due to union contract negotiations.
- SESSA audits submitted for Union facilities that manufacture and ship product to a Lear facility must be submitted six (6) months prior to the actual union contract expiration date.
- All questions that are answered as “NO” on the SESSA require an action plan and the action plan must in place prior to the shutdown period to ensure compliance.

17.2 Supplier Shipping Support During a Supplier Shutdown

Suppliers are expected to ship during a Supplier Shutdown when a Lear Customer Plant is working. Shipments are to be made to Schedule Releases sent from the Lear Customer Plant prior to the Supplier Shutdown and sent during the Supplier Shutdown.

17.3 Sub-Contractor Development

With the increasing demands of Lear’s customers for higher quality at a lower cost, the entire supply chain is responsible for increasing quality while contributing to a lower overall cost. By developing and improving sub-contractors, Lear’s external production suppliers should obtain substantial savings to themselves and ultimately to Lear.

It is Lear's expectation that all Lear production suppliers work closely with their supply base to ensure that the quality level of received product meets our requirements and expectations. Should a supplier contract a component or assembly, the supplier maintains the ultimate responsibility for the quality and delivery of the parts purchased by Lear, even if those parts are shipped directly from the sub-contractor. Note—all sub-contracting must be approved in writing by Lear.

The primary area of focus is on the communication and documentation of customer requirements, which is achieved through APQP (Advanced Product Quality Planning) and should include:

- Risk Assessments
- Component Review Meetings
- Supplier Audits
- Document and Process Reviews (PPAP Readiness)
- Run @ Rate Procedures
- Safe Launch Containment

18.0 Supplier Communications to Lear

18.1 All Product / Process Changes

Advance written approval from Lear is required for all changes to a supplier's product and/or process.

- It is the supplier's responsibility to obtain the appropriate documentation from www.lear.com under Web Guides, Supplier Development.
- Supplier shall submit any change request with adequate timing prior to implementation.
- Samples may be required for review and to evaluate any potential impact on Lear's manufacturing processes.
- All validation costs associated with any supplier change will be at the expense of the supplier.
- Supplier Change Requests and PPAP approval is required unless specifically waived in writing.
- Raw material changes must have completed validation testing and IMDS submission.
- Refer to Section 3.1 of the latest edition AIAG PPAP Manual for "Examples of Changes Requiring Notification."

18.2 Production Location Changes

- Production Suppliers must obtain advance written approval from Lear for ALL production location changes.
- Suppliers are to submit a completed "Request for Written Approval for Global External Production Suppliers to Change/Move Production Location" form to their Lear corporate buyer. Copies of the form are available at www.lear.com under Supplier Development—Supplier Notification of Production Location Change/Move.
- Suppliers must contact their Lear Purchasing Buyer, Lear Program Management (for customer specific requirements), and the receiving Lear plant(s) for input to determine what is required for obtaining approval for the supplier location change.
- Any Tool Move Plan must include a production bank to ensure Lear's production and service requirements are not affected.

- Additionally, all shared tooling must be called out and identified in the Tool Move Plan.
- An approved PPAP (Level 3 unless otherwise directed) is required prior to the shipment of production material from the new location. An Exit PPAP from the prior facility may be required and must be submitted as requested.
- Suppliers will be held responsible for any and all costs and/or other liabilities arising in connection with or related to any production location changes.

18.3 Other Communications

It is the supplier's responsibility to obtain all required documentation from www.lear.com under Web Guides, Supplier Development.

The supplier must communicate to their corporate Lear buyer:

- 18.3.1** All changes in supplier's "Remit To" information
- 18.3.2** Copies of all updated Third -Party Quality Certification with expiration dates for each manufacturing site that ships to Lear
- 18.3.3** Any changes in ownership of the supplier or executive management
- 18.3.4** Copies of Notification of Third -Party Containment
- 18.3.5** Proactive notification of potential quality issues or concerns about the product's ability to meet performance expectations. Copies of the "Risk Assessment Template" document can be downloaded from www.lear.com under Purchasing Downloads and Web Guides, Supplier Development.
- 18.3.6** Notification of suspension or revocation of Quality or Environmental Certification

19.0 Supplier Quality Tracking System (SQTS)

Supplier Quality Tracking System (SQTS) is Lear's global system for reporting and resolving supplier quality, delivery, customer satisfaction, and warranty issues. It is an online problem-solving system that provides a standardized method of issuing Quality Notices (QNs) to all suppliers.

Suppliers must respond to QNs by entering data in the system fields that follow a disciplined problem-solving approach. Data collected in the SQTS database is sent to the Lear Supplier Rating System (SRS) which populates the Supplier Corporate and Common Vendor SRS Scorecards and Metric Charts.

For additional information and instructions on SQTS, download the Supplier User Manual at <https://access2.lear.com>.

For those Lear facilities not currently using SQTS, suppliers should contact the responsible Lear corporate Buyer for the correct procedure.

Requirements:

The supplier's system administrator must enroll a minimum of two supplier contacts (i.e., Quality and Logistics representative) with access to SQTS at each supplier locations that ship to Lear in order to respond to any QNs that are issued against the supplier's manufacturing location.

When a QN is generated, the supplier must respond to the QN by the close of business the following day—this is referred to in the system as the initial response and must include containment actions to protect Lear from receiving any further defective parts (e.g., supplier must certify product). The supplier will continue to receive email notifications if the 24-hour

response is not submitted on time. The supplier contacts should monitor their email notifications daily.

The supplier must provide permanent corrective action implementation and verification of effectiveness. Target timing to close all QN's is 30 days. The supplier may be issued a Customer Satisfaction QN by the Lear receiving plant or quality group if they are delinquent in answering QNs in a timely manner or for other repeated or chronic concerns in general.

A Repeat QN may be issued if the supplier exhibits either a failure of containment or effective implementation of permanent corrective action.

Supplier QN performance will be measured on:

- Repeat QNs
- Customer Incidents
- Plant Disruptions
- Parts Per Million (PPM) rejected

The number of rejects reported in a Quality QN is used in the calculation of a supplier's Rejected Parts Per Million (RPPM) that is on each supplier's scorecard.

Suppliers may risk being awarded new business and/or losing existing business if adherence to SQTS is not followed.

Suppliers are also required to monitor chargeback notices within SQTS. Lear reserves the right to offset/debit amounts owing by suppliers to Lear pursuant to the Lear Corporation Purchase Order Terms and Conditions.

20.0 External Production Supplier Performance

To meet the ISO 9001 and IATF 16949 requirement of measuring supplier performance, the Lear Supplier Rating System (SRS) Monthly Scorecard utilizes composite measures, which cover various aspects of supplier performance. It provides a monthly and annual record of a supplier's quality, delivery, written complaints, customer satisfaction and warranty ratings along with competitive performance and scores.

These performance metrics also provide:

- Recognition of exceptional supplier performance
- Improved communication on performance issues
- Objective data for use in supplier management and sourcing decisions
- Opportunities for continuous improvement

The SRS Scorecards and the Supplier SRS User Manual which includes the scoring criteria for each of the categories are available by using the following link: www.lear.com.

Supplier representatives at both the corporate and manufacturing level are required to download their corporate and common scorecard data each month. Any discrepancies or disputes in quantities must be addressed to the individual Lear plants that issued the Quality Notice. Issues of shipping point, calculations and/or SRS set up, need to be addressed to a Lear Purchasing Commodity representative.

Scorecards are available for download on the 12th day of the following month (example; March scorecards will be available on April 12).

A Quality Improvement Plan should be developed and submitted as requested by any Lear personnel.

21.0 External Production Supplier Controlled Shipping Status

When a supplier is issued a QN in SQTS (See Section 19.0) and a greater level of containment is required, the Lear manufacturing plant may require a supplier to ship parts under a Controlled Shipping Status, Level 1, Level 2 or Level 3.

21.1 Controlled Shipping, Level 1 (CS1)

CS1 is required when extraordinary inspections are mandated due to quality issues which have been detected by Lear or major discrepancies have been identified during a product or process audit conducted by Lear.

The supplier must:

- Verify that the actions taken meet all Lear requirements. Inspections and methods must be approved by the receiving Lear production facility. All containment actions must be documented according to Lear's requirements.
- Immediately establish a containment process at its location. Containment can be placed in line after final inspection or may be located offline in a separate area.
- Ensure an understanding of the nonconformance.
- Purge the pipeline of suspect material.
- Commence the sort activities and display the results in a public and visible location.
- Track the clean point of non-conforming and conforming material, e.g., material in transit, storage, at a Lear production facility.
- Notify all additional Lear facilities or customer facilities that receive the same part of the nonconformance and provide containment activities as required.
- Mark all parts, material, and containers as agreed with the Lear production facility to identify parts certified for production.
- Perform corrective actions including all steps of the 8D process.
- Review corrective actions for effectiveness and take further actions if required to eliminate issue long term.
- Report results and findings to the Lear receiving plant(s) on a daily basis.
- Meet defined exit criteria as agreed by the Lear production facility.

21.2 Controlled Shipping, Level 2 (CS2)

CS2 requires the supplier to contract a third party to inspect all suspect parts in an area separate from their normal production process (unless otherwise specified by Lear) prior to shipment to Lear. The third-party inspection source and contact details must be included in the initial response and be approved by the responsible Lear Quality Engineer.

CS2 may be initiated if:

- The supplier has failed to contain non-conforming products in Launch Containment and/or CS1,
- There are safety-related, FMVSS, or local regulation issues,
- There is a risk in the field with a Customer, or
- There are other issues deemed by Lear to require heightened containment.

The supplier must verify that all actions taken meet all Lear requirements. Inspections and methods must be approved by the receiving Lear production facility. All containment actions must be documented in SQTS.

In addition to maintaining the requirements of CS1 activities, the supplier is immediately required to:

- Contact a third-party inspection source for the controlled shipping inspection.
- Issue a purchase order to the controlled shipping third party inspection source within 24 hours of receiving the CS2 notification and attach to the QN.
- Provide adequately trained resources to continue with CS1 inspections.
- If requested by Lear, the supplier must submit corrective action plans to its Quality Registrar for review and/or assessment and authorize its registrar to submit the review and/or assessment findings to the customer.

To protect the supply of conforming material, Lear may contract a third-party resource and chargeback the actual costs and management fees (see Section 12.0).

21.3 Controlled Shipping, Level 3 (CS3)

CS3 requires the supplier to hire a third-party quality engineer/consultant approved by Lear to provide at least 6 weeks of continuous support.

In addition to maintaining the requirements of CS1 and CS2 activities, the supplier is immediately required to:

- Nominate a third-party quality engineer/consultant approved by Lear and notify Lear of the implementation details.
- With the help of the third-party quality engineer continue with CS1 and CS2 inspections.
- Implement weekly meetings between supplier, third party and Lear to review the current action plan.

CS3 may be initiated if:

- The supplier has failed to contain non-conforming products under CS1 and/or CS2, and
- There are safety-related, FMVSS or local regulation issues,
- There are other issues deemed by Lear to require heightened containment,
- Supplier and/or product is critical or high risk.

All additional actions and the improvement plan must be documented in SQTS.

Exit Criteria for CS3

- The Exit Criteria is based on long-term corrective actions and results by the supplier and must be approved by the Lear production facility.
- De-escalation or exit of CS3 must be clearly defined and agreed upon with the Supplier, Lear JIT Plant and if necessary, the OEM. All numbers, data and facts must be in accordance with the corrective actions before de-escalating.

21.4 Decertification Process

Lear reserves the right to contact the third-party certification body of the supplier to start an IATF decertification process, in cases of detecting one or more of the following:

- The absence of or breakdown of a system to meet an IATF requirement (e.g., violation of trust).
- Any noncompliance that would result in the probable shipment of non-conforming product to any Lear customer.
- A noncompliance that judgment and experience indicate is likely either to result in the failure of the quality management system or to materially reduce its ability to ensure controlled process and products.

22.0 Warranty

All Suppliers must establish and maintain the resources to support Lear Corporation's warranty requirements. Suppliers must create, maintain, and provide upon request a warranty procedure and accompanying flow chart for containment, interim corrective action(s), root cause analysis, implementation of permanent corrective action(s), read across, lessons learned, and sustained controls within the production process. For the avoidance of doubt, the requirements set forth below are in addition to, and not in any way a replacement of, the warranty terms set forth in Lear's Purchase Order Terms and Conditions.

Field Failure Analysis:

When required by the OEM customer, Suppliers must have an approved Field Failures Management process in place.

- 22.1** It is the supplier's responsibility to contact the appropriate Lear buyer to determine if a Field Failure Analysis process is required.
- 22.2** Process must cover the requirements called out by the OEM customer and as designated in the VDA standard, Joint Quality Management in the Supply Chain—Marketing and Service, e.g., GS 95004 BMW Group Standard, Mercedes-Benz Special Terms, CQI-14—Warranty Management.
- 22.3** When a Field Failure Management process is required, the agreed signed plan must be filed with the receiving Lear site and available upon request from the supply location.

23.0 ISO 26262—Functional Safety

For any components with requirements under ISO 26262, the supplier must put special controls in place to ensure adherence to ISO 26262 as well as Lear's and Lear's customers' functional safety requirements. These requirements and controls must be cascaded throughout the supplier's supply chain.

24.0 ISO 21434—Product Cybersecurity

For any components with cybersecurity requirements or requirements under ISO 21434, the supplier must put special controls in place to ensure adherence to ISO 21434 as well as Lear's and Lear's customers' cybersecurity requirements. These requirements and controls must be cascaded by the supplier throughout its supply chain.

25.0 Product Safety

It is the responsibility of each supplier to implement a process to mitigate risk. The risk mitigation process must include identification and control of critical and regulatory product and process characteristics. Critical and regulatory product and process characteristics are those that can impact the products ability to meet safety or regulatory requirements.

25.1 Control of Critical and Regulatory Characteristics

It is the supplier's responsibility to demonstrate control of critical characteristics by at least one of the following or have written authorization of alternate control methods approved by the design responsible engineering team:

25.1.1 Process capability to CPK of 1.67 with ongoing statistical process control, or

25.1.2 Mistake proofing device that does not allow the defect to pass thru process, 100% automated inspection with a lock box for defects.

25.2 Critical and Regulatory Characteristic Traceability

It is the supplier's responsibility to maintain traceability between parts and to critical and regulatory characteristic controls, at a minimum, by lot or have written authorization of alternate traceability methods approved by the design responsible engineering team.

25.3 Potential Critical and Regulatory Issue Notification

It is the supplier's responsibility to notify the potentially effected Lear manufacturing site(s) and Lear Purchasing contact immediately if they become aware of any concern that may impact a product such that it may fail to meet it's expected performance regarding:

25.3.1 Documented critical and regulatory characteristics

25.3.2 Product or process characteristics that are not documented as critical or regulatory, but that may nonetheless impact the product's ability to meet safety or regulatory requirements defined by Lear, the OEM customer, or governmental agencies

25.4 Product Safety and Conformity Representative (PSCR)

When required, each supplier manufacturing location must identify an onsite Product Safety and Conformity Representative (PSCR). At a minimum, Suppliers providing product for the Volkswagen Group product lines or BMW product lines must have a PSCR identified. Any suppliers to Lear that are required to identify a PSCR must all require each of their sub-suppliers to identify PSCRs.

25.4.1 It is the supplier's responsibility to contact the appropriate Lear buyer to determine if a PSCR is required.

25.4.2 The name and contact information for the PSCR must be added to SQTS in the same fashion as other required supplier contacts (reference section 18.0 Supplier Quality Tracking System (SQTS)).

25.4.3 If a PSCR is required, they must have training consistent with VDA guidelines and the supplier shall be prepared to Lear verification of training upon request.

25.4.4 If a PSCR is required, it is the responsibility of the supplier to maintain PSCR contacts at each manufacturing location for all their sub tier suppliers and be prepared to provide the sub tier PSCR contact list to Lear upon request.

25.5 Automotive Product-related Software or Automotive Products with Embedded Software

All suppliers that provide automotive product-related software, or automotive products with embedded software, must implement and maintain a process for software quality assurance for its products according to ASPICE. Level required will be determined at RFQ. Second-party audits may be performed at these suppliers.

26.0 Heat-treating

All suppliers shipping heat treated parts are required to submit a completed AIAG CQI-9 Special Process: Heat Treat System Assessment Form (latest edition) as an attachment in ProFile or LearPro to document the status of all in-house heat-treated processes, all out-sourced heat-treated parts and/or all out-sourced heat-treated services for all purchased and overseas components that are heat treated. Note: These guidelines under CQI-9 shall be enforced and monitored to meet Heat Treat System Assessment (HTSA) goals. Ongoing assessments by the supplier must be conducted at least annually unless otherwise specified.

27.0 Welded Assemblies

All suppliers shipping welded assembly parts are required to submit a completed AIAG CQI-15 Special Process: Welding System Assessment Form (latest edition) as an attachment in ProFile or LearPro to document the status of all in-house or outsourced welding processes. Ongoing assessments by the supplier must be conducted at least annually unless otherwise specified.

28.0 Plating

All suppliers shipping parts that go through a plating process are required to submit a completed AIAG CQI-11 Special Process: Plating System Assessment Form (latest edition) as an attachment in ProFile or LearPro to document the status of all in-house or outsourced plating processes. Ongoing assessments by the supplier must be conducted at least annually unless otherwise specified.

29.0 Coating

All suppliers shipping parts that go through a coating process are required to submit a completed AIAG CQI-12 Special Process: Coating System Assessment Form (latest edition) as an attachment in ProFile or LearPro to document the status of all in-house or outsourced coating processes. Ongoing assessments by the supplier must be conducted at least annually unless otherwise specified.

30.0 Plastic Molding

All suppliers shipping molded parts (Injection Molded, Blow Molded, Vacuum Formed, Compression Molded, Transfer Molded (Thermoset Materials), Extrusions) are required to submit a completed AIAG CQI-23 Special Process: Plastic Molding System Assessment Form (latest edition) as an attachment in ProFile or LearPro to document the status of all in-house or outsourced molding processes. Ongoing assessments by the supplier must be conducted at least annually unless otherwise specified.

31.0 Soldering

All suppliers shipping soldered parts are required to submit a completed AIAG CQI-17 Special Process: Soldering System Assessment Form (latest edition) as an attachment in ProFile or LearPro to document the status of all in-house soldering processes, all out-sourced soldered parts and/or all out-sourced soldering services for all purchased and overseas components that are soldered. Ongoing assessments must be conducted at least annually unless otherwise specified.

32.0 Crust

All suppliers shipping crust for Lear Leather Division are required to meet requirements detailed in “Crust Supplier Requirements Manual” and/or “Contracted Crust Service Supplier Requirements”.

OPERATIONS

33.0 Electronic Data Interchange Requirements (EDI)

All external suppliers supplying production parts, assemblies, components and production materials to Lear plants are required to have EDI capabilities. Supplier are expected to utilize the EDI Standard, Format, and Version that the Lear Plant requires. This means that suppliers shipping [overseas](#) to a Lear Plant will need to communicate via EDI with an EDI Standard different from their own if the Lear Plant uses a different EDI Standard.

For EDI instructions refer to the Supplier EDI Guidelines at <https://www.lear.com/suppliers/edi-guidelines>.

33.1 EDI connectivity is to be established prior to making the first shipment for all domestic and global suppliers.

33.2 ASN (advance shipping notice) must be sent on every shipment, starting on the 1st shipment of material.

33.3 Trade Sale Process

Suppliers are required to copy Lear on all Advanced Shipping Notification (ASN) documentation as part of their direct shipments to the OEM.

33.4 Lear may debit \$175 USD or 150€ for any shipment received without a supplier ASN and may issue a QN to correct compliance.

34.0 Other Logistics Requirements

All logistics requirements are to be reviewed and followed by all suppliers shipping to any Lear facility or designated 3rd party location. Logistics Requirements for Suppliers can be found under the “Supply Chain Requirements for Suppliers” <http://www.lear.com/Site/Suppliers/Web-Guides.aspx>. Failure to comply may affect the supplier’s delivery rating (see Section 20.0).

Lear may debit \$175 USD or 150€ for any shipment received not following logistics requirements and may issue a QN to correct compliance.

35.0 Packaging and Labeling

For packaging and labeling requirements refer to the Supplier Packaging and Guidelines under the “Supply Chain Requirements for Suppliers” <http://www.lear.com/Site/Suppliers/Web-Guides.aspx>.

Lear may debit \$175 USD or 150€ for any shipment received without proper packaging and labeling and may issue a QN to correct compliance.

36.0 Customs Requirements

In accordance with our Customs’ obligation to exercise “reasonable care,” Lear’s corporate policy is for all operations, foreign “related” and “unrelated” suppliers to comply with the import laws of all Customs Agencies. Lear requires its suppliers to be familiar with the relevant provisions of the laws, regulations, rulings, tariff schedules, and decisions applicable to Lear’s import operations. Furthermore, Lear expects its suppliers to be familiar with and comply with

all Purchase Order terms and conditions as well as any additional instructions provided by Lear personnel, such as the ones set forth herein.

In addition to the requirements set forth in this Section 39.0, and consistent with our Human Rights Policy, Lear does not tolerate the use of forced or involuntary labor of any kind, or tolerate physically abusive disciplinary practices, within our company or within our supply chain. Our suppliers are prohibited from providing goods for which inputs were sourced from any person or entity utilizing forced/abusive labor practices. Lear reserves the right to require suppliers to certify that their goods do not contain any such inputs, as well as to require suppliers to conduct an audit of their supply chains to detect the presence of any such inputs (and provide documentation confirming the results of such audit to Lear). Lear reserves the right to reject any goods that contain any such inputs, as well as any goods subject to Withhold Release Orders (WROs), seizure, or detention at the border due to forced labor presumptions or findings. In addition, Lear may require its suppliers to assist Lear in its supply chain forced labor due diligence efforts from time to time.

These requirements apply to all commercial and non-commercial goods that are imported, including finished products, raw materials, equipment, research components, product returns, etc., from either intercompany or third-party suppliers.

Compliance Instructions

36.1 Language

All commercial documentation is required to be provided to Lear in the language required by the importing country or must include an accurate and complete translation of all required information.

36.2 Designated Point of Contact

Please designate one individual at your company to serve as a point of contact for Lear's Customs Department. This person should be knowledgeable about the materials and components sourced by your manufacturing company; products manufactured at your company; country of origin determinations; and the shipment of such products to Lear. This person should also be knowledgeable about the rules governing transshipment (see the below explanation). Finally, this person should have access to personnel at your company in the accounting, procurement, shipping, and receiving departments to facilitate communication between Lear and your company for customs purposes.

36.3 Invoice Content Requirements

As a supplier of merchandise to Lear, it is critical that the information on the commercial and shipping documentation that is provided by the supplier be accurate and complete. Lear's Customs Department relies on the accuracy of this information in order to be compliant with Customs laws and regulations. Lear is required to maintain this documentation in accordance with the requirements set forth by Customs.

When preparing commercial documents for merchandise to be sold and exported to Lear, the supplier must provide at least the following information on the commercial invoice and packing lists:

Invoice requirements

- Date of shipment
- Name and address of shipper
- Name and address of consignee

- Consignee IRS# or Country Tax ID—mandatory for all shipments
- Name and address of “Sold To” or “Bill To” party
- Detailed description of the product—A detailed description of the imported merchandise, including the commercial name by which it is known, its grade or quality, and the marks, number or symbols under which it is sold by the seller or manufacturer; (Note: ‘automotive parts’ is not an acceptable description)
- Lear part numbers (if applicable)
- Quantity—The quantities imported in weights and measures
- Unit price—The purchase price in the currency where the merchandise was purchased. This amount is generally the basis for determining the merchandise’s dutiable value.
- Total price per line
- Total invoice cost—please note that all items require a value for Customs purposes. Even if the shipment contains no-charge items, samples, returnable containers, or returned goods, etc. there MUST be a fair market value for Customs. The invoice should be marked “Value for Customs Purposes Only.”
- Type of currency
- Lear Purchase Order number
- Country of origin—This is generally the country of manufacture
- Shipping terms/Incoterms (e.g., Ex-Works, Free-On-Board, Cost of Insurance & Freight)
- Name of the Customs broker responsible to clear the cargo
- Assists—A statement of all goods or services the buyer furnished to the manufacturer for producing the merchandise, the cost of which is not included in the invoice price
- Harmonized Tariff Code, the appropriate eight-digit Harmonized Tariff Schedule (HTS) classification)

Packing list

- All information shown on commercial invoice (see above) except for value
- Gross and net weights of products
- Total number of cartons shipped

36.4 Valuation

The price stated on the commercial invoice should reflect the price paid or payable by Lear for the merchandise being purchased. The price actually paid or payable for the imported merchandise is the total payment, excluding international freight, insurance, and other incidental costs, if applicable, that Lear pays to the supplier for the merchandise.

36.4.1 Assists: If a supplier becomes aware that Lear provided it with an “assist,” then the supplier should contact Lear’s Customs Department to inform it of the type of “assist” prior to shipment of merchandise. This information is necessary for Lear to determine how to report the value of the assist to Customs. An “assist” is any item provided to you by Lear free of charge or at a reduced cost, for use by the supplier in the production or sale of merchandise to be sent to Lear.

Examples of “assists” are:

- Materials, components, parts, and similar items incorporated in the imported merchandise

- Tools, dies, molds, and similar items used in producing the imported merchandise
- Merchandise consumed in producing the imported merchandise
- Engineering, development, artwork, design work, and plans and sketches that are undertaken outside the country of importation and are necessary for the production of the imported merchandise

36.4.2 Additional Payments: If the supplier knows that Lear made any additional payments to it related to the importation of the merchandise, the supplier should contact Lear’s Customs Department prior to shipment of the merchandise. Lear will need to determine if and how the value of such payments should be reported to Customs. These types of payments include, but are not limited to, payments for packing costs, selling commissions, royalties or licensing fees; payments to reimburse the supplier for overhead or tooling charges; nonrecurring engineering charges; research and development reimbursement; and any other payment which relates in any way to the manufacture of imported products.

36.4.3 Repairs/Alterations: If the supplier did not manufacture the merchandise to be sent, but performed “Repairs” or “Alterations” only, then the supplier should identify on the invoice to Lear the value of the foreign repair or alteration.

36.4.4 Assembly: Alternatively, if the supplier assembled merchandise using goods sourced from the country where the final merchandise will return, the supplier should identify which portion of the value of the merchandise resulted from the advancements or improvements made by the supplier.

36.5 Special Trade Preferences

It is Lear’s policy not to claim preferential tariff treatment under any special trade program free trade agreement, treaty, etc., until Lear determines that the merchandise qualifies for the special trade program. This determination is done with the assistance of its suppliers. At the time of entry, Lear must have in its possession the required documentation needed to support a claim for preferential tariff treatment.

Lear will expect its suppliers to provide the appropriate documentation to support Lear’s claim for the preferential tariff treatment under any program.

36.6 Country of Origin Determination

Customs law requires that the correct country of origin be stated on the commercial invoice and packing list. A certificate of origin, manufacturer’s affidavit, or other declaration will need to be provided to Lear with the necessary country of origin documentation for Lear to determine preferential duty treatment or other purposes (e.g., USMCA, GSP, HTSUS 9801, IPR, OPR, or HTSUS 9802). The country of origin must also be used for marking purposes, as described below. In certain cases, the certificate of origin may need to be issued by the appropriate government authority of the exporting country to the supplier.

For all products, the country of origin should be the country in which the product was manufactured. If the product was not wholly produced or manufactured in one country, the country of origin should be the country in which the most recent “substantial transformation” took place. This means the country in which the product was transformed into a new and different article of commerce, such that it gained a new

name, character, or use. In determining whether a “substantial transformation” occurred the following should be taken into consideration: The degree and cost of processing; the increased value of product after processing; the name change after processing; and the new character or use after the processing.

In the case of textiles, textile shipments require a notation on the documents indicating the name and address of the company who performed the processing that gave the product its country of origin.

36.7 Marking

Unless a specific exception applies for products manufactured by the supplier (e.g., a marking exception applies to nuts, screws, staples, wires) once the country of origin is determined, the supplier must ensure that all merchandise shipped to Lear meets the marking requirements as set forth by Customs regulations. The regulations require that the marking must be on the outermost container; on the article itself (where physically possible, unless an exception applies); conspicuous (can be easily seen with normal handling); legible; indelible (resists fading); permanent; and in the language required by the country of importation.

36.8 Transshipment

Lear requires all suppliers to notify Lear immediately if they contemplate changing a production site for any products manufactured for sale or shipment to Lear. If a change is contemplated, the supplier should contact the Lear’s Customs Department to disclose the new production country and the reason for the change. Written notice should be provided to the Lear’s Customs Department when production sites change. This policy exists to comply with special trade programs (e.g., GSP, USMCA, etc.) and to prevent transshipment of merchandise (from the country of origin to an intermediary country prior to shipment to the destination country) as well as avoidance of quotas, ADD/CVD, or any other trade related restrictions. To validate this policy, Lear’s management may conduct on-site supplier evaluations to assess that the supplier has implemented this policy and supporting Lear’s corporate import policy.

36.9 Anti-dumping Duty, Countervailing Duty, Additional Duty and Tax or Trade Measure of Any Kind

If a supplier becomes aware that impending shipments of merchandise produced by it may be subject to ADD/CVD, any additional duty, additional tax or trade measures of any kind, please alert Lear’s Customs Department, SDL-SFL74@Lear.com upon identification of the issue.

36.10 Non-Production Shipments (Tooling/Machinery/Equipment)

Due to the high value of these shipments, special care should be taken when moving tools, machinery and equipment across international borders. Please contact the Lear Customs Department, Equipmentmoves@lear.com to obtain the detailed instructions regarding the documents required to import this type of commodity.

Note that Lear will not be the importer of record for any chemicals.

These additional items should also be kept in mind when shipping non-production goods:

- Confirm the shipping terms including who is responsible to clear the cargo through Customs.

- For shipments from a non-Lear location sent on our behalf, the shipper should be listed as: Lear, c/o (the shipping location).
- If the tooling or equipment is being sent only for alterations or repairs and will be returned, mark the invoice accordingly and include the value of the alteration or repair. Also note if the work is under warranty.
- For transfer of production equipment, values should be “fair market values.”
- If no actual sale is taking place, the invoice must be marked: “Value for Customs Purposes Only.”
- Supplier is required to have available at all times a complete tooling lineup that identifies location and condition of all Lear and OEM owned tools. All tools must have proper property tags located on the tools with the tags clearly visible at all times.

36.11 Miscellaneous

Training: Lear’s Customs Department will conduct training sessions in the appropriate delivery format, as needed, to make suppliers aware of our import policies and procedures and to answer any questions from supplier’s employees.

Employees: Be aware that Lear’s import policy extends to employees of its related and unrelated foreign suppliers. Please immediately instruct your employees whose activities impact any of the areas described above to follow this policy.

36.12 Ramifications

Note that a Customer Satisfaction QN may be issued against a supplier for each instance of non-compliance with the above noted requirements.

37.0 Customs Security Standards

Lear is constantly striving to improve security within our global supply chain, which will ensure timely delivery of shipments through expedited clearance at border crossings and ports of entry.

Globally, Lear participates in security initiatives such as C-TPAT, AEO, and OEA. These voluntary government-business initiatives build cooperative relationships that strengthen and improve overall international supply chain security. Through these initiatives, Customs is asking businesses to ensure the integrity of their security practices and communicate and verify the security guidelines of their business partners within the supply chain.

For a supplier shipping goods which are to be imported by Lear, the supplier shall comply with all applicable security criteria.

SUSTAINABILITY

38.0 Environmental, Health & Safety (EHS) Stewardship

38.1 EHS Management

All Lear suppliers are expected to work proactively with Lear to reduce the environmental footprint of Lear's products and comply with the environmental and sustainability requirements of our customers and those countries in which Lear operates.

All suppliers must comply at all times with all elements of Section 6.0.

Additionally, all Lear suppliers ~~are expected to~~ **must** have an effective environmental management system implemented within the following criteria:

- Suppliers with >500 employees, company-wide, need to be certified by 3rd party registration to the latest International Environmental Standard ISO 14001.
- Suppliers with >250 employees, company-wide, need to have at least an ISO environmental management system implemented as well as an environmental legal compliance evaluation.
- Suppliers with >50 employees, company-wide, need to have at least an environmental management system implemented, including but not limited to: EHS policy, objectives, internal audits, management reviews, corrective and preventive actions as well as an environmental legal compliance evaluation.
- Suppliers with <50 employees need to have an Environmental Policy.

The following applicable evidence must be uploaded in the SLM Portal (slm.lear.com):

- All current environmental certificates (ISO 14001), valid timeline and transition plan, or a copy of its renewal certificate.
- Environmental management procedure, and/or environmental legal compliance evaluation.
- Environmental Policy.

Failure to submit these documents may have a negative impact on the supplier's monthly scorecard and potentially jeopardize future business with Lear.

Copies of a supplier's renewal certificates must be submitted on or before the expiration date of the certificate.

Customer Satisfaction QNs may be issued to ~~all current~~ suppliers with missing or expired ~~environmental~~ certificates.

~~program in place and 3rd party registration to the latest International Environmental Management Standard ISO 14001 or Responsible Care Management System (RCMS) Technical Specification. In rare instances, Lear may grant an exemption to this requirement. An exemption may be granted only by the Vice President of Environmental, Health, and Safety and only if the supplier provides an environmental policy statement on the company letterhead signed by the highest ranking official within the organization that includes:~~

- ~~A commitment to integrate all applicable Environmental Sustainability elements, including but not limited to air quality, climate change, water quality, wastewater discharge quality, chemical management into overall business strategy and supply chain management;~~

- ~~A commitment to strive for the prevention of pollution and the prevention of work-related injury and illness by maintaining EHS management as core values;~~
- ~~A commitment to reduce EHS risks by minimizing environmental impact and eliminating health and safety hazards;~~
- ~~A commitment to provide leadership and commitment for EHS improvement through management example, the consultation and the participation of employees and their representatives, and employee training and empowerment;~~
- ~~A commitment to develop and utilize environmentally acceptable, safe, sustainable and efficient production methods and processes;~~
- ~~A commitment to implement efficient use of energy, reducing greenhouse gas emissions and supporting climate change initiatives;~~
- ~~A commitment to reduce the use of chemicals and raw materials, as well as waste generation;~~
- ~~A commitment to conserving energy, water and other natural resources in your operations and facilities;~~
- ~~A commitment to strive to continually lessen the environmental impact of, and improve the performance of products supplied to Lear;~~
- ~~A commitment to support communities where suppliers do business and foster community outreach and active engagement; and~~
- ~~A commitment to comply with applicable legal requirements.~~

~~The supplier shall provide a statement that the policy has been communicated to all persons working for or on behalf of the organization and that it is available to the public.~~

38.2 Permits, Reporting & Compliance

The supplier must obtain, maintain, and comply with all required EHS permits and follow their applicable reporting and compliance requirements at all times.

38.3 Product Material and Substance Reporting, and Chemicals Management

All products supplied to Lear must comply with the latest version of this section. This section supplements but does not supersede the responsibility of each supplier to comply with laws and regulations for the receiving Lear location(s) and the markets the products are designed for. It is the duty of all suppliers to Lear to comply with these requirements.

38.3.1 IMDS—International Material Data System – www.mdsystem.com

Product material and substance content for all commercial products must be reported via the International Material Data System (IMDS) to **Lear IMDS Site 632** and must be in compliance with customer reporting requirements for IMDS and to IMDS Rules.

38.3.2 CAMDS—Chinese Automotive Material Data System – www.camds.org

In commercially agreed upon cases and when Lear is to comply with the Chinese material data reporting via CAMDS System, product suppliers are obliged to report their product material and substance content to **Lear CAMDS Site**

CA_3_3087 and must be in compliance with customer reporting requirements for CAMDS and to CAMDS Rules.

38.3.3 Products containing substances of concern that are prohibited as per current [Global Automotive Declarable Substance List \(GADSL\)](http://www.gadsl.org) (ref. www.gadsl.org) are forbidden. The supplier's IMDS/CAMDS data must always reflect the supplier's product **in the final physical state** when delivered to Lear. All suppliers must provide evidence of product data submission acceptance by Lear with every Production Part Approval Process (PPAP) submission, or upon special request. PPAP or any other product approval will not be granted for the parts that do not comply with this requirement. Suppliers are responsible for cascading this requirement and collecting IMDS/CAMDS data from their respective sub-suppliers.

38.3.4 Any biocides used in Lear products and processes shall comply with the EU Biocidal Product Regulation 528/2012 [242](#).

38.3.5 All service parts identified with a Lear part number shall be reported in IMDS/CAMDS.

38.4 Registration, Evaluation, and Authorization of Chemicals—REACH

All production, nonproduction part/material and packaging suppliers shipping to Lear location(s) in EU Communities must comply with REACH². All REACH regulation related communication must take place through REACH@lear.com.

Lear's EU location(s) and entities do not accept direct shipments or "drop shipments" from non-EU suppliers (i.e., Lear will not act as the "importer" for non-EU suppliers) of unregistered substances including substances in preparations. Non-EU suppliers to Lear must either use EU-based distributors or appoint an "Only Representative" in the EU.

Commercial product suppliers to Lear EU location(s) must perform IMDS material data reporting as it relates to Substances of Very High Concern (SVHC) as defined by REACH.

38.5 ECHA—European Chemicals Agency—<https://echa.europa.eu/>

Suppliers **that place products in the EU market** are expected to comply with all aspects of ECHA **the revised Waste Framework Directive 851/2018 (including SCIP (Substances of Concern In articles as such or in complex objects (Products)) Reporting in the ECHA database—European Chemicals Agency.**

38.6 Full compliance with all applicable EU and/or country specific regulations, such as, ECHA, REACH, RoHS, ELV, and any other regulations is required by all suppliers.

39.0 Social Responsibility

39.1 Occupational Health and Safety

All suppliers are expected to effectively manage Health and Safety requirements, preferably under the ISO 45001 certified safety management system at a minimum.

² Regulation EC 1907/2006 on Registration, Evaluation, and Authorization of Chemicals

Health and Safety Policy—Providing safe working conditions is one of our highest priorities with respect to human health and welfare. Suppliers need to have a formal written health and safety policy in place, which complies with local law, industry requirements and international standards. Suppliers need to align with health and safety management system international standards (e.g., ISO 45001 or equivalent). Suppliers are expected to share Lear’s commitments by developing and implementing their own programs focused on worker safety and well-being.

39.2 Diversity, Equity and Inclusion

39.2.1 Supplier Diversity

At Lear, diversity is an integral part of our global business strategy. In North America Lear has furthered its commitment to a diverse supplier base that reflects the growth of diverse businesses. Our policy is to provide opportunities for such enterprises to ensure fair consideration as vendors of goods and services. We support the surrounding communities in which we do business and recognize that partnering with diverse businesses is an important part of our purchasing processes. No potential supplier will be precluded from consideration because of race, color, religion, sex, age, national origin, or any other legally protected status.

- Ethnic Minority—NMSDC (National Minority Supplier Development Council)
- Women—WBENC (Women’s Business Enterprise National Council)
- Veteran—NVBDC (National Veteran Business Development Council)
- LGBTQ—GLCC (National Gay and Lesbian Chamber of Commerce)
- Disabled—USBLN (United States Business Leadership Network)

Additionally, all North American suppliers are required to purchase 5% of their North American purchases from businesses that are certified by one of the agencies above.

Validation of purchases are subject to an audit.

39.2.2 Workforce Diversity, Equity and Inclusion

We expect our suppliers to provide all of their employees with a professional working environment which is free from discrimination and harassment, and to offer fair and equal employment opportunity to every person regardless of race, sex, color, veteran status, national origin, disability, sexual orientation, gender identification or expression, age, religion, genetic information, or any other legally protected status. We require suppliers to follow all employment laws wherever they conduct business. Learn more: <https://lear.com/Site/Careers/Workforce-Diversity.aspx>

39.3 Responsible Materials Sourcing

Lear requires legal and ethical sourcing of materials in our supply chain. All suppliers must adhere to Lear’s [Responsible Materials Sourcing Policy](#) (Section 8.0)

39.3.1 Conflict Minerals and Other Critical Minerals

We expect suppliers to source responsibly and ensure that materials used in our products do not directly or indirectly provide funding to conflicts or human rights abuses.

As a U.S. public company, Lear is required to comply with the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the U.S. Securities and Exchange Commission (“SEC”) rules and regulations. Lear must perform due diligence on, and make disclosures concerning, its use of conflict minerals originating in the Democratic Republic of the Congo and adjoining countries. As part of our [Responsible Materials Sourcing Policy](#) and [Human Rights Policy](#), Lear requires its suppliers to engage in due diligence of their supply chain to understand and report the content and country of origin of their parts supplied to Lear.

All Lear suppliers are required to respond to information requests from Lear regarding the uses and sources of conflict minerals (tin, tungsten, tantalum and gold) and other identified critical minerals in their products including information about minerals that are recycled or scrap.

In order to respond to Lear’s information requests, suppliers will need to make similar inquiries of their suppliers as a means to investigate the source of materials in their products, and to provide Lear the requested information based upon the results of such inquiries.

Lear requires suppliers to develop their own sourcing policy and perform due diligence on the source and chain of custody of its conflict minerals in accordance with the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.” In addition, suppliers may be required to obtain certain representations/certifications with respect to the use of conflict minerals.

Additional information on conflict minerals may be obtained through links on the SEC website (www.sec.gov) and at <http://conflictminerals.aiag.org/>. Suppliers may also refer to Lear’s conflict minerals website at (<https://www.lear.com/Site/Suppliers/>) for further information and send questions to conflictminerals@lear.com.

39.3.2 Land Rights and Indigenous People

Lear recognizes the UN Declaration on the Rights of Indigenous Peoples and the value of Free, Prior and Informed Consent (FPIC) of indigenous peoples for property or land negotiations. All forms of land grabbing are not allowed. We respect the land rights of individuals, indigenous people and local communities affected by sourcing practices, supply chains and operations. We expect our suppliers to cascade and promote this across their supply chain.

39.3.3 Animal Welfare

We expect our extended supply chain to implement industry-best policies and practices for the ethical treatment of animals. Lear believes in the humane treatment of animals, including the freedom from thirst and hunger, freedom from discomfort, pain, injury and disease, freedom to express normal behavior, and freedom from fear and distress.

40.0 Governance

40.1 Code of Business Conduct and Ethics

Lear is committed to conducting business ethically and with integrity throughout the global supply chain. Lear requires all suppliers to have an ethics program in place consistent with Lear's "Code of Business Conduct and Ethics" and to adhere to all applicable Lear Compliance Policies as set forth at www.lear.com.

Additionally, we require that global working conditions and standards be maintained with a respectful treatment of all suppliers' employees. See the [Human Rights Policy](#) (Section 9.0).

40.2 Fair Competition and Antitrust

We require our suppliers to abide by all fair competition and antitrust laws applicable in the countries in which they and Lear operate.

40.3 Conflicts of Interest

Suppliers must immediately notify Lear, if at any point there is an existing or potential conflict of interest between a supplier's interests, duties, obligations or activities, including that of an individual employee, and Lear's interests, duties, obligations, or activities.

40.4 Preventing Bribery and Corruption

Lear conducts business ethically throughout the world. Lear prohibits suppliers from giving or promising to give anything of value to any person for the purpose of obtaining or retaining business, or to otherwise induce them to act improperly. Suppliers must conduct business with integrity and in full compliance with all applicable laws.

40.5 Grievance Mechanism

We have established a process for reporting concerns about any potential human rights or business risks through a [Compliance and Ethics Hotline](#). Employees, suppliers, and business partners can make anonymous reports in their language via a toll-free phone call, mail, online website or regular mail.

40.6 Escalation Process

Lear's escalation process is regulated across all divisions and is based on assessment criteria and responsibilities as well as consequences for the suppliers and measures to be taken by Lear. Sustainability criteria are fully integrated into the escalation process. An escalation can be started upon exceeding thresholds or event-driven for incidents with legitimate criticality. The highest escalation level of our process is equivalent to 'New Business Hold' i.e., the supplier location will be suspended from new placings. Lear reserves the right to take appropriate measures, including discontinuing any relationship with a supplier should the supplier violate, fail to correct, or have a pattern of violating this Supplier Code of Conduct.

40.7 Supply Chain Sustainability

Lear requires its suppliers to align and comply with Lear's [Supplier Sustainability Policy](#), including identifying risks within their supply chains and taking appropriate measures to address them. Lear works hard to carefully select its suppliers and develop long-term collaborative relationships for mutual success. Lear continuously monitors and evaluates suppliers' quality, delivery, and price, as well as suppliers' governance, [human rights](#) and sustainable business practices.

Minimum Criteria

Suppliers are required to have the following elements implemented at site level.

- **Company Code of Conduct**—Suppliers need to have a code of conduct covering business ethics. Suppliers with >250 employees, company-wide, are required to have a code of conduct and ethics implemented at their site level.
- **Human Rights Policy**—Suppliers need to develop their own human rights policy outlining social responsibility principles and respect for human dignity, including with respect to topics such as collective bargaining and the freedom of association, as well as prohibitions of child labor, forced labor, modern slavery, and human trafficking.
- **Environmental Sustainability**—Suppliers are required to have an environmental sustainability policy and environmental management system that is compliant with international standards (ISO or equivalent). Suppliers with >500 employees, company-wide, need to be certified with environmental management system international standards (e.g., ISO 14001 or equivalent) implemented at site level. Suppliers with <50 employees, company-wide are required to have at least an environmental sustainability policy.

The environmental sustainability policy needs to cover the following areas or more:

- GHG emission/Carbon reduction
 - Energy efficiency/Renewable energy
 - Water quality management/Reduced water consumption
 - Air quality
 - Recyclability (reuse and recycling) and waste reduction
 - Responsible chemical management
 - Biodiversity, land use, and deforestation
- **Health & Safety Policy**—Suppliers need to have a formal written health and safety policy in place, which complies with local law, industry requirements and international standards (e.g., ISO 45001 or equivalent).

Suppliers are required to have the following elements implemented at company level.

- **Code of Conduct for Suppliers**—Suppliers with >250 employees, company-wide, are required to have a code of conduct for suppliers.
- **Responsible Materials Sourcing Policy**—All suppliers need to have a Responsible Materials Sourcing Policy.

Sustainability Assessment

All eligible suppliers identified by Lear is required to complete and submit a Sustainability Assessment Questionnaire (SAQ) as a requirement for doing business with Lear.

Suppliers are expected to meet the minimum criteria as defined by Lear and will be assessed based on the maturity of their sustainable business practices.

- The SAQ needs to be fulfilled through NQC's [Supplier Assurance Platform](#). Suppliers agree to work with Lear and NQC Ltd. to provide continuous improvement plans and other documentation as needed in support of SAQ score improvement.
- All identified suppliers who have not completed an SAQ or have not been able to meet Lear's minimum criteria will not be considered for new business unless a

corrective action plan is provided to the Lear Buyer and Lear's Supply Chain Sustainability team at sustainability@lear.com.

- Training and guidance will be made available for all suppliers.

Eligibility

- The requirement qualifies all production parts suppliers identified by Lear, including directed source suppliers. If a directed source supplier does not agree to submit an SAQ, Lear will defer to its OEM customer.
- Eligibility of the suppliers will be determined by the Lear Supplier Sustainability Risk Management Process.

~~In 2020, Lear engaged NQC Ltd., a global third-party supply chain sustainability management firm, to map, assess and monitor direct and extended supply chain risks related to ESG, including Human Rights.~~

~~Lear's suppliers are required to cooperate with NQC Ltd. to provide supplier's contact information, complete Sustainability Assessment Questionnaires (SAQs) through NQC's Supplier Assurance Platform, and to meet minimum scores as determined by Lear. Suppliers will be scored based on the quality of their sustainable business practices. The cumulative scores will help Lear build a supply chain map that will allow Lear to identify and prioritize resources for addressing risks more appropriately.~~

~~Lear requires all eligible suppliers to complete and submit an SAQ as a pre-requisite for new business awards at each facility that supplies or intends to supply production material to Lear. Suppliers who have not completed an SAQ or that score less than 70% in the overall assessment by NQC, will not be considered for new business unless they submit a corrective action plan to Lear's Supply Chain Sustainability team at sustainability@lear.com and their respective buyer.~~

- ~~• The requirement qualifies all production parts suppliers, including directed source suppliers. In the event that a directed source supplier does not agree to submit an SAQ, Lear will defer to its OEM customer.~~
- ~~• Training and guidance will be provided to all suppliers as needed.~~
- ~~• Eligibility:
 - ~~— An exception to the foregoing requirements shall only be made in writing by Lear's Vice President of Global Purchasing or their designate. Suppliers are responsible for obtaining the necessary approval and should work with their local buyer to request a written exception. The intent is to allow flexibility in case of extenuating circumstances in order to prevent supply chain disruptions.~~
 - ~~— For new emerging suppliers or in cases where an exception has been granted, a 180-day probationary period will be granted to allow Lear to work with the supplier to establish and implement the plan to meet Lear's requirements.~~~~

~~Suppliers agree to work with Lear and NQC Ltd. to provide continuous improvement plans and other documentation as needed in support of SAQ score improvement.~~

GENERAL

41.0 Product Traceability

All components shipped to Lear shall have lot control and traceability throughout all stages of production. Suppliers must implement additional product traceability tracking as required by Lear. This traceability shall be documented at least as per IATF 16949 Section 8.5.2. Lot size shall not exceed one shift or one production run (whichever is smaller).

Any sorted or reworked material must be traceable back to the sort or rework process.

42.0 Business Records

42.1 Records Retention

All suppliers must implement a records retention policy for all records and documentation pertaining to business conducted with Lear Corporation. If you have questions about the requirement, please contact your Buyer.

Production part approvals, tooling records (including maintenance and ownership), product and process design records, purchase orders (if applicable), or contracts and amendments shall be retained for the length of time that the product is active for production and service requirements, plus one calendar year, unless a longer period is required by applicable law or a regulatory agency in which case the longer period shall apply, or as otherwise specified by Lear. (Production part approval documented information may include approved product, applicable test equipment records, or approved test data.)

42.2 Accuracy of Business Records

Suppliers must maintain up-to-date books and records, including financial records, to demonstrate compliance with laws and regulations. Upon Lear's request, these records must be made available.

43.0 Help

Expired or Missing Supplier Quality & Environmental Certificates—Upload to [SLM SAP SRM Portal \(https://slm.lear.com\)](https://slm.lear.com)

No Supplier System Administrator? Send an email to SupplierAccess@lear.com with

- Legal Entity HQ under which you ship to Lear Corporation
- Lear issued supplier code (found on PO)
- New Administrator contact details (sales or management at HQ level)

Supplier SQTs Access—<https://sqts.lear.com>

Supplier SRS Issues—contact the Lear plant originating the QN.

Supplier issues with SQTs—contact: SQTAdministrator@lear.com

44.0 Supplier Information and Resources

Lear's Public Supplier Portal: <https://www.lear.com/Site/Suppliers/>

Global Requirements and Code of Conduct for Suppliers:
<https://www.lear.com/Site/Suppliers/Web-Guides.aspx>

Lear's Sustainability Report and ESG Resources: <https://www.lear.com/sustainability>
<https://www.lear.com/Site/ESG/>

Human Rights & Forced Labor educational resources:
<https://www.lear.com/Site/Suppliers/HumanRightsForcedLabor.aspx>

ILO Declaration on Fundamental Principles and Rights at Work:
<https://www.ilo.org/declaration/lang--en/index.htm>

UN Global Compact: <https://www.unglobalcompact.org/>

United Nations Sustainable Development Goals:
<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Automotive Industry Action Group: <https://www.aiag.org/>

Responsible Minerals Initiative: <http://www.responsiblemineralsinitiative.org/>

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from
Conflict-Affected and High-Risk Areas: <https://www.oecd.org/corporate/mne/mining.htm>

ISO—International Standards: <https://www.iso.org/home.html>

45.0 Change Control

Changes

Date

Purchasing Leaders
Revised Quality, Minority and Environmental,
Health and Safety Policies
Section 11.1.7 Marking revised to reflect updated
customs requirements

January 2012

Updated links, contact and scorecard information
Added Minority Procurement Policy, Ethics, ISO 26262,
Heat-treating, Other Logistics Requirements,
Packaging, Traceability, and Records Retention
Updated EDI and Environmental requirements
Modified formatting and order of information

August 2012

Addition of the Conflict Minerals Policy

November 2013

Purchasing Leaders

July 2014

Updated Conflict Minerals Policy

October 2015

Updated Supplier Diversity Reporting Requirements
Updated Cost Recovery Policy
Added Supplier Cost/Technical Optimization requirements
Updated ProFile references
Updated Launch Readiness requirements
Updated Conflict Minerals, IMDS
Corrected email addresses, updated web links

Added verbiage for IATF compliance of Suppliers
Added verbiage for IATF automotive product-related software
or automotive products with embedded software
Updated for use of SAP SRM

November 2017

Updated Leadership and Signatures
Clarified acronym/updated weblinks/corrected spelling
Added information regarding Supplier Sustainability Policy
Clarified Cost Recovery Policy
Added clarification for ISO 9001/IATF 16949 requirements
Updated APQP order of requirements
Expanded special process requirements
Added Capacity Agreement requirements

May 2019

Expanded PPAP Deliverable requirements
Clarified required notifications
Added Warranty Requirements
Expanded Product Safety requirement
Expanded and clarified of customs definitions
Expanded Record Retention
(Website update only Section 9 done September 2020) May 2019A

Changed document title to **Global Requirements Manual and Code of Conduct for Suppliers** April 2021
Updated Leadership and Signatures
Updated the Introduction and Scope
Added references to ILO and UN Guiding Principles
Revised Supplier Sustainability Policy
Added Responsible Materials Sourcing Policy
(Revision to the former Conflict Minerals Sourcing Policy)
Added Human Rights Policy
Added No Deforestation Policy
Updated regulatory requirements throughout
Standardized supplier chargebacks
Added decertification process according to IATF guidelines
Updated Warranty, to include problem resolution expectations
Added ISO 21434—Product Cybersecurity
Updated Product Safety to include Conformity
Added Continuous Quality Improvement (CQI) assessments according to AIAG
Updated Customs policy to include Forced Labor due diligence
Added Sustainability section that outlines the Environmental, Social and Governance (ESG) expectations
Added Social Responsibility section
Added Governance section
Updated Business Records to include Accuracy
Added links to Supplier Information and Resources at Lear.com
Created two versions of this document:

- Publish version – revised copy with no changes tracking (blue texts) available on www.lear.com
- Internal version – revised copy with changes tracking (blue texts) available in SRM (srm.lear.com) and other internal channels

1.0 Updated Leadership and Signatures April 2022
6.0 Updated Environmental, Health, Safety and Sustainability Policy
10.0 Updated Deforestation Policy
14.0 Updated IATF requirements and VDA compliance
30.0 Updated CQI Title
32.0 Updated to include non-overseas shipments
34.0 Updated chargeback amounts
39.0 Added section 39.7 – Supply Chain Sustainability that outlines Lear’s requirements to the suppliers regarding sustainability assessment and performance

General: Included reference to LearPro in addition to Profile
General: Updated weblinks, grammar, verbiage

- 1.0 Updated Leadership and Signatures July 2024
- 6.0 Updated Environmental, Health, Safety and Sustainability Policy
- 10.0 Updated the “No Deforestation Policy” to the latest revision March 2022
- 12.0 Updated chargeback valuation
- 15.0 Added disclosure regarding CAD data
- 32.0 Added “Crust” requirements
- 38.0 Updated section 37.0 to 38.0 Environmental, Health, & Safety (EHS) Stewardship
 - Added the EHS Management specific requirements from the supplier sustainability criteria
 - Removed the supplier exemption on the ISO environmental management standard requirement
 - Spelled out the GADSL (Global Automotive Declarable Substance List) requirement in section 38.3.3
 - Updated the regulation number 582/2012 in section 38.3.4
 - Added the ECHA revised Waste Framework Directive 851/2018 (including SCIP (Substances of Concern In articles as such or in complex objects (Products) Reporting in the ECHA database—European Chemicals Agency
- 39.0 Added the specific requirement on Health and Safety Policy in section 39.1
- 40.0 Added the Supplier Sustainability Minimum Requirement in section 40.7 Supply Chain Sustainability
 - Updated the Global Sustainability Resources link and terminology in section 44.0