January 29, 2020

Via e-mail at shareholderproposals@sec.gov

Securities and Exchange Commission
Office of the Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, DC 20549

Re: Request by Lear Corporation to omit proposal submitted by Sisters of the Good Shepherd NY Province

Ladies and Gentlemen,

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, Sisters of the Good Shepherd NY Province (the “Proponent”) submitted a shareholder proposal (the “Proposal”) to Lear Corporation (“Lear” or the “Company”). The Proposal asks Lear to publish a report with the results of a Human Rights Impact Assessment (“HRIA”) examining the actual and potential human rights risks of the Company’s high-risk business activities in its operations and supply chain.

In a letter to the Division dated January 8, 2020 (the “No-Action Request”), Lear stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the Company’s 2020 annual meeting of shareholders. Lear claims that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(10), on the ground that the Company has substantially implemented the Proposal. As discussed more fully below, Lear has not met its burden of proving its entitlement to exclude the Proposal on that basis, and the Proponents respectfully request that Lear’s request for relief be denied.

The Proposal

The Proposal states:
RESOLVED: Shareholders request that Lear Corporation (Lear) publish a report, with the results of a Human Rights Impact Assessment examining the actual and potential human rights impacts of the company’s high-risk business activities in its operations and value chain.

The Proponent submitted the Proposal to Lear out of concern over the human rights risks associated with the Company’s products, supply chain, and countries in which it and suppliers of goods and raw materials operate, including child and forced labor in the leather supply chain; poor working conditions in electronics manufacturing; worker exposure to toxic substances in connection with Lear’s and its suppliers’ operations; Lear’s enormous global sourcing and manufacturing network; and reports that Lear retaliated against a whistleblower at an Alabama facility.

Substantial Implementation

Rule 14a-8(i)(10) permits exclusion of a proposal that has been “substantially implemented.” Substantial implementation does not require that the company have taken the exact measures requested in the proposal, but it does demand that the “essential objective” of the Proposal be satisfied. Lear argues the Proposal’s essential objective is “assessing and managing human rights risk in the Company’s internal operations and external supply chain”¹ and that its existing policies and processes achieve that goal.

Lear’s characterization of the Proposal’s essential objective is misleadingly general. The Proposal does not ask Lear to take whatever steps it wishes to assess and mitigate human rights risk. It makes the more specific request that Lear perform and disclose the results of an HRIA, which “maps all of a company’s operations against all human rights to identify key risks and opportunities.”² The UN Guiding Principles on Business and Human Rights state that companies should put in place a human rights due diligence process “to identify, prevent, mitigate and account for how they address their impacts on human rights.”³ The HRIA sought in the Proposal would be the product of such a process, which would typically be supported by human rights expertise, assess impact severity, meaningfully involve stakeholders whose human rights are impacted by the company, take into account

¹ No-Action Request, at 6.
² http://www.bsr.org/reports/BSR_Human_Rights_Impact_Assessments.pdf
the needs of vulnerable groups, be as transparent as possible, and inform processes to provide access to remedy.\textsuperscript{4} 

The documents, policies and practices to which Lear points do not satisfy that objective. Nowhere does Lear identify specific human rights impacts stemming from the Company’s own operations or supply chain. Many of the documents Lear cites do not even refer to human rights, or contain only aspirational statements. Lear seems to be trying to obscure the fact that it has not conducted an HRIA, and thus has no disclosure relevant to the Proposal, by citing and discussing a large volume of irrelevant material. To be clear, the Proponent does not claim that Lear has taken no action related to human rights, just that the measures described in the No-Action Request are not germane to the Proposal. Accordingly, Lear has not substantially implemented it.

1. The Proposal focuses on actual and potential adverse human rights impacts. Thus, any documents, disclosures or policies that do not relate to human rights are unresponsive to the Proposal and cannot be said to satisfy its essential objective. That category includes the following offered by Lear in the No-Action Request:

- The charters of the Audit and Compensation Committees\textsuperscript{5} do not mention human rights as among the risks overseen by those committees.
  - In AmerisourceBergen Corp.\textsuperscript{6}, the Staff rejected a similar argument that the company had substantially implemented a proposal asking for disclosure of governance measures adopted to better manage opioid-related risks because it had made disclosures about its general risk management program and it claimed that opioid-related risks came under that broader umbrella.
- Lear’s description of its enterprise risk management system in its proxy statement\textsuperscript{7} refers generally to “strategic, operational, financial, compensation and compliance risks” but does not mention human rights. Similarly, the grant of authority over enterprise risk management in the Audit Committee charter\textsuperscript{8} is silent about human rights.
- Lear’s Corporate Governance Guidelines\textsuperscript{9} do not mention human rights.
- Lear’s “Together We Win” employee engagement program does not refer to human rights, contrary to Lear’s claim that it serves as a monitoring

\textsuperscript{5} See No-Action Request, at 8.
\textsuperscript{6} AmerisourceBergen Corporation (Jan. 11, 2018).
\textsuperscript{7} See No-Action Request, at 7-8.
\textsuperscript{8} No-Action Request, at 8.
\textsuperscript{9} See No-Action Request, at 11.
system for human rights concerns. Employee engagement measures the strength of an employee’s commitment to the employer and willingness to expend effort in the performance of his or her role.

- Lear’s Sustainability Report does not “directly address” concerns about working conditions in China, as Lear claims; the only mention of China involves a water recycling facility.
- The Supplier Sustainability Policy (“SSP”) contains human rights-related standards, in some cases framed as “expectations”—applicable to Lear’s suppliers. Lear points out in the No-Action Request that the Proposal’s supporting statement refers to concerns about the use of child labor in the leather and electronics supply chains and the use of forced labor in the leather supply chain in Brazil, but Lear does not affirmatively state that these are actual or potential human rights impacts stemming from high-risk business activities.
- ISO 14001, a supplier certification Lear claims is relevant to the Proposal, covers environmental management and not human rights.
- Neither Lear’s supplier “scorecard,” which Lear touts as reflecting “performance risks,” nor the tools developed by the Automotive Industry Action Group (“AIAG”), captures information about human rights or even sustainability more generally.

2. The Proposal seeks disclosure of the impacts themselves, not human rights policies or goals, general expectations for suppliers, the audit process, or participation in groups. Simply referencing “human rights,” without more, is insufficient. With that in mind, it is clear that the following items discussed in the No-Action Request do not count toward satisfaction of the Proposal’s essential objective:

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10 See No-Action Request, at 13-14.
12 See No-Action Request, at 14.
13 See No-Action Request, at 15.
14 See No-Action Request, at 15-16.
15 See No-Action Request, at 15.
16 See No-Action Request, at 18.
17 See No-Action Request, at 18.
• The Sustainability Report\textsuperscript{18} simply references the words “human rights” under a social responsibility heading, with no detail provided about specific impacts.
  • Because the sustainability strategy does not identify human rights impacts, the fact that the Nominating Committee is charged in its charter with overseeing the sustainability strategy\textsuperscript{19} is likewise unresponsive to the Proposal.
• Lear’s Code of Business Conduct and Ethics (the “Code”)\textsuperscript{20} states that policies regarding “workplace human rights” are monitored and enforced by a Compliance Committee, but the Code does not disclose anything about actual or potential human rights impacts.
• Incredibly, Lear claims that the Code’s statement that, “as an international company with relationships in many countries around the world, Lear is committed to maintaining high standards of business conduct in all regions in which Lear operates” directly addresses “the concern raised in the Proposal regarding the countries in which Lear operates.”\textsuperscript{21} However, the Proposal is concerned about countries only insofar as Lear deems them high-risk and identifies human rights impacts occurring there, which the Code does not do.
• Lear’s Global Labor Standards\textsuperscript{22} express a commitment to “recognizing the following human rights and labor principles throughout its global organization,” but do not identify or analyze actual or potential human rights impacts.
• The one-page Environmental, Health, Safety and Sustainability Policy\textsuperscript{23} commits Lear to a variety of principles; “[s]triving for the prevention of work-related injury and illness” is the only one that could be viewed as related to human rights. No information is provided about what form this striving might take or whether Lear considers workplace injury to be a salient potential or actual human rights impact.
• IATF 16949, a quality management supplier certification, does include human rights criteria,\textsuperscript{24} but contains no information about Lear’s specific human rights impacts.
• The fact that “[c]ompany representatives may visit supplier facilities for a variety of reasons” and that they “may also visit the sub-suppliers of its suppliers,”\textsuperscript{25} conveys no information regarding human rights impacts identified as a result of such visits.

\textsuperscript{18} See No-Action Request, at 8.
\textsuperscript{19} See No-Action Request, at 6.
\textsuperscript{20} See No-Action Request, at 7.
\textsuperscript{21} No-Action Request, at 11.
\textsuperscript{22} See No-Action Request, at 12.
\textsuperscript{23} See No-Action Request, at 12.
\textsuperscript{24} See No-Action Request, at 17-18.
\textsuperscript{25} See No-Action Request, at 18.
• A complaint process\textsuperscript{26} and supplier due diligence process\textsuperscript{27} are not designed to identify human rights impacts.

• Lear asserts that it plans to include human rights as a risk factor in its next annual report. The Proponent questions whether reliance on a planned, but unexecuted, disclosure is appropriate in the no-action context, given that Lear may ultimately decide not to include the language. Even if reliance on planned disclosure is acceptable, however, the language is unresponsive to the Proposal because it is excessively vague, simply noting as a risk “concerns about human rights, working conditions and other labor rights and conditions and environmental impact in foreign countries where our products are produced and raw materials or components are sourced, and changing labor, environmental and other laws in these countries.”\textsuperscript{28}

Tortured syntax aside, that language does not serve to inform shareholders about any specific human rights risk, actual or potential, that Lear has identified in its operations or supply chain.

3. Public reporting is integral to the Proposal, so information Lear provided in the No-Action Request but has not publicly disclosed cannot be counted toward substantial implementation. Lear describes its efforts to “offer[] assistance to the tanneries that supply its leather business in developing risk assessments to evaluate the safety of their operation, including management of chemicals.” Lear also claims to have “supported the efforts of its Brazil-based leather suppliers to pursue third party verification of their traceability systems to ensure raw material from newly deforested areas does not enter the supply chain.”\textsuperscript{29} In our view, these descriptions do not identify any actual or potential human rights impacts, but even assuming such impacts are implied, Lear appears not to have disclosed this information beyond the No-Action Request.

Every document, disclosure, policy or undisclosed bit of information offered by Lear in the No-Action Request falls into one of the three categories discussed above. Analyzing Lear’s arguments in this way allows one to avoid succumbing to the illusion Lear promotes that irrelevant materials can achieve relevance simply by virtue of their quantity.

The determination in The Wendy’s Company,\textsuperscript{30} on which Lear relies, is easily distinguishable despite the fact that it also addressed substantial implementation of a human rights-related proposal. The proposal submitted to Wendy’s sought disclosure regarding the company’s existing human rights due diligence process, whereas the Proposal affirmatively asks Lear to conduct an HRIA and disclose the

\textsuperscript{26} See No-Action Request, at 12-13.
\textsuperscript{27} See No-Action Request, at 17.
\textsuperscript{28} No-Action Request, at 10.
\textsuperscript{29} See No-Action Request, at 19.
\textsuperscript{30} The Wendy’s Company (Apr. 10, 2019).
key findings to investors. Put another way, the Wendy’s proposal was exclusively process-oriented, while the Proposal asks Lear to take specific substantive steps.

This difference is material: Wendy’s could substantially implement the proposal it received simply by publicly disclosing enough information about its existing practices, however inadequate they were. The proponents in Wendy’s unsuccessfully argued that the company’s disclosures related to the much more limited process of first-tier supplier auditing, not a human rights due diligence process. Because the Wendy’s proposal only sought disclosure, the basis for the determination allowing exclusion was not, as Lear claims, that the company “had existing policies and enterprise risk management in place,”31 but the fact that its existing policies and systems were publicly disclosed.

Lear has not conducted an HRIA or disclosed any specific human rights impacts from its business, and thus has not satisfied the Proposal’s essential objective. Accordingly, Lear has not satisfied its burden of showing that it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(10). The Proponent thus respectfully requests that Lear’s request for relief be denied.

The Proponent appreciates the opportunity to be of assistance in this matter. If you have any questions or need additional information, please contact me at (973) 509-8800.

Sincerely,

Mary Beth Gallagher
Investor Advocates for Social Justice
On behalf of Sisters of the Good Shepherd
NY Province

cc: Bruce A. Toth
Winston & Strawn, LLP
BToth@winston.com

31 No-Action Request, at 4.
January 8, 2020

VIA E-MAIL (shareholderproposals@sec.gov)

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Lear Corporation
Shareholder Proposal of Sisters of the Good Shepherd NY Province

Dear Ladies and Gentlemen:

Pursuant to Rule 14a-8(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), our client, Lear Corporation, a Delaware corporation (the “Company” or “Lear”), hereby requests confirmation that the staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) will not recommend any enforcement action to the Commission if the Company omits from its proxy statement and form of proxy for its 2020 Annual Meeting of Stockholders (collectively, the “2020 Proxy Materials”) the shareholder proposal entitled “Human Rights Impact Assessment—Lear Corporation – 2020” (the “Proposal”) and the statement in support thereof (the “Supporting Statement”) submitted by Sisters of the Good Shepherd NY Province (the “Proponent”), which are further described herein.

In accordance with Rule 14a-8(g) of the Exchange Act, this letter is being submitted to the Commission no later than eighty calendar days before the Company intends to file the definitive 2020 Proxy Materials with the Commission. Also, in accordance with Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB No. 14D”), we are submitting this letter to the Commission via e-mail to shareholderproposals@sec.gov. Pursuant to the guidance provided in Section F of Staff Legal Bulletin No. 14F (October 18, 2011), we ask that, if the Staff responds to this request for no-action relief in writing, the Staff provide its response to the undersigned via e-mail at the address noted in the last paragraph of this letter.

Pursuant to Rule 14a-8(j), we are simultaneously sending a copy of this letter and the attachments hereto to the Proponent. Rule 14a-8(k) of the Exchange Act and SLB No. 14D provide that shareholder proponents are required to send companies a copy of any correspondence that such proponent elects to submit to the Commission or the Staff. Accordingly, we hereby inform the Proponent that, if the Proponent elects to submit additional correspondence to the Commission or the Staff relating to the Proposal, the Proponent should concurrently furnish a copy of such correspondence to the undersigned on behalf of the Company.

THE PROPOSAL

The Proposal presents the following resolution:

Resolved: Shareholders request that Lear Corporation (Lear) publish a report, at reasonable cost and omitting proprietary information, with the results of a Human Rights Impact Assessment examining the actual and potential human rights impacts of the company’s high-risk business activities in its operations and value chain.
Copies of the Proposal and the Supporting Statement, together with the Company’s correspondence with the Proponent relating to the Proposal, are attached hereto as Exhibit A, pursuant to Staff Legal Bulletin No. 14C (June 28, 2005) (“SLB No. 14C”).

BACKGROUND OF THE COMPANY

Lear supplies seating, electrical distribution systems and electronic modules, as well as related sub-systems, components and software, to all of the world’s major automotive manufacturers. It employs over 160,000 workers at more than 250 manufacturing, engineering and administrative locations in 39 countries.

The Company serves the worldwide automotive and light truck market with content on more than 400 vehicle nameplates and had revenue of $21.1 billion in 2018. Its business is organized under two reporting segments: Seating and E-Systems. Each of these segments has a varied product and technology range across a number of component categories:

- **Seating** – The Company’s Seating segment consists of the design, development, engineering, just-in-time assembly and delivery of complete seat systems, as well as the design, development, engineering and manufacture of all major seat components, including seat covers and surface materials such as leather and fabric, seat structures and mechanisms, seat foam and headrests.

- **E-Systems** – The Company’s E-Systems segment consists of the design, development, engineering and manufacture of complete electrical distribution systems, as well as sophisticated electronic control modules, electrification products and connectivity products. Electrical distribution systems route networks and electrical signals and manage electrical power within the vehicle. Electronic control modules facilitate signal, data and power management within the vehicle and include the associated software required to facilitate these functions. Electrification products include charging systems, battery electronics and other power management modules, including converter and inverter systems. Connectivity products include gateway modules, connected gateways and independent communication modules to manage both wired and wireless networks and data in vehicles. In addition to fully functional electronic modules, the Company offers software that includes cybersecurity, EXO™ advanced vehicle positioning for automated and autonomous driving applications, roadside modules that communicate real-time traffic information and full capabilities in both dedicated short-range communication and cellular protocols for vehicle connectivity.

While continuing to innovate, drive profitable growth and deliver superior returns to its shareholders are at the core of Lear’s strategic priorities, the Company also takes seriously its environmental, social and governance responsibilities. As Ray Scott, Lear’s Chief Executive Officer, has stated, “[B]usinesses not only have a responsibility to earn profits, but to support the people who are part of our human family as well as the planet we all share. . . Overall, our purpose as a company is not only to strive for innovation in our products, but to be good corporate stewards of the earth while giving back to
humanity.” Furthermore, Lear expects its more than 3,000 suppliers of goods and services to share its commitment to corporate responsibility and ethical conduct.

In line with this, the Company’s definitive proxy statement for the 2019 annual meeting of stockholders (the “2019 Proxy Statement”), as filed with the Commission on March 28, 2019, sets forth the Company’s strategy for corporate social responsibility, including with respect to human rights. The 2019 Proxy Statement notes that the Company’s strategy involves three pillars of sustainability: social responsibility, economic prosperity and environmental stewardship. The Company also publishes a comprehensive sustainability report annually, which is referenced in the 2019 Proxy Statement. The Company’s most recent sustainability report, published in September 2019 (the “2019 Sustainability Report”), details the Company’s commitment to human rights, its employees and the environment. Specifically, Lear is committed to protecting human rights in the communities in which it does business and within its global supply chain. The 2019 Sustainability Report is attached hereto as Exhibit B. The Company upholds the highest standards of ethical behavior and requires compliance with all legal requirements. Additionally, the Company respects and supports the United Nations Universal Declaration of Human Rights, including the right to: diversity, equal opportunity and respect for employees, contractors and supply chain partners; dignity and social protection; free choice of employment; adequate standard of living; sufficient and healthy food and water; peaceful assembly; rest and leisure; and protection from exploitation, violence and abuse. Finally, the Company also recognizes the United Nations Global Goals for Sustainable Development, which are made up of 17 goals that provide a “shared blueprint for peace and prosperity for people and the planet, now and in the future.”

BASIS FOR EXCLUSION OF THE PROPOSAL

For the reasons discussed herein, we hereby respectfully request that the Staff concur in the Company’s view that the Proposal may be properly excluded from the 2020 Proxy Materials pursuant to Rule 14a-8(i)(10) of the Exchange Act (“Rule 14a-8(i)(10)”) because the Company has already substantially implemented the Proposal.

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1 See https://lear.com/Site/ESG/welcome.aspx.
4 Id.
5 2019 Sustainability Report at 44.
6 Id.
7 Id.
8 Id. at 41.
ANALYSIS

I. The Proposal may be excluded under Rule 14a-8(i)(10) because the Company has already substantially implemented the Proposal.

A. Background

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal from its proxy materials if the company has already substantially implemented the proposal. In 1976, the Commission stated that the predecessor to Rule 14a-8(i)(10) was "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." See Proposed Amendments to Rule 14a-8 Under the Securities Act of 1934 Relating to Proposals by Security Holders, Exchange Act Release No. 34-12598 (July 7, 1976) (the "1976 Release"). Originally, the Staff narrowly interpreted this predecessor rule and granted no-action relief only when a proposal was "fully' effected" by the company. See Proposed Amendments to Rule 14a-8 Under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Exchange Act Release No. 34-19135 (Oct. 14, 1982). By 1983, the Commission recognized that the "previous formalistic application of [the Rule] defeated its purpose" because proponents were successfully convincing the Staff to deny no-action relief by submitting proposals that differed from existing company policy by only a few words. See Amendments to Rule 14a-8 Under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Exchange Act Release No. 34-19135 (Oct. 14, 1982). By 1983, the Commission recognized that the "previous formalistic application of [the Rule] defeated its purpose" because proponents were successfully convincing the Staff to deny no-action relief by submitting proposals that differed from existing company policy by only a few words. See Amendments to Rule 14a-8 Under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Exchange Act Release No. 34-20091 (Aug. 16, 1983) (the "1983 Release"). The Commission subsequently adopted this revised interpretation of the rule to permit the omission of proposals that have been "substantially implemented." Id. The 1998 amendments to Rule 14a-8 of the Exchange Act codified this position. See Amendments to Rules on Shareholder Proposals, Exchange Act Release No. 34-40018 (May 21, 1998) (the "1998 Release").

When a company has demonstrated that it has already taken actions to address the underlying concerns and essential objectives of a shareholder proposal, the Staff has concurred that the proposal has been "substantially implemented" and may be excluded as moot. See the 1983 Release. In 1998, the Commission reiterated that "substantial" implementation under the rule does not require the company to implement a shareholder proposal fully or exactly as presented or preferred by the proponent. See the 1998 Release. The Staff has noted that "a determination that the [c]ompany has substantially implemented the proposal depends upon whether [the company’s] particular policies, practices and procedures compare favorably with the guidelines of the proposal." See Texaco, Inc. (Mar. 28, 1991).

Accordingly, the Staff has permitted differences between a company's actions and a shareholder proposal when the company's actions satisfactorily address the proposal's essential objectives, even when the company did not take the exact action requested by the proponent or did not implement the proposal in every detail; the Staff has indicated that a company may exercise discretion in determining how to implement the proposal. See Wendy's Co. (April 10, 2019) (concurring with the exclusion of a proposal requesting a report describing the company's process for identifying and analyzing potential and actual human rights risks of operations and supply chain because the company had existing policies and enterprise risk management in place to manage the proposal matters); Walgreens Boots Alliance, Inc. (Nov. 13, 2018) (concurring with exclusion of a proposal requesting a report describing the company's implementation
plans ensuring its policies and practices advance and do not undermine sustainable development goals because the company’s corporate social responsibility report addressed its efforts to contribute to such goals; Apple, Inc. (Dec. 11, 2014) (concurring with exclusion of a proposal requesting the establishment of a public policy committee to oversee various governance and policy issues because the company had existing systems and controls, including multiple board committees, to oversee the proposal matters); Entergy Corp. (Feb. 14, 2014) (concurring with exclusion of a proposal requesting a report “on policies the company could adopt to take additional near-term actions to reduce its greenhouse gas emissions,” despite that the company’s existing related disclosures and report did not address the ability to make such reductions, because the company already provided environmental sustainability disclosures on its website and in a separate report); Walgreen Co. (Sept. 26, 2013) (concurring with exclusion of a proposal requesting elimination of supermajority voting requirements in the company’s governing documents where the company had eliminated all but one supermajority voting requirement); Duke Energy Corporation (Feb. 21, 2012) (concurring with exclusion of a proposal requesting the company to assess potential actions to reduce certain greenhouse gas and other emissions because the requested information was available in the company’s Annual Report on Form 10-K and annual sustainability report); and Exelon Corp. (Feb. 26, 2010) (concurring with exclusion of a proposal requesting a report on certain aspects of the company’s political contributions because the company already adopted corporate political contribution guidelines and issued a related report that, together, provided “an up-to-date view of the [c]ompany’s policies and procedures with regard to political contributions” addressing the proposal’s essential objective). See also International Business Machines (Jan. 4, 2010) (concurring with exclusion of a proposal requesting periodic reports of the Company’s “Smarter Planet” initiative because the company already reported on certain of those matters through the company’s related web portal, investor website, employment websites, social media and other outlets); The Dow Chemical Co. (Mar. 5, 2008) (concurring with exclusion of a proposal requesting a report discussing how the company’s efforts to ameliorate climate change have affected the global climate because the company already made statements about its efforts related to climate change in various corporate documents and disclosures); Johnson & Johnson (Feb. 17, 2006) (concurring with exclusion of a proposal requesting verification of employment legitimacy because the company and its domestic subsidiaries were already required by law to verify employment legitimacy and immediately terminate violators, and the company had taken appropriate actions with respect to the termination of ineligible employees); and Talbots Inc. (April 5, 2002) (concurring with exclusion of a proposal requesting implementation of a code of corporate conduct based on United Nations International Labor Organization standards because the company already established its own business practice standards).

Moreover, the remedy requested by the Proponent does not have to mirror the company’s implementation. For example, the Staff has taken the position that a shareholder proposal requesting that a company’s board of directors prepare a report on a particular corporate initiative may be excluded when the company has published information about that initiative on its website. See, e.g., Mondaléz International, Inc. (Mar. 7, 2014) (concurring that a proposal urging the board of directors to prepare a report on the company’s process for identifying and analyzing potential and actual human rights risks in its operations and supply chain was substantially implemented through the publishing of relevant information on the company’s website); and The Gap, Inc. (Mar. 16, 2001) (concurring that a proposal requesting that the board of directors prepare a report on child labor practices of company suppliers was substantially implemented when the company published information on its website with respect to the company’s vendor code and monitoring programs). See also, e.g., Aetna Inc. (Mar. 27, 2009) (concurring that a proposal
requesting a report describing the company’s policy responses to concerns regarding gender and insurance was substantially implemented when the company published a paper addressing such issues).

B. Application of Commission and Staff Precedent to the Proposal

In the Supporting Statement, the Proponent discusses its rationale for submitting the Proposal, citing the essential objectives of assessing and managing human rights risks in the Company’s internal operations and external supply chain. As illustrated below, the Company has substantially implemented the Proposal because:

1. The Company assesses human rights considerations comprehensively through its sustainability strategy and enterprise risk management process and communicates the results and plans for mitigation of related risks through its policies and publicly available reports;

2. The Company’s existing policies and processes achieve the Proposal’s essential objective of risk assessment, mitigation and disclosure with respect to the Company’s internal operations; and

3. The Company’s existing policies and processes related to its suppliers achieve the Proposal’s essential objective of risk assessment, mitigation and disclosure with respect to the Company’s external supply chain,

each as discussed more fully below.

1. The Company assesses human rights considerations comprehensively through its sustainability strategy and enterprise risk management process and communicates the results and plans for mitigation of related risks through its policies and publicly available reports.

a. The Company has a strategy for sustainability, including human rights considerations, that is reviewed by its executive leadership and Board of Directors.

As noted above, the Company’s strategy for corporate social responsibility is based upon three pillars of sustainability, consisting of social responsibility, economic prosperity and environmental stewardship. The social responsibility pillar focuses on support for, among other things, “People, Diversity & Human Rights” as well as “Animal Welfare.” This focus applies not only to the Company’s employees, but also to its supply chain and the broader community.

Lear’s sustainability strategy is developed and managed by a cross-functional group of senior Company leaders that serve on an Executive Steering Committee. It is then reviewed and refined by Lear’s CEO and ultimately overseen by the Nominating and Corporate Governance Committee (the “Nominating Committee”) of the Board of Directors of the Company (the “Board”). Specifically, the Charter of the Nominating Committee assigns to the Committee responsibility for “overseeing, periodically reviewing

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9 Id. at 8.
10 Id.
11 Id. at 9.
and making recommendations to, as necessary, the Company’s sustainability (including as it pertains to environmental and corporate social responsibility matters) strategy, policies and procedures and reporting to the Board, together with appropriate members of the Company’s management, not less than annually with respect thereto.”

Lear’s sustainability strategy is also informed by its participation in numerous industry associations dealing with corporate social responsibility and human rights. For example, Lear is a member of the Corporate Responsibility Committee of the Automotive Industry Action Group. Through its participation, Lear assists in the development of best practices and strategies to address human rights concerns within the automotive industry while learning how others in the industry are addressing their own human rights challenges.

b. The Company has a robust enterprise risk management process that considers risks related to human rights.

The Company’s enterprise risk management processes include the identification, assessment and supervision of risks associated with its business. This includes risks involving noncompliance of laws, regulations and Company policies, including those set forth in the Company’s Code of Business Conduct and Ethics (the “Code of Conduct”), which is attached hereto as Exhibit C. The Company’s enterprise risk management activities are detailed in the 2019 Proxy Statement, which highlights the oversight role of the Board in risk management, including the Board’s delegation of oversight for specific risks to certain Board committees:

The Company’s management continually monitors the material risks facing the Company. Our enterprise risk management process is designed to facilitate the identification, assessment and management of certain key risks the Company may encounter and which may impact our ability to achieve our strategic objectives. The enterprise risk management process supplements management’s ongoing responsibilities to monitor and address risks by working with risk owners to identify the key mitigating actions for certain risks, which then are discussed with senior management.

The Board, with the assistance of the Board committees, is responsible for overseeing such management actions to ensure that material risks affecting the Company are identified and managed appropriately. The Board and the Board committees oversee risks associated with their principal areas of focus, as summarized below:

Board

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15 2019 Proxy Statement at 18.
Carefully evaluates the reports received from management and makes inquiries of management on areas of particular interest to the Board

Reviews with management material strategic, operational, financial, compensation and compliance risks

Considers specific risk topics in connection with strategic planning and other matters

Oversees risk oversight and related activities conducted by the Board committees through reports of the committee chairmen to the Board

As part of the Board’s risk oversight function, the Board delegates to certain Board committees the authority to oversee specific risks as such risks relate to the scope of the respective committee’s responsibilities and expertise. Specifically, as discussed in the 2019 Proxy Statement:

- **Audit Committee.** The Board has delegated to its Audit Committee (the “Audit Committee”) the authority to oversee the risk management process and compliance risks, including those related to the Proposal. As more fully described in its charter and as disclosed in the 2019 Proxy Statement, the Audit Committee, consisting of independent directors, “shall review the Company’s compliance and ethics program and review with management the results of the Company’s monitoring of compliance with the Company’s Code of Business Conduct and Ethics” and “shall ensure that the Company has an internal audit function to provide management and the Committee with ongoing assessments of the Company’s risk management process and system of internal control.” In fulfilling this function, the Audit Committee “discusses with management the Company’s process for assessing and managing risks, including the Company’s major risk exposures related to tax matters, financial instruments, litigation and information security (including cybersecurity) and the steps necessary to monitor and control such exposures” and “meets periodically with senior management, [the Company’s] vice president of internal audit, [the Company’s] chief compliance officer and [its] independent auditor.” Additionally, management periodically provides reports to the Audit Committee on the risks addressed in the enterprise risk management process and other risks.

These responsibilities provide the Audit Committee with an enterprise-wide perspective on the Company’s risks. The Audit Committee reports to the Board regarding any identified risks, with a focus on the most significant risks confronting the Company, including strategic, operational, financial and legal and compliance risks. In particular, the Audit Committee is responsible for the oversight and periodic review of the Company’s enterprise risk management activities and policies that are designed to ensure compliance with the Code of Conduct and other Company ethical standards and applicable laws and regulations, and the Audit Committee then reports its findings to the Board.

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16 The Charter of the Audit Committee of the Board of Directors (the “Audit Committee Charter”) is publicly available at [http://ir.lear.com/static-files/36d711b2-9cd8-4e58-8fe9-f165584e2551](http://ir.lear.com/static-files/36d711b2-9cd8-4e58-8fe9-f165584e2551).
17 Audit Committee Charter at 5.
18 2019 Proxy Statement at 18.
19 Id.
• Compensation Committee. On behalf of the Board, the Compensation Committee of the Board conducts an annual review of compensation-related risk to ensure that the Company’s compensation policies and practices for its employees do not create risks that are reasonably likely to have a material adverse effect on the Company.20

• Nominating Committee. The Nominating Committee oversees risks associated with the Company’s governance structure and processes. Additionally and as noted above, arising out of the Company’s robust risk management process, the Board delegates to the Nominating Committee the responsibility to “[oversee], periodically [review] and [make] recommendations to, as necessary, the Company’s sustainability (including as it pertains to environmental and corporate social responsibility matters) strategy, policies and procedures and reporting to the Board, together with appropriate members of the Company’s management, not less than annually with respect thereto.”21 These corporate social responsibility initiatives include issues directly related to human rights.

Among the many risks considered as part of the enterprise risk management process are those related to human rights. As noted in the Supporting Statement, “Lear may face legal, reputational, competitive and financial risks if the company fails to effectively assess and manage its human rights risks.” The Company agrees with this statement and, through its enterprise risk management process, carefully considers such risks. To make this clear, the Company intends to supplement its existing international operations risk factor disclosure in its upcoming Annual Report on Form 10-K for the year ended December 31, 2019 to add the language italicized below:

Our substantial international operations make us vulnerable to risks associated with doing business in foreign countries.

As a result of our global presence, a significant portion of our revenues and expenses are denominated in currencies other than the U.S. dollar. We have substantial manufacturing and distribution facilities in many foreign countries, including Mexico and countries in Africa, Asia, Central and South America and Europe. International operations are subject to certain risks inherent in doing business abroad, including:

• exposure to local economic conditions;

• political, economic and civil instability and uncertainty (including acts of terrorism, civil unrest, drug-cartel related and other forms of violence and outbreaks of war);

• labor unrest;

• expropriation and nationalization;

• currency exchange rate fluctuations, currency controls and the ability to economically hedge currencies;

20 Id.
21 See Charter of the Nominating Committee at page 3.
• withholding and other taxes on remittances and other payments by subsidiaries;
• investment restrictions or requirements;
• repatriation restrictions or requirements;
• export and import restrictions and increases in duties and tariffs;
• concerns about human rights, working conditions and other labor rights and conditions and environmental impact in foreign countries where our products are produced and raw materials or components are sourced, and changing labor, environmental and other laws in these countries;
• increases in working capital requirements related to long supply chains; and
• global sovereign fiscal matters and creditworthiness, including potential defaults and the related impacts on economic activity, including the possible effects on credit markets, currency values, monetary unions, international treaties and fiscal policies.

Expanding our sales and operations in Asia and our manufacturing operations in lower-cost regions are important elements of our strategy. As a result, our exposure to the risks described above is substantial. The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable. However, any such occurrences could adversely affect our financial condition, operating results and cash flows.

Thus, while the Supporting Statement contends that the Company’s “existing policies and disclosures do not demonstrate to investors that the company has meaningful processes in place to assess and mitigate human rights impacts” and that “Lear’s existing disclosures prevent investors from assessing . . . the effectiveness of current human rights due diligence processes,” this is simply not the case. The Company, in fact, has a robust system in place that is described in its publicly available disclosures that includes the involvement of senior management and its Board of Directors to identify, consider and address human rights risks. These processes include not only the development and implementation of its sustainability strategy to support the Company’s commitment to human rights, but also the consideration of human rights risks as part of its enterprise risk management process.

c. The results of the Company’s assessment of its human rights risks and plans for mitigation are disclosed in the policies it promulgates and reports it makes publicly available.

Once human rights (and other) risks, are identified as part of the sustainability strategy development and enterprise risk management process, the Company identifies and addresses these risks through the adoption of publicly available policies and procedures and the publication of its annual sustainability report. Contrary to the Supporting Statement’s assertion that “Lear does not disclose the salient human rights risks in its operations and value chain,” as discussed below, the topics and issues covered by the policies and the sustainability report identify the risks that the Company believes to be the most important with regard to its internal operations and external supply chain, including those related to human rights. While the Proposal
recommends that the Company “publish a report...with the results of a Human Rights Impact Assessment examining actual and potential human rights impacts of the company’s high-risk business activities in its operations and value chain,” the Company’s publicly available policies and sustainability report already achieve this objective. Effectively, they function as a roadmap for investors and stakeholders as to the human rights risks that the Company believes are the most critical and its efforts to deal with them.

2. The Company’s policies and processes achieve the Proposal’s essential objective of risk assessment, mitigation and disclosure related to the Company’s internal operations.

The Company has adopted numerous publicly available policies to address human rights risks in its internal operations and promote strong corporate governance. The Board, in its fiduciary capacity, has determined that these policies adequately address risks based on the Company’s comprehensive enterprise risk management process, as discussed above. Key Lear policies that are publicly available pertain to governance and human rights and address specific concerns raised in the Proposal include the following.

- **Corporate Governance Guidelines.** The Company’s Corporate Governance Guidelines (the “Governance Guidelines”) set forth the fundamental requirements and framework for the Company’s Board and management with respect to corporate governance matters, including oversight of the operations of the Company and the Code of Conduct.22

- **Code of Business Conduct and Ethics.** The Code of Conduct has been approved by the Board and is “the foundation of [the Company’s] commitment to act with integrity and in compliance with the laws and regulations that apply to [its] worldwide operations.”23 The Code of Conduct states that “as an international company with relationships in many countries around the world, Lear is committed to maintaining high standards of business conduct in all regions in which Lear operates.” This statement directly addresses the concern raised in the proposal regarding the countries in which Lear operates. The high standards of conduct demanded by the Company apply in every country in which it operates.

The Code of Conduct addresses, among other matters (including those stated in the 2019 Proxy Statement), director and employee responsibility, reporting complaints, compliance with laws and regulations, anti-retaliation, environmental health and safety, sustainability, diversity, equal opportunity and respect, and compliance with the Code of Conduct.24 Under the compliance with laws umbrella, the Code of Conduct requires compliance with laws and regulations, which include, without limitation, regulations related to labor conditions, such as wage and hours laws (e.g., minimum wage, overtime, maximum hours, rest periods), and freedom of association and collective bargaining laws. The Code of Conduct also states that the Company “strives to provide each [e]mployee with a safe and healthful work environment” by, among other things, requiring employees to follow health and safety rules and practices and prohibiting violence in the workplace.25 See “Global Labor Standards” and “Environmental, Health, Safety and Sustainability Policy” below for additional information.

22 The Governance Guidelines are publicly available at http://ir.lear.com/static-files/82ab750a-ff0a-4b2a-a3c7-850bf133e7e2.
23 Code of Conduct at 4.
24 Id. at 5, 6, 13, 17, 18, 19 and 20.
25 Id. at 17.
The Code of Conduct applies to all employees, officers, directors and agents of the Company or its subsidiaries and/or controlled affiliates and any other person acting on behalf of those companies.\textsuperscript{26} The Company “monitors and enforces the [Code of Conduct] and other policies affecting workplace human rights through a compliance program that includes oversight by a Compliance Committee that reports directly to the Company’s Audit Committee of the Board of Directors.”\textsuperscript{27} The Company also regularly assesses the effectiveness of its compliance programs.\textsuperscript{28}

- **Global Labor Standards.** The Company has adopted *Global Labor Standards* (the “Labor Standards”) attached hereto as Exhibit D, which prohibit the Company from “using any type of forced labor or child labor or engaging in abusive or corrupt business practices.”\textsuperscript{29} In accordance with the guidelines set forth in the Labor Standards, the Company “provide[s] and maintain[s] for all employees a safe and healthy working environment which meets or exceeds applicable local standards for occupational safety and health (emphasis added).”\textsuperscript{30} These standards protect against the very concerns raised by the Supporting Statement that “the labor-intensive assembly of E-Systems products takes place in countries with low wages and risks of poor working conditions” and that the Company “has many facilities in China, where forced labor and child labor risks are present in electronics manufacturing.” See “Environmental, Health, Safety and Sustainability Policy” below for additional information.

- **Environmental, Health, Safety and Sustainability Policy.** The Company’s *Environmental, Health, Safety and Sustainability Policy* (the “EHS Policy”) sets forth the Company’s commitment to “environmental protection, employee health and safety, compliance with legal requirements and other obligations, pollution prevention, efficient use of energy, water and other natural resources, and reducing the environmental impact of our products and supply chain.”\textsuperscript{31} The EHS Policy further states that, among other things, “the foundation for achieving our commitment is based on: integrating environmental, health, safety and sustainability elements into overall business strategy and supply chain management” and “striving for the prevention of pollution and work-related injury and illness by maintaining environmental, health and safety (EHS) management as core values.”\textsuperscript{32}

To facilitate adherence to the Code of Conduct and Company policies and to monitor, identify and address areas of non-compliance, the Company maintains a complaint reporting process that is an integral component of the Company’s overall enterprise risk management and allows employees and supplier partners to make anonymous reports regarding violations of the Code of Conduct or other Company policies.

\textsuperscript{26} Id. at 4.
\textsuperscript{27} Id. at 19.
\textsuperscript{28} Id.
\textsuperscript{29} Id. at 18.
\textsuperscript{30} The Labor Standards are publicly available at https://www.lear.com/user_area/content_media/raw/LearGlobalLaborStandards.pdf.
\textsuperscript{31} Labor Standards at 1.
\textsuperscript{32} The EHS Policy is publicly available at https://www.lear.com/user_area/content_media/raw/EnvironmentalHealthSafetyandSustainabilityPolicy_Final72919.pdf.
\textsuperscript{33} EHS Policy at 1.
in their local languages. This process enables such parties to raise or inquire about any issue concerning the Company’s business, operations or supply chain. Under the Code of Conduct, the Company prohibits workplace retaliation and provides employees with the opportunity to speak with their leadership without fear or concern of retaliation when asking questions or raising concerns. Furthermore, any individual who “violate[s] the standards of the Code [of Conduct] [is] subject to disciplinary action up to and including dismissal.”

The Code of Conduct plainly provides various avenues through which complaints may be made, including:

- Compliance and Ethics Line — Reports can be made anonymously, toll-free, in [one’s] local language
- Online Lear Complaint Web Form — Reports can be made anonymously, online, in [one’s] local language
- Mailing — details to the Chief Compliance Officer at Lear Corporation, 21557 Telegraph Rd, Southfield, MI 48033
- Email — Lear Compliance at Compliance@lear.com
- Calling — Lear’s Chief Compliance Officer or General Counsel at 248-447-1500

The Company also strives to address human rights risks within its workforce through numerous initiatives designed to measure and improve employee satisfaction and engagement, which are published in its 2019 Sustainability Report. The Company describes these efforts as building a “Together We Win” culture, which involves a global employee engagement program focused on driving cultural change in the Company’s operations around four key elements: (1) leadership, (2) work environment, (3) employee involvement, and (4) teaming. Together We Win “unites 161,000 employees across the globe in achieving excellence based on key operations and employee engagement metrics such as quality, employee absenteeism, health and safety performance and operational efficiency.” As part of this initiative, the Company utilizes a robust and ongoing survey process to assess employee engagement, which since its inception in 2018, has obtained feedback from more than 94,000 Lear employees in 139 locations in 20 countries. The survey evaluates relationships between employees and leadership, employee recognition, retention, health and safety, motivation and respect in the workplace. This survey is evidence of the

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34 Code of Conduct at 6; 2019 Sustainability Report at 44.
36 Id. at 13.
37 Id.
39 Id. at 54.
40 Id.
41 Id.
42 Id.
In addition, the Company demonstrates that it “values [its] team members and strive[s] to create a supportive culture for them and their families” by offering a variety of benefits, which vary by location depending on what makes sense culturally and competitively, and include maternal and paternal leave, flexible operating hours, 16 to 18 paid holidays per year and paid vacation. As a testament to Lear’s focus on promoting positive working conditions, Lear Thailand received its third consecutive labor relations award for its Korat plant where it received the national-level Excellent Establishment on Labor Relations and Welfare 2018 Award from Thailand’s Department of Labor Protection and Welfare. The award is presented to companies with excellent practices in labor relations and welfare that promote value and quality in working lives. Additionally, Lear Poland was certified as a top employer, as recognized by the Top Employers Institute, an international institution that comprehensively analyzes an employer’s human resources environment.

Finally, the 2019 Sustainability Report directly addresses the human rights concerns raised by the Supporting Statement with respect to the Company’s internal operations, particularly with respect to working conditions in China and labor issues, by reinforcing the Company’s policies and commitments to (1) not use child labor or forced labor, (2) provide a harassment-free workplace, (3) not interfere with employees’ right to freedom of association, (4) foster diversity and inclusion and (5) promote leadership.

3. The Company’s existing policies and processes related to its suppliers achieve the Proposal’s essential objective of risk assessment, mitigation and disclosure with respect to the Company’s external supply chain.

a. The policies that the Company requires its suppliers to adhere to identify and address all the human rights concerns set forth in the Proposal and Supporting Statement regarding the Company’s external supply chain.

Over 3,000 suppliers provide goods and services directly to the Company. Each of these suppliers has its own supply chain, in most cases involving numerous sub-suppliers. Consequently, Lear’s direct and indirect supply chain consist of thousands upon thousands of companies. One of Lear’s core competencies is managing this complex supply chain to ensure that it receives products that are of the highest quality in line with the expectations of the automotive industry. Managing this complexity is only possible through the promulgation of clear policies and standards that companies must meet to supply Lear.

43 Id. at 57.
44 Id.
45 Id at 56.
46 Id.
47 Note: The Supporting Statement asserts that the Company “fired a whistleblower and threatened and harassed employees at its Selma, AL plant who spoke to federal investigators about health and safety.” This is not true. No employees were terminated for raising concerns with federal investigators and testing at the facility demonstrated that there were no health and safety concerns. Lear has a long history of positive labor relations. For example, in the United States, most of Lear’s manufacturing plants are unionized. Lear respects the rights of all employees to join or not to join a union.
The Company’s comprehensive Global Requirements Manual for Suppliers (the “Supplier Policy”), which applies to all Company-approved production parts and material suppliers globally, sets forth specific expectations and requirements that the Company insists upon from its suppliers. The publicly available Supplier Policy provides transparency to the requirements that are contractually imposed on its suppliers. It covers a number of areas including quality, packaging and logistics requirements, product traceability and supplier sustainability.

With respect to human rights, as noted previously, the Company demands that its suppliers take human rights seriously. To this end, the Supplier Policy includes within it a Supplier Sustainability Policy that specifically identifies and addresses various human rights principles and risks, including those referenced in the Supporting Statement. The Supplier Sustainability Policy is attached hereto as Exhibit E. The following is a representative sample of the topics addressed in the Supplier Sustainability Policy, which are designed to address and mitigate the human rights risks specifically raised by the Supporting Statement, where applicable.

- **Human Rights.** All suppliers are required to comply with local laws governing the employment relationship.

- **Child Labor.** The Company’s suppliers will not use child labor. The term child refers to children under the legal age for employment in any location. Note that the Supporting Statement includes concerns about the use of child labor in both the leather and electronics supply chains.

- **Forced Labor, Human Trafficking.** The Company’s suppliers will not use forced or involuntary labor of any kind or tolerate physically abusive disciplinary practices. Note that the Supporting Statement includes a concern about the use of forced labor in the leather supply chain in Brazil.

- **Wages and Hours, Working Conditions.** Suppliers must comply with applicable wage and hour laws, including minimum wage, overtime, maximum hour rules, meal and rest periods, and to provide legally mandated benefits. Where local industry standards exceed applicable legal requirements, suppliers are encouraged to provide wages and ensure working conditions that meet the higher local industry standards.

- **Coercion, Harassment and Discipline.** The Company expects its suppliers to treat their employees with dignity and respect. Suppliers are expected to have systems in place to prevent, detect, and resolve unacceptable worker treatment such as harassment, inappropriate use of discipline, discrimination, physical or mental punishment, or other forms of intimidation or abuse (e.g., physical abuse, threat of abuse, sexual or other harassment, verbal abuse, any type of corporal punishment, or other forms of mental and/or physical coercion as a form of discipline). Note that

50 Supplier Policy at 11.
51 Id. at 7.
52 The Supplier Sustainability Policy is also publicly available at https://www.lear.com/Site/Suppliers/Supplier-Sustainability.aspx.
the Supporting Statement includes concerns about poor working conditions in the electronics supply chain.

- **Discrimination.** Suppliers must make all employment decisions based on the facts and individual merit. Suppliers shall not discriminate in their hiring and employment practices (e.g., pay/promotion) and must follow all employment laws.

- **Freedom of Association and Collective Bargaining.** Suppliers must respect their employees' right to choose to join or not to join a trade union, or to have recognized employee representation in accordance with local law. Suppliers are expected to maintain constructive dialogue and negotiate in good faith with such representatives. Suppliers shall not harass, discriminate against, or otherwise penalize workers, worker representatives, or trade union members because of their interest and/or membership in, or affiliation with, a trade union, or their legitimate trade union activity, in accordance with international labor standards.

- **Preventing Bribery and Corruption.** The Company prohibits suppliers from giving or promising to give anything of value to employees or representatives of foreign governments, governmental agencies, political parties, or to political candidates, for the purpose of obtaining or retaining business. Suppliers must conduct business with integrity and in full compliance with all applicable laws.

- **Environmental, Health and Safety.** Suppliers are expected to comply with all applicable environmental, health and safety legal requirements and prevent incidents or conditions that might result in a violation of law or otherwise endanger the environment. Suppliers must provide each employee with a safe and healthful work environment. Each supplier has responsibility for maintaining a safe and healthy workplace for all employees by following health and safety rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions as stated in the Company’s Environmental, Health, Safety, and Sustainability Policy described above. *Note that the Supporting Statement includes concerns about hazardous working conditions in the leather supply chain.*

- **Environmental and Sustainability.** The Company adopts the definition of “sustainability” as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” The Company expects its suppliers to support its sustainability mission by complying with all applicable environmental laws, rules and regulations while using resources wisely. Suppliers are expected to share the Company’s commitments by developing and implementing a sustainability program focused on using natural resources responsibly, including management of forests and water, reducing waste generation, improving energy efficiency and reducing the carbon footprint of their operations. *Note that the Supporting Statement includes concerns about deforestation in Brazil.*

- **Animal Welfare.** With respect to animal welfare, the Company requires compliance with all legal requirements and, as applicable, the Company expects its suppliers to implement industry-best policies and practices related to the ethical treatment of animals. The Company believes 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.

- **Implementation of Sustainability Standards in the Supply Chain.** The Company expects its suppliers and all subcontractors to abide by the requirements of the Supplier Policy, including identifying risks within their supply chains and taking appropriate measures to address them.

Each of the human rights risks highlighted in the Proposal and the Supporting Statement related to Lear’s supply chain are expressly identified and addressed by the Supplier Policy. In addition, the Supplier Policy contains the expectation that Lear’s direct suppliers will take measures to identify and address risks in their own supply chain.

Not only does the Supplier Policy represent a codification of the Company’s way of doing business, it also serves as a pledge by suppliers to work toward continuous improvement in all aspects of Company operations, including human rights. Through this and other policies, the Company has “established strong supplier relationships with a high degree of integrity and corporate ethics” and “communicates regularly with [its] suppliers through bulletins and conferences.”

**b. The Company has a rigorous process for selecting and monitoring its suppliers, including with respect to human rights concerns.**

The Company’s supply chain has the potential to be a source of significant risk, including risks associated with subcomponents that are of poor quality; missed shipments due to manufacturing issues, labor strikes or a supplier’s financial distress; or legal or reputational risks due to a human rights violation at a supplier. To mitigate these risks, the Company invests significant time and resources into processes to identify capable and viable suppliers that can meet the high standards set forth in the Supplier Policy and other Company requirements.

Therefore, when engaging new suppliers, the Company performs a robust analysis of, among other considerations, a potential supplier’s financial capabilities, quality assurance practices and overall ability to adhere to the Company’s comprehensive supplier requirements and guidelines, including with respect to environmental compliance, human rights and sustainability practices. In addition to the Company’s comprehensive review of potential suppliers, prior to engagement, all potential suppliers perform a self-assessment, and, based upon the results of that assessment, the Company may audit the supplier. Based on the Company’s review, its pre-engagement analysis of a supplier may also include site visits, inspections and other detailed evaluations.

In addition, the Company’s suppliers are required to be compliant with ISO 14001 (certification by a third party as to a supplier’s environmental management systems) and IATF 16949 (certification by a third party regarding a supplier’s quality management systems). ISO 14001 compliance focuses on the maintenance and improvement of environmental management systems through the establishment of annual objectives and targets (based on industry standards) and the performance of self-assessments and audits with respect to those targets. IATF 16949 compliance evaluates a company against various automotive

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industry performance indicators, including certain environmental, health and safety considerations. To be IATF 16949 compliant, suppliers must, among other things, adopt effective product change management processes, internal quality management systems, and other methods for evaluating and monitoring their performance and compliance, as well as that of their sub-suppliers. IATF compliance also requires the Company's suppliers to meet and adhere to the supplier requirements imposed by the Company's customers (e.g., the automotive original equipment manufacturers), inclusive of diversity, safety, employee engagement and community service requirements.

Once a supplier is selected and approved, the Company regularly evaluates and audits the performance and stability of a supplier using Automotive Industry Action Group standards, industry best practices (e.g., evaluating a supplier's financial viability using a third party), and internally-developed processes and metrics. Additionally, existing suppliers are subject to regular monitoring and auditing using the Company's internal risk management systems and supplier "scorecard" metrics, which evaluate suppliers for potential financial, quality or other performance risks. Each supplier's scorecard is continually updated. If any risks are identified, the Company will develop a corrective action plan to address the identified concerns. Suppliers risk losing their status as an approved Company supplier if the corrective action plan is not adhered to and successfully completed. Furthermore, suppliers who are launching a "new" product with the Company, or who provide safety critical products, are tracked and monitored via an enhanced process, which may entail, among other things, additional audits, reviews and inspections. The Company meets with its core suppliers each quarter to review, among other things, supplier scorecards, environmental and social responsibility issues, and sustainability.

As noted, Company representatives may visit supplier facilities for a variety of reasons, including the launch of a new product or performance issues at the supplier, such as poor quality, late deliveries, or financial distress. Depending on the severity and source of the issue, Company representatives may also visit the sub-suppliers of its suppliers. These visits provide opportunities for the Company to observe and evaluate suppliers along a number of dimensions, including the condition of their manufacturing facilities and processes and compliance with the Company's supplier requirements. The visits also allow the Company to monitor how suppliers treat their workforce, ensure safety of their processes and manage environmental concerns, while simultaneously providing the Company with insight into potential new risks to consider and how to remedy any potential issues.

c. The Company's contracts with its suppliers require that the suppliers comply with the Company's policies, including those pertaining to human rights.

The Company imposes obligations such as compliance with the Supplier Policy on its supply base through its contracts with its suppliers. These contracts are typically in the form of purchase orders issued by the Company to its suppliers and governed by standard and publicly available Purchase Order Terms and Conditions (the "Terms and Conditions"). The Terms and Conditions provide the Company with the ability to terminate a purchase order for breach of the Supplier Policy, which is incorporated by reference into the Terms and Conditions. The Terms and Conditions also require suppliers to comply with all laws as well as to be compliant with the ISO 14001 environmental standard. Suppliers must also ensure

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54 Id at 37.
55 The Terms and Conditions are publicly available in local languages at https://lear.com/Site/Suppliers/PO-Terms-and-Conditions.aspx.
that their sub suppliers meet these requirements as well under the Terms and Conditions. Importantly, the Terms and Conditions give the Company the ability to audit its suppliers and their sub suppliers for compliance to the Supplier Policy and other obligations under the Terms and Conditions.

The Company's interactions with suppliers are not limited to efforts to detect non-compliance with Company requirements. Additionally, the Company works with its suppliers in the spirit of continuous improvement to improve the overall supply relationship. For example, the Company has offered assistance to the tanneries that supply its leather business in developing risk assessments to evaluate the safety of their operations, including the management of chemicals. For those suppliers that participated, the Company provided risk assessment templates and reviewed supplier submissions. In addition, while the Company does not purchase from cattle ranchers, it has supported the efforts of its Brazil-based leather suppliers (1) to pursue third party verification of their traceability systems to ensure raw material from newly deforested areas does not enter the supply chain and (2) to use leading edge technology to geo-fence cattle herds in an effort to prevent deforestation. These efforts, in addition to the Supplier Sustainability Policy, demonstrate that the Company is actively working to minimize deforestation related to cattle ranching which is a concern noted in the Supporting Statement.

CONCLUSION

While the Company does not publish a "Human Rights Impact Assessment" and related report, its existing processes, policies and publicly available reports fundamentally encompass and patently address all of the objectives of such an assessment and other concerns raised in the Proposal and Supporting Statement. The Staff has permitted differences between a company's actions and a shareholder proposal if the company's actions satisfactorily address the proposal's essential objectives, even when the company did not take the exact action requested by the proponent, did not implement the proposal in every detail or exercised discretion in determining how to implement the proposal. See Wendy's Co. supra (concurring with exclusion of a proposal requesting a report describing the company's process for identifying and analyzing potential and actual human rights risks of operations and supply chain where the company's supplier policies, other company policies and public disclosures via its corporate website, as well as its enterprise risk management process, encompass such goals). Numerous other letters also take this approach. See Walgreens supra (concurring with exclusion of a proposal requesting a report "on policies the company could adopt to take additional near-term actions to reduce its greenhouse gas emissions," despite the fact that the company's existing related disclosures and report did not address the ability to make such reductions, because the company already provided environmental sustainability disclosures on its website and in a separate report); Merck & Company, Inc. (Mar. 14, 2012) (concurring with exclusion of a proposal requesting a report on the safe and humane treatment of animals because the company already provided information on its website and additional information was publicly available through disclosures to the U.S. Department of Agriculture); ExxonMobil Corporation (Mar. 17, 2011) (concurring with exclusion of a proposal requesting a report on the company's steps taken to address ongoing safety concerns because the company's "public disclosures compare[d] favorably" with the proposal guidelines); and The Boeing Co. (Feb. 17, 2011) (concurring with exclusion of a proposal requesting that the company "review its policies related to human rights" and report its findings because
the company already adopted its own policies, practices and procedures regarding human rights). See also The Procter & Gamble Co. (Aug. 4, 2010) (concurring with exclusion of a proposal requesting a water policy based on United Nations principles because the company already adopted its own water policy); Wal-Mart Stores, Inc. (Mar. 30, 2010) (concurring with exclusion of a proposal requesting adoption of global warming principles because the company had policies reflecting at least to some degree the proposed principles); ConAgra Foods, Inc. (July 3, 2006) (concurring with exclusion of a proposal requesting a sustainability report because the company was already providing information generally of the type proposed to be included in the report); and The Gap, supra (concurring with exclusion of a proposal requesting a report on child labor practices of company suppliers because the company already had established a code of vendor conduct, monitored compliance, published information relating thereto and discussed labor issues with shareholders).

The Company’s procedures for developing its sustainability strategy; identifying risks, including those related to human rights, through its enterprise risk management process; promulgating policies and publishing reports addressing these risks; and selecting and monitoring its suppliers to ensure compliance with these policies substantially implement, and, in fact, go well beyond the Proposal’s essential objective of the Proponent’s risk assessment recommendation.

Based on the foregoing analysis, we respectfully request that the Staff concur with the Company’s view and confirm that the Staff will not recommend enforcement action to the Commission if the Company omits the Proposal from its 2020 Proxy Materials.

If you have any questions, or if the Staff is unable to concur with the Company’s view without additional information or discussions, we respectfully request the opportunity to confer with members of the Staff prior to the issuance of any written response to this letter. Please do not hesitate to contact me by telephone at (312) 558-5723 or by e-mail at BToth@winston.com.

Sincerely,

/s/ Bruce A. Toth

Bruce A. Toth
Winston & Strawn LLP

Enclosures

cc: Harry Kemp, General Counsel of Lear Corporation
Mary Beth Gallagher (as agent for Sisters of the Good Shepherd NY Province)
Toni Palamar (as agent for Sisters of the Good Shepherd NY Province)
EXHIBIT A
Proposal, Supporting Statement and Correspondence
[see attached]
Mr. Harry Kemp  
Senior Vice President, General Counsel and Corporate Secretary  
Lear Corporation  
21557 Telegraph Road  
Southfield, MI 48033

Dear Mr. Kemp:

As socially responsible investors, the Sisters of the Good Shepherd NY Province look for social and financial accountability when investing in corporations. As part of our advocacy ministry, we engage corporations in our portfolios on human rights and environmental justice concerns. We participate in an initiative led by Investor Advocates for Social Justice (formerly the Tri-State Coalition for Responsible Investment) called Shifting Gears, to engage with 23 companies in the automotive industry on respecting human rights. We appreciate the dialogue we have had with you through this initiative.

We recognize Lear’s efforts to set expectations for responsible business conduct in its Supplier Sustainability Policy. However, Lear’s existing policies and disclosures do not demonstrate to investors that the company has meaningful processes in place to assess and mitigate human rights impacts in the company’s operations and supply chain. As a major supplier of leather seating and E-Systems to the automotive industry, the company is exposed to serious human rights risks associated with leather processing and electronics manufacturing. Leather production is also a major driver of deforestation, which has devastating impacts on communities and the climate.

Under the UN Guiding Principles on Business and Human Rights, companies have a responsibility to respect human rights within company-owned operations and through business relationships. Lear’s existing disclosures prevent investors from assessing the extent to which the company is meeting this responsibility or the effectiveness of current human rights due diligence processes.

In the spirit of continuous improvement, we hope to continue dialogue and offer the enclosed proposal encouraging Lear to conduct a Human Rights Impact Assessment. This assessment would strengthen Lear’s due diligence approach, which may help the company more effectively mitigate adverse human rights impacts and reduce financial, legal, and reputational risks to the company.

The Sisters of the Good Shepherd are the beneficial owners of 20 shares of Lear Corporation stock. The Sisters of the Good Shepherd have held stock continually for over one year and intends to retain the requisite number of shares through the date of the Annual Meeting. A letter of verification of ownership is enclosed.
The Sisters of the Good Shepherd therefore submit the enclosed shareholder proposal requesting a Human Rights Impact Assessment. We submit it for inclusion in the proxy statement in accordance with rule 14-a-8 of the general rules and regulation of the Securities and Exchange Act of 1934.

Please address all communication regarding this resolution to Mary Beth Gallagher, Executive Director of Investor Advocates for Social Justice located at 40 South Fullerton Ave, Montclair, NJ 07042, email address: mbgallagher@iasi.org and phone number (973) 509-8800. Please also copy Toni Palamar at toni.palamar@nygoodshepherd.org. We look forward to constructive dialogue with you and your colleagues about these concerns.

Sincerely,

Toni Palamar
Province Business Administrator
Sisters of the Good Shepherd NY Province
Resolved: Shareholders request that Lear Corporation (Lear) publish a report, at reasonable cost and omitting proprietary information, with the results of a Human Rights Impact Assessment examining the actual and potential human rights impacts of the company's high-risk business activities in its operations and value chain.

Whereas: Lear is a leading supplier of seating and electrical power management systems (E-Systems) to the automotive industry. Lear's global footprint encompasses 261 facilities in 39 countries, including 145 manufacturing sites in 22 "low cost countries." \(^1\) Lear manages complex extended supply chains for raw materials, which may lack transparency and accountability. Business relationships in regions with weak rule of law, corruption, conflict, or poor worker protections may expose Lear to significant human rights risks.

Lear does not disclose its high-risk sourcing countries and commodities or the salient human rights risks in its operations and value chain.

The leather supply chain includes livestock raising, cleaning and trimming of hides, tanning, and final manufacturing. Child labor, forced labor, and hazardous working conditions are well documented in cattle ranching, particularly in Brazil. \(^2\) Clearing land for cattle pastures is the primary driver of deforestation, accounting for 80% of forest loss in the Amazon. Deforestation also contributes to displacement of indigenous peoples, violence against human rights defenders, and climate change. Lear is one of the top 20 companies with significant market leverage to reduce deforestation in Brazil. \(^3\)

Lear may source leather from countries such as Bangladesh, Pakistan, and Vietnam, where leather may be processed under conditions of child labor. \(^4\) Workers and communities also face exposure to hazardous materials and chemicals, such as chromium used in leather tanning, that may cause respiratory illnesses or cancer. \(^5\)

Lear also faces human rights risks in its operations. The labor-intensive assembly of E-System products takes place in countries with low wages and risks of poor working conditions. \(^6\) Lear has many E-Systems facilities in China, where forced labor and child labor risks are present in electronics manufacturing. \(^7\) Lear cites risks of labor disputes in its plants. For example, Lear fired a whistleblower and threatened

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\(^1\) [Link to Lear's report](http://ir.lear.com/static-files/b892dd63-41ac-4966-9c29-1147d576acb1)


\(^3\) [Source](https://medium.com/global-canopy/tackling-deforestation-risk-in-brazilian-cattle-exports-20-key-companies-in-china-327eb592bba)

\(^4\) [Source](https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods)


\(^6\) [Source](http://ir.lear.com/static-files/b892dd63-41ac-4966-9c29-1147d576acb1)

\(^7\) [Source](http://ir.lear.com/static-files/b892dd63-41ac-4966-9c29-1147d576acb1)

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and harassed employees at its Selma, AL plant who spoke to federal investigators about health and safety concerns.\(^8\)

Lear has a Supplier Sustainability Policy and Code of Business Conduct and Ethics, but investors and customers are unable to evaluate the extent to which these policies address its most salient risks. Lear also lacks a No Deforestation policy.

Lear may face legal, reputational, competitive, and financial risks if the company fails to effectively assess and manage its human rights risks, such as the risk of enforcement actions by U.S. Custom and Border Protection that interfere with business continuity.

Under the UN Guiding Principles on Business and Human Rights, companies have a responsibility to respect human rights within their operations and throughout their value chains by conducting due diligence to assess, identify, prevent, mitigate, and remediate adverse human rights impacts.

November 27, 2019

Sisters of the Good Shepherd
New York Province
25-30 21st Avenue
Astoria, New York 11105

Re: account ending***

Dear Ms. Palamar,

This letter is to confirm that as of November 26, 2019, the Sisters of the Good Shepherd held 20 shares of Lear Corporation (LEA) common stock for greater than one year.

As always, if you need anything else, please do not hesitate to let me know.

Sincerely,

Jennifer M. Nolan
Senior Vice President
Senior Financial Advisor

Encl

We are providing the above information as you requested. The information is provided as a service to you and is obtained from data we believe is accurate. However, Merrill Lynch considers your monthly statement to be the official documentation for all transactions.
EXHIBIT B

2019 Sustainability Report

[see attached]
HELPING PEOPLE
AND OUR PLANET

PROSPER TOGETHER

LEAR SUSTAINABILITY REPORT
on Environmental, Social, Governance (ESG) and Corporate Responsibility
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ESG AND CORPORATE RESPONSIBILITY
MESSAGE FROM OUR CEO

Sustainability.

What does it mean? In its simplest form, it's the ability to maintain a certain level of performance. That's not a very high bar in the business world, where we're always working to exceed expectations. But when you think of sustainability in an ecological sense, it means maintaining a balance in all of our natural resources, from raw materials to water to the air we breathe. From a people perspective, it means satisfying the needs of the present without adversely affecting future generations. These are much more challenging goals.

Widening our gaze helps us realize that businesses not only have a responsibility to earn profits, but to support the people who are part of our human family as well as the planet we all share. As a Fortune 500 company with 361,000 employees around the world, everyone at Lear can make an impact.

And we are. The same passion that drives our technological innovations and operational excellence is finding creative ways to use recycled raw materials, develop recyclable products, reduce energy and water use, and work with our suppliers to do the same. Through Lear's Operation GIVE, our employees are improving economic well-being, educational preparedness and environmental vitality to help people around the world thrive in their daily lives.

Working together with customers, suppliers, employees and communities, we are one human family dedicated to protecting the environment, supporting our communities and sustaining economic prosperity for everyone's benefit.

I invite you to learn more about our efforts in this report. Every year, we are doing more. And we are committed to continuing the journey because, quite simply, it's the right thing to do.

I want to personally thank everyone at Lear for making an impact. Your passion for sustainability—in prosperity, people and the planet—is driving possibilities for future generations.

Sincerely,

Ray Scott
President and Chief Executive Officer

lear.com/Site/CSR
ALIGNING WITH GRI STANDARDS

In 2019, we conducted our first materiality assessment to further refine our corporate responsibility strategy and align it with the environmental, social and governance (ESG) topics that impact our stakeholders.

Internal stakeholders and our environmental, health and safety (EHS) team reviewed common ESG topics recommended by the Global Reporting Initiative (GRI) Disclosure Standards and identified those that we believe are the most important to our organization and stakeholders. We have used this review, along with engagement with key sustainability team members, to help develop the content of this report.

In addition, we have disclosed our material topics in accordance with the GRI Standards framework, wherever feasible. Please refer to our GRI Content Index for an overview of our GRI alignment and complying report content.

2018 Report
The data presented in this report covers all manufacturing and production facilities within Lear's operational control for calendar year 2018. The majority of 2017 and 2018 environmental data and metrics have been reviewed by an external partner in preparation for a formal third-party assurance process.

Upcoming Reports
Lear has historically reported our sustainability performance and progress on an annual basis. As a result, we currently plan to release our next Sustainability / Corporate Responsibility report in 2020.
THIS IS LEAR

Lear is a global automotive technology leader in seating and electrical and electronic systems. Our world-class products are designed, engineered and manufactured by a diverse team of talented employees around the world. Lear's world headquarters are located in Southfield, Michigan, USA.

Our roots were firmly planted in 1917 when we built tubular-welded and stamped assemblies for the automotive and aircraft industries. Learn how Lear has grown and expanded for more than 100 years.

Today, we're transforming the way people think about transportation. Watch how our employees' passion drives possibilities.

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

The Three Pillars of Sustainability

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

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

Sustainability is not just a good idea. It's a way of doing business. Our top EHS executive directly oversees Lear's multi-faceted approach to our sustainability efforts, including policies and procedures, communications, data management and reporting, and projects and initiatives.
"Like operational excellence, sustainability is a journey of continuous improvement—a constant effort to exceed our goals and raise the bar. In addition to aligning our reporting with international independent standards from the GRI, this year we collected more data on our ESG and corporate responsibility efforts. We are pleased with our progress."

Jack Nunes
Vice President of Global ESG
SUPPLIER SUSTAINABILITY

As an automotive supplier of choice, we have suppliers, too. We expect them to share our commitment to sustainability and ethical conduct. We have established strong supplier relationships with a high degree of integrity and corporate ethics. Lear communicates regularly with our suppliers through bulletins and conferences.

Online Resources

Lear's online Supplier Portal provides the companies that work with us with valuable resources, including our:

- **Global Requirements Manual for Suppliers**, which outlines our purchasing, quality, operations, environmental and records rules.
- **Supplier Sustainability Policy**, which addresses issues such as legal compliance, human rights, child labor, forced labor and human trafficking, wages and hours, working conditions, harassment and discipline, discrimination, freedom of association and collective bargaining, bribery and corruption, the flow of funds to armed groups and conflicts, environmental sustainability, animal welfare, and the implementation of sustainability standards in the supply chain, including the responsible management of water and forests. This includes our right to audit and ensure compliance.
INDUSTRY ASSOCIATIONS

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

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

**Responsible Minerals Initiative (RMI)**
- Minerals Reporting Template Work Group
- Smelter Engagement Team
- Due Diligence Practices

**Suppliers Partnership for the Environment**
- Founding Member
- Executive Steering Committee
- Work Group Officer
- EHS Forum Co-Chair

**Original Equipment Suppliers Association (OESA)** and the Motor & Equipment Manufacturers Association (MEMA)
- Environmental, Health & Safety Council
- Legal Issues Council
- Communications Executive Council

**Manufacturers Alliance for Productivity and Innovation**
- Base Member
ENVIRONMENTAL STEWARDSHIP
Our Environmental Management System (EMS)

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

Worldwide, more than 95% of our manufacturing facilities as well as our corporate headquarters are certified under the internationally recognized ISO 14001:2015 environmental standard. The certification process is detailed and demanding but provides a valuable framework to ensure that we comply with laws and regulations, minimize our impact on the environment and focus on continuous improvement. New facilities are required to earn certification within one year of acquisition or starting production. Lear collects monthly energy, waste and water data (volume and cost) in multiple ways. Plants upload electric power and natural gas invoices into an online central database system provided by a leading environmental data management firm. Plants enter other fuel data (such as propane, diesel, fuel oil and coal) and waste data (in more than 100 waste categories) into this system each month. The data is aggregated and reviewed quarterly by each business unit/division, region and the corporation as a whole to determine energy, water and waste reduction performance, and identify further opportunities for improvement.

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

Data Management & Integrity

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

During 2018, Lear completed a gap analysis and began a comprehensive data review process with an external partner as a step toward certification from a third-party data assurance resource. We currently expect to complete this process in 2020 and look forward to refining our data management systems in future years.

See the Appendix for examples of Lear's data management and integrity platforms.
ENVIRONMENTAL GOALS

Key Metrics & 2020 Goals Compared with 2013 Baseline Levels

Since 2013, Lear has reduced energy use, greenhouse gas (GHG) emissions and water use while increasing our recycling.

Energy Use | GHG Emissions | Recycling | Water Use
---|---|---|---
15% | 15% | 20% | 10%
Reduction MWh/Labor Hours | Reduction /Labor Hours | Increase /Labor Hours | Reduction gall/Labor Hours

New 2030 goals to be established

Annual Incremental Goals

In 2019, Lear intends to reduce energy use by 1% at each plant – saving about 140,000 MWh globally. In addition, we plan to reduce water consumption by 3%, saving 5.1 million gallons. That's enough water to fill 127,500 average-sized bathtubs. Our goals for 2030 will be established and published in a future sustainability report.

Energy Use | Water Use
---|---
1% | 3%
Absolute Reduction over 2018 CY | Absolute Reduction over 2018 CY

Water Use Reduction Target

We met our 10% reduction goal for 2018 and 2013, at which time we issued a 2020 goal for an additional 10% water use reduction over our 2013 baseline.

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

Water Withdrawal Scarcity Risk Target

As one of its many sustainability goals, the World Resources Institute (WRI) is working to mitigate global water risks by mapping and measuring water-stressed regions. Based on a water risk assessment completed recently, Lear is setting site-specific targets for our plants located in the water scarcity areas of the world.

Carbon Disclosure Project (CDP) Reporting

The CDP (formerly known as the Carbon Disclosure Project) allows companies to benchmark their progress toward environmental stewardship against their peers. Our score is compared with companies from similar regions and sectors. Lear has reported our annual CDP Climate Change data to customers since 2011 and to investors, members and signatories to the CDP since 2014. We currently report our water data results to customers, and water and forest data to investors.

View our Climate Change CDP Score Report and our Water Security CDP Score Report in the Appendix.
ENERGY REDUCTION ACTIVITIES

Lear's global continuous improvement teams use lean manufacturing processes to identify energy and waste reduction projects, track progress and share best practices. In 2018, more than 100 energy efficiency projects reduced electric energy consumption in production, facilities and maintenance. For example, our teams are:

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

In 2017, Lear achieved its 2020 goal of 15% energy reduction over 2013 baseline energy use (normalized to labor hours). Total energy consumption in 2018 was 1.4 million MWh.
RENEWABLE ENERGY

Renewable energy, also known as green energy, is energy taken from sources that are naturally replenished, such as wind, solar and geothermal. Several countries have electric grids that supply electric power generated from renewable sources such as solar thermal energy, geothermal energy, landfill gas, wind turbines and low-impact hydro power. Lear estimates that renewable energy used by our plants globally is less than 15% of the primary energy consumed at our plants.

Standards, Methodologies, Assumptions and Calculations used for Energy and GHG Emission Calculations

Activity data utilized in the preparation of Lear's energy and greenhouse gas inventory was based on billed utility data and other consumption and usage records. Emissions reported by Lear were calculated consistent with the methodologies set forth in the GHG Protocol: Corporate Standard.

Emission factors applied for Scope 1 emissions for fuel combustion were sourced from the Climate Registry 2018 General Reporting Protocol – USA Industrial.

Scope 2 emissions for electric power consumption were sourced from a combination of International Energy Agency (IEA) CO2 Emissions from Fuel Combustion 2018 (Year 2016 data) and US EPA EGRID 2018 (with 2016 data).

100-Year Global Warming Potentials (GWP) from the Fourth Assessment Report (AR4) published by the IPCC were utilized to convert emissions to CO2 equivalents.

<table>
<thead>
<tr>
<th>2018 Global Energy Use by Fuel Sources</th>
<th>Global Energy Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Gas (31% &amp;</td>
<td>0.0050</td>
</tr>
</tbody>
</table>
DECREASING GREENHOUSE GAS (GHG) EMISSIONS

Greenhouse gases (GHG)—such as carbon dioxide (CO2) — trap heat and make the planet warmer. According to the U.S. Environmental Protection Agency, burning fossil fuels for electricity, heat and transportation is the largest source of GHG emissions from human activity.

A key component of Lear’s sustainability strategy is reducing the GHG emissions from our plants around the world. Although growth through acquisitions and new facilities creates challenges, our continuous improvement in energy efficiency will help us achieve our goals.

Lear participates in two data collection efforts to measure our progress:

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

Having already met our 2018 goal in 2013, we have re-established a new baseline in 2013. In 2018, Lear achieved a 6.5% reduction over 2013 baseline emissions normalized to labor hours.

We achieved an 11.8% reduction in GHG emissions per labor hour in 2018 when compared with 2017.

Lear intends to reduce GHG emissions another 10% by 2020. We plan to re-establish a new baseline and set new 2030 targets for GHG emissions reduction in the near future.
In alignment with the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol, Lear's GHG emissions are categorized into two scopes: direct and indirect GHG emissions.

- **Scope 1: Direct GHG Emissions**
  In 2018, Lear's direct GHG emissions totaled 111,855 metric tons of CO2e*. This includes emissions from sources that are owned or controlled by the company, such as emissions from combustion in company-owned or controlled boilers, generators and furnaces, and emissions from other mobile internal combustion equipment.

- **Scope 2: Indirect GHG Emissions**
  Lear's 2018 indirect GHG Emissions were 390,493 metric tons of CO2e. This includes GHG emissions from the generation of electricity purchased (or otherwise brought into the company) and consumed by Lear's operations.

*CO2e (carbon dioxide equivalent) is a standard unit for measuring carbon footprints. It describes different GHG emissions in terms of the equivalent global warming impact of CO2.

In 2018, two thirds of the emissions generated at our plants were from electricity, which are indirect GHG emissions. The chart below provides more specific information about how our GHG emissions are generated based on the type of fuel. An operational control approach for fully consolidated facilities is used for reporting boundaries.
More than 70% of the earth is covered with water, but only 0.5% is consumable. As a finite resource, water scarcity is increasingly threatening many parts of the world, especially as global demand rises from growing populations, economic development and the impact of climate change.

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

### Water Conservation Projects

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

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

### Water Risk Assessment

Lear recently completed a water risk assessment of all facilities using the WRI Aqueduct Tool. We assessed water risks in our direct operations at the asset level for all of our production facilities. Along with Aqueduct's standard outputs, we considered water withdrawals/consumption, water quality, site-specific regulatory risk and other factors in our overall assessment of each facility. Among other factors, this tool calculates an indicator called Baseline Water Stress (BWS), which is the ratio of total annual water withdrawals to total available renewable supply. Overall water risk was calculated based on physical risks, water quality, and regulatory and reputational risks. We used Aqueduct to determine which specific risk factors are causing water stress for specific regions and facilities. In this way, we endeavor to create a comprehensive water risk management plan that operates on a region and site-specific basis.

As shown in the map generated as part of the Water Risk Assessment, more than 50% of Lear facilities are located in the low water stress regions. To formulate water efficiency initiatives and goals, Lear is developing a plan to further assess actual water consumption/water withdrawals at each of these facilities, the water needed for current and future site-specific operations, and the amount of wastewater discharged.
Most of the water Lear uses is from municipal sources. When these supplies are not enough, we use water sources such as groundwater. However, we are reducing our use of both of these sources. Lear does not directly use water from lakes or rivers. We use small amounts from processed water such as bottled sources and bulk supplies.

BY-PRODUCT MANAGEMENT

The most environmentally resourceful, economically efficient and cost-effective way to manage waste is not to create it in the first place. Lear's by-product management program is based on the reuse, reclaim, recycle and redesign concept. Lear minimizes waste through several programs aimed at:

- Redesigning products and/or changing production processes to prevent the creation of waste
- Tracking and reporting by-product volumes and costs at each facility via a third-party management program
- Rolling out a global Zero Waste to Landfill initiative to encourage recycling, promote composting and eliminate production waste discarded in landfills
- Segregating materials for recycling in production and non-production areas

2018 Water Summary

- Municipal Water: 69.02%
- Groundwater: 20%
- Processed Water: 5.87%
- Other Water Sources: 5%

Total: 1,550,818,770 gallons

2018 Waste Data

- 1,756,364 Metric Tons Total Waste
- 673,918 Metric Tons Total Non-Hazardous Waste
- 1,082,446 Metric Tons Total Hazardous Waste
- 1,756,364 Metric Tons Total Recycled Waste
CORPORATE RECOGNITION

Michigan Clean Corporate Citizen Certificate of Recognition

Every year since 2005, Lear’s corporate campus has been awarded the Michigan Clean Corporate Citizen Certificate of Recognition. The Clean Corporate Citizen (C3) program honors regulated establishments that have demonstrated environmental stewardship and a strong environmental ethic throughout their operations in Michigan. The voluntary C3 program recognizes performance in environmental management, pollution prevention and environmental compliance.

Michigan Business Pollution Prevention Partnership

Our corporate campus was once again recognized for environmental stewardship through the Michigan Business Pollution Prevention Partnership (MBP3). Developed jointly by the business community and state government, the MBP3 program is managed by the Michigan Department of Environmental Quality’s Office of Pollution Prevention and Compliance Assistance. The Partnership promotes cost-effective, innovative techniques that reduce waste. Source reduction is the key to sustainable business along with reuse and recycling efforts.

Clean Industry Certification

The Mexican Federal Environmental Protection Agency (PROFEPA) awards Clean Industry Certification to facilities that demonstrate satisfactory accomplishment of legal requirements for environmental protection. Currently, 92% of Lear’s 39 plants in Mexico have achieved Clean Industry Certification.

Gawad Tugas Award Presented in the Philippines

In addition to earning certifications, our employees are earning awards for protecting the environment. The Lear Philippines Engineering and Technology Center received the Gawad Tugas Award from the Philippines’ Department of Environment and Natural Resources for its long-sustained biodiversity projects. Our team’s hands-on biodiversity project is helping to preserve the endangered flying fox and cinnamon tree in the southern Cebu rainforest.
ONE PLANET. ONE LEAR.

As part of the human family, we share one planet. It is our responsibility to protect the environment for today's generation as well as generations in the future.

As employees at Lear, we are one family. Working together, we are making a positive impact on the planet. Here are just a few examples.

EARTH DAY, EVERY DAY GLOBAL

Even a 1% effort can add up to a big environmental impact when we work together. Our corporate-wide 1% One Planet, One Lear campaign provided valuable tips for simple energy-saving measures. In our plants, employees standardized shut-down processes, employed proactive maintenance, improved distribution of compressed air, and installed lighting timers, occupancy sensors and programmable thermostats. As individuals, employees were encouraged to use the stairs instead of elevators, run monitors on low power, go paperless and turn off lights and equipment when not in use.
GREEN TEAMS

USA

Our first Green Team in Southfield, Michigan, is working to create a culture of sustainability, reduce Lear’s environmental footprint, and coordinate environmental and social responsibility projects. Our Global Sustainability Team provided training and guidance to help volunteers create awareness and positively change behaviors. Local projects included food waste awareness campaigns and volunteer opportunities at food pantries. Our cafeterias are offering more environmentally friendly food service items and containers, and employees are optimizing their recycling efforts. Lear plans to begin a global rollout of Green Teams throughout the company, formalizing efforts already taking place across the globe.

BIKING TO WORK REDUCES EMISSIONS

CZECH REPUBLIC

Team members in Vyskov walk and bike to work to help reduce emissions in their city and promote healthy lifestyles. In addition to servicing bicycles for free, the company presented awards to the employees and teams who chose a zero-emissions commute. Lear’s efforts won an award for the company as well, first place in the Best Cycles Employer for the Brno area. Together, Lear employees logged 10,938 km by biking and walking to work, eliminating 1,314 kg of CO2 emissions.
ENVIRONMENTAL PROTECTION THROUGH REFORESTATION

PHILIPPINES

For the third consecutive year, employees from our Lapu-Lapu and Gabiilla plants and our Central Office volunteered to plant 2,500 mangrove seedlings. Consistent with Lear’s commitment to protecting forests, the effort helps sustain the area’s biodiversity and supports the livelihood of some local farmers who harvest the seedlings from mature mangrove plants. After planting, the volunteers cleaned the area by picking up plastic waste and debris brought in by the tides. Employees also helped replant 2,500 seedlings of native fruit-bearing trees in a watershed forest reserve. The seedlings were purchased from local foresters, providing them with income as a positive incentive to prevent destructive activities such as logging and charcoal production.

SMART WASTE SOLUTIONS

RUSSIA

In Nizhny Novgorod, employees collected cardboard, plastic folks and fabric material residuals to reduce the environmental impact of their operation. More than 100 tons of these materials, previously destined for landfills, are now recycled.
CLEANING UP THE WORLD

BRAZIL

Employees from our facility in Navegantes joined the Cleaning Up The World project, coordinated by the Municipal Foundation of Environment. About 50 volunteers and their families cleaned the beach and sidewalks in the city’s central square. More than 1,460 kg of electronic materials, plastic, cardboard, tires, glass and various metals were collected and separated between recyclables and non-recyclables.

“We believe that the actions practiced today will be a reflection of tomorrow, so we must stop being spectators and make a difference.”

Eric Luis Gomes Passos
EMS Technician

"LET'S DO IT, ROMANIA!" ENVIRONMENTAL ACTION

ROMANIA

Lear employees and family members from our Pitesti and Campulung plants joined the "Let's Do It, Romania!" country-wide environmental action day, helping to collect more than 200 kg (440 pounds) of debris and waste. Our lasi plant also dedicated three hours to clean up a wooded area, filling about 200 trash bags with garbage weighing about 2,000 kg (4,400 pounds).

View more examples of how Lear's making an impact around the world.
ECONOMIC PROSPERITY
GREEN TECHNOLOGY HELPS
DRIVE ECONOMIC PROSPERITY

A Win-Win Strategy

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

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

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

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

Our Track Record of Responsible Economic Prosperity

Lear is ranked #147 in the Fortune 500. We design, engineer and manufacture world-class automotive seating and electrical distribution system products for more than 400 nameplates built by every major automaker in the world. Our success provides 161,000 employees around the world with income to support their families and drive prosperity in their local communities.

Lear operates through two business segments:
- E-Systems
- Seating
LIV

Lear Innovation Ventures (LIV) is accelerating the pace of innovation and collaboration around autonomous, connected, electrified and shared mobility trends.

Started in 2018 and announced in January 2019, LIV is investing in advanced development teams, partnerships and early-stage technologies by working with venture capital firms, accelerators and incubators.
E-SYSTEMS

Products

Electrification and connectivity are two megatrends driving the future of mobility. E-Systems is a global leader in developing complete electrical distribution systems for the automotive industry.

We integrate industry-leading electrical distribution systems, software, electronics, cybersecurity expertise, and precise vehicle positioning for more electrified and connected vehicles. Our electrical distribution systems include wire harnesses, terminals, connectors, and power distribution boxes, designed to reduce weight, complexity, and total system cost. Our advanced power management solutions for highly-electrified vehicles also allow vastly more efficient mobility.

Learn more about our E-Systems Products.

Green Technology

Lear has developed a roadmap to find and use alternative materials in our products. What had once been considered waste is now becoming raw material. In some cases, creative use of natural materials is providing better benefits than traditional sources. As shown below, we are continually searching for new methods and materials to meet our future sustainability goals.

Wireless Charging... for Your Car

Automakers must meet stringent fuel economy and emissions standards. Consumers are seeking environmentally responsible, high-value transportation choices. As a result, hybrid, plug-in, hybrid-electric, and electric vehicles are gaining interest.

Easy charging solutions help speed consumer acceptance of electric vehicles. With Lear's innovative wireless charging systems, there's no need to plug in. Just park the vehicle over a charging pad. Charging efficiency can be over 90%, helping the adoption of electric vehicles take a significant step forward.

Using Nylon Fabric Waste for Harness Coverings

We use nylon fabric waste from our Guilford Performance Textiles division to make fabric-based covering with a hook and loop closure for a specific family of wire harnesses. The fabric solution reduces waste, reduces abrasion and can be used multiple times. Introduced in 2018, we plan to use the solution in other applications.

Making Plastic from Wood-based Bio Waste

Lear's Bio-Polypropylene is made from sawdust and wood shavings as a filler in a polypropylene plastic, replacing synthetic fillers like talc and glass fibers. The bio-filler is lighter, resists chemicals and mold, offers greater impact strength, and mimics catalysis, costs less than chemical fillers. Using the new plastic, we have designed four prototypes for use in boxes and covers for several car lines in North America and Asia.
SEATING

Products

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

SoyFoam™ Drives Sustainability

Our first-to-market, award-winning SoyFoam technology uses U.S. sourced raw materials derived from soybean oil instead of petroleum. In production since 2007, SoyFoam reduces carbon use a net 5.5 kg for each kilogram used, creates four times less smog and requires 50% less conversion energy to produce. The 100% renewable resource is available globally and is more cost-stable than petroleum.

For more than 10 years, Lear has established a continuous partnership with the United Soybean Board (USB) to help develop and incorporate soy-based renewable materials into our products. Lear continues to research and improve the use of soy-based materials in our products on a global scale.

- In 2018, 1.3 million pounds of soy-based materials were used in manufacturing Soyfoam (U.S. sourced).
- CO2 use has been reduced by over 20 million kg in the last 5 years of Soyfoam implementation.
- Lear celebrated the 10-year production anniversary of the first Soyfoam automotive seat in 2017.
- in the past 10 years, Lear reduced volatile and semi-volatile organic compounds by 50%
**VOCs Decreased 50%**

Lear has achieved 50% reductions in volatile and semi-volatile organic compounds (VOCs and SVOCs) emissions through in-house formulations. To decrease emissions, we have worked with our suppliers to implement the latest technologies, including cleaner polyols and isocyanates, reactive catalysts and surfactants, and aldehyde scavengers. Lear has dedicated substantial resources to further our ability to analyze and develop lower-emission materials.

Reducing Waste

At our soft trim plants, environmental stewardship is part of our business model. Our Alfreton, United Kingdom facility has achieved zero-solids-to-landfill performance since 2016. All waste is either recycled, repurposed or sold for alternate uses. Our Kennesville, North Carolina facility has plans to achieve this same level of performance in 2019. In China, our new facility has been built with conservation in mind, using 25% less water through internal recycling.

In our leather plants, all of our coatings are water based, greatly reducing VOC emissions from our facilities. Nearly 80% of our finishing operations employ roll coating which reduces coating waste to approximately 5% compared with the 30% waste of tradition finishing.

In E-Systems, we replaced bubble wrap packing with expendable protection sleeves made from scrap fabric waste generated at trim plants to package wire harnesses. We expect to use 13,750 pounds less plastic bubble wrap per year.

Using Sustainable Materials

Since some customers require up to 25% recycled fiber, we have developed technical and supply chain solutions to build recycled content into all of our soft trim products. Some products can be made exclusively from recycled material, and our natural fiber solutions utilize 100% bio-based/renewable fibers in their design.

Our leather products are more than 85% bio-based. Originating from plant sources such as soybeans, a significant amount of our raw materials is renewable. We also use a number of repurposed materials from the food industry and strive to achieve higher bio-based content.
Seats play an integral role in reducing overall vehicle weight to improve fuel efficiency and, in turn, reduce emissions. Lear partners with OEMs to engineer lightweight structures that deliver performance, safety and functionality.

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

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

<table>
<thead>
<tr>
<th>Emission Savings Due to Reduction in Steel Savings from Advanced Engineering</th>
<th>Emission Savings from Transportation of Advanced Engineered Seats (Reduced Weight)</th>
<th>Emission Savings with Contributions to Fuel Economy Due to Seat Weight Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Mass Saved (metric tons): 256,500</td>
<td>Steel Mass Saved (metric tons): 256,500</td>
<td>Steel Mass Saved (metric tons): 256,500</td>
</tr>
<tr>
<td>CO2 Savings (metric tons): 384,000</td>
<td>CO2 Savings (metric tons): 51,000</td>
<td>CO2 Savings (metric tons): 175,000</td>
</tr>
</tbody>
</table>

**Total Indirect GHG Emission Savings from Optimization of Seat Weight = 610,000 metric tons**

Emission savings are projected for 15 years. Emission savings from 2019 model year seat design over 2011 model year seats. Based on approximately: 2 million SUV/CUV/PU Seats; 3.6 million 3rd Row Seats; and 8.1 million Sedan Seats.


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**LEARN SUSTAINABILITY REPORT 33**

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**LEARN SUSTAINABILITY REPORT 33**
MAKING AN IMPACT

Lear's ImpACT brand features a diverse product portfolio of natural, renewable, recycled and zero waste materials for our customers. Through our vertically-integrated business structure, our holistic solutions maximize performance while addressing future environmental needs.

Natural and Renewable Surface Materials

- **Responsible leather** is a natural and renewable resource that is inherently durable and cleanable. A by-product of the meat industry, using leather reduces waste in landfills.
- **Natural tanning** uses up to 100% natural and renewable ingredients from responsibly harvested extracts instead of chromium.
- **Natural plant fiber** is a breathable, moisture absorbent alternative made from renewable content.

Recycled and Zero-waste Solutions

- **Recycled polyester** is derived from post-industrial or post-consumer polyethylene terephthalate (PET) waste, recycled into polymer and spun into yarn. Every pound of recycled yarn conserves 0.5 gallon of fossil fuel.
- **Ocean waste yarn** is a by-product of the fishing industry. About 5.25 trillion pieces of plastic debris pollute the ocean. One pound of gathered ocean waste produces one pound of yarn.
- **3D knitting** minimizes or eliminates conventional trim methods, reducing waste in the cutting process to zero and decreasing polyurethane foam foundation.
- **Trim fasteners** have been converted to recycled plastic in Europe. We are working to implement the technology around the world.
- **Bio-degradable delivery bags** made from potato starch are being investigated as a solution to replace plastic delivery bags.
- **Bio polyols** derived from vegetable oils are being considered as raw materials for rigid seating foam, replacing polyurethane.
- **Suede** to replace the current polyurethane impregnation process could aid in easier end-of-life separation.

Green Design Technologies

- **Comfort coring** optimizes and reduces materials in areas of the seat not contacted by the occupant.
- **Late configure systems** reduce logistics and complexity through a “plug and play” modular approach.
- **Material selection** processes identify alternative materials that deliver the same or better quality during the life of the product but are recycled, reused, renewable or recyclable.
- **Parasitic systems** replace supporting architecture such as heavy harnesses and high-power active cooling systems in favor of more efficient displacement of air and localized cooling for the occupant.
- **End-of-life separation** makes recycling at the end of the product's life easier by reducing or eliminating the need to separate materials. Lear seats are designed to comply with European end-of-life requirements.
- **Sewing smaller seams** reduces seams to 6 mm in non-critical areas to save material.
LEAR'S VIRTUAL PROVING GROUNDS

Lear's Virtual Proving Grounds (LVPG) allows our engineers to optimize electrical designs in the virtual world before building physical parts for testing. Using proprietary algorithms and materials databases developed in-house, our engineers can simulate and accurately predict a system's electrical and mechanical performance.

LVPG enables us to analyze the electrical system from a holistic standpoint to deliver intelligent, optimized solutions that meet our customers' technical objectives much more rapidly than a "build and test" methodology. The process also saves valuable resources.

Learn more about our Virtual Proving Grounds.

LVPG development began in 2011 with the creation of an advanced, homegrown computer-aided engineering tool suite for wire harness design. In early 2013, we began real-world parts testing and completed our first OEM pilot program using LVPG assessment that fall. We rolled out LVPG for use on any Lear full-service awarded programs in early 2014. To date, LVPG has been utilized with five major OEM customers on more than 20 wire harness projects.
QUALITY
Delivering top-quality products requires attention to detail and constant vigilance. It isn't simply a box to check at the end of production. Quality management permeates our activities throughout the production process. It is how we operate.

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

In 2018, Lear received quality awards from many of our customers, including:
- Ford World Excellence Award for Supplier Diversity Development
- Ford Q1 Award for Lear Channel MWC
- Jaguar Land Rover Outstanding Launch and Quality Award for Lear Changshu
- GM Supplier Quality Excellence Award for Lear Philippines, Saltillo, Wells and Wentzville (8th consecutive award)
- GM Mexico Supplier Excellence Awards (3 awards)
- J.D. Power Seating Award - Luxury Market (3 awards)
- Hyundai CAQA Quality Award for Lear South America
- World Class Manufacturing Bronze-Level Award for Lear Caivano
- Volkswagen India Quality Performance Award for Lear India
- Renault-Nissan New Launch Award for Lear India

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

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

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

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

At Lear Corporation, we encourage our operational teams to Reach for Greatness and to share Best Practices to achieve operational success. We have two quality awards that we present within both Seating and E-Systems: the Culture of Quality Award and the Performance Metrics Award. The submission for the Culture of Quality Award is a four minute or less video, identifying how and what the plants are doing and have done to install a strong culture of quality. We focus on employee engagement and empowerment, quality messaging within the operational units, and how the teams are using their collective power to ensure that we meet and exceed customer and industry expectations. The Performance Metric Awards are rated based on customer scorecards, process execution and industry compliance audits. It also measures benchmark continuous improvement projects.

Confirming and Auditing Supplier Performance

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

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

Learn about our Supplier Portal and our Global Requirements Manual for Suppliers.

View Lear’s Supplier Sustainability Policy.
PRODUCT SAFETY

Lear is committed to product safety and compliance. We have instituted proactive company-wide processes to comply with every customer, legal and product regulation worldwide.

Lear has a global Potential Product Issue Resolution Process (PPRP) that is used for critical issues that impact a saleable product in such a way that a critical characteristic may not meet its required performance. It is focused on PRODUCT risk, and anyone with a Lear login can initiate a PPRP request for resolution or investigation of a potential concern. PPRP ensures appropriate quality and engineering resources are assigned to review and address potential issues.

Lear has a Global Product Compliance and Safety Committee in each business unit comprised of leaders in quality, legal and product engineering who manage concern escalation, communication and data retention.

Substances of Concern

Our product engineering teams ensure compliance with customer and legal product specifications including Global Automotive Declarable Substance List (GADSL) related material content. When designing new products, our engineers use only accepted materials and eliminate prohibited Substances of Concern (SOC) under applicable laws and regulations.

Chemical Risk Management

Lear uses the International Material Data System (IMDS) to disclose the content of every product and report the analysis of chemical content from the supply chain to our customers. As part of the automotive community, we embrace the GADSL, which monitors restricted substances beyond legal requirements.

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

Adopting sustainable development goals, championing human rights and supporting animal welfare form the foundation for our ESG and corporate responsibility efforts. Around the world, Lear employees assist a wide range of charitable organizations, contributing their time, treasure and talents to make the world a better place.

Whether building awareness or volunteering for hands-on projects, we strive to be a leader in ESG and corporate responsibility. Through programs such as Focus on the Drive, One Planet One Lear and Operation GIVE, our team members are working to minimize the impact our business activities and products have on the environment, while maximizing our value everywhere we do business.
SUSTAINABLE DEVELOPMENT GOALS

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

Learn more at sustainabledevelopment.un.org.
UN GLOBAL COMPACT

Lear is considering taking steps to align with and become a signatory to the United Nations Global Compact, an international framework for the largest corporate sustainability initiative in the world. The compact sets universal principles for human rights, labor, anti-corruption and environmental protection. Companies pledge to:

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

More than 12,000 organizations from 160 countries currently participate in the compact.
CONFLICT MINERALS

Lear uses only components made from raw materials that are extracted, transported, traded, processed and exported from validated sources, wherever practical. To ensure the people and environments where we do business are protected—even in places far from our direct supply base—Lear has developed and adopted a Conflict Minerals Sourcing Policy. Through this program:

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

Read our Annual Conflict Mineral Report.

A 5-step framework

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

www.oecd.org
HUMAN RIGHTS & ANIMAL WELFARE

Lear is committed to protecting human rights and supporting animal welfare in our local communities and within our global supply chain.

Championing Human Rights

We uphold the highest standards of ethical behavior and require compliance with all legal requirements. Lear respects and supports the United Nations Universal Declaration of Human Rights, including the right to:

- Diversity, equal opportunity and respect for employees, contractors and supply chain partners
- Dignity and social protection
- Free choice of employment
- Adequate standard of living
- Sufficient and healthy food and water
- Peaceful assembly
- Rest and leisure
- Protection from exploitation, violence and abuse

Learn more about Lear’s Code of Business Compliance and Ethics and Corporate Governance Guidelines, Code of Business Conduct and Ethics and Supplier Sustainability Policy.

Five Freedoms for Animals

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

Reporting Concerns

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

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

Oversight

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

Policies and Training

Our Code of Conduct and Compliance Policies describe our expectations in detail. New employees are introduced to the program during a thorough onboarding process. Ongoing training and certification campaigns educate employees on key compliance issues and risk areas. Salaried employees complete at least four online training sessions each year.

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

Reporting Concerns and Continuous Improvement

Employees are encouraged to report concerns via an online portal, email or phone. To maintain confidentiality, reports may be made anonymously or privately.

Any investigations and recommendations are reviewed during monthly meetings with our CCO and human resources, internal audit and legal departments. Investigations not only resolve any issues but provide opportunities for continuous improvement to ensure that everyone who works at Lear upholds our values.
FOCUS ON THE DRIVE, DISTRACTED DRIVING AWARENESS CAMPAIGN

Every day in the United States, more than 1,000 people are injured, and nine people are killed by a distracted driver. Motor vehicle crashes are the #1 leading cause of death for our children.

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

14,000+ PEOPLE SIGNED THE PLEDGE AROUND THE WORLD

8 SCHOOLS SPONSORED 22 TRAINED LEAR PRESENTERS 70 TOTAL PRESENTATIONS GIVEN IN 2018
SAFETY

Around the world, our employees follow Lear’s global safety standards. Our employees are recognized for achieving safety performance metrics, engaging in safety activities, implementing EHSS directives, developing safety innovations and transferring best practices to other facilities.

Occupational Injury & Illness Rates

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

- The **lost time injury rate** is the number of lost time injuries per 200,000 hours worked. Lear’s rate was slightly higher in 2018.
- The **total recordable injury rate** calculates the number of recordable incidents per 100 people. Lear’s 2018 rate decreased over 2017.
- Occupational illnesses and diseases are not prevalent within our company.

![Graph showing safety rates]

**Note:** The LTR and RIR includes Lear employees and contract employees, which Lear values equally.

- 96 facilities had 0 recordable injury/illness cases in 2018.
- 30 facilities achieved 1 million hours without a recordable injury/illness case in 2018.
- 157 facilities had 0 lost time injury/illness cases in 2018.
- 65 facilities achieved 1 million hours without a lost time injury/illness case in 2018.
- About 10% of Lear’s facilities are OHSAS 18001 / ISO 45001 certified. Lear is expanding the ISO 45001 Occupational Health and Safety management system to all plants by 2025.
CELEBRATING 10 YEARS WITH NO ACCIDENTS OR INCIDENTS

MEXICO

The 450 employees at Lear's Mexico Trim Operations Villa Ahumada Plant celebrated an outstanding safety record: 10 years with no accidents or registered safety incidents. During the festivities, a safety light representing the amount of days without accidents was revealed as a symbol of the plant's safety culture.

EAGLE OTTAWA THAILAND RECEIVES ZERO ACCIDENT AWARD

THAILAND

The Thailand Institute of Occupational Safety and Health presented its Zero Accident Award to Eagle Ottawa Thailand for achieving more than 7 million working hours without an accident. The Zero Accident Campaign requires confirming accident statistics and demonstrating superior occupational health and safety management.

UK SITES WIN ROSPA GOLD AWARDS... AGAIN

UNITED KINGDOM

The Lear UK Coventry plant received its fifth consecutive Royal Society for the Prevention of Accidents (RoSPA) Health and Safety Gold Award. In addition, our Redditch, England and Guilford Europe facilities celebrated their third consecutive Gold Awards. The honor recognizes performance based on 10 key criteria as well as accident, health and enforcement data.
From senior executives to new team members, Lear employees dedicate themselves to a wide range of charitable service organizations in our global communities. We are proud of our long history of community involvement. Through Operation GIVE, we continue to volunteer, support and give back to causes that benefit society and those in need.

Learn more about how Lear is getting involved in communities.
RAISING FUNDS FOR SURGERY ASSISTANCE AND FIRST AID CENTERS
ROMANIA

When a team member was diagnosed with cancer, our plant in Iasi held an autumn fair to help pay for medical expenses. Some employees cooked seasonal products for auction, while others bought the items and the proceeds were donated to help their co-worker. In addition, about 110 Lear team members—the largest team from a local company—participated in a marathon race to raise funds for the construction of five first aid centers in the city.

"We're proud that the Lear Iasi team knows how to get together for work, fun and a good cause with such great and altruistic goals."

Olga Lefter
Plant Manager

DONATING OFFICE EQUIPMENT FOR TRAINING SCHOOLS
SPAIN

Team members in Valencia donated office equipment, including 15 laptops, printers, desktop computers and monitors, to the Angel Tomas Foundation. The organization supports childcare centers, education, immigration assistance and youth camps. The equipment will be used for the Family and Labor Insertion Program, which offers training and job opportunities for young people.

ADOPT-A-BABY PROGRAM
SOUTH AFRICA

Team members in Port Elizabeth, South Africa volunteered to "adopt a baby" through the Twinkle, Twinkle Little Star Care Home. The initiative allows the Lear team to donate items to a specific child who has been abandoned, abused or neglected, or infected with HIV/AIDS or fetal alcohol syndrome. The home's mission is to nurture, love and help develop children's physical, emotional and cognitive abilities and provide a safe environment conducive to health and growth. The plant's team visited the home to personally distribute Lear's donations.
OUR PEOPLE AND CULTURE

At Lear, we are a family, unified in our shared values and goals. Our culture is built on several concepts confirmed in our day-to-day efforts. We are One Lear working to achieve mutual goals because together We Win.

Numerous programs support this philosophy, from diversity and inclusion to leadership development and education. All are based on our core values of respect and integrity. To ensure our culture actively demonstrates these values, we continuously engage our team members, asking them to help drive positive change in all of Lear’s locations around the world.

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

Our Global EHS Culture Model describes how our EHS initiatives, continuous improvement, One Lear mentality and performance management systems work together to deliver world-class EHS and operational excellence, reducing our environmental impact on the planet, decrease injuries, eliminate hazards, provide a healthy work environment and meet our overall sustainability targets.
EMPLOYEE ENGAGEMENT

One Lear: Together We Win

Lear's future success will be driven by the collective power of our people. We will only achieve the next level of excellence by working together as One Lear.

Together We Win (TWW) is a global employee engagement program focused on driving cultural change in our operations. The initiative is built around four key elements:

- Leadership
- Work Environment
- Employee Involvement
- Teaming

Together We Win unites 161,000 employees across the globe in achieving excellence based on key operations and employee engagement metrics such as quality, employee absenteeism, health and safety performance, and operational efficiency.

We've created a playbook as a tool to help leaders around the world take a One Lear approach to creating a Together We Win culture.

The Road to a “Together We Win” Culture

LEVEL 1:
- Leadership Mindset
- Clear Goal Alignment with Plant Team
- Communication Skills
- Lunch and Learns
- Team Leader Talks
- Plant Communication Events & Forums

LEVEL 2:
- Eliminate Communications between Hourly & Salaried
- Plant Facility Standards
- S5 Events
- Ergonomics (examples: awareness training, job rotations, etc.)
- HS&E 3 Fundamentals

LEVEL 3:
- Employee Suggestion System
- Kaizen Events
- Accountability Board
- Community Service Team (Hourly & Salaried)
- Food Grants & Action Plans

LEVEL 4:
- Span of Leadership (Hourly Team Leaders & Coaches)
- Crucial Conversations
- Team Based Rewards & Recognition
- Customer/Supplier Visits
- Self-Led Employee Team

12 - 24 Months

24 - 48 Months
GLOBAL ENGAGEMENT SURVEYS

In 2016, Lear investigated how to establish a robust and ongoing survey process to assess employee engagement. This kicked-off in 2017 with North American Just-In-Time (JIT) plants and soon launched globally in 12 different languages in 2018.

Since its inception, the standard and globally introduced survey has obtained feedback from more than 94,000 employees in 139 locations in 20 countries. Our goal is to deploy 65 additional surveys before the end of 2019.

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

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

Over 50% of the plants we have surveyed for TWWin have started their road to a “Together We Win” culture by implementing the Playbook Plays, a Lear-curated standard approach to training and transforming plant culture. Plays include hosting ergonomics awareness trainings, team leader talks, and implementing lunch and learns. Most of these plants take their cultural transformations a step further by hosting post-survey focus groups with their employees and developing a custom action plan to address some of the feedback collected. For example, the last trim plant in Romania has fully implemented a calendar of community services as part of their action plan.
LABOR

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

Child and Forced Labor

In accordance with our Global Labor Standards, we do not employ children under the legal age in any location. Lear does not use forced or involuntary labor of any kind or tolerate physically abusive disciplinary practices. In addition, our global purchasing terms and conditions prohibit our suppliers and their subcontractors from using any type of child or forced labor or engaging in abusive or corrupt business practices in all regions where we have operations.

Harassment and Discrimination

We are committed to providing all employees with a professional working environment, free from unlawful discrimination and harassment. We provide equal opportunity in all aspects of employment, striving to make employment decisions based on the facts and individual merit. As described in our Equal Employment Opportunity Policy and Harassment Free Workplace Policy, we will not tolerate discrimination or harassment of any kind.

Freedom of Association

It is Lear's policy not to interfere with our employees' right to freedom of association. In accordance with international labor standards, Lear does not tolerate any harassment or discrimination against workers, worker representatives or trade union members because of their interest, membership or affiliation with a trade union or legitimate trade union activity. Employees have the right to choose to affiliate or not to affiliate with legally-sanctioned organizations without unlawful interference. Where trade unions are present, Lear's policy is to deal with them fairly and conduct negotiations in a purposeful and non-adversarial manner. As noted in our Supplier Sustainability Policy, we expect our suppliers to respect their employees' right to freedom of association.

Corrupt Business Practices

We are committed to conducting business ethically throughout the world. Lear prohibits giving or promising to give anything of value to employees or representatives of foreign governments or governmental agencies, political parties, political candidates or customers to obtain or retain business.

Health and Safety

Lear provides and maintains a safe and healthy work environment for all employees. We meet or exceed applicable local standards for occupational safety and health. Learn more in our Environmental, Health, Safety & Sustainability Policy.
LABOR BENEFITS

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

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

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

- Free Employee Assistance Programs (EAP) which help with numerous personal and family issues including relationship and family conflicts, substance abuse, grief and loss, and mental health. The EAP also supports employees with information and resources to meet worklife needs such as finding childcare or elder care, home searches, college planning for dependents, vehicle purchases and home repairs. Dependent Care Flexible Spending Accounts help support families with childcare costs in the USA.
- Time off with pay to volunteer and support charitable initiatives
- 16 – 18 holidays per year, following our major customers' work schedule which includes a very generous break at Christmas
- Vacation provided in the first year of employment and progressing up to four weeks per year
- Extremely fair absenteeism policies supported by the local work team to alleviate unplanned or emergency time off
- Rewards for perfect attendance
- Overtime pay
- Wellness campaigns to support employee health
- Childcare at some locations
- Adoption services
- Banking
- Dry cleaning
- Transportation to and from work at some locations

Lear Thailand Receives Third Consecutive Labor Relations Award

Lear's Khorat plant received the national-level Excellent Establishment on Labor Relations and Welfare 2018 Award from Thailand's Department of Labor Protection and Welfare. The award is presented to companies with excellent practices in labor relations and welfare that promote value and quality in working lives. This is the third consecutive year the Khorat plant has been honored with this award.

Lear Poland Certified as a Top Employer

Lear Poland joined an elite group of Poland's best employers recognized by the Top Employers Institute, an international institution that comprehensively analyses an employer's human resources environment. To earn certification, our plant established a workplace dedicated to developing and fulfilling employee needs based on nine topics ranging from onboarding and performance management to learning and leadership development.
LEARN'S LEADING ROLE AS A GLOBAL INNOVATOR IN AUTOMOTIVE SEATING AND ELECTRICAL DISTRIBUTION SYSTEMS ENCOMPASSES MORE THAN PRODUCTS AND PROCESSES. OUR PEOPLE DRIVE OUR SUCCESS.

With 161,000 employees around the world, we are a diverse group. We value diversity and inclusion (D&I) because it makes Lear a better company. When each of us contributes our abilities and varied viewpoints, all of us benefit from growing together and developing a better understanding of our complex world. Diversity in the workforce entails valuing dimensions of gender, race, ethnicity, sexual orientation, culture, national origin, skills, age, education, military service and general life experiences.

A key element of our company's vision is being recognized as an employer of choice. We seek to recruit, hire and retain the best from every background and community around the world; ensuring we have the best talent available to maintain our competitive edge.

We also recognize that integrity and respect provide a cornerstone for all that we do. We expect both from our workforce and business partners.

Learn more about Diversity & Inclusion at Lear.

D&I Ownership

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

- Our Board of Directors reviews a pay equity analysis and reviews D&I key performance indicators annually. In addition, diverse candidate target slates are set within Lear's talent acquisition strategy and updated annually.
- Our Chief Diversity Officer (CDO) is responsible for leading our D&I efforts, which are reviewed with our senior vice president of human resources bimonthly and our CEO every month.
- Our human resources, community relations and supplier diversity departments collaborate with our CDO to coordinate efforts across functions. The team drives events, community support, training and programs to attract, retain, develop and promote diverse talent.

Minority Engagement

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

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

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

Employee Resource Groups (ERG)

Our team members are welcome to join several employee-led groups made up of individuals who share common interests, backgrounds or demographic factors such as gender, race or age. These Employee Resource Groups (ERG) give team members the opportunity to be heard, valued and engaged in driving the company’s success.

- Global Resources & Opportunities for Women (GROW) is committed to attracting, retaining, and growing female talent at Lear by promoting the positive visibility of women through community impact, an inclusive work environment and an Expect Respect culture. With over 20 global chapters, GROW has been instrumental in establishing many programs such as on-site drug addiction and domestic violence counseling for female employees and medical care for pregnant women in Mexico, and mentoring and assistance for future moms and dads in South America.

- Lear Young Professionals (LYP) is dedicated to helping all young professionals develop professionally and personally. LYP provides networking opportunities within Lear and the surrounding community, and support for on-boarding, engaging, developing and retaining young professionals.

- Lear African Ancestry Network (LAAN) helps attract, retain and develop Lear employees of African descent to support an inclusive work environment. LAAN highlights recruiting, support and volunteer service to drive community impact and awareness among African Ancestry populations. LAAN was established in 2019.

- Lear Indian Origin Network (LION) seeks to attract, retain and grow professionals of Indian origin to drive an inclusive work environment for the success of the Lear business. LION members aim to engage in outreach events and make a positive impact on all the communities around Lear. LION was established in 2019.
EMBRACING DIVERSITY

LGBTQ Support

Lear has earned a 100% score on the Human Rights Campaign’s Corporate Equality Index in 2017 and 2018. We support the lesbian, gay, bisexual, transgender and queer (LGBTQ) community as a corporate member of the Detroit Regional LGBT Chamber of Commerce, corporate sponsor of the Ruth Ellis Center and community partner for the 2018 GLAAD Campus Ambassador Program. Through our U.S. benefit program, we also offer same-sex spousal and partner benefits, transgender-inclusive benefits and adoption benefits.

Supplier Diversity

Our D&I efforts also extend to our suppliers and the local community. Lear is a corporate member of more than 10 diversity partnerships including the National Minority Supplier Development Council (NMSDC), Michigan Minority Supplier Development Council (MMSDC), Women’s Business Enterprise National Council, and Gay and Lesbian Chamber of Commerce. No potential supplier is precluded from consideration on the basis of race, color, religion, sex, age or national origin. Suppliers are expected to understand and comply with Lear’s Code of Business Conduct and Ethics.

Expect Respect

At Lear, we expect all employees and supplier partners to respect each other. Our global Expect Respect campaign promotes our anti-harassment, nondiscrimination and zero-tolerance for retaliation policies as well as complaint reporting resources. The campaign provides tailored online training plus global toolkits for plant training with hourly employees.

Lear Named Best Place to Work for LGBTQ Equality, Scores 100% on Corporate Equality Index

Lear was named one of the Best Places to Work for LGBTQ Equality by the Human Rights Campaign (HRC) Foundation, receiving a perfect 100% rating for workplace equality on the 2018 Corporate Equality Index (CEI). This is Lear’s second consecutive perfect score, and we were the only Tier 1 automotive supplier to receive a perfect score on the latest CEI. The annual CEI survey benchmarks U.S. companies’ inclusive policies, practices and benefits for LGBTQ employees.

“Demonstrating that Lear truly values diversity and inclusion has been a critical priority for senior leadership,” said Stan Burgess, Lear’s Vice President and Treasurer. “Being recognized by the HRC shows that we continue to emphasize our dedication efforts as an employer of first choice.”

Learn more about Lear’s Supplier Diversity Policy.
LEADERSHIP PROGRAMS

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

- One Lear Mindset
  By expanding our focus from local facilities to the global organization, One Lear encourages employees to proactively communicate, collaborate, build relationships, create diverse teams and give back to communities across the world. Created in partnership with the Ablinger Institute, a leadership workshop is offered to team members at all levels of the organization to promote diversity and community service.

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

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

Emerging Leaders Development Program

Our Emerging Leaders Development Program is a 12-month leadership and business course designed to develop high-potential managers and directors. Each quarter, candidates are trained in tools and competencies designed to fuel success. To maximize learning and optimize our investment, leaders teach leaders at monthly lunch and learn sessions hosted by key executives who present topics such as leadership, career pathing, lessons learned and business updates. Candidates then share key lessons to their own teams, allowing them to master concepts and practice skills.

CEO Academy

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

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

Leadership Report Card

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

- **Leads the Business**
  Leaders are focused on driving One Lear results. Missions, goals and priorities are communicated in a simple, clear and concise manner to all levels of the organization to achieve a Together We Win culture. A strategic view of priorities and problems ensures effective and efficient plans are in place to drive optimal outcomes for the organization.

- **Leads Others**
  Teamwork, rather than individual talent, is paramount. Breaking down silos to promote mutually supportive efforts accomplishes our overall mission and achieves success for the organization. Focused on Getting Results the Right Way, leaders treat people as people, ensuring we are helpful to our teams and peers as we go about our work.

- **Leads the Future**
  Leaders build and maintain open and collaborative work environments where debate is encouraged. Constantly pursuing progress and big thinking, teams work together to find creative solutions through new technologies, ideas or ways of working. Individual strengths and differences are leveraged to produce improved outcomes.

Leadership Reviews

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

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

Scorecards

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

Talking Points

Talking Points are quarterly conversations between employees and their managers. They provide an opportunity for a meaningful dialogue about results, priorities and career development. This review process is completely separate from compensation decisions and focuses on real feedback about results, growth and development.

Educational Programs

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

Lear awards the Klaus Rahm Memorial Scholarship to select employees based on their performance, dedication and leadership potential. The scholarship provides the opportunity for nominated employees to attend the Eli Broad College of Business MBA program at Michigan State University with Lear’s financial assistance. It is a great honor to participate in this prestigious program.

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

The environmental data for this report covers the fiscal period from January 1 to December 31, 2018, for global Lear Corporation activities. Lear Corporation is a publicly-traded Fortune 500 company registered in Delaware and headquartered in Southfield, Michigan. Lear Corporation is a leading Tier 1 supplier to the global automotive industry. We supply seating, electrical distribution systems and electronic modules, as well as related sub-systems, components and software, to all the world’s major automotive manufacturers. We have 236 manufacturing, engineering and administrative locations in 30 countries and are continuing to grow our business in all automotive producing regions of the world, both organically and through complementary acquisitions. In 2018, we acquired Steer-based EXO Technologies, a leading developer of differentiated GPS technology.

The data presented in this report covers all manufacturing and production facilities within Lear’s operational control for calendar year 2018. The Lear Sustainability Report was written in accordance with the Core Requirements of the Reporting Guidelines of the GRI Standards, including economic, environmental and social governance topics that impact our stakeholders. Please refer to our GRI Content Index on pages 68-69 for an overview of our GRI alignment and compiling report content.

The majority of 2017 and 2018 environmental data and metrics have been reviewed by an external partner in preparation for a formal third-party assurance process; however, this report has not been externally assured. We currently plan to report our environmental sustainability data in 2020. Results of previously reported information are indicated where necessary throughout the report.

We expect to update this report annually. However, we undertake no obligation to update any statements herein to reflect later developments. This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "will," "may," "designed to," "outlook," "believes," "should," "anticipates," "plans," "expects," "intends," "estimates," "forecasts" and similar expressions identify certain of these forward-looking statements. The Company also may provide forward-looking statements in oral statements or other written materials released to the public. All statements contained or incorporated in this press release or in any other public statements that address operating performance, events or developments that the Company expects or anticipates may occur in the future are forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements are discussed in Lear’s Annual Report on Form 10-K for the year ended December 31, 2018, and its other Securities and Exchange Commission filings.

Published date of previous report: 2017 (2018 CSR Supplement);

For questions, please contact Jack Nunes at jnunes@lear.com.
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<td>Significant solids</td>
<td>SDG 9, 12, 13</td>
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<td></td>
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<tr>
<td>102-11</td>
<td>Non-compliance with environmental laws and regulations</td>
<td>SDG 16</td>
<td></td>
<td>There were no environmental non-compliance events in 2018 that posed a significant impact to our business or operations.</td>
</tr>
<tr>
<td>102-12</td>
<td>New suppliers that were screened using environmental criteria</td>
<td></td>
<td></td>
<td>We expect our suppliers to share our commitment to environmental compliance and sustainability, as outlined in our Global Requirements Manual for Suppliers and Supplier Sustainability Policy. Active screening of conformance is not currently conducted.</td>
</tr>
</tbody>
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*Please note: Historical waste data was accessed in 2018 to account for an updated calculation methodology, hence the decrease in total reported waste compared to the previous report.*
# GRI CONTENT INDEX

<table>
<thead>
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<th>GRI Disclosure Title</th>
<th>UN SDG Alignment</th>
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<td>400-01</td>
<td>New employee hires and employee turnover</td>
<td>SGD 5, 8</td>
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<td>We do not currently publicly report metrics related to our new employee hires and employee turnover. We look forward to improving how we report this information in future years.</td>
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<td>403-01</td>
<td>Occupational health and safety management system</td>
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<td>Workers covered by an occupational health and safety management system</td>
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<td>Work-related injuries</td>
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<td>406-01</td>
<td>Incidents of discrimination and corrective actions taken</td>
<td>SGD 8, 9</td>
<td>Pages 56, 59</td>
<td>Specific metrics regarding incidents of discrimination were not available at the time of this report. We take incidents of discrimination seriously and look forward to improving how we report this information in future years.</td>
</tr>
<tr>
<td>407-01</td>
<td>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</td>
<td>SGD 8</td>
<td>Page 56</td>
<td></td>
</tr>
<tr>
<td>412-01</td>
<td>Employee training on human rights policies or procedures</td>
<td>SGD 8</td>
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</tr>
<tr>
<td>413-01</td>
<td>Operations with local community engagement, impact assessments, and development programs</td>
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<td></td>
</tr>
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</table>

[lear.com/Site/CSR](lear.com/Site/CSR)
LEAR'S DATA MANAGEMENT AND INTEGRITY PLATFORMS

Back to Environmental Stewardship for Our Planet
CDP SCORE REPORTS

Back to Environmental Goals

CLIMATE CHANGE 2018 CDP SCORE REPORT

OVERVIEW
The CDP Score Report allows companies to benchmark and compare their progress towards environmental stewardship against peers, in order to continuously improve their climate change governance and stewardship.

COMPANY PROFILE
Company: Lear
Region: North America
Country: United States of America
Sector: General
Questionnaire: General

AWARENESS C
Sector average: B-
Regional average: C

YOUR CDP WATER SCORE
AWARENESS C
Sector average: C
Regional average: C

LEARN SUSTAINABILITY REPORT
GLOBAL EHS CULTURE MODEL

Back to Our People and Culture
EXHIBIT C

Code of Business Conduct and Ethics

[see attached]
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everyONE®  
LEARacts with integrity.
A Message from Ray Scott

At Lear, we have a long-standing commitment to conduct our 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. We all need to understand our responsibilities and ensure we are meeting them.

I ask each of you to join me in making a commitment to comply with our Code of Business Conduct and Ethics and to always demonstrate the highest standards of integrity and ethical conduct in all business activities. These standards are clearly explained in Lear Corporation's Code of Business Conduct and Ethics.

Your responsibilities under the Code include:
- Understand the standards contained in the Code
- Comply with all standards contained in the Code
- Notify the Company if you believe a violation of the law or standards has occurred

It is my hope that the Code will reinforce the importance of compliance and ethics issues and provide guidance to help make better ethical decisions each and every day. Strict compliance with the Code is required by all employees. Those who violate the standards of the Code will be subject to disciplinary action up to and including dismissal.

Sincerely,
Ray Scott
President and CEO

---

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Sincerely,
Ray Scott
President and CEO
Company Overview

Lear was founded in 1917 in Detroit as American Metal Products, a manufacturer of seating assemblies and other components for the automotive and aircraft industries. Lear completed an initial public offering in 1994 and developed into a global supplier through organic growth and a series of acquisitions.

Lear is a leading Tier 1 supplier of two critical systems to the global automotive industry – Seating and Electrical Power Management Systems. We supply our products to virtually every major automaker in the world, and Lear content can be found on more than 300 vehicle nameplates worldwide.

The Lear team is driven to succeed by an unrelenting focus on serving our customers and maintaining excellence in all of our operations globally.
Vision and Mission Statement

VISION
To consistently be recognized as:
- A Supplier of choice
- An Employer of choice
- The Investment of choice; and
- A Company that supports the communities where we do business

MISSION
Exceed our customers' needs and expectations by:
- delivering the highest quality products and services
- providing low-cost and high-value added solutions
- continually improving our operating efficiency
- conducting our business with integrity

Provide our employees, our most valuable resource, with an environment that:
- treats all individuals with dignity and respect
- allows everyone to reach their full potential
- encourages inclusion and active participation
- nurtures the "can-do" spirit of the Lear team

Maximize value for our shareholders
Treat our customers and suppliers with respect and foster mutually beneficial relationships
Support the communities where we do business and protect the environment
Introduction to Our Code

WHY DO WE HAVE A CODE?
Lear’s Code of Business Conduct and Ethics (the “Code”) is the foundation of our commitment to act with integrity and in compliance with the laws and regulations that apply to our worldwide operations. It is designed to assist you in recognizing and dealing with ethical issues and guide you to the right course of action.

While the Code sets forth general guidelines of business practices and procedures, it does not purport to capture every law or policy that applies to each of us. We are responsible for knowing the laws and regulations of the jurisdictions in which we operate and for understanding the basic principles of the Code and conducting ourselves accordingly.

WHO MUST FOLLOW OUR CODE?
All employees, officers, directors or agents of Lear Corporation (“Lear”), or its subsidiaries and/or controlled affiliates, (individually, a “Company” and collectively “Companies”) and any other person or entity acting on behalf of the Companies (collectively referred to as “employees” in this Code), must know and comply with all of the Company policies and legal requirements as it relates to your job. As a global business, we are subject to the laws and regulations of all the countries in which we operate, and each of us has a responsibility to know and follow the local laws that apply. In cases where local laws differ from our Code, you are encouraged to ask for guidance from Corporate Compliance or the Legal Department.

WHAT YOU SHOULD DO IF YOU KNOW OR SUSPECT A VIOLATION OF OUR CODE?
All Employees have an obligation to report any potential or suspected violation of the Code. Please refer to Lear’s Complaint Reporting Policy for guidance on how to make a report.

Lear does not tolerate retaliation against any Employee who reports a complaint in good faith. Any Employee who retaliates against someone who has reported a Complaint in good faith, or made a statement in good faith in a complaint investigation process, is subject to disciplinary action up to and including termination of employment. Should you or any Employee feel you have experienced retaliation, please refer to the Company’s Anti-Retaliation Policy for guidance.

**EMLOYEE RESPONSIBILITY**

- All employees have a responsibility to:
  - Conduct business fairly and honestly
  - Report any violations or potential violations of the Code without fear of retaliation
  - Prevent compliance violations and protect Lear’s reputation by acting in an ethical manner
  - Comply with all laws, regulations and policies applicable under the Code and the locations where we operate
Compliance with Laws and Regulations

As an international company with relationships in many countries around the world, Lear is committed to maintaining high standards of business conduct in all regions in which Lear operates. We expect all Employees to conduct our business in accordance with applicable laws, rules and regulations and in an ethical manner. Obeying the law, both in letter and in spirit, is the foundation on which our ethical standards are built. You must respect and obey the laws of the cities, states and countries in which the Companies operate. Although you are not expected to know the details of all applicable laws, it is important to know enough to determine when to seek advice from your supervisor, Human Resource representative or other appropriate department. All transactions between Lear and any of its subsidiaries, or between subsidiaries, must meet all applicable legal requirements. Violations of these laws can result in substantial fines, imprisonment and severe restrictions on the Company's ability to do business.

If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or practice conflicts with this Code, you must comply with this Code. If you have any questions about potential conflicts, please seek assistance from your supervisor or other appropriate Lear personnel. Any questions regarding applicable legal requirements should be referred to the Legal Department.

The U.S. Foreign Corrupt Practices Act (FCPA) prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. Lear strictly prohibits the making of illegal payments to government officials. The Act applies to all United States organizations, public or private, regardless of where they operate, and any entity, including a foreign person or firm, found in violation of the FCPA in the United States. Any entity may be held liable under the FCPA for the improper activities of its foreign subsidiaries and controlled affiliates if the entity authorized or participated in the illegal conduct.

In addition, governments in regions in which the Companies operate have a number of additional laws and regulations regarding business gratuities to United States government personnel. The promise, offer or delivery to an official or employee of the United States government of a gift, favor or other gratuity in violation of these rules would not only violate Lear policy but may also be a criminal offense. Many state and local governments, as well as foreign governments, have similar rules.

The United Kingdom Bribery Act (UK Bribery Act) prohibits anything of value being paid to any person, not just foreign government officials, to induce them to act improperly. Facilitating payments are prohibited under this Act. "Facilitating payments" are defined as payments made to a government official to facilitate approval of some type of business transaction or activity. The UK Bribery Act applies to UK citizens, residents and companies established under UK law. In addition, non-UK companies can be held liable for a failure to prevent bribery if they do business in the UK.
Reporting Concerns

Integrity is at the core of Lear's identity and reputation, and we are all responsible for performing with integrity in everything we do. We are also responsible for raising concerns about risks to the Company — ideally, before these risks become actual problems.

As part of Lear's ongoing commitment to conduct business with integrity and compliance with all applicable laws and regulations, Lear implemented a Compliance and Ethics Line to allow for anonymous reporting. This toll-free, local phone number allows any Employee to call 24 hours a day, any day of the week, and speak with a third party in his or her local language. The purpose of the Compliance and Ethics line is to solicit Compliance and Ethics concerns related to potential violations of our Code of Business Conduct and Ethics and/or potential violations of applicable laws and regulations. We encourage you to review and familiarize yourself with the Complaint Reporting Policy and immediately report a concern if you suspect a violation.

At Lear, many options exist for reporting compliance issues. While we hope that Employees feel comfortable discussing any matter with his or her manager(s), there may be times when Employees prefer to use another alternative for addressing Compliance and Ethics issues. In these cases, an Employee may use one of the following to report his or her concern:

- **Compliance and Ethics Line** — Reports can be made anonymously, toll-free, in your local language
- **Online Lear Complaint Web Form** — Reports can be made anonymously, online, in your local language
- **Mailing** — details to the Chief Compliance Officer at Lear Corporation, 21557 Telegraph Rd, Southfield, MI 48033
- **Email** — Lear Compliance at Compliance@lear.com
- **Calling** — Lear's Chief Compliance Officer or General Counsel at 248-447-1500

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Anti-Retaliation

No one who reports a Compliance and Ethics issue in good faith shall suffer harassment, retaliation or adverse employment consequence as a result of reporting the issue. This includes any attempt to prevent an employee from reporting a concern or participating in an investigation.

Lear will not tolerate retaliation against anyone who in good faith raises a concern, reports misconduct or participates in an investigation.

You are required to strictly adhere to the Company's Anti-Retaliation Policy to encourage:

- The reporting of any suspected illegal or unethical behavior
- The full cooperation and participation in the investigation of any reported concern
- Full compliance with the Code and all applicable laws and regulations
Conflict of Interest

All Employees are expected to avoid engaging in activities that conflict with, or have the appearance of conflicting with, the best interests of the Company and its shareholders. A conflict situation can arise when an employee takes actions or has interests that may make it difficult for the individual to perform work for the Company objectively and effectively.

Examples of potential conflicts of interest include:

- An Employee, or immediate family member, which includes your spouse (even if he or she does not live with you); parents and stepparents; children and stepchildren; siblings; mothers and fathers-in-law; sons and daughters-in-law; and brothers and sisters-in-law and any other person (other than tenants or employees) sharing your household, receives improper personal benefits as a result of such individual’s position in or relationship to the Company.

- Loans to an Employee and/or his or her immediate family members by a supplier or customer of the Company

- An Employee works simultaneously as an employee of a competitor, customer or supplier of the Company

- An Employee works for a competitor as a consultant or board member (or in an equivalent position)

- An Employee attempts to influence the selection of a particular vendor or supplier where a family member has a financial interest in such vendor or supplier

Conflicts of interest are not always apparent. You should consult with your supervisor, local Human Resource representative, Corporate Compliance or the Legal Department if there is any question about a potential conflict. Prompt and full disclosure is always the appropriate first step towards identifying and resolving any potential conflict of interest problem. If you become aware of an actual or potential conflict of interest, you should bring it to the attention of your supervisor and Corporate Compliance or the Legal Department.

QUESTIONS & ANSWERS

Q: My spouse works in the Sales department of one of Lear’s suppliers. Do I need to report this to my supervisor?

A: Yes, if you are in a position that would influence the business Lear directs to this supplier. In most cases no additional action is required by the employee or the Company to avoid the appearance of a conflict.
Gifts and Entertainment

Gifts and entertainment in a business environment may sometimes be appropriate to promote good working relationships. However, you cannot give or accept gifts, credits, payments, services, excessive entertainment or anything else of value from an actual or potential competitor, supplier or customer unless such gift is in compliance with Lear's Global Gifts and Entertainment Policy.

If you have any questions about a gift given or received, you are encouraged to refer to the Global Gifts and Entertainment Policy which describes, in detail, Lear's guidelines and procedures on the giving, accepting and reporting of gifts and entertainment. Further, gifts given or accepted and entertainment accepted should be logged in the Gifts and Entertainment Log.

The key provisions of this Policy are:
- Cash gifts are prohibited
- Gifts cannot exceed USD $50 or a comparable value in your local currency, per person, per occasion
- The appropriateness of giving or receiving entertainment must be approved in advance by your divisional or functional Leadership
- Under no circumstances should any gift or entertainment given or received violate this Code or applicable laws and regulations
- All Gifts and Entertainment to any government official must be pre-approved by the Legal Department

While the Global Gifts and Entertainment Policy is intended to provide guidance on the giving, accepting and reporting of gifts and entertainment, it cannot specifically address all possible situations. Always consider the context, nature and intent of the gift or entertainment when determining what is appropriate, reasonable and justified.
Political Contributions

No Employee may make any political contribution of any kind in the name of the Company or by utilizing Lear funds, assets, services or facilities. Furthermore, you cannot require, nor should you request, a supplier or vendor of Lear to make a political contribution of any kind as a condition of doing business with the Company. As an Employee, you are free to make a personal political contribution or engage in personal political activities so long as such contributions or activities are lawful, do not interfere with your work responsibilities or give the appearance of a conflict of interest.

Corporate Opportunities

No Employee may use Company assets, property, information, or position for improper personal gain, including the gain of family members or friends. We all owe a duty to the Company to advance the Company's legitimate interests whenever the opportunity to do so arises.

QUESTIONS & ANSWERS

Q: I am aware of a business opportunity that the Company did not pursue, would I be permitted to pursue this opportunity for myself?

A: No, this would not be permitted, as this was an opportunity that you became aware of in the course of your employment through the use of company property, information or position.
Insider Trading

Insider trading, insider dealing and stock tipping are criminal offenses in most countries where the Company does business. Insider trading or dealing means personally buying or selling securities of any company while in possession of material, non-public information about the company. Stock tipping means disclosing inside information about a company to a family member or friend, to enable the person to buy or sell securities of the company on the basis of such information.

If you become aware of material information about Lear or any other company which has been available to the public for less than two (2) full business days (the timing of which may vary by jurisdiction), you are prohibited by law as well as by Company policy from (a) using that information for securities trading purposes or for any other purpose except for use in the regular conduct of Lear's business, (b) directly or indirectly disclosing such information to any other persons (including family members or friends) so that they may use that information for securities trading purposes or for any other purpose, or (c) recommending or suggesting that anyone else buy, sell or retain securities of Lear or any other company.

Each Employee of Lear is expected to comply with applicable securities laws. Ignorance of the law is not a defense.

QUESTIONS & ANSWERS

Q: I am aware of a deal that Lear will soon be announcing. I tell my friend about it and she buys stock based on this information. Is this considered insider trading?

A: Yes, the rules on "inside" information apply if you buy or sell stock or if you provide information to someone who buys or sells stock. This would be a violation of federal securities laws and both of you could be charged.
Competition and Antitrust

Competition and Antitrust laws protect free enterprise and encourage fair and honest competition. At Lear, we seek competitive advantages through superior performance, never through unethical or illegal practices. Stealing or illegally appropriating proprietary information or inducing disclosures by past or present employees of other companies is prohibited. If you improperly obtain proprietary information from competitors, suppliers or other third parties, you should treat that information as confidential and not use it for improper business purposes. In addition, you should promptly report the situation to the Legal Department.

You are expected to comply with applicable domestic and international antitrust and competition laws. Engaging in, conspiring to or agreeing to do any of the following actions may be prohibited:

- Price Fixing - communicating with competitor(s) regarding prices, terms or conditions of sale, output or production
- Bid Rigging - agreeing with competitor(s) regarding bids to be submitted
- Group Boycott - agreeing with competitor(s) not to deal with vendors or distributors, other competitors or customers
- Territory or Customer Allocation - agreeing with competitor(s) to split territories or customers
- Bribes or Kickbacks - offering to pay bribes or kickbacks in an attempt to do any of the above

The above list is not intended to be exhaustive but, rather, an illustration of certain types of conduct that constitute illegal antitrust behavior.

QUESTIONS & ANSWERS

Q: What if I meet up with a competitor at a conference and we discuss what we believe would be a fair market price for a part we both supply. Neither one of us put anything in writing, would this be a Competition concern?

A: Yes, it would be a concern and you should immediately share your discussion with the legal department. "Agreeing" includes stated or implied, formal or informal, oral or written understandings.

LEAR acts with integrity.
Exporting and Prohibited Transactions

Any activity that involves exporting commodities or transmitting technical data or software to another country may require a valid export license. An “export” is defined as any method of conveying products or data to foreign individuals or companies, verbally or in writing, including with respect to sales, training and consulting and product promotion. Regardless of the country in which you are working, the United States Export Control Regulations apply to the following:

- Direct exports from the United States
- Re-exports of certain United States-origin commodities and technical data from countries outside the United States to third countries
- United States-origin parts and components used in the manufacture of a non-United States end-product for export or re-export
- Non-United States produced direct products that result from United States-origin technical data

A valid license may be needed even if a product is freely available in the United States or if technical data or software is not proprietary.

Various countries worldwide, as well as the European Union, maintain strict embargoes prohibiting, and lesser sanctions limiting, commercial transactions with specified countries, business entities, organizations and individuals. There are various embargo laws that place restrictions on trading with certain countries. It is your responsibility to ensure that we are not violating any of these laws or restrictions.

In the European Union these regulations and their application to foreign subsidiaries vary depending on the entity involved and the type of transaction. Their application is not limited to high technology trade but can extend to all types of transactions with listed countries, entities and individuals.

If you become aware of possible violations of applicable export control or embargo laws or have a concern regarding a particular country, individual or organization with which the Company is conducting business, you should seek advice from the Legal Department.
Confidential and Proprietary Information

During your employment with Lear, you may obtain confidential and/or proprietary information about the Company, its customers or suppliers.

Confidential information includes, without limitation, all non-public information such as:

- Financial Results
- Prospects
- Agreements
- Commodity price forecasts
- Potential corporate transactions
- Commercial terms and conditions

Proprietary information, which includes know-how and other intellectual property, business, sales, marketing and service plans, engineering and manufacturing ideas and practices, designs, databases, records, salary and other compensation and benefit information, as well as any unpublished financial data and reports, must be protected from unauthorized use or disclosure. Unauthorized use or disclosure of Lear's proprietary information may be illegal and could result in the imposition of civil or criminal penalties.

It is the responsibility of every Employee during and subsequent to their employment period to protect and not disclose confidential information except when disclosure is authorized by the Company or legally required. You should not discuss internal Company matters or developments with anyone outside of the Company except as required in the performance of your regular Company duties or under applicable laws. Employees are encouraged to review the Company's Regulation FD Disclosure Policy for more details regarding the protection of the Company's information.

This prohibition applies specifically (but not exclusively) to inquiries about the Company which may be made by:

- The media
- Investors
- Potential investors
- Financial analysts

We must always respect and protect the information of our customers, suppliers and other Employees with the same level of care that the Company take to ensure the confidentiality of its own proprietary information.

Failure to follow these procedures could result in severe penalties to both the Employee involved and Lear. Unless you are expressly authorized to make a comment, all inquiries of this nature should be referred to our Investor Relations and Communications Department at Lear Corporation, 21557 Telegraph Road, Southfield, Michigan, 48033 or by telephone at (248) 447-1500.

QUESTIONS & ANSWERS

Q: I am working with one of the Company’s commercial business partners and they would like us to share some of our new designs as they relate to our upcoming products. Is it ok for me to provide them with this information?

A: No, never disclose any proprietary information without the approval of management and a written confidentiality agreement.
Protection and Proper Use of Company Assets

You have an obligation to protect the Company's assets and ensure their efficient use. Company assets should be used for legitimate business purposes although reasonable personal use may be permitted. Company assets include both tangible assets, such as office equipment, telephone and copy machines and intangible assets, such as intellectual property, trademarks, patents and trade secrets.

Employees are provided with computers, electronic resources and other equipment to do their jobs. Lear's electronic and computing resources are Lear's property and should primarily be used for Company purposes. Equipment such as computers and other electronic media must not be used for unlawful purposes or for accessing or distributing pornographic or illegal materials or other materials that might create a hostile work environment for others.

Accordingly, any suspected incident of fraud, theft, waste or misuse of the Company's assets should be immediately reported as described in Lear's Complaint Reporting Policy.
Information Technology Compliance and Security

General
- Engaging in activity that might be harmful to Lear assets or resources is prohibited.
- Ethical and legal use of Lear-provided internet access is required.
- Do not use public internet email services (e.g., Gmail, Yahoo, etc.) for sensitive Lear communications.
- The use of Lear email systems to transmit any message or attachment whose content violates any Lear policy, local, state or country laws or regulations is prohibited.
- Do not use email as a replacement for file transfer utilities.
- File transfers must take into consideration the 'Confidential and Proprietary Information' section of the Code of Business Conduct and Ethics.
- Critical, important, or sensitive data files must be stored using Corporate IT approved services.

Computing Device Security (mobile phone, laptop, desktop, storage, etc.)
- Computing devices must be secured to prevent loss of the equipment and the sensitive information contained within.
- Users must lock their computing device display or logout when leaving it unattended.

User Credentials
- Users will be held accountable for actions performed under the user ID/account assigned to them.
- Using another person's name, password, files, data or otherwise misrepresenting personal identity is prohibited.
- User passwords must be kept confidential.
- Passwords must be changed immediately when directed to do so by a security administrator or if it is suspected that the password has been compromised.

Software Management
- Software installed on Lear assets must be properly approved as communicated in the Global Software List.
- Compliance with copyright & software licensing laws is required.
- Personally-owned software shall not be installed on company-owned computers.

Virus Protection/Patches
- Users must not bypass or disable information security measures.
- Users must restart their computer at least one time per month to ensure that security patches are installed.
- Computing devices remotely connected to the Lear network must operate with up-to-date anti-virus and patches.

Monitoring
- To the extent permitted by local, state or country laws and regulations, communications and activities on Lear-owned systems, equipment and devices can be monitored.

REPORTING and INFORMATION
Report questionable computer behavior or the loss of Company devices to:

Lear Global Service Desk
1-855-41-LEAR

Visit the (for additional information regarding IT Compliance & Security)
Accurate Business and Financial Records

Accurate business and financial records are critical to meeting our financial, legal and business obligations. The Company's financial books, records, accounts and financial statements must be timely maintained in reasonable detail and must completely and accurately reflect the Company's assets, liabilities and transactions, conforming to applicable legal requirements, financial policies and procedures of the Company's internal controls systems and generally accepted accounting principles. These business and financial records not only include financial statements and accounts but also other records such as time reports, expense reports and claim forms. All of us, not just Lear's accounting and finance personnel, are responsible for ensuring accurate and complete business and financial records. No transaction may be carried out in a manner such that the substance of the transaction is obscured or recorded improperly.

We have a responsibility to maintain the accuracy of the Company's records. False or misleading information should never be provided to any department. If an Employee has any concerns with accounting or auditing matters, such as inaccurate, false or misleading information, the Employee should promptly report them according to the Company's Complaint Reporting Policy.

Examples of inaccuracies include:
- Exaggeration of financial transactions
- Guesswork
- Improper characterizations of people, events and companies

This prohibition applies to, but is not limited to, e-mail, electronic media, internal memoranda, formal reports as well as business letters. E-mail systems and information technology systems provided by Lear should be used only to advance the Company's legitimate business purposes.

Records should always be retained or destroyed according to the Company's Record Management Policy. Under no circumstance should records be destroyed that relate to an existing dispute or investigation, unless directed by the Legal Department.
Environmental, Health and Safety

Lear is committed to complying with all applicable environmental legal requirements and protecting the environment. Employees are expected to comply with all applicable environmental legal requirements and report any incidents or conditions that might result in a violation of law or Company policy. Employees are also encouraged to support environmental programs in communities where we do business.

The Company strives to provide each Employee with a safe and healthful work environment. Each Employee has responsibility for maintaining a safe and healthy workplace for all Employees by following health and safety rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions as stated in the Company's Environmental, Health and Safety Policy.

Violence or threatening behavior is not permitted under any circumstances in the workplace. Employees should report to work in condition to perform their duties and must be free from the influence of illegal drugs and alcohol. The use of illegal drugs or the misuse of alcohol or legally prescribed drugs in the workplace will not be tolerated.

In addition, Employees are required to adhere to all other health and safety policies including the prohibition of weapons on any of the Company's premises. Employees can find copies of the Company's health and safety policies on Lear's intranet or can obtain a copy from the local Human Resources representative.

Sustainability

Sustainability is widely defined as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." At Lear, this means acknowledging that our decisions about what we consume, produce and waste has environmental and social impacts on today's society, as well as on future generations. Lear's sustainability initiative centers around finding better and smarter ways of doing things, while ensuring the health and vitality of our communities.
Diversity, Equal Opportunity and Respect

At Lear our objective is to create and maintain an environment that fosters collaboration, interaction, tolerance and respect. We believe the best way to deliver the highest quality products and services is to cultivate a strong, diverse team made up of the best possible employees. We value our diverse experiences, backgrounds, ethnicities, cultural orientation and beliefs and promote respectful and mutually beneficial relationships with customers, suppliers, employees and others.

The Company has adopted Global Labor Standards which prohibits the Company from using any type of forced labor or child labor or engaging in abusive or corrupt business practices. In addition, the Company's Global Purchasing Terms and Conditions prohibit all of its suppliers and their subcontractors from using any type of forced labor or child labor or engaging in abusive or corrupt business practices for all regions in which Lear has operations.

It is the Company's policy to not interfere with its Employees' rights to freedom of association. Further, the Company's posture with respect to labor relations is that Employees have the right to choose (or not) to affiliate with legally-sanctioned organizations without unlawful interference. Where trade unions are present, it is the Company's policy to deal with them fairly and conduct negotiations in a purposeful and non-adversarial manner.

We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any discrimination or harassment of any kind as stated in the Company's Harassment Free Workplace Policy.

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<th>EXAMPLES OF DISCRIMINATION OR HARASSMENT</th>
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<td>Darogatory comments based on race, gender or ethnicity</td>
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<td>Unwelcome sexual advances</td>
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<td>Unwanted physical contact</td>
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<td>Visual displays of derogatory or sexually-oriented pictures or gestures</td>
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<td>Intimidating or demeaning comments/jokes</td>
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Waivers of the Code

A waiver of compliance with this Code for executive officers or directors of the Company may be made only by the Company’s Board of Directors or a Board committee acting on behalf of the Board and will be promptly disclosed to the extent required by law and the listing requirements of the New York Stock Exchange. A waiver of this Code for all other Employees may be made only by the Company’s Legal Department.

Compliance Program Monitoring

The Company monitors and enforces the Code and other policies affecting workplace human rights through a compliance program that includes oversight by a Compliance Committee that reports directly to the Company’s Audit Committee of the Board of Directors. The Company also regularly assesses the effectiveness of its compliance programs.
Your Pledge to Do the Right Thing

Lear's Code represents a commitment to doing what is right. When you work at or represent Lear you agree to uphold this commitment, understand the standards and guidelines that apply to your job and always follow them. Employees who fail to follow these standards, or who fail to abide with applicable laws, rules and regulations in all regions in which Lear operates, put themselves and Lear at risk.

If you have questions about the laws that apply to your activities, contact your supervisor, your local Human Resources member, legal department or Corporate Compliance.

everyONE®
LEAR acts with integrity.

Effective September 13, 2019
EXHIBIT D

Global Labor Standards

[see attached]
GLOBAL LABOR STANDARDS

Lear Corporation considers its employees to be its most important resource and is committed to treating all employees with dignity and respect. In each location where Lear conducts business, it complies with local laws governing the employment relationship. Additionally, Lear is committed to recognizing the following human rights and labor principles throughout its global organization.

Child Labor
The Company does not employ children under the legal age for employment in any location.

Forced Labor
The Company believes that all employees should have the right to voluntarily elect whether to be employed by the Company. The Company will not use forced or involuntary labor of any kind or tolerate physically abusive disciplinary practices.

Harassment and Discrimination
The Company is committed to providing all employees with a professional working environment which is free from unlawful forms of discrimination and harassment. The Company strives to make all employment decisions based on the facts and individual merit. See EEO Policy and Harassment Free Workplace Policy.

Health and Safety
The Company will provide and maintain for all employees a safe and healthy working environment which meets or exceeds applicable local standards for occupational safety and health. See Environmental, Health and Safety Policy.

Corrupt Business Practices
The Company is committed to conducting business ethically throughout the world. The Company prohibits giving or promising to give anything of value to employees or representatives of foreign governments or governmental agencies, political parties, political candidates, or customers for the purpose of obtaining or retaining business.

Ray Scott
President and Chief Executive Officer
EXHIBIT E
Supplier Sustainability Policy
[see attached]
6.0 Supplier Sustainability Policy

It is Lear's belief that how we operate as a Company, and as individuals, is based on the principle of doing the right thing. 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.

This Supplier Sustainability Policy identifies the global standards to be followed in your business activities on behalf of Lear. Suppliers are expected to share Lear's commitment to these standards.

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 expected 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. All purchased materials used in manufacture of goods shall 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. All suppliers must be in compliance with ISO14001, IATF 16949 and ELV (End-of-Life) Directive, or their successors, as amended from time to time.

Human Rights

Lear is committed to recognizing human rights and labor principles throughout its global organization and supply chain. Lear considers employees to be one of the most important resources and is committed to the treatment of all employees with dignity and respect. All suppliers are required to comply with local laws governing the employment relationship.

Child Labor

Lear's suppliers will not use child labor. The term child refers to children under the legal age for employment in any location.

Forced Labor, Human Trafficking

Lear believes that all employees should have the right to voluntarily elect whether to be employed by the supplier. The supplier will not use forced or involuntary labor of any kind or tolerate physically abusive disciplinary practices.

Wages and Hours, Working Conditions

Suppliers must comply with all applicable wage and hour laws, including minimum wage, overtime, maximum hour rules, meal and rest periods, and to provide legally mandated benefits. Where local industry standards exceed applicable legal requirements, suppliers are encouraged to provide wages and ensure working conditions that meet the higher local industry standards.

Coercion, Harassment and Discipline

Lear expects its suppliers to treat their employees with dignity and respect. Suppliers are expected to have systems in place to prevent, detect, and resolve unacceptable worker treatment such as harassment, inappropriate use of discipline, discrimination, physical or mental punishment, or other forms of intimidation or abuse (e.g., physical abuse, threat of abuse, sexual or other harassment, verbal abuse, any type of corporal punishment, or other forms of mental and/or physical coercion as a form of discipline).
Discrimination
Lear is committed to providing all employees with a professional working environment which is free from unlawful forms of discrimination and harassment. Suppliers must make all employment decisions based on the facts and individual merit. Suppliers shall not discriminate in their hiring and employment practices (e.g., pay/promotion) and must follow all employment laws.

Freedom of Association and Collective Bargaining
Suppliers must respect their employees’ right to choose to join or not to join a trade union, or to have recognized employee representation in accordance with local law. Suppliers are expected to maintain constructive dialogue and negotiate in good faith with such representatives. Suppliers shall not harass, discriminate against, or otherwise penalize workers, worker representatives, or trade union members because of their interest and/or membership in, or affiliation with, a trade union, or their legitimate trade union activity, in accordance with international labor standards.

Preventing Bribery and Corruption
Lear is committed to conducting business ethically throughout the world. Lear prohibits suppliers from giving or promising to give anything of value to employees or representatives of foreign governments, governmental agencies, political parties, or to political candidates, for the purpose of obtaining or retaining business. Suppliers must conduct business with integrity and in full compliance with all applicable laws.

Environmental, Health & Safety
Lear is committed to complying with all applicable environmental, health and safety legal requirements and protecting the environment. Suppliers are expected to comply with all applicable environmental, health and safety legal requirements and prevent incidents or conditions that might result in a violation of law or otherwise endanger the environment.

Suppliers must provide each employee with a safe and healthful work environment. Each supplier has responsibility for maintaining a safe and healthy workplace for all employees by following health and safety rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions as stated in the Environmental, Health and Safety Policy.

Environmental Sustainability
Lear adopts the definition for Sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." For Lear, this means being aware of our impacts and understanding how these affect the world around us. Our mission is to reduce these impacts while increasing the profitability and longevity of our company.

Lear expects its suppliers to support Lear’s sustainability mission by complying with all applicable environmental laws, rules and regulations while using resources wisely. Suppliers are expected to share Lear’s commitments by developing and implementing a sustainability program focused on using natural resources responsibly, reducing water usage, reducing waste generation, improving energy efficiency and reducing the carbon footprint of their operations.

Preventing the Flow of Funds to Armed Groups and Conflicts
Lear strives 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 ask our suppliers to source responsibly and endeavor to understand that sourcing of their materials neither directly nor indirectly provides funding to conflicts and human rights abuses. Further, compliance with conflict minerals requirements is outlined in the Lear Conflict Minerals Sourcing Policy.

Animal Welfare
Lear upholds the highest standards for ethical behavior. With respect to animal welfare, we require compliance with all legal requirements and, as applicable, we expect our suppliers to implement industry-best policies and practices related to the ethical treatment of animals. Lear
commits to 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.

**Implementation of Sustainability Standards in the Supply Chain**
Lear expects its suppliers and all subcontractors to abide by the requirements of this Supplier Sustainability Policy, including identifying risks within their supply chains and taking appropriate measures to address them.

**Right to Audit and Ensure Compliance**
Lear reserves the right to conduct audits 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, fail to correct, or have a pattern of violating this Policy.