

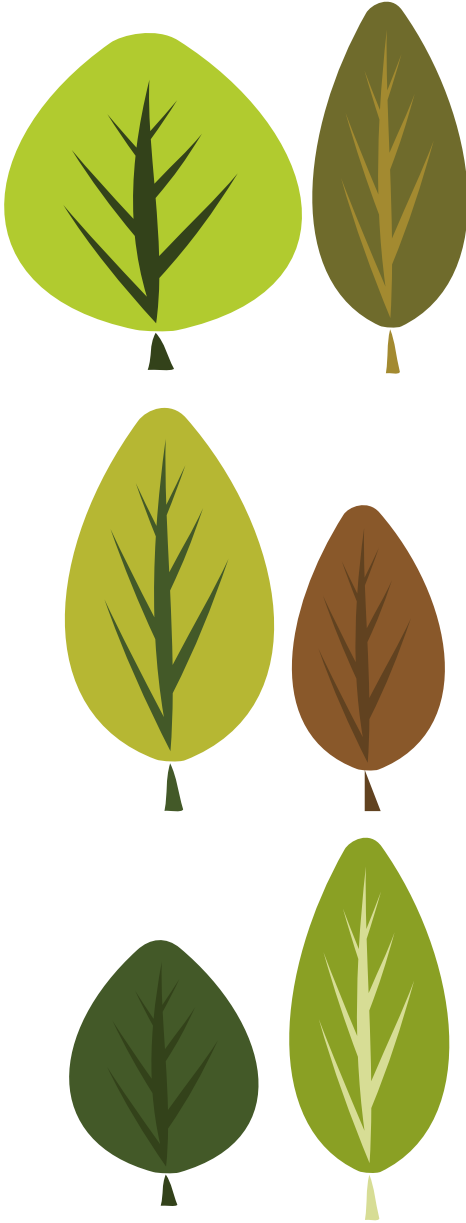


# Sustainability Report 2013



Printed on recycled paper





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## Welcome

At Lear, our vision is to be a “Company of First Choice” in all areas. We are committed to delivering superior shareholder value and continuously improving our operating results. We have a performance-driven culture whereby we strive to deliver great results, get these results the right way and to sustain our success. As one of the world’s leading suppliers of automotive seating and electrical distribution systems, Lear Corporation is committed to conducting our business in concert with environmental/energy, socio-cultural and economic goals benefiting future generations.

Our employees are committed to operational excellence, teamwork and continuous improvement which serve as key components of our sustainability efforts. Our One Lear Team continues to raise the bar on innovative, value-added solutions. Through our Global Continuous Improvement efforts, we have made our operations even more efficient and reduced our environmental/energy footprint while ensuring we serve the communities where we do business.

As we reflect on the positive momentum we’ve built over the past year, we take stock of the accomplishments we’ve made within our sustainability program. In this report, we aim to share our progress and to communicate to employees and other stakeholders Lear’s vision for sustaining both our environment and our business in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Simoncini". The signature is fluid and cursive, with a long horizontal stroke at the end.

Matt Simoncini  
President and Chief Executive Officer



Sustaining our environment for future generations.

# Sustainability

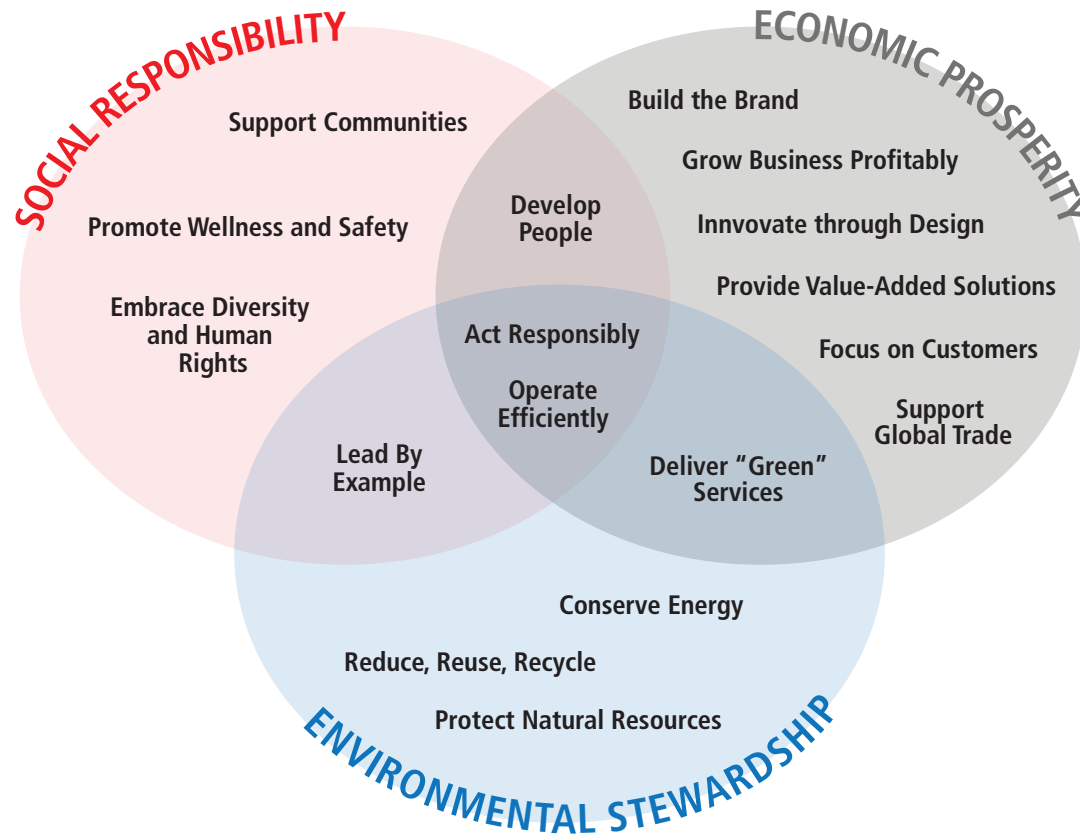
Sustainability means **“meeting the needs of the present without compromising the ability of future generations to meet their own needs”**.

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.



# Three Pillars of Sustainability

Lear recognizes Three Pillars of Sustainability as our basis for sustainability activities – Environmental Stewardship, Economic Prosperity and Social Responsibility.



# Environmental Stewardship

## Lear's EH&S policy



"Lear Corporation is dedicated to environmental protection, employee health and safety, regulatory compliance and pollution prevention through a strategy of continual improvement and teamwork."

The foundation for achieving our environmental commitment is based upon:

- Striving for the prevention of pollution and the elimination of health and safety hazards by maintaining environmental, health and safety management as core values;
- Providing leadership for environmental, health and safety improvement through management example and employee involvement and empowerment; and
- Developing and utilizing environmentally acceptable, safe, sustainable and efficient production methods and processes.

## Lear's EH&S Policy in Action

- It is the intent that all Lear manufacturing facilities worldwide are certified to the extent practicable to the internationally-recognized environmental standard ISO 14001:2004 within one year of start of production or acquisition. Lear's Environmental Management System (EMS) focuses on reducing our impact on the environment. The EMS prompts examination of our operations and related environmental impact. The EMS helps Lear plants to improve by identifying targets to reduce our environmental impact and enhance our public profile, both globally and locally.
- Lear is committed to providing a safe and healthy work environment for its employees. Fifty-nine percent of Lear plants globally received the Safety Excellence Award in recognition of completing 2013 with zero Lost Time Accidents. This is a 2% improvement year over year.





# Environmental Stewardship

## Clean Corporate Citizen

The Clean Corporate Citizen (C3) program allows regulated establishments that have demonstrated environmental stewardship and a strong environmental ethic throughout their operations in Michigan to be recognized as Clean Corporate Citizens. The C3 program is voluntary and requires performance in three significant areas: environmental management, pollution prevention and environmental compliance.

Lear's Corporate Campus has maintained the status of Michigan Clean Corporate Citizen since 2005. Recently a Certification of Recognition was received indicating the Corporate Campus continues to retain the status of Michigan Clean Corporate Citizen.

## MBP3 Recognition

Lear's Corporate Campus was 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 the application of cost-effective, innovative techniques which lead to reductions in waste. Source reduction is the key to sustainable business along with reuse and recycling efforts.



# Environmental Stewardship

## Mexico



In Mexico, the Office of the Federal Environmental Protection (PROFEPA) awards Clean Industry Certification to facilities that demonstrate satisfactory accomplishment of legal requirements regarding environmental protection. Five additional Lear plants were awarded this honor in 2013, bringing the total count of Lear Mexico facilities that have received this designation to twenty.

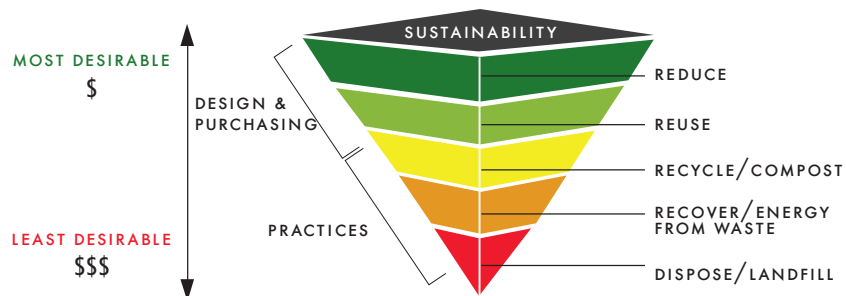
## Philippines



In the Philippines, Plants Gabriela and Lapu-Lapu received an Environmental Award during the Environmental Congress held on June 27, 2013. All Lear Philippine facilities were recognized by the Department of Environment & Natural Resources (DENR) for diligently complying with the environmental laws and implementing innovations to lessen the negative environmental impact of our operations. This award recognized our commitment for pollution prevention, environmental protection and continued efforts towards environmental sustainability.



Lear focuses our By-Products Management program on the philosophy of waste minimization. Waste minimization is the process of elimination that involves reducing the amount of waste produced, thus supporting the efforts to promote a more sustainable society. Lear's program involves redesigning products and/or changing production processes to prevent the creation of waste. The most environmentally resourceful, economically efficient and cost-effective way to manage waste is to not have to address the problem in the first place.



# Environmental Stewardship

## By-Product Management

Efficient and appropriate management of wastes and by-products within our operational footprint is a core component of Lear's sustainability efforts. Through reduction of wastes generated, reusing materials wherever possible and segregating materials for recycling, Lear is able to demonstrate stewardship and care over the natural resource impacts of our actions.

Lear's global Environmental Management System (EMS) has by-product management as one of its significant tools. Plants track and report their by-product volumes and costs through Lear's Web-based Environmental Performance Report. By-product volumes and their costs and revenues are leveraged by the facilities in their development of facility goals and objectives, as well as being utilized to produce enterprise-wide reports of recycling performance.

RECYCLED BY-PRODUCT	2010	2011	2012	2013
METAL	49,953	54,456	83,319	83,170
PAPER	786	1,644	3,228	4,566
CARDBOARD	7,401	18,640	22,687	24,476
PLASTICS	1,341	2,232	4,843	5,719
WOOD PALLETS/SCRAP	5,994	14,313	13,487	13,678
TOTAL RECYCLING (TONS)	61,048	91,285	127,555	131,609

• By recycling paper and cardboard in 2013 Lear saved:

- 638,915 trees
- 203,291,070 gallons of water
- 449,144 MMBTU

• That is enough energy to power 14,521 average American homes for a year.



# Environmental Stewardship

## Greenhouse Gases

The overwhelming majority of scientists agree that our globe is undergoing major climate change. They also agree that the level of greenhouse gases, like carbon dioxide, in the atmosphere is rising significantly.

Greenhouse gases (GHG) act like a blanket around Earth, trapping energy in the atmosphere and causing the Earth to warm. Consensus is growing among policymakers and business leaders that action is needed to address global climate change that results from rising atmospheric greenhouse gas emissions. Human activities release air pollutants, most of them by-products of our use of fossil fuels (coal, oil and natural gas) to provide mobility, heat and industrial production. These pollutants contribute to greenhouse gas emissions. A key component of Lear's sustainability commitment is to reduce greenhouse gas emissions from our plants around the globe.

Lear plants participate in corporate-wide data collection efforts and reporting on GHG emissions. The data is used to formulate plans to reduce the GHG footprint and develop future strategies related to sustainability. In response to numerous customer requests, Lear participates in the CDP (formerly the Carbon Disclosure Project) supply chain survey - a reporting platform for assessing an organization's performance, risks and opportunities related to greenhouse gases.

# Environmental Stewardship

## 2013 GHG Emissions mtons CO<sub>2</sub>-e

Lear achieved a reduction in greenhouse gases during 2013 when compared with 2012. Lear's Global Continuous Improvement teams strongly support our sustainability efforts using lean manufacturing processes to identify energy and waste reduction projects, track progress and operate a best practice website to share successful projects. A sampling of energy reduction projects undertaken at several plants around the globe during 2013 include:

Replaced halogenated mercury lamps with more energy-efficient lighting such as T5 fluorescent and LED technology.

Installed a solar water heater to reduce energy consumption for process water.

Changed plant heating to using waste energy from a biogas-powered combined heating and power unit, provided by a supplier, resulting in approximately 300t CO<sub>2</sub> reduction per year and an approximate 44% cost reduction.

Installed variable speed drives on air conditioning chillers.

Reuse of heat from process equipment to provide heat to plant air in the cooler months and remove heat from the plant environment in warmer months.

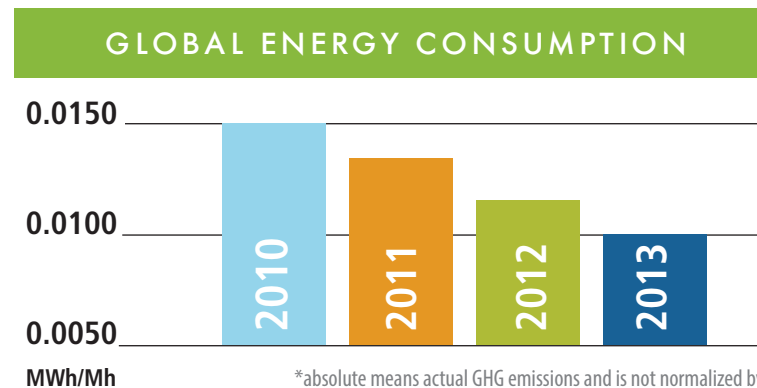
Replaced water heating systems with more energy-efficient equipment that also provides hot water faster.

Modified roofing to let more sunlight in to reduce lighting requirements.

Implemented plant monitoring to ensure task lighting and computers are switched off during off shifts.

Reworked air compressor system to run smaller compressors to provide essential compressed air for specific activities that allows the plant to turn off large compressors and save energy.

We also achieved a 12.4% reduction in Energy Consumption in 2013 when compared with 2010 baseline using absolute\* values.

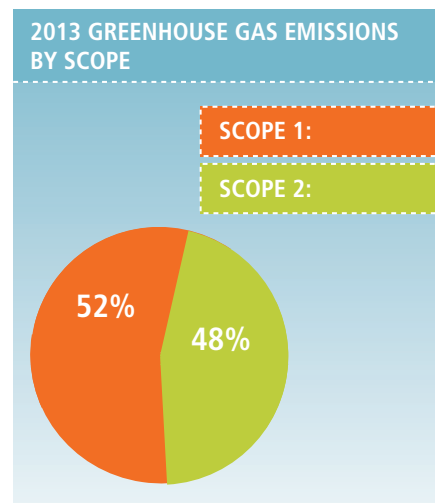


# Environmental Stewardship

## Emission Summary by Scope

Lear's emissions of greenhouse gases are categorized into two Scopes in alignment with the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCD) Greenhouse Gas Protocol. The Greenhouse Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas emissions.

The two scopes reported by Lear are Scopes 1 and 2. An operational control approach for fully consolidated facilities is used for reporting boundaries.



### Scope 1: Direct Greenhouse Gas (GHG) Emissions

**223,735 metric tons of CO<sub>2</sub>-e**

Scope 1 includes emissions occurring from sources that are owned or controlled by the company. This incorporates emissions from combustion in company-owned or controlled boilers and furnaces as well as emissions from company-owned vehicles and other internal combustion equipment.

### Scope 2: Indirect GHG Emissions

**241,252 metric tons of CO<sub>2</sub>-e**

Scope 2 accounts for GHG emissions from generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company.



# Economic Prosperity

## Focus on Customers

### Seating

Lear's seating expertise covers all segments of the automotive industry from mini-cars in Europe to compact cars and multi-purpose vehicles in the emerging markets to full-size sport utility vehicles in North America.

Lear is a recognized global leader in complete automotive seat systems and related individual component parts. The seating segment consists of the design, manufacture, assembly and supply of vehicle seating requirements. Lear is committed to research and development of new technologies that will help reduce the impact of manufacturing on the environment. Lear employees create design-for-environment (DfE) concepts by incorporating recycled materials and reducing the environmental impact of manufacturing processes to help improve sustainability of Lear's operations.

SoyFoam™ is an award-winning environmental solution developed in conjunction with Lear's Sustainability Initiative. SoyFoam™ is soybean oil-derived automotive polyurethane for use in seating, head restraint, armrest and console foam padding. For SoyFoam™, petroleum-based polyol is substituted with soybean oil-based polyol with an adjustment of the formulation to meet strict automotive specifications. We consider SoyFoam™ to be very significant to Lear Corporation in that it serves as a firm representation of our commitment to the environment, product cost control and meeting both our customers' and the consumers' needs.

Soy polyol provides significant environmental improvements as measured by a National Institute of Standards Building for Environmental and Economic Sustainability Study. Giving all environmental impacts equal weighting, soy polyol showed a 75% improvement compared to petroleum polyol.

Environmental innovation continues at Lear with launches of DECS™ and Evolution™ seating systems that combine weight reduction with bio-based and recycle innovations. Recently Lear added EcoPadding™, a trim laminate made with 40% renewable bio-derived nano-crystalline cellulosic fibers and 24% recycled polyester that can replace polyurethane foam trim laminates.

Guilford contributes to Lear's future by establishing itself as a leader in a market that can significantly improve the communities in which we do business. Guilford supplies permeate carrier tricot necessary for reverse osmosis filters for desalination plants, including Israel's Ashkelon plant, the largest such plant when built in 2005.



# Economic Prosperity

## Focus on Customers



### Electrical

Energy and sustainability issues now make daily news. Lear's leadership in hybrid and electric vehicle power management systems points the way forward to a shared future of better modern alternatives to the wasteful past.

Lear's Electrical business designs and manufactures complete electrical distribution systems that route electrical signals and manage electric power within a vehicle. We are one of only four suppliers with complete electrical distribution design and manufacturing capabilities for both traditional and high-power systems and related electronic components in every major automotive-producing market of the world.

Lear's Electrical business seeks innovation and refinements on a continual basis in all aspects, from promoting alternative materials in the millions upon millions of terminals and connectors we sell to significantly reducing packaging and weight in new iteration of products. A prime example is our On Board Charger (OBC) for electrical vehicles. In our newest generation OBC we improved to 95% charger efficiency, up from our 1st generation's 90%, which leads to saving 7000 MW-hr per year savings generated by use in 60,000 cars.

We display our passion for the big picture where our newest OBC has approximately half the mass of our original product, thus increasing savings of electricity and gasoline while increasing fuel economy for hybrid vehicles.

Lear's alternative wire technology is in response to our customers' needs to improve fuel efficiency, reduce CO2 emissions and decrease weight without performance sacrifice. Lear's alternative wire technology offers 30% weight reduction and enables a smaller package size in the harness.





# Social Responsibility

## Support Communities

Lear has built a reputation for a willingness to help others. Lear employees never hesitate to roll up their sleeves to offer support for a wide range of charitable and service organizations in the communities around the world where we do business. Our long tradition of civic involvement and support provides a standard for the future as we highlight community support as one of our core values.

Our employees volunteer time, financial support and provide gifts of goods and services in a wide range of community causes and service organizations. From senior leadership to our newest team member, we all contribute to Lear's core value of supporting the communities in which we live and work.



# Social Responsibility

## Projects Around the Globe



### Ceramic Mugs

The Southfield Campus implemented a change in the coffee service by providing ceramic mugs to all employees and limiting the use of Styrofoam cups to visitors and employees traveling between buildings. Styrofoam cups are not easily biodegradable and contribute to landfill waste. To manufacture the cups requires consumption of oil and generation of CO<sub>2</sub>. The action resulted not only in a cost savings but further supports Lear's sustainability initiatives.

### Household Waste Event

Lear's Environmental, Health and Safety Department provided an opportunity for Southfield Campus team members to dispose of household chemicals and e-waste. Approximately 300 employees brought more than 30,000 lbs (approximately 14,000 kg) of chemicals and 3600 lbs (more than 1600 kg) of electronics. With the aim of making our team members' garages and storage areas cleaner and safer, Lear properly disposed of problematic items such as paint, oil, pesticides, other hazardous household products, computers and related peripherals, televisions, cell phones and audio equipment.



Household Waste Event

### Brennan Pools Renovation Project

Lear contributed \$2.2 million in funds to help restore the Brennan Pools, one of Detroit's historic landmarks which had fallen into disrepair. More than 150 Lear team members joined together with the Motor City Grounds Crew and Lavin Lawn and Landscaping to put finishing touches on the grounds prior to the pools' re-opening.



Brennan Pools Photo

# Social Responsibility Projects Around the Globe

## North America

### Louisville, KY

Lear sponsored a food drive to benefit Dare to Care, a local nonprofit food bank and food rescue operation serving Kentuckiana. Dare to Care serves 13 counties in Kentucky and the organization is working hard to serve our community and help a growing number of families who are food insecure.



### Wentzville, MO

Wentzville employees collected coats for the Kurt Warner Coat Drive to be delivered to people in need in the area.

The Wentzville Plant continued to sponsor the Wentzville Ratchet Robotics Team for the 4th year. The team consists of students from a local Wentzville High School. The team builds robots and participates in local and worldwide competitions.



Wentzville Plant



### Montgomery, AL

Through the Christmas Clearing House, associates from the Montgomery plant made gift donations supporting ten children in the local area. The plant supported the collection of special gifts for the children and authorized the use of associates' company time and vehicles to deliver the gifts.



Montgomery, AL Christmas Clearing House

### Ajax, Ontario, Canada

The plant provided the Community Care Durham organization with financial contributions and a donation of time inside of working hours. Plant individuals delivered Meals on Wheels to clients in need and the plant won the organization's Corporate Leadership Award.





# Social Responsibility

## Projects Around the Globe

### South America

#### Gravatá, Brazil

During the 2013 Worldwide Environment Day celebration, Lear partnered with GM to introduce environmental education for children in the community. Activities involved planting seeds, ecological design and discussions about the environment and recreational activities.



#### Navegantes, Brazil

In partnership with the SESI School, classes are offered for employees that didn't have the opportunity to finish their education.

#### Navegantes, Brazil

Forty-five employees and their children participated in a Beach Cleaning campaign to get people to become more sensitive to the environment around the Itajaí River. Individuals picked up waste on the beach and surrounding area and provided brochures with environmental information to the public.

#### Navegantes, Brazil

Plant sponsored its annual campaign to collect winter clothes to provide to the needy in the community.

#### Camacari, Brazil

The Camacari plant held a Christmas campaign and the employees provided joy to 89 children of the Nursery Alcove School.



Christmas Campaign 2013 in Camacari, Brazil



Beach Clean in Navegantes, Brazil



# Social Responsibility Projects Around the Globe



## Mexico



Hermosillo Provides Scholarships



San Luis Potosi Donates for Medicine



Ramos Arizpe Donates Toys to Kids



Toluca Teaches Values



Aguascalientes Remodels Rehab Center



Juarez Plants Trees in the Community



Rio Bravo Paints a Senior Center



Rio Bravo Donates Blood



Puebla Donates Money for Medicine



# Social Responsibility Projects Around the Globe

Asia

China



Gift-Giving Ceremony in the Philippines

Lear has always prided itself for its active involvement in different community outreach programs as part of its Corporate Social Responsibility initiative. Beginning with Lear Shanghai in 2011, the “One Heart” One Lear Program spread joy among children by distributing gifts such as school supplies, clothing and toys. The program, driven by Lear employees with the Company providing matching funds, touched the lives of many school children.

In 2012, Lear Shanghai continued its contributions to the “One Heart” One Lear program and provided holiday gift bags for needy children, by working with China’s Community Roots organization to meet its 2012 goal of helping 5000 children. Lear employees donated over CNY50,000 RMB to the cause.

The 2013 “One Heart” One Lear program was led by the Chongqing plant team who distributed 612 gift bags to a school located in Mianyang, Sichuan. Nine Lear team members participated in the gift distribution ceremony and employees from the Lear China plants donated CNY80,000 RMB.

## Phillipines

The “One Heart” One Lear Committee in the Philippines initiated several creative fund-raising activities in 2013 to generate funds for the program in addition to the funds provided by the Lear headquarters. Fund raising activities included collection and recycling of plastic bottles and used lead acid batteries, Zumba Dance Party and a Lear Fun Run.

The Lear Philippines One Heart One Lear team traveled to Suba Elementary School close to Lapu-Lapu City. Ten Lear team members participated in a gift-giving ceremony.

The purpose of the school visit was to share holiday spirit and provide gifts 300 students. Also the children were provided lunch from a famous local food chain.



## One Heart One Lear Program

# Lear's Core Values

At Lear, all of our actions are guided by our core values.



These values all have deep roots in the Company's history and they are the key to our ongoing success.



## In Closing...



In this report, we showcased the achievement of our sustainability efforts. While we are pleased with our accomplishments and are appreciative of everyone's hard work that contributed to improved performance we have more work to do.

Lear recognizes that long-term success depends not only on financial performance, but also on social and environmental performance. We continue to strive to better understand the environmental impact of our business operations, because our actions affect our employees, customers, shareholders, suppliers and the communities where we all live and work.

We encourage our customers, suppliers and employees to continue to contribute towards our goal of sustaining our environment and our business for future generations.

Sincerely,

Dr. Barbara Boroughf, PhD

Vice President, E H & S



Sustaining our environment for future generations.

CORPORATE HEADQUARTERS  
21557 Telegraph Road  
Southfield, MI 48033 USA



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.