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## United States Senate

COMMITTEE ON FINANCE  
WASHINGTON, DC 20510-6200

July 24, 2023

Mr. Ray Scott  
President & CEO  
Lear Corporation  
21557 Telegraph Road  
Southfield, MI 48033

Dear Mr. Scott:

I write concerning recent reporting about potential links between Lear Corporation's (Lear) leather supply chains and illegally deforested land in the Brazilian Amazon.<sup>1</sup> These links may also expose Lear's Brazilian supply chains to products produced with forced labor. The information I am requesting from Lear will aid the Senate Finance Committee's investigation of the effectiveness of trade-based efforts by the United States to combat forced labor and environmental abuses in the supply chains of products sold in the United States.

A report from the Environmental Investigation Agency (EIA) found that Lear, the largest supplier worldwide of leather car seats, sources 70% of its leather supply from Brazil.<sup>2</sup> There, Lear predominantly does business with JBS S.A., Vancouros Comercio de Couros LTDA, and Viposa S.A., hide producers known to source cattle from areas of the Amazon that have been illegally used for cattle production and which receive weak oversight from the Brazilian government.<sup>3</sup> A 2021 New York Times exposé revealed that Lear's major direct suppliers each source cattle from illegally deforested ranches in protected areas of the Amazon. These ranches evade supply chain monitoring by moving cattle repeatedly over their lifetimes from illegal to legal ranches in a process known as "cattle laundering."<sup>4</sup> In addition to encouraging deforestation, illegal ranching in the Amazon drives violent land-grabs and human rights abuses,

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<sup>1</sup> *Deforestation in the Driver's Seat: Illegal Cattle Ranching, Amazon Deforestation, and the Automotive Leather Industry*, Environmental Investigation Agency, 2022, [https://us.eia.org/wp-content/uploads/2022/12/EIA\\_US\\_Brazil\\_Leather\\_report\\_1022\\_US\\_Format\\_FINAL\\_EDIT\\_09-02-23.pdf](https://us.eia.org/wp-content/uploads/2022/12/EIA_US_Brazil_Leather_report_1022_US_Format_FINAL_EDIT_09-02-23.pdf).

<sup>2</sup> *Id.* at 1.

<sup>3</sup> *Id.*

<sup>4</sup> *How Americans' Appetite for Leather in Luxury SUVs Worsens Amazon Deforestation*, The New York Times, Nov. 17, 2021, <https://www.nytimes.com/2021/11/17/climate/leather-seats-cars-rainforest.html>.

subject to weak oversight by Brazilian law enforcement, which often fails to enforce environmental and human rights laws.<sup>5</sup>

Such abuses include the prevalent use of slave labor to deforest ranching areas.<sup>6</sup> Since 1995, more than 1,300 laborers have been discovered working in slavery conditions to clear forest, and this number is likely a significant underestimate due to laborers' fears of retaliation, including murder.<sup>7</sup> In 2022, the United States Department of Labor Bureau of International Affairs listed cattle as one of the products Brazil is producing by forced labor or child labor.<sup>8</sup>

For the past two years, I have been conducting an investigation into the relationship between cattle ranching and deforestation of the Brazilian Amazon. This investigation is focused on the business practices of JBS S.A., which has allowed illegal deforestation to enter its cattle supply chain through indirect suppliers who engage in cattle laundering. By complicating their supply chains, JBS's indirect suppliers are able to source cattle from ranches that engage in illegal land occupation and deforestation. In June 2023, the Finance Committee held a hearing on this investigation and pushed multinational beef producer JBS to stop turning a blind eye as parts of its supply chains burn down the Amazon, push the world toward climate catastrophe, and undercut American ranchers who play by the rules on international trade.

I have also been investigating links between automakers' supply chains and forced labor in Xinjiang, China, where the State Department reports that the Chinese government is committing an "ongoing genocide and crimes against humanity."<sup>9</sup> This investigation has focused automakers and their direct suppliers to better understand how companies monitor their supply chains for forced labor and comply with the Uyghur Forced Labor Prevention Act.

Section 307 of the Tariff Act of 1930 prohibits goods produced using forced labor, in whole or in part, from importation into the United States.<sup>10</sup> This authority, which Customs and Border Patrol (CBP) uses to prevent and curtail human rights abuses, was bolstered in 2016 with an absolute prohibition on goods produced with forced labor when I worked with Senator Brown to pass an amendment to the Trade Facilitation and Trade Enforcement Act.<sup>11</sup> This amendment bolsters CBP's authority to prevent forced labor from entering American supply chains. I am requesting the following information from Lear regarding its leather supply chains in order to aid the Senate Finance Committee's oversight of these efforts to combat forced labor practices:

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<sup>5</sup> *Id.*; *Deforestation in the Driver's Seat* at 8.

<sup>6</sup> *Slaves to Deforestation: Labor Abuses Fuel Brazil's Amazon Destruction*, Fabio Teixeira, Reuters, August 23, 2021, <https://www.reuters.com/article/brazil-climate-deforestation/feature-slaves-to-deforestation-labor-abuses-fuel-brazils-amazon-destruction-idUSL8N2OO4Y9>.

<sup>7</sup> *Id.*

<sup>8</sup> US Department of Labor, Bureau of International Affairs, *2022 List of Goods Produced by Child Labor or Forced Labor* at 24, (2022) [https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2021/2022-TVPR-List-of-Goods-v3.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2021/2022-TVPR-List-of-Goods-v3.pdf).

<sup>9</sup> *Press Statement by U.S. Secretary of State Antony J. Blinken*, UN Office of the High Commissioner for Human Rights Report on the Human Rights Situation in Xinjiang, Sep. 1 2022, <https://geneva.usmission.gov/2022/09/01/statement-on-un-human-rights-office-report-on-xinjiang/>.

<sup>10</sup> Section 307 of the Tariff Act of 1930 (19 U.S.C. 1307).

<sup>11</sup> Trade Facilitation and Trade Enforcement Act (P.L. 114-125).

- 1) Does Lear conduct its own leather supply chain mapping and analysis of cattle production, beginning at birth and following transportation to all facilities at which the cow is held, through slaughter, processing, and finishing to determine whether any aspect of the supply chain is linked to forced labor? If so, please describe these efforts, the due diligence framework Lear applies to its leather supply chains, and whether these efforts involve tracking finished leather throughout the cow's entire lifespan. Please specify whether Lear monitors both its direct and indirect suppliers.
- 2) Does Lear conduct analysis to determine whether its suppliers source cattle from ranches that were illegally occupied at the time of their transaction under Brazilian environmental laws, or from ranches that received amnesty grants following illegal occupation?
  - a. If so, please specify whether Lear makes use of cattle transport permits and rural property registrations in evaluating the ranches its suppliers source from, and how it validates those documents.
  - b. In its 2022 10-K filing with the US Securities and Exchange Commission, Lear claims to use "georeferencing" technology to identify illegal deforestation in its direct suppliers.<sup>12</sup> Please describe the process of "georeferencing" utilized by Lear and whether its suppliers apply this process to both their direct and indirect suppliers.
  - c. Specifically, please describe how Lear makes use of serial numbers stamped into hides by its suppliers, including JBS, at their wet blue tanneries.
- 3) Does Lear require suppliers to perform due diligence analysis of their own sourcing to detect forced labor in their own supply chains? If so, how does Lear evaluate the validity of suppliers' due diligence methodology?
- 4) Has Lear ever terminated or curtailed, or threatened to terminate or curtail, a commercial relationship with a supplier or sub-supplier, including ranches, cattle transporters, slaughterhouses, tanning facilities, finishing facilities, and any affiliated entities, because of its use of materials linked to forced labor? If so, please describe, for every such incident, the actual or threatened termination or curtailment and the ultimate outcome, and whether the outcome was reported publicly.
- 5) Has Lear ever terminated or curtailed, or threatened to terminate or curtail, a commercial relationship with a supplier or sub-supplier, including ranches, cattle transporters, slaughterhouses, tanning facilities, finishing facilities, and any affiliated entities, because of its failure to comply with supply chain mapping, auditing, or other diligence or compliance activities? If so, please describe the actual or threatened termination or curtailment and the ultimate outcome, and whether the outcome was reported publicly.
- 6) Has any shipment of any goods to Lear ever been detained, excluded, or seized by U.S. Customs and Border Protection (CBP) under any provision of Section 307 of the Tariff Act of 1930? If so, for each such instance, please:
  - a. describe the circumstances surrounding the CBP enforcement action;

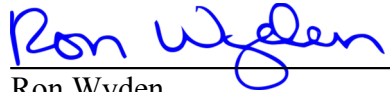
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<sup>12</sup> Lear, 2022 10-K filing with the U.S. Securities and Exchange Commission: <https://ir.lear.com/static-files/ba2e914c-66e4-4221-9574-a04dad4ad6c9>.

- b. describe any information provided by CBP regarding the enforcement action, including information about the suspected forced labor; and
- c. describe Lear's response to the CBP enforcement action.

I ask that you provide the requested information as soon as possible but no later than August 7, 2023. If you have any questions, you may contact my Senate Finance Committee oversight staff at 202-224-4515. Thank you for your prompt attention to this important matter.

Sincerely,



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Ron Wyden  
United States Senator  
Chairman, Committee on  
Finance