TCFD Disclosure

Governance

Disclose the organization's governance around climate-related risks and opportunities.

a) Describe the board's oversight of climate-related risks and opportunities.

Lear Corporation's Board of Directors has assigned its Nominating and Corporate Governance (NCG) Committee oversight responsibility for Lear's environmental, social, and governance (ESG) strategy and activities, including those climate-related aspects in alignment with the Task Force on Climate-related Financial Disclosures (TCFD).

The NCG Committee has four scheduled meetings per year where ESG matters are a standing agenda item. The Chair of the NCG Committee provides a summary to the entire Board of Directors of ESG issues covered and ESG considerations are woven into the Board's discussion of topics such as strategy, product development and operations.

To further integrate ESG into our business, Lear has added specific ESG responsibilities to senior management. Our global ESG leadership is now supported by three executives:

1. The Senior Vice President, Sustainability, General Counsel and Corporate Secretary is responsible for Lear's overall ESG efforts, as well as governance matters.
2. The Vice President, Global Environmental, Health and Safety (EHS) is responsible for environmental, product, and process sustainability, including internal and external collaboration, and enterprise risk management.
3. And the Vice President, Social and Supply Chain is responsible for social aspects and reporting.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

The Vice President, Global EHS has overall responsibility for managing climate-related risks and opportunities, leveraging multiple cross-functional EHS and sustainability committees, including those for renewable energy and product sustainability. The Vice President, Global EHS reports climate-related matters to the Senior Vice President, Sustainability, General Counsel and Corporate Secretary and Lear's Chief Executive Officer. The CEO and Senior Vice President, Sustainability, General Counsel and Corporate Secretary report climate-related matters to the NCG Committee, along with other members of management, as appropriate.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.

Lear conducted a comprehensive TCFD-aligned global risk and opportunity assessment in collaboration with a third-party external climate risk and resiliency expert. The global assessment included the following core elements:

- A survey of cross-functional company leaders around the world to solicit insights and perspectives on climate risks and opportunities.
- Evaluation of all global operational locations and certain significant suppliers' locations using leading external datasets.
- Validation of geographic risks by in country and regional experts.
- Completion of a Facility Climate Insights Survey by select facilities.
- Analysis of individual and aggregate risk conditions to evaluate the relative materiality of physical and transition risks to the business.
- Financial impact assessment for the enterprise and select risk scenarios (ongoing).

PHYSICAL RISKS

Lear considers a broad set of physical risks as recommended by the TCFD. Our detailed assessment includes acute and chronic categories including water stress, drought/extreme heat waves, flooding (coastal and inland), earthquakes, extreme weather events, and wildfires.

Applicability to Our Business: Physical risk, both acute and chronic, could damage our physical plants, equipment, and other assets; disrupt transportation of our raw materials and products; affect our production capacity and that of our customers and suppliers; result in loss of revenue and impact financial performance; and cause financial distress in our customer and supply base. Operations located in highly vulnerable areas could lead to an increase in our insurance premiums as well.

Global Risk Assessment Insights: Of the physical risk categories assessed, we determined that the areas of highest potential exposure for our facilities are extreme weather events followed by drought/extreme heat waves. The vast majority of our manufacturing plants and leadership believe their facility and operations are adequately prepared and resilient to address physical risks.

TRANSITION RISKS

Lear considers a broad set of transition risks as recommended by TCFD. Our detailed assessment includes carbon pricing relevant to facilities and finished products, required greenhouse gas (GHG) reporting, and increased costs of raw materials due to climate-related factors.

However, our product portfolio also provides opportunities to take advantage of industry megatrends, including autonomy, connectivity, electrification and shared mobility, each of which promotes a more sustainable future.

Applicability to Our Business: Government incentives, regulatory initiatives and consumer preferences are driving a transformation in the automotive industry, accelerating the transition from internal combustion engine (ICE) powered vehicles to electric and hybrid vehicles (EVs and HEVs). Based on the heavy investment of automakers and suppliers, Lear anticipates greater availability and acceptance of electrification in the very near future. Lear helped develop the first mass market onboard charger for the Chevy Volt in 2008, and we have a portfolio of technologies to support the trend toward electrified, connected vehicles ready now.

Concurrently, we expect climate-related regulatory initiatives and carbon markets to increase and be adopted by more countries or legal jurisdictions. Such regulations could increase our manufacturing costs, as well as that of our suppliers, in addition to the operational costs associated with regulatory compliance.

Global Risk Assessment Insights: Our assessment of transition risk focused on identifying operational geographies where carbon pricing programs and national commitments to climate change exist, such as nationally determined contributions and/or net zero targets. The geographies that are more progressive with climate change transition- and policy-related initiatives represent 15% of our global facilities

OPPORTUNITIES

Lear responds to climate-related risks through continuous identification and implementation of opportunities to mitigate and adapt to physical and transition factors.

Our Current Responses: Lear currently manages climate-related risks through:

Physical Risk Management:

- Climate-related risks and opportunities are identified and assessed through risk management processes, including our Enterprise Risk Management process, and monitored via an Environmental Management System (EMS) with a focus on limiting environmental impact and benefiting the workers and communities in which we operate.
- Insurance is maintained for our plants.

- For new facilities, we complete a due diligence screening to address the extreme climate change risks of flooding and hurricanes.
- We enter commercial negotiations with our customers and suppliers to help identify and mitigate adverse impacts, including minimizing carbon emissions related to product and process design, as well as transportation logistics.

Transition Risk Management:

- In addition to supporting the transition to electrified and connected mobility, all of Lear's products are developed with an emphasis on sustainable solutions that weigh less, reduce mass, use bio-based, recycled and/or renewable content and, when feasible, are recyclable at end-of-life. For instance, our miniature terminals enable reduced wire gauges, which decrease mass, complexity and space requirements compared with traditional electrical distribution systems. See Products & Services for more examples.
- We monitor regional/country regulations with assistance from industry groups, web-based services, and local consultants.
- Our global EHS team specifically monitors air pollution (including CO2) regulations and new air emission limits proposed by regulatory agencies and implements alternative measures at the plant and regional level in advance to manage and reduce our associated emissions.
- We continuously look for cost effective renewable energy sources available in the countries where we do business.
- Third-party services are utilized to continuously monitor and manage utility costs.
- Since raw material, energy, and commodity costs can be volatile, we have developed and implemented strategies to mitigate the impact of higher costs, such as selective in-sourcing of components, continued consolidation of our supply base, longer-term purchase commitments, hedging strategies, and selective expansion of low-cost country sourcing and engineering, as well as value engineering and product benchmarking.
- We enter commercial negotiations with our customers and suppliers to help identify and mitigate adverse impacts, including minimizing carbon emissions related to product and process design, as well as transportation logistics.
- Our corporate EHS/ESG team works with regional and plant leaders to implement energy efficiency or emission reduction projects to further reduce GHG emissions, which could result in lower energy use and associated regulatory compliance requirements.

- Our EMS focuses on reducing our impact on the environment. Regulations such as the EU Energy Efficiency Directive influence our energy management process with additional energy audits and best practice sharing to improve our energy efficiency.
- Our manufacturing facilities use lean manufacturing techniques, and our finished seating products are delivered to automotive manufacturers on a just-in-time basis. These facilities are typically located adjacent to or near our customers' sites, reducing GHG emissions associated with transport.
- Our EHS, ESG, Finance, Legal and Continuous Improvement teams work together at a plant and regional level to implement energy efficiency/emissions reduction projects. In 2020, we implemented more than 180 projects that saved over 9500 MWh of energy and significantly reduced emissions.
- To mitigate the impact of higher raw material, energy, and commodity costs, we implement strategies such as the selective in-sourcing of components, longer-term purchase commitments, value engineering and product benchmarking. We continuously look for cost effective renewable energy sources and utilize third-party services to continuously monitor and manage utility costs.

Our Future Opportunities: Lear utilizes the TCFD-recommended categories to further evaluate opportunities to mitigate climate-related physical and transition risks, including:

Products and Services – Providing future-focused technologies that support industry megatrends, enable electrification, reduce vehicle weight, use renewable materials and enhance safety. Our future success does not depend on the internal combustion engine.

Markets - Accessing new and emerging markets through more effective climate adaptation, such as partnering with governments, or exploring opportunities with financing vehicles like green bonds.

Resource Efficiency - Pursuing more efficient operations, buildings, transportation, recycling, and distribution.

Energy Sourcing - Using lower-emission or renewable sources of energy through policy incentives, power purchase agreements, technologies, participation in carbon markets, and decentralized energy generation.

Resilience - Improving the resiliency of our business model such as less exposed land and buildings, supply chain business continuity, ability to operate through various conditions, and scaled innovation.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

Climate-related risks influence Lear's strategy in the following areas:

1) Products & Services

Our E-Systems and Seating businesses provide powertrain-agnostic solutions across key automotive industry drivers to enable current and future mobility, including improved EV range and faster charging, sustainable, natural and lightweight materials that further reduce emissions, and intelligent in-vehicle experiences that maximize safety and overall efficiencies.

Electrification: Combined with breakthroughs in connectivity, electrification will mobilize the auto industry in new ways, such as autonomous driving, shared mobility and transportation as a service (TaaS). Lear is focused on supporting a faster transition to EVs by integrating sustainability into our product development strategies and reviews. We have a proven track record and a portfolio of technologies that will allow electrified vehicles to charge faster, drive farther and cost less to own.

With more than a decade of know-how in electrifying the automotive industry, today Lear is the only Tier 1 supplier with the capabilities and expertise to offer full architecture solutions for both electrical distribution systems and power electronics. Lear has the highest power, scalable, high-voltage terminal solution that has been adopted globally across multiple automakers for EV connection solutions along with high-voltage wiring and electronics applications.

Using about the same amount of software as an F-22 Raptor Fighting Jet, our scalable battery management systems ensure optimized operating conditions for the battery to improve performance and battery life. Our integrated power module combines an on-board battery charger, DC/DC converter and high voltage power distribution to manage the power flowing in and out of the EV battery, whether charging the vehicle's battery or powering accessories and critical systems.

Without the need for engines, transmissions and other components, EVs can be designed around people instead of machinery, opening doors to potentially radical redesigns of the passenger cabin. Lear's ConfigurE+ seating system, which begins production this year, offers second- and third-row seats with virtually limitless configurations as well as benefits such heating/cooling, power recline and charging ports for devices. The innovation has the potential to support autonomous driving, ridesharing and TaaS—helping to propel EVs to new dimensions in mobility.

In 2020, Lear had $1 billion in revenue from our green product portfolio, including electrification, products that are lighter as a result of new innovations, and electrical improvements that increase fuel efficiency.

Ninety vehicle models for 18 customers will include products from Lear's high voltage portfolio in 2021. By 2026. it is expected that more than 4 million electric vehicles will rely on Lear's new high-voltage connection systems as the main battery/vehicle interface. Further, we are well positioned for future opportunities with more than 700 global patents and pending patents for sustainable technologies.

Connectivity: With 5G and vehicle-to-everything (V2X) technology, cars will soon communicate with other vehicles, traffic lights, see pedestrians in blind spots, and eventually support autonomous driving and TaaS. Connectivity will also reduce traffic congestion and, as a result, cut emissions. Lear is ahead of the curve with leading software and hardware—all protected by world class cybersecurity. Lear's first-to-market integrated telecommunications unit accommodates antennas for the growing variety of vehicle communications in a single package with easier installation, better aerodynamics and sleeker look—and no shark fin. Lear's cloud-based global navigation satellite system (GNSS) service delivers precise positioning with 10 cm accuracy, allowing advanced lane-level navigation and autonomous driving solutions. Already launched in millions of vehicles, Xevo Market™, our award-winning in-vehicle e-commerce platform enables in-vehicle transactions.

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

- Lear is turning seats into smart devices with INTU™, an intuitive, intelligent seating system that provides personalized heating and cooling, using less energy and supporting the extended range of electric vehicles.
- SoyFoam™ is made from 100% renewable U.S.-sourced soybeans instead of petroleum, reduces carbon use a net 5.5 kilograms for each kilogram of SoyFoam™ used, creates four times less emissions than conventional foam and requires 60% less conversion energy to produce.
- 50% of the steel and other metals in our seating comes from recycled content.
- 40% of Lear's seating and 55% of E-Systems components are recyclable at end of life.

2) Investment in R&D – We have invested in several sustainable product development opportunities.

- Lear has more than 700 global patents and pending patents for sustainable technologies.
- Lear's high-voltage electrical distribution, power conversion and advanced battery management technologies enable electrified vehicles to charge faster, drive farther and cost less, which also encourages consumer acceptance of electric vehicles and environmentally friendly transportation alternatives.
- Lear Innovation Ventures (LIV) is accelerating the pace of innovation and collaboration around autonomous, connected, electrified and shared mobility trends. LIV is investing in advanced development teams, partnership and early-stage technologies by working with venture capital firms, accelerators and incubators.
- Lear uses s a selection of premium textiles and leathers that include both sustainable materials and processes such as natural fibers, fibers made from certified recycled stock, and 100% water-based leather finishing to reduce our environmental impact.

3) Operations – Lear's Global Continuous Improvement teams strongly support our sustainability efforts by using lean manufacturing processes to identify energy and waste reduction projects, tracking progress, and operating a best practice website to share successful efforts. A sampling of energy reduction projects at several representative plants around the globe includes:

- Conducting energy treasure hunts at various plants to identify opportunities for CO2 reductions.
- Replacing lighting systems with LED lamps over time. More than 35 lighting projects were implemented to reduce electricity and maintenance costs and increase the lifetime of bulbs.
- Improving building envelopes to reduce heat loss and maintain building heat. For example, zip doors remain closed until a material is to be exchanged, open to allow a bin to pass through, and then close again.

Lear uses recommended categories to further evaluate financial impacts of climate-related physical and transition risks, including:

Revenue and Sales - Loss from operational disruptions (facility downtime, raw material supply interruptions, and/or distribution delays).

Expenditures: OpEx - Higher expenses for climate protection, insurance premiums, and/or recovery expenses.

	Assets: CapEx - Higher capital expenditures for climate mitigation and asset protection. *Procurement Costs* - Volatility in cost and/or availability of raw materials due to climate-related factors and/or policies (carbon taxes). *Assets: Tangible* - Changes in the value of tangible assets (land, equipment, facilities, reserves, cash, etc.). *Assets: Intangible* - Changes in the value of intangible assets (brand, copyrights, goodwill). *Liabilities and Financing* - Changes in current liabilities, restricted access to capital and debt markets, divestment risk.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Lear has reviewed different scenarios and identified that combinations of physical and transition risks will vary geographically rather than globally. If a business as usual (BAU) scenario plays out, then global temperatures will be well above 2°C, and physical climate risks will be more frequent and intense. Conversely, if governments and high-emission sectors across the globe significantly accelerate efforts toward low carbon economies and lower global temperatures, then physical risks are expected to decrease, and companies will face greater transition risks. Lear's approach to assessing and managing risks accounts for these different climate-related scenarios.

Managing Climate Change Risk

Disclose how the organization identifies, assesses, and manages climate-related risks.

a) Describe the organization's processes for identifying and assessing climate-related risks.

b) Describe the organization's processes for managing climate-related risks.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.

Operational Risks

Lear conducted a comprehensive TCFD-aligned global risk and opportunity assessment in collaboration with a third-party external climate risk and resiliency expert. The global assessment included:

- A survey of cross-functional leaders across the globe to solicit insights and perspectives on climate risks and opportunities.
- Evaluation of all global operational locations using leading external datasets.
- Validation of geographic risks.
- Completion of a Facility Climate Insights Survey by select facilities.
- Analysis on individual and aggregate risk conditions to evaluate the relative materiality of physical and transition risks to the business.
- Financial impact assessment for the enterprise and select risk scenarios.

We are currently in the process of applying business scenario and financial impact analysis to the insights. The assessment focused on:

Physical Risk (Acute and Chronic): Water stress, drought/extreme heat waves, flooding (coastal and inland), earthquakes, extreme weather events, and wildfires.

Transition Risks: Carbon pricing relevant to facilities and finished products, required GHG reporting, and increased costs of raw materials due to climate-related factors.

Operational site-specific risks and opportunities will be embedded within business planning and management system processes. All of Lear's eligible manufacturing facilities are currently ISO 14001:2015 EMS compliant, and new facilities are required to obtain certification as soon as possible after opening. (Exceptions include non-manufacturing sites, warehouses, and offices).

Supply Chain Risks

Lear facilities that are part of the company's vertical integration are included within the full assessment process.

In addition, Lear conducted a climate risk screening of top global external suppliers, identifying and evaluating more than 160 specific global sourcing locations. The screening was completed by evaluating all locations using leading external datasets with a focus on the same physical and transition risks utilized for the Lear operational assessment. The results are used to

identify and engage with potentially high-risk suppliers and will be combined with operational risk results to consider aggregate risk scenarios.

Of the physical risk categories assessed, our top suppliers have the most potential exposure to extreme weather events followed by water stress. The remaining categories were all lower than 10% of locations assessed.

Our assessment of transition risk focused on identifying operational geographies where carbon pricing programs and national commitments to climate change exist, such as nationally determined contributions and/or net zero targets. The geographies that are more progressive with transition and policy related initiatives related to climate change represent 6% of the global locations.

For managing supply chain risks, Lear employs several industry best practices to mitigate supplier disruptions, including multiple component sources and dual validation, where practical. We research and choose our suppliers carefully with a focus on developing long-term partnerships, not short-term fixes. According to industry quality requirements, new or alternative suppliers cannot be added abruptly. They must demonstrate their production capability and obtain written approval before their products can be substituted.

Our suppliers are also contractually required to meet the detailed standards included in our Global Requirements Manual and Code of Conduct for Suppliers (GRMS) and our Supplier Sustainability Policy, which addresses human rights, child labor, working conditions, environmental, health and safety, animal welfare, and resource management, among other issues. The expectation that our suppliers also pass these requirements through to their sub-suppliers is clearly communicated in our policies. Our supplier contracts give us the right to audit supplier facilities for compliance and terminate the relationship due to any breach of the GRMS or violation of law.

In 2020, Lear engaged NQC Ltd., a global third-party supply chain sustainability management firm, to map, assess and monitor direct and extended supply chain risks related to ESG, including environmental practices. The program will be rolled out globally in 2021.

Along with compliance to Lear policies and procedures, both new and existing suppliers are required to earn third-party certification in recognized international automotive operational standards, including the ISO 14001:2015 environmental standard and industry IATF:16949.

Monitoring Scope 3 emissions is included in Lear's long-term supply chain management objectives.

Enterprise Risks

Lear manages enterprise risks, including climate-related risks, through a combination of processes including Board and committee oversight, specific responsibilities to senior management across global functions, multiple cross-functional sustainability committees, and auditing. Enterprise risks are also managed on an ongoing basis through embedded management systems and processes. Worldwide, 100% of Lear's eligible manufacturing facilities are currently ISO 14001:2015 EMS compliant, and new facilities are required to obtain certification as soon as possible after opening. (exceptions include non-manufacturing sites, warehouses, and offices)

Lear considers the following factors when defining substantive change in business, operations, revenue, supply chain or expenditure from climate risk:

1. Potential impact on the operation or supply chain resulting in a significant loss of produced goods that would impact the customer's production demands, customer delivery, significant operating cost increase, inability to meet the human needs of our employees, or a necessity to move our operations.
2. Potential impact on stakeholder expectations or perceptions.

Substantive change would generally be considered any significant change, positive or negative, to a site's operating environment/costs and/or to Lear's reputation locally, regionally, or globally.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

In 2020, Lear tracked the following metrics relevant to climate-related risks and opportunities:

- Scope 1 GHG emissions by country/region and by business division.
- Scope 2 GHG emissions by country/region and by business division.
- Energy consumption, including fuel and purchased or acquired electricity.
- Energy generation, including electricity and heat.
- Total waste (non-hazardous and hazardous).
- Waste by disposal type (landfill, recycled, incinerated, energy recovery, other).
- Water withdrawals, discharges, and consumption.

b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

In 2020, Lear's Scope 1 and 2 GHG emissions were 87,290 and 340,822 metric tons CO2e, respectively. Scope 3 emissions are relevant to our organization, however, have not yet been calculated.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

In 2020, Lear set the following two goals for 2030:

1. 50% Scope 1 and 2 emissions reduction at manufacturing facilities.
2. 100% renewable energy for electric power consumed at our manufacturing facilities.

Additionally, by 2050, Lear aspires to be carbon neutral.

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