

# Driving



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*Corporate Responsibility 2018*





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# MESSAGE FROM THE CEO

GRI 102-14

Successful companies stand the test of time by proactively adjusting to changing market conditions and the needs of their customers. Over the last five years, aligned with our strategic vision and core values, we have built a culture of engagement and installed systems and processes to compete globally. The next five years will require us to achieve even greater operational efficiencies to address changing vehicle and mobility preferences, escalating raw material prices and a more stringent regulatory environment.

Given this changing economic landscape and the associated headwinds it is creating, we have proactively moved from a regional to a global organization to more fully leverage our scale. This move helps accelerate innovation and materials science advancements to support our customers in both automotive and industrial markets. Global alignment also further supports our environmental, social and governance commitment. As we look to the future, our strategic priorities include expanding outside of our automotive business and managing human capital as a key

element to retaining and attracting the talent needed to support our strategy.

I am proud of the progress our global team is making to drive value and create long-term sustainability of the business on behalf of our stakeholders.

**Jeffrey Edwards**  
*Chairman and CEO*



**Members of the Global Leadership Team addressing employees during a panel discussion at a global employee webcast**  
Pictured: (center) Jeff Edwards, Chairman and CEO; (left) Bill Pumphrey, SVP and President, North America, GCC Lead; and (right) Jon Banas, Executive VP and CFO



# ABOUT THIS REPORT

Committed to continuously improving and innovating to become world-class in every aspect of our business

GRI 102-50, 102-52, 102-53, 102-54, 102-56

Cooper Standard's\* 2018 corporate responsibility report, "Driving Value", covers calendar year 2018. This report contains Standard Disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Standards, which can be found in our [GRI Content Index <pg.78>](#). This report has not been externally assured. For more information, contact [corporateresponsibility@cooperstandard.com](mailto:corporateresponsibility@cooperstandard.com).

## TOPICS COVERED

Materiality & Stakeholder Engagement

## SUGGESTED LINKS

[GRI Index <pg.78>](#)

[2016 Corporate Responsibility Report <L.1>](#)

[2017 Corporate Responsibility Report <L.2>](#)

[Global Leadership Team <L.3>](#)

[Board of Directors <L.4>](#)

[Fortrex® <pg.49>](#)

\* Cooper Standard is also referenced as "the Company," "CPS," "we," "our" and "us" in this report.

# MATERIALITY AND STAKEHOLDER ENGAGEMENT

GRI 102-40, 102-42, 102-43

We understand our corporate responsibility efforts have the most impact when we focus our strategy on the issues that matter most to our business and stakeholders. We refined our approach and set our future trajectory by regularly engaging with a variety of internal and external stakeholder groups. We continually use a variety of engagement methods, including conversations, forums, surveys and community outreach. We also conduct regular materiality assessments as formal checkpoints for our corporate responsibility reporting and internal strategy.

We conducted our first materiality assessment in 2016 and the findings shaped both our [2016 <L.1>](#) and [2017 <L.2>](#) corporate responsibility reporting cycles. We recently completed a second assessment, refreshing the results to inform our 2018 reporting cycle and beyond.

Cooper Standard engaged a robust cross-section of our internal and external stakeholders during the materiality assessment process.

## Internal Stakeholders

- [CPS Global Leadership Team <L.3>](#)
- CPS Senior Leadership

## External Stakeholders

- Shareholders
- Customers
- Suppliers
- Industry Associations
- [Cooper Standard Board of Directors <L.4>](#)

While all the topics that we identified and reviewed are important, 15 topics were identified by our stakeholders as the highest priority for managing and reporting. This report reflects those 15 topics.



## MATERIAL TOPICS & BOUNDARIES

GRI 102-46

The results of our latest materiality assessment differentiate five topics that are of highest importance to Cooper Standard and our external stakeholders. In keeping with these results, we reorganized this 2018 corporate responsibility report to bring forward our disclosure on management of these topic areas. In

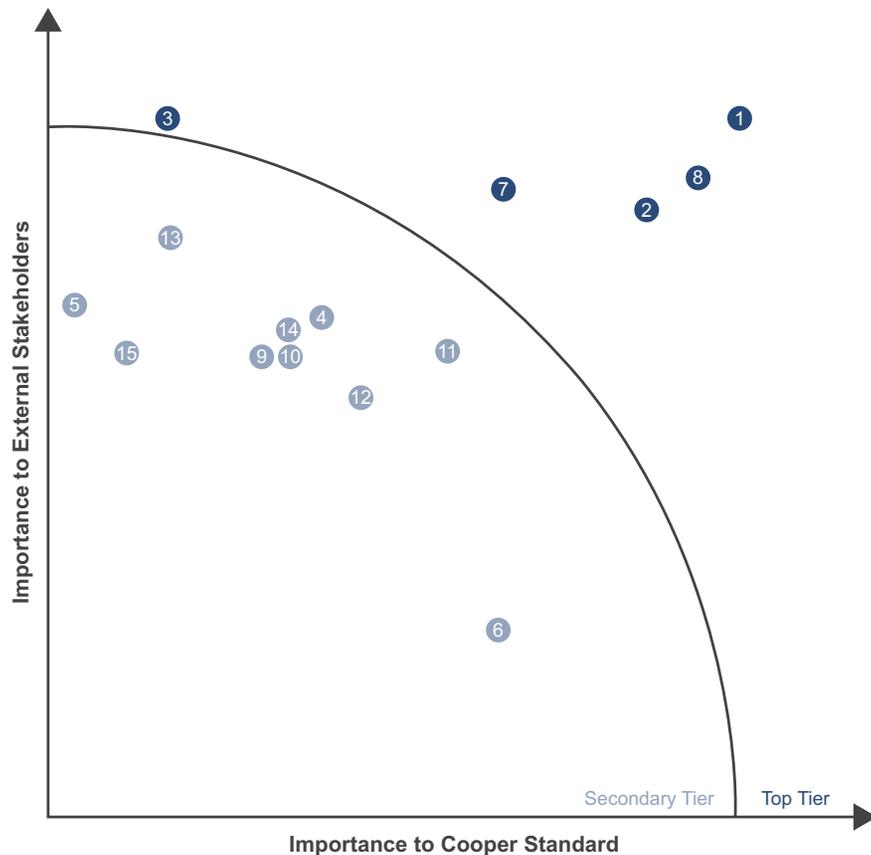
addition, this report covers our management approach for material secondary tier Environmental, Social, Governance (ESG) and product-related issues.

In the materiality assessment, we heard growing interest from our stakeholders on the topic of Product Life Cycle. Product Life Cycle refers to improving the environmental footprint of our products, from the manufacturing process through products' end-of-life. This is an emerging topic for Cooper Standard and we are monitoring it closely.

We will continue to evolve our approach to managing our products' life cycles in response to broad stakeholder feedback and customer interest. We conducted a life cycle analysis on our recently-released product, *Fortrex*<sup>®</sup> <pg.49>; it has a significantly lower environmental footprint during manufacturing than traditional EPDM rubber. Our strategic plans include product innovations that continue to minimize the environmental impact of our products.

## RELATIVE PRIORITY OF TOPICS

GRI 102-44, 102-46, 102-47



BOUNDARY	MATERIAL TOPICS	PAGE
<b>Social</b>		
●	1. Talent Management	25
●	2. Workplace Safety	36
●	3. Diversity and Inclusion	28
●	4. Talent Engagement	27
● ● ●	5. Human Rights	24 & 69
● ● ●	6. Community Involvement	31
<b>Product</b>		
● ● ●	7. Product Quality and Safety	58 & 65
● ● ●	8. Innovation	54
● ● ●	9. Product Life Cycle	6
● ● ●	10. Customer Satisfaction	46
<b>Governance</b>		
● ● ●	11. Ethic and Compliance	19
● ● ●	12. Information and Data Security	21
<b>Environmental</b>		
● ● ●	13. Chemical Compliance	59
● ● ●	14. Energy and GHG Emissions	70
● ● ●	15. Waste	72

- Internal
- Suppliers
- Customers
- Communities

# ABOUT COOPER STANDARD

Cooper Standard (NYSE: CPS) is a global automotive and industrial parts manufacturer with a workforce of approximately 30,000 in more than 150 facilities in 21 countries

GRI 102-1, 102-2, 102-3, 102-5

At Cooper Standard, we are committed to driving value through culture, innovation and results. Our highly engaged workforce pursues breakthrough product innovations and implements cutting-edge manufacturing and business processes to deliver the highest quality and most robust solutions to meet the evolving needs of our customers and the global automotive industry.

In fact, we are at the cusp of a new era in our industry. When describing our current position during a materiality assessment interview, a Cooper Standard stakeholder quoted journalist Graeme Wood, who wrote, “change has never happened this fast before and it will never be this slow again.” Through this report, we share with our stakeholders how we are prepared to meet the challenges of the future, while staying true to our core values.

## TOPICS COVERED

Our Strategy  
Brands, Products & Services  
Key Dates  
Awards & Recognition  
Global Footprint  
Performance Highlights

## SUGGESTED LINKS

*Voice of the Customer* <pg.46>  
*Superior Products* <pg.42>  
*Engaged Employees* <pg.24>  
*World-class Operations* <pg.60>  
*Plant Manager Institute* <pg.30>  
*Cooper Standard University* <pg.30>  
*Advanced Technology Group* <pg.57>  
*Industrial and Specialty Group* <L.5>  
*Cooper Standard Locations* <L.6>  
*U.S. Securities Commission* <L.7>

# OUR STRATEGY

Our Vision, “Driving Value Through Culture, Innovation and Results,” is built on these four strategic pillars.



## VOICE OF THE CUSTOMER <PG.46>

We design and develop our products to meet the current and future needs of our customers. We listen intently and adjust to customer feedback to ensure we are consistently providing customer-focused solutions, especially to meet the rapidly changing automotive industry.



## ENGAGED EMPLOYEES <PG.24>

It is our employees who sustain our culture of engagement, ensure that our core values guide our daily work, facilitate innovation across all areas of our business and partner with the communities where we work and live.



## SUPERIOR PRODUCTS <PG.42>

With a focus on our core products, we provide customers market-leading solutions with predictable quality that meet or exceed expectations in sealing, fuel and brake delivery, and fluid transfer systems with a focus on materials science innovations for diverse transportation and industrial markets.



## WORLD-CLASS OPERATIONS <PG.60>

We’re committed to sustained excellence through global standardization of our manufacturing processes, as well as a highly trained workforce. *The Plant Manager Institute* <pg.30> within the *Cooper Standard University* <pg.30> provides comprehensive training to ensure operational consistency across our global footprint.

## VALUE DRIVERS

Cooper Standard’s global alignment around our strategic pillars continues to drive further value. The Company’s competitive strengths include:

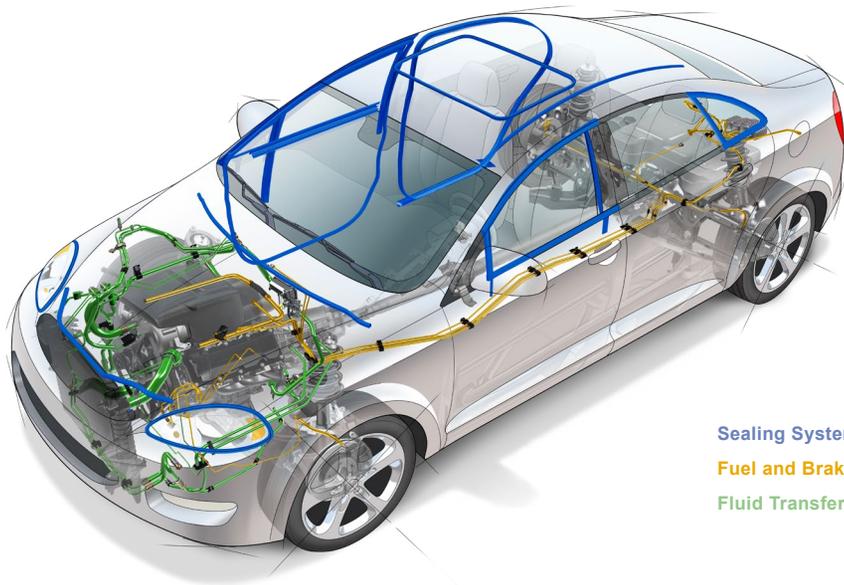
- Leading market positions in all product lines;
- Organic growth opportunities via increasing content per vehicle and new business wins through innovative product offerings;
- Ability to leverage materials science capabilities in industrial markets;
- Advantaged global manufacturing footprint that provides operating efficiencies and coverage in every major customer market;
- Experienced management team focused on value creation; and
- Strong financial profile with focus on cash flow generation and margin improvement.



# BRANDS, PRODUCTS & SERVICES

GRI 102-2, 102-6

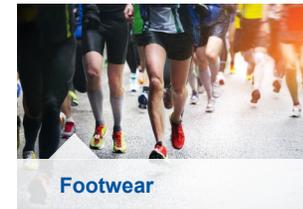
Cooper Standard is dedicated to developing quality components for the passenger car and light truck market, as well as advancing materials science solutions to meet the needs of our automotive and diverse industrial customers. As a result of our focused approach, Cooper Standard holds a leadership position in each of our core product lines: sealing; fuel and brake delivery; and fluid transfer systems. Our *Advanced Technology Group* <pg.57> maximizes the value stream of the Company's materials science innovations in adjacent markets. Our *Industrial and Specialty Group (ISG)* <L.5> continues to serve customers in power sports, marine, agriculture, construction, commercial and recreation vehicles, aviation and appliance markets.



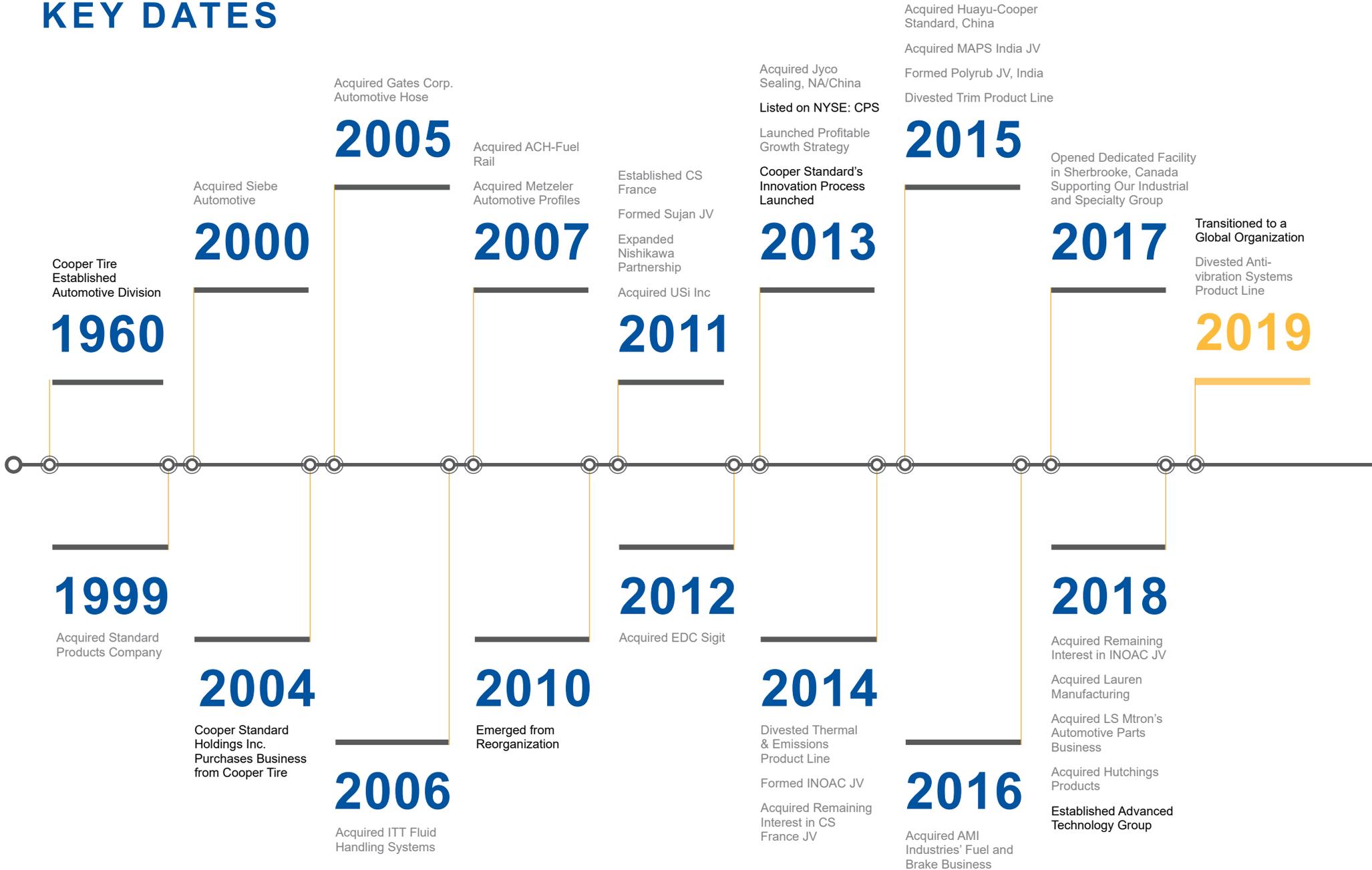
Sealing Systems

Fuel and Brake Delivery Systems

Fluid Transfer Systems



# KEY DATES



# AWARDS & RECOGNITION

## COMPANY AWARDS

2018 *Automotive News* PACE Award Winner

Our Fortrex® lightweight elastomeric material was named a PACE award winner.

SPE Innovation Award Finalist

Recognized as a Society of Plastics Engineers' Innovation Award finalist for the application of Fortrex® on Ford's Lincoln Continental.

2018 Best Company of Responsible Business

Honored by Sudeckie Kryształy for our active involvement in the everyday activities of the local community in Dzierżoniów, Poland.

2018 Innovative Industry of the Year

Recognized by the Montgomery County Chamber and Industrial Authority of Kentucky for our innovative manufacturing process and inspiring local students to pursue careers in modern manufacturing.

*Corp!* Michigan Economic Bright Spot

Awarded for our economic growth, expansions and commitment to hiring Michigan's talent.

*Borracha Atual's* "Biggest & Best"

Recipient of the premier Top Rubber Award for the Brazilian rubber market in the category "Artifacts for Automobiles"

New Lexington, Ohio Presidential Award

Recognized for our commitment to and growth in the New Lexington community.

2019 *Automotive News* PACE Award Finalist

Our Artificial Intelligence software was named an award finalist for what is often referred to as the "Academy Award for Innovation" in the automotive industry.

## EMPLOYEE RECOGNITION

Sue Kampe

*SVP, Chief Information and Procurement Officer*

Named a 2018 *Crain's Detroit Business* Notable Women in Manufacturing and a Manufacturing Institute 2019 STEP Ahead Honoree for her great leadership in the transformation of the Company's information technology and procurement systems.

Sharon Wenzl

*SVP, Chief Communications and Community Affairs Officer*

Named a 2018 *Crain's Detroit Business* Notable Women in Marketing for her key role in several communication and philanthropic initiatives.

Andrea Ebbitt

*VP, Talent Strategy and Development*

Named a 2019 *Crain's Detroit Business* Notable Women in Human Resources for her leadership in the enhancement of the Company's performance management and onboarding process.

Roger Hendriksen

*Director, Investor Relations*

Named a 2019 All-America Executive Team-MIDCAP Top 3 Best IR Professional (Autos & Auto Parts).

Jennifer Shupp

*Director, Business Development*

Named a 2018 *Women of Color* Technology Rising Star for her role in leading several initiatives to promote the acceleration of women's careers in STEM.

Lee Bissonnette

*Senior Program Engineer*

Named a 2018 *Women of Color* Technology All Star for her role as a leader of our STEM Affinity Group, working to propel the program to new heights.



Leszek Książarczyk, Senior Operations Director, and Grzegorz Pyżyński, Director of Myślenice Plant, accept "Factory of the Year 2018 Award"



Dave Mihelick, VP Global Quality and Supplier Development, and Bill Pumphrey, SVP and President N.A., accept "GM Supplier of the Year Award"



Chennai, India employees accept "Ford Q1 Award"

## CUSTOMER RECOGNITION RECEIVED IN 2018



### Asia Pacific

SAIC GM 2017 "Supplier of the Year" (Gold)  
Toyota 2017 "Quality Award" (India)

#### Chennai, India

Ford "Q1 Award"  
RNAIPL "Supplier Award"  
Grow Care India "Safety Award"

#### Fengxian, China

SAIC GM's 2017 "Best Quality Award" (Body Exterior Function)

#### Guangzhou, China

GAC FCA "Excellent Quality Improvement Supplier Award"

#### Kunshan 1, China

SAIC GM 2017 "Excellent Supplier"  
FCA 2017 "Outstanding Quality Award"  
SAIC GM Aftermarket Parts 2018 "Top 10 Suppliers"  
DPCA 2018 "Quality Champion Award"  
2018 GM "Customer Care and Aftersales On-time Shipping Award"

#### Kunshan 2, China

Chery Jaguar Land Rover 2017 "Excellent Quality Award"  
Chery Jaguar Land Rover "Outstanding Launch Award"  
Iveco 2018 "Excellent Supplier Award"

#### PyeongTaek, Korea

GM 2017 "Supplier Quality Excellence Award"

#### Qingpu, China

SAIC GM 2018 "Excellent Supplier Award"

#### Sanand, India

Ford "Q1 Award"  
Greentech "Safety Award" (Gold)

#### Shenyang, China

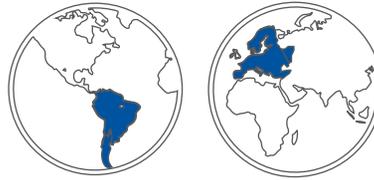
SAIC GM Beisheng "Lean Production Excellence Award"

#### Wuhu, China

Volvo 2018 "Innovation Award"

#### Yantai, China

SAIC GM 2018 "Excellent Supplier Award"



### Europe / South America

2017 Toyota "Quality Certification" (Brazil)

#### Creutzwald, France

PSA Group "Supplier Award 2018"

#### Lindau, Germany

Ford "Q1 Award"

#### Myślenice, Poland

PSA Group "Supplier Excellent Services"  
Trade Media International, *Engineering and Maintenance Magazine* and *Control Engineering Poland Magazine*  
"Factory of the Year 2018 Award"

#### Varginha, Brazil

2017 GM "Supplier Quality Excellence Award"



### North America

2017 GM "Supplier of the Year"

#### Aguascalientes, Mexico

Ford "Q1 Award"

Bowling Green, Fairview, Gaylord, New Lexington, and Oscoda, U.S.; Aguascalientes, Juarez and Saltillo, Mexico; Cartago, Costa Rica

GM 2018 "Supplier Quality Excellence Award"

#### Sherbrooke, Quebec

2017 FCA "Outstanding Quality Award"

Bowling Green, East Tawas, Fairview, Laredo, Leonard, and Mount Sterling, U.S.; Georgetown and Stratford, Ontario; Guaymas, Mexico

2018 GM "Customer Care and Aftersales On-time Shipping Award"

## MEMBERSHIPS AND ASSOCIATIONS

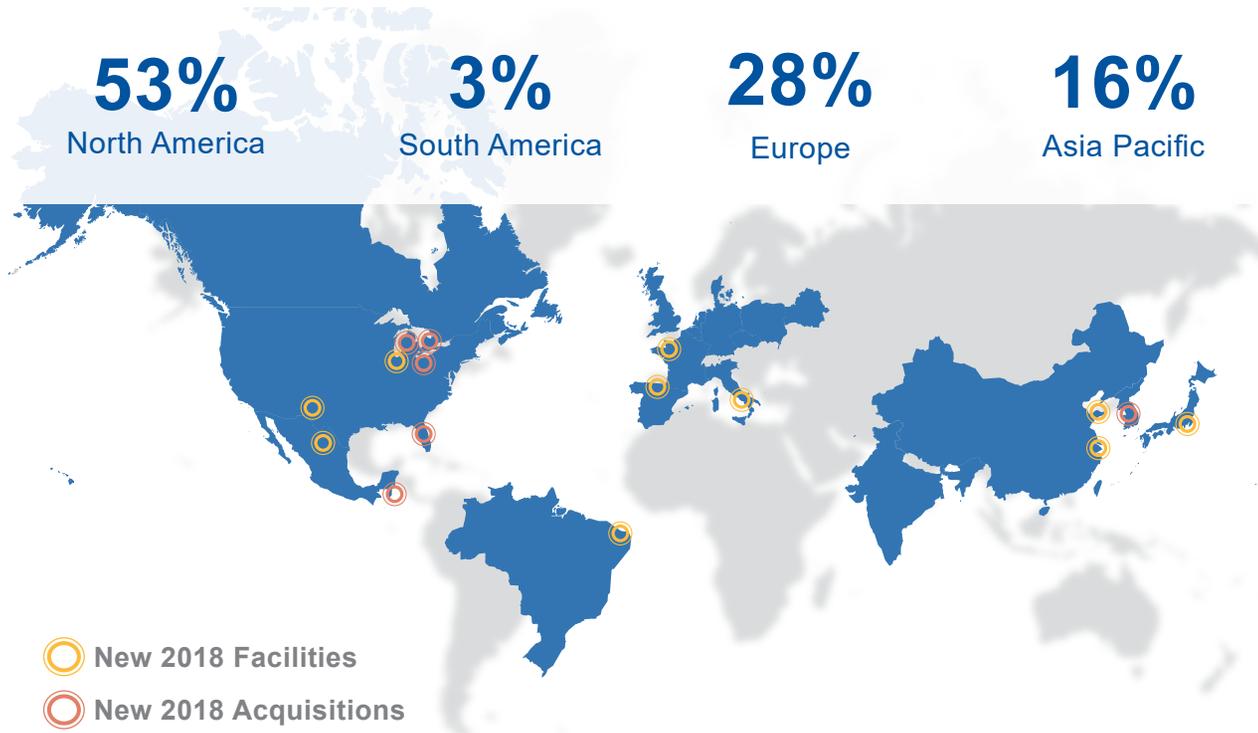
### GRI 102-13

- Automotive Industry Action Group
- Manufacturers Alliance for Productivity & Innovation
- Motor & Equipment Manufacturers Association
- National Association of Manufacturers
- Original Equipment Suppliers Association
- Business Leaders of Michigan
- Business Ethics Leadership Alliance, Ethisphere

# GLOBAL FOOTPRINT

## TOTAL SALES BY REGION

GRI 102-4, 102-7, 102-8, 102-10



During 2018, the Company established 10 new locations in Pudong (2) and Yantai, China; Yokohama, Japan; Oliveto Citra, Italy; Logroño, Spain; Fort Wayne, United States; Aquascalientes and Juarez, Mexico; and São Bento do Sul, Brazil and acquired 10 new locations in Dangjin and Gumi, Korea; Kent, New Philadelphia (2), Sanford (2) and Spring Lake, United States; London, Canada; and Cartargo, Costa Rica. The locations of the new facilities were selected based on proximity to our customers and anticipated growth.

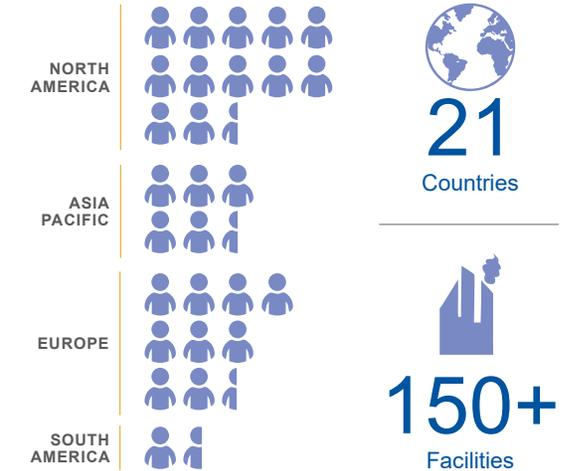
A [detailed location list <L.6>](#) is available on our website.

## COMPANY STATISTICS

GRI 102-8

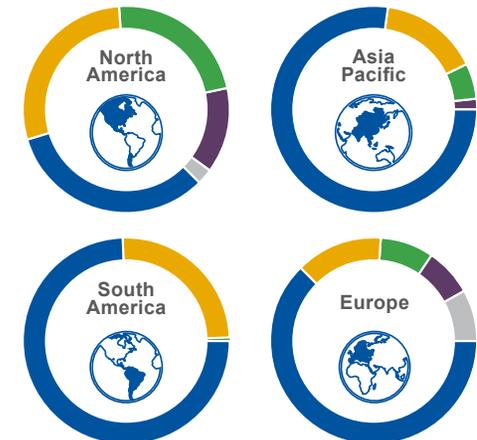
Team of approximately

# 30,000



## REGIONAL COMPOSITION BY PRODUCT

2018 Percent of Sales



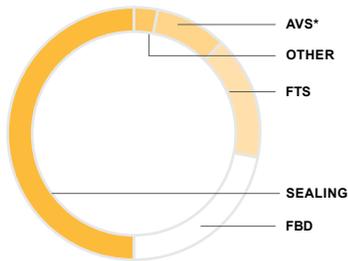
- Sealing Systems
- Fuel and Brake Delivery Systems (FBD)
- Fluid Transfer Systems (FTS)
- Anti-vibration Systems (AVS)\*
- Other

\*Divested in April 2019

# PERFORMANCE HIGHLIGHTS

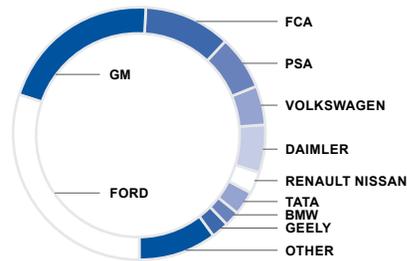
## 2018 PERFORMANCE HIGHLIGHTS

### 2018 SALES BY PRODUCT

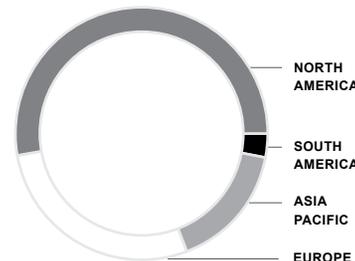


\*Divested in April 2019

### 2018 SALES BY CUSTOMER



### 2018 SALES BY REGION

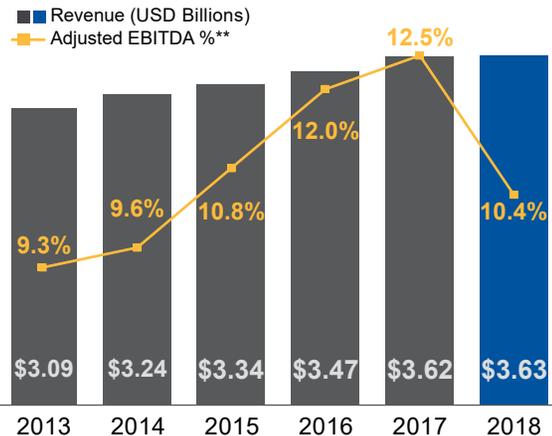


GRI 102-7

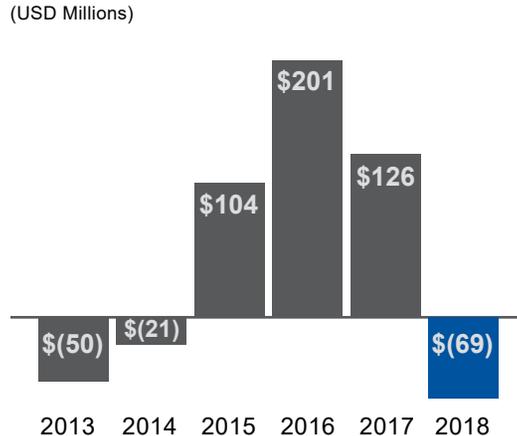
Cooper Standard remains focused on executing our strategy, improving operating efficiency and increasing returns on invested capital. Strong net new business awards in 2018 and a record number of new program launches planned for 2019, both in our automotive and with diverse industrial customers, support our positive long-term outlook for profitable growth.

Reference the Company's full financial report in the 2018 10-K filed with the [U.S. Securities and Exchange Commission <L.7>](#).

### ANNUAL PERFORMANCE



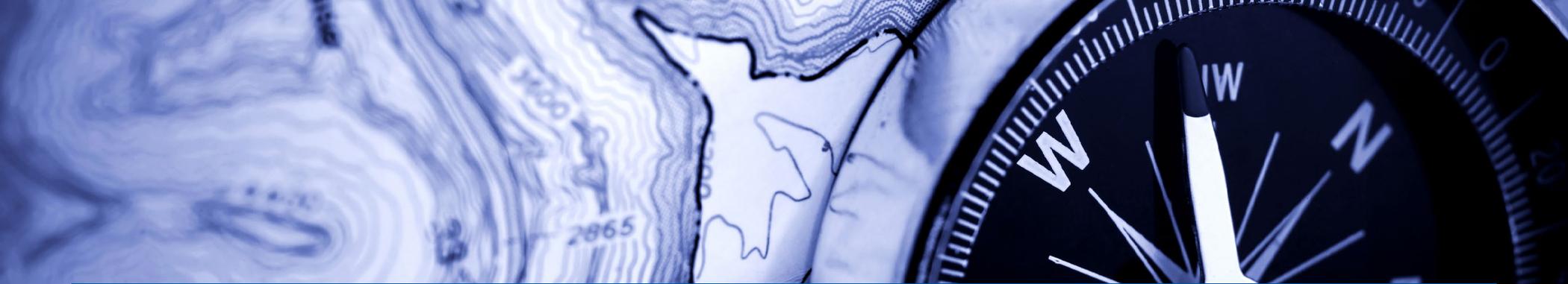
### FREE CASH FLOW\*\*



Free cash flow is defined as cash provided by operating activities less capital expenditures

Certain amounts have been recast due to the adoption of ASU 2016-2018

\*\* See appendix for reconciliation to U.S. GAAP



# GOVERNANCE

Our commitment to excellence starts with holding ourselves to a high standard of integrity throughout our business

Every journey needs clear direction. Cooper Standard's culture of integrity, talented leadership and new global structure guides us on our journey to world-class. The highest levels of governance at Cooper Standard, including our Board of Directors and Global Leadership Team, have visibility to our corporate responsibility topics and priorities.

## TOPICS COVERED

Organizational & Business Structure  
Enterprise Risk Management  
Ethics & Compliance  
Information Technology & Data Security

## SUGGESTED LINKS

*Global Leadership Team* <L.3>  
*Enterprise Risk Management Committee* <pg.18>  
*Global Customer Council* <pg.46>  
*Global Ethics and Compliance Committee* <pg.19>  
*Global Manufacturing Council* <pg.61>  
*Global Technology Council* <pg.54>  
*Cooper Standard Foundation Board of Trustees* <pg.31>

*Corporate Governance Guidelines* <L.8>  
*Code of Conduct* <L.9>  
*Supplier Code of Conduct* <L.10>  
*Purchasing and Supply Chain Sustainability* <pg.68>  
*Plant Manager Institute* <pg.30>

# ORGANIZATIONAL & BUSINESS STRUCTURE

GRI 102-4

Cooper Standard's new global structure leverages our global capabilities, reducing overall cost and enhancing our customer focus. The new structure relies on cross-functional oversight committees aligned with our strategic priorities.

## GLOBAL OVERSIGHT COMMITTEES

GRI 102-18

*Global Leadership Team <L.3>*

*Enterprise Risk Management Committee <pg.18>*

*Global Customer Council <pg.46>*

*Global Ethics and Compliance Committee <pg.19>*

*Global Manufacturing Council <pg.61>*

Global Pricing Committee

Global Product Safety Council

*Global Technology Council <pg.54>*

Internal Controls Committee

*Cooper Standard Foundation Board of Trustees <pg.31>*





## BOARD STRUCTURE AND COMPOSITION

GRI 102-18, 102-19, 102-22

As of December 31, 2018, the Board of Directors consisted of nine directors, seven of whom are independent. The three standing committees of the Board are: Nominating and Corporate Governance; Compensation; and Audit. Descriptions of the Board's corporate governance guidelines and committee charters can be found on our [website <L.8>](#).

In its recruitment process, the Nominating and Corporate Governance Committee and Board ensures that the potential pool of candidates reflects diversity in gender,

race, ethnic background, country of citizenship and professional experience. In 2018, two of the nine board members or 22% were female.

## GOVERNANCE OF CORPORATE RESPONSIBILITY

GRI 102-20

The Nominating and Corporate Governance Committee has taken focused interest in the topic of Corporate Responsibility and is considering more formal governance. Additionally, the full Board receives regular updates on key environmental, sustainability and governance topics according to a standing

Board calendar. Updates on governance, ethics and compliance occur every quarter to the Audit Committee, two times a year to the Nominating and Corporate Governance Committee and annually to the full Board. In addition to reporting on our progress, we regularly invite expert speakers to Board meetings to report on emerging trends in our evolving global landscape.

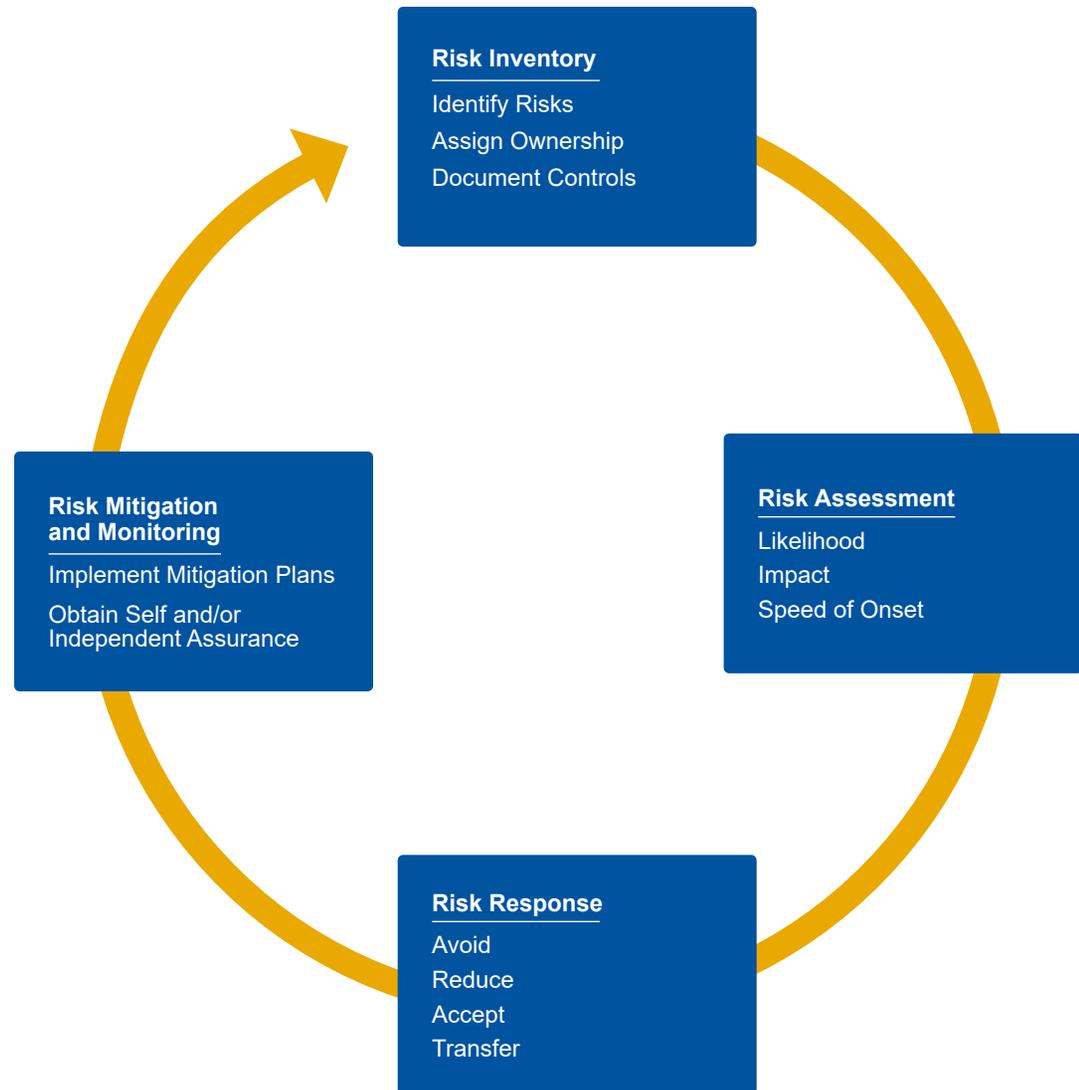
# ENTERPRISE RISK MANAGEMENT

GRI 102-30

Our enterprise risk management (ERM) approach is designed to prevent, detect and mitigate risks that could impede the achievement of the Company's strategic objectives and business goals. The ERM Committee is comprised of senior-level leaders from each of the functional areas of the company with a continuous feedback loop with our Global Leadership Team and Board of Directors.

The ERM Committee is charged with pursuing a holistic, consolidated risk management approach for all risk classes, including strategic, operational, financial and compliance. The ERM Committee has adopted a common risk management language, process and metrics that are designed to inventory, assess and rank unmitigated and mitigated risks so that the leadership team can determine the appropriate response and mitigation strategies in alignment with the Company's risk tolerance.

This comprehensive risk management process allows for effective risk management and efficient utilization of resources, and fosters a risk-aware culture embedded into daily operations across the organization at all levels.



# ETHICS & COMPLIANCE

GRI 103-1

Our commitment to excellence includes holding ourselves to a high standard of integrity in all our business dealings. This begins at the top, as our leaders exhibit integrity through their actions and decisions on how the Company operates, including our customer, employee, supplier and community interactions.

Cooper Standard's Global Ethics and Compliance Committee helps ensure the Company lives up to our core values and Code of Conduct. The Committee is comprised of corporate officers and representatives from the Company who review the Company's operational compliance with applicable legal requirements and sound ethical standards. This Committee also regularly reviews data from our ethics reporting resources to identify opportunities to improve our compliance training and communications.

## INTEGRITY DRIVES US: OUR CODE OF CONDUCT

GRI 102-16, 103-1, 103-2

In 2018, we adopted an enhanced Code of Conduct that reflects our ongoing commitment to doing business with ethics and integrity. Our [Code of Conduct <L.9>](#) provides guidance about the Company's policies and is designed to help all stakeholders recognize and address ethical issues, enabling us to maintain our culture of integrity and accountability. Everyone who works at Cooper Standard is responsible for understanding and following our Code. We expect all employees to understand the Code, ask questions when more guidance is needed and speak up when something doesn't seem right.

We take integrity seriously. Behavior that falls below the standards set forth in our Code may result in disciplinary action, up to and including termination of employment.

We also expect our suppliers to comply with our Supplier Code of Conduct, which outlines our expectations for conducting business ethically and with integrity, and for maintaining compliance with our policies and the law. In 2017, we introduced a comprehensive [Supplier Code of Conduct <L.10>](#). Read more about our [Purchasing and Supply Chain Sustainability <pg.68>](#).



## REPORTING CONCERNS AND SEEKING GUIDANCE

GRI 102-17, 103-3

We are committed to maintaining an environment where open, honest communications are the expectation, not the exception. We want all stakeholders, including our employees, suppliers and customers to feel comfortable approaching our supervisors or management team with questions and concerns. At the same time, we understand that some of our stakeholders may prefer another option, which is why we offer the Cooper Standard IntegrityLine. For more information about our ethics reporting successor, see the sidebar on the right.

## ETHICS AND COMPLIANCE TRAINING

GRI 205-2

As part of our efforts to ensure employees understand how to comply with our Code, we require all direct-hire and salaried employees at Cooper Standard to complete compliance training annually. We track course completion through a learning management system that enables training consistently across our worldwide operations. Our training curriculum addresses topics such as: Code of Conduct; respect in the workplace; and compliance with global anti-bribery, anti-corruption and competition laws.

While our core curriculum is the same across the enterprise, we supplement online content with live-training based on trends observed from our ethics reporting resources, input from our Human Resources, Internal Audit and Legal departments and changes to applicable laws.

Our supervisors and managers are the primary ethics reporting resource for our team members. Accordingly, we recently introduced a *Manager's Guide to Responding to Employee Questions and Concerns About Business Conduct*, which includes an online training course to assist managers in understanding their role as an ethics reporting resource. We also included a session about bringing our core values to life as part of our *Plant Manager Institute <pg.30>* curriculum, with a dedicated session about integrity.

In addition to our mandatory online and live training sessions, we work to share ethics and compliance information across the enterprise. We make ethics and compliance resources readily available both on our corporate intranet and external website.

## ETHICS REPORTING RESOURCES

We provide a variety of ethics reporting resources in order to meet the needs of all stakeholders. These resources are available to respond to questions and concerns:

- Supervisors;
- Representatives of the Human Resources team;
- Members of the Legal department;
- Members of the Global Ethics and Compliance Committee; and
- The Cooper Standard IntegrityLine.

The Cooper Standard IntegrityLine is a toll-free phone- and internet-based helpline managed by an independent, third-party vendor through which known or suspected violations of the Code, applicable laws or policies can be reported anonymously when allowed by local law. We investigate all reports made following our Ethics Reporting Response Policy.

## 2018 ETHICAL CULTURE AND COMPLIANCE SURVEY

We were able to identify action items to address the opportunities as a result of the survey.

**88%**

Of employees know where to find our Code of Conduct and Company policies

GOAL 100%

**82%**

Of employees believe reporting misconduct is the right thing to do

GOAL 0%

**10%**

Of employees report experiencing pressure to compromise values

**72%**

Of the people who made a report chose to report to their manager

# INFORMATION TECHNOLOGY & DATA SECURITY

GRI 103-1

Cooper Standard continues to prioritize investments and accelerate standardized business applications globally across all locations. Information Technology (IT) initiatives in 2018 to support this include: designing software to capture data directly from connected machines; developing an automated labeling solution to increase speed and quality; as well as moving core business applications to cloud computing to reduce cost and increase flexibility in a highly secure environment.

## OUR APPROACH

GRI 103-2, 103-3

Our IT organization is led by our Senior Vice President, Chief Information and Procurement Officer. In 2018, Cooper Standard combined the lead roles for both Purchasing and Information Technology to further speed the digitization of purchasing data to gain greater visibility for continuous improvement opportunities.

As a result of this move, IT leadership is better positioned to partner with the global business and functional leaders to seek out and use technology to solve problems. A highly talented team of IT professionals delivers applications and infrastructure operations in an efficient and highly secure manner.

Cooper Standard governs the IT organization through an Architectural Review Board (ARB), consisting of the Senior Vice President and the core leadership team. The ARB ensures IT initiatives align with our IT strategy and ultimately with Cooper Standard's business goals, strategies and objectives. Technical road maps and standards for all new investments must be reviewed by the ARB for consistency, fit and technical considerations for business processes, data, cyber security, hardware and applications.

Each year, we engage a third-party to refresh the information gathered during our 2015 enterprise risk assessment and to evaluate our progress toward ISO/IEC 27001 compliance readiness. This assessment includes evaluation of our controls, policies, processes and systems and provides an independent view of our progress with special regard to information security. Apart from setting up incident response procedures and standards, we conduct table top exercises with cross-functional leadership to test and practice the process so that in case of a security breach, the business impact and the time taken to return to normal working conditions is minimized.

## 2018 INITIATIVES AND PERFORMANCE

GRI 103-3

Our successful execution of the IT strategy helped consolidate applications and key technologies for global processes that drive our performance for speed and flexibility. Areas of focus include standardization, digitization, innovation, and cyber security and protection.



## ENHANCING GLOBAL COMMUNICATIONS

In September 2018, Cooper Standard launched a new all-in-one conferencing solution globally to increase efficiencies and improve collaboration for remote meetings. The platform has reduced the number of conferencing tools Cooper Standard utilized from 3 to 1. Employing a cost-effective model for multi-channel communications, the solution has offered the Company significant savings.

**STANDARDIZING:** A standard platform is key to our global business systems. It enables adoption of best practices, enhances security, advances talent retention and mobility, facilitates seamless collaboration with customers and suppliers, and increases speed in responding to global changes. Over 70% of Cooper Standard is already on a single global Enterprise Resource Planning (ERP) platform. In 2018 alone, 23 sites were migrated from legacy systems into the global ERP platform. ERP investment represents a significant capital expenditure for Cooper Standard.

The technical ecosystem within Cooper Standard is complete with single global platforms for Product Lifecycle Management (PLM), Human Resources (HR), Purchasing, Financial Reporting and Manufacturing. We manage these single platforms under a master data mechanism, connected by an industry leading integration hub. Leveraging this connected enterprise, we are rapidly progressing towards standardizing part numbers across the businesses, increasing our efficiency and reducing complexity.

**DIGITIZATION:** In 2018, we focused the majority of IT projects on deploying digital process automation. We also increased the adoption of a touchless electronic invoicing for suppliers. Automating our purchasing process in North America enabled considerable savings on annual indirect spend. In 2019, we are targeting further savings in Europe and Asia with an accelerated rollout of digital purchasing automation. We also reduced the number of physical prototypes, manufacturing trials and testing costs by enabling digital prototyping for engineering. In our HR organization, we used digitization to make the recruitment and onboarding processes paperless. In 2019, we will also further automate financial processes like budgeting and planning to gain further efficiencies and better enable decision making.

## DIGITIZATION OF THE SHOP FLOOR

### Automating Data Collection



Our teams are advancing the digitization of the manufacturing process through solutions that leverage data collection and utilize technology to enhance processes and improve production. Many of our extrusion lines have been outfitted with sensors to automate overall equipment efficiency data collection that helps identify areas to improve output. We have also implemented real-time label printing at many of our facilities to optimize time and improve accuracy. Our digital transformation continues with shop floor metrics delivered to our manufacturing associates via mobile device, providing insight into production data anytime, anyplace.

## SINGLE GLOBAL PLATFORM

**70%**

Single Global ERP Platform

**104**

Projects delivered in 2018

**24%**

System-integrations are "touchless" enabled

**INNOVATION:** We connected sensors and controls on factory equipment with machine data capture through a secure framework, leveraging standards in Industrial Internet of Things (IIOT) and Industry 4.0. We implemented automated machine capture of real-time production scrap and downtime data collection in more than 30% of global production lines. In 2018, we further leveraged IIOT infrastructure to design an automated labeling solution that connects extrusion machines with the global ERP system, increasing speed and quality. IT delivers that data to authorized employees via a mobile application, "Plant Mobile," which securely provides access to metrics measuring productivity and other manufacturing parameters such as scrap rates.

**CYBER SECURITY AND PROTECTION:** Protecting Cooper Standard's digital assets is a critical priority for our IT organization. In 2018, we further improved compliance processes for logical access controls, including timely access termination, segregation of duties and periodic access review. To improve general protection from email related threats, we moved to the industry leading service provider for email filtering. As a result, the percentage of email blocked each month has more than doubled, helping to reduce the risk associated with phishing and other email related attacks.

Additionally, the Company began the migration of in-house data processing centers, with one of our main data centers based in Europe now closed and moved to cloud computing. Cloud computing for data centers uses server hardware more efficiently, with roughly 75% of the server capacity reduced, resulting in significant cost and energy savings. Specifically, the move of our European data center to cloud computing has resulted in an 84% reduction in energy consumption.

**Future Priorities:** In 2019 and beyond, we will increase focus on data governance, classification and protection to improve data security and address data privacy requirements. The expanded use of digital rights management technology will provide a higher level of protection for high-risk data and intellectual property. To ensure our partners are taking the proper actions to secure our information, we will implement a third-party cyber security procedures developed in 2018. We will continue to increase our employee awareness efforts, monitoring and filtering, timely patch management, access controls, change controls, penetration testing and table top exercises to test our incident response procedures. Finally, we will continue our roadmap toward ISO/IEC 27001 compliance readiness and achieving world-class systems for business performance and information security as part of our world-class commitment.

## ANALYTICS AND DATA SECURITY

30%

Of production lines implemented real-time capture of production scrap and downtime

2X

Suspected email threats blocked with the move to leading email filtration provider

84%

Less energy consumption by Europe data center with move to cloud computing



# SOCIAL / HUMAN CAPITAL

Built on global trust, standardized practices and an unwavering commitment to attracting top talent

The people behind Cooper Standard are paramount to our continued success. Our highly trained and talented workforce is critical to driving value for our business. We recognize the demands of achieving our objectives and are dedicated to attracting, developing and retaining the workforce to deliver on those goals. Our [Human Rights Policy <L.11>](#) sets forth our values, policies and practices regarding child labor, forced labor, human trafficking, modern slavery, diversity and inclusion, freedom of association, collective bargaining, safe work environment and wages and benefits. As part of Cooper Standard's culture, we invest in and give back to the communities where we work and live. Our community activity has the added benefit of providing opportunities to engage our employees.

## TOPICS COVERED

Talent Management  
Employee Engagement Through  
Community Involvement  
Workplace Safety

## SUGGESTED LINKS

[Human Rights Policy <L.11>](#)  
[Veterans <pg.33>](#)  
[STEM <pg.32>](#)  
[Cooper Standard Foundation <L.12>](#)  
[Careers for Veterans <L.13>](#)

[Inforum's Next4Vets <L.14>](#)  
[Manufacturing Institute <L.15>](#)  
[Folds of Honor <L.16>](#)  
[Health, Safety and Environmental Policy <L.17>](#)  
[Plant Manager Institute <pg.30>](#)

# TALENT MANAGEMENT

GRI 103-1

At Cooper Standard, we are committed to an environment that attracts diverse talent and empowers employees for success and growth. It is essential for our organization to acquire and develop talent and knowledge to innovate fast enough to thrive in a rapidly changing business environment. This requires having an ingrained philosophy and structure for anticipating, reacting and responding to change, complexity and uncertainty to continuously transform ourselves. This ongoing evolution is crucial to our ability to remain competitive and meet our business objectives.

## OUR APPROACH

GRI 103-2

Our Senior Vice President and Chief Human Resources Officer is responsible for Cooper Standard's human capital strategy. Our Global Leadership Team, led by our Chairman and CEO, is actively involved in the review, approval and prioritization of these strategies and initiatives. We review talent regularly with the Board of Directors.

Cooper Standard's Human Resources (HR) team continues to work toward more effectively and efficiently delivering world-class services to the organization in support of our business objectives. With our migration to a service delivery model, we focused on establishing distinct roles within the HR organization:

- The HR Business Services Center: designs and delivers agile, scalable, efficient and automated HR processes;

- Centers of Excellence (CoE): provides regional and global strategies and management tools, and training in areas such as Talent (acquisition, development, retention), Total Rewards and HR Information Systems; and
- HR Business Partners: consult with and strategically advise business partners on Human Capital Management (recruitment and staffing, development, engagement and inclusion, retention, performance, etc.) in support of our Vision, Mission and Top Priorities.

In early 2019, we restructured the global HR team to support Cooper Standard's transition to a global organization. We named HR leads in support of Global Engineering, Innovation and Manufacturing, Corporate Staffs and our Regional Business Units. We also aligned our CoE resources to report directly to the appropriate CoE lead. Our new structure aligns global resources and focuses on functional and regional priorities.

## HEADCOUNT BY COUNTRY



## GLOBAL WORKFORCE

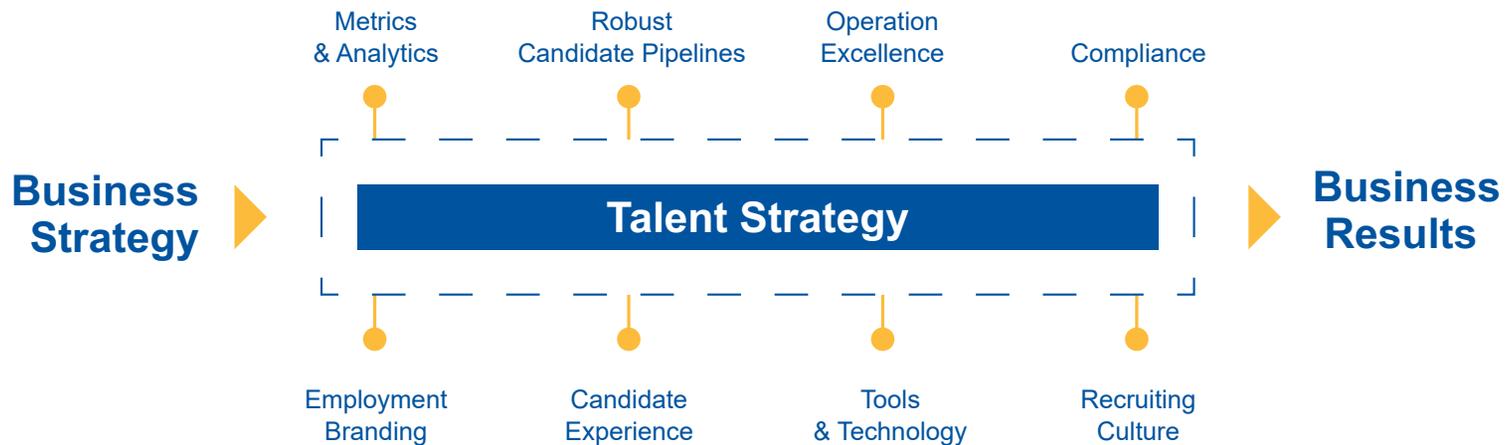
### WAR FOR TALENT

The war for talent shows no sign of slowing with:

- 2018 global talent shortages at a 12-year high;
- Top candidates are off the market within 10 days;
- 63% of CEOs globally are concerned about the availability of key skills; and
- 82% of the workforce is actively or passively looking for a new employer.

Cooper Standard is determined to be the workplace of choice for talent to reach our business objectives. We compete for talent, focus on employee retention, and know that top talent is attracted to highly regarded workplaces that offer career growth opportunities.

We continue to implement initiatives in talent acquisition, learning and development, engagement, and inclusion. To address these concerns, we recently launched a global onboarding program for salaried employees, redesigned our performance management process and continue to assess workforce competencies to identify current gaps.



## TALENT ACQUISITION

GRI 103-3

In an increasingly competitive job market, it is essential that Cooper Standard effectively competes against other automotive companies, as well as leading companies from the technology and materials science sectors. We link our Talent Acquisition (TA) and business strategies to enable desired business results.

In 2018, we completed an extensive review of our current TA strategic model, including structure, tools, technology, market presence and employer branding. We developed a TA Transformation Strategy to achieve:

### Better processes and structure

- Greater speed to fill vacancies
- Clarity of roles and responsibilities
- Consistency across the organization
- Distinguishing candidate experience

### Higher Quality talent strategies

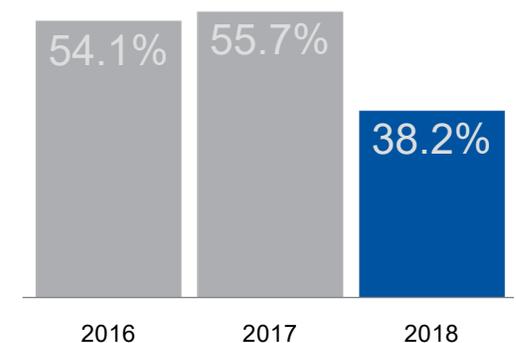
- Align with business strategy and markets
- Improve hiring manager and recruiter interview and assessment capabilities
- Attract on-target, high-caliber and diverse candidates
- Build a talent pipeline

### Smarter Strategic technologies and solutions

- Free up recruiter, HR business partner and hiring manager to focus on strategic tasks
- Increase proactive sourcing
- Reduce agency partnerships and spend
- Enable data-driven decision making and outcomes

## INTERNAL FILL

Director/Plant Manager & Above



## TALENT ENGAGEMENT

GRI 103-1, 103-2, 103-3

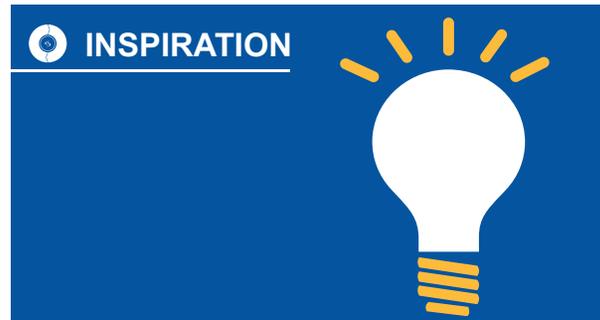
Acquiring top talent is just the beginning of an individual's relationship with Cooper Standard.

Today's candidates are attracted to companies where they feel purpose in their work - ultimately translating into increased engagement, innovation, effort and productivity. We strive to create a positive work environment to drive long-term success by creating a place where employees feel valued and are inspired to do their best work.

Our objective is to create an engaging workplace of choice, built on our core values and capabilities. Our leaders conduct "You Talk, We Listen" sessions at all levels of the organization to share our Vision, Core Values and Capabilities, and listen and respond to what is on our employees' minds. Our Global Leadership Team also regularly holds global employee webcasts to share the direction of the Company and to communicate priorities to help ensure global alignment. Leadership also regularly responds to submitted and live questions through communication panels.

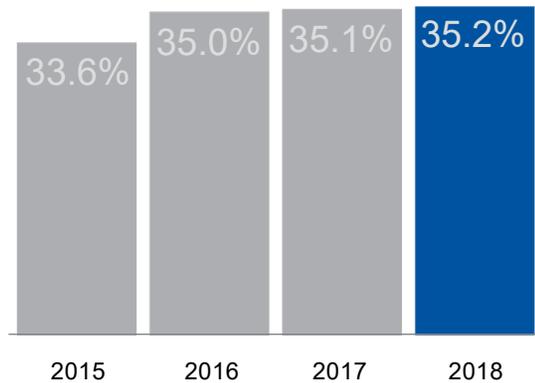
Our employees understand the importance of these dimensions and are assessed on their ability to embody them in how they interact with others and complete their daily work. Our competency modeling process includes a focus on these Capabilities as they relate to each role and their impact on each employee's engagement.

## COOPER STANDARD CAPABILITIES



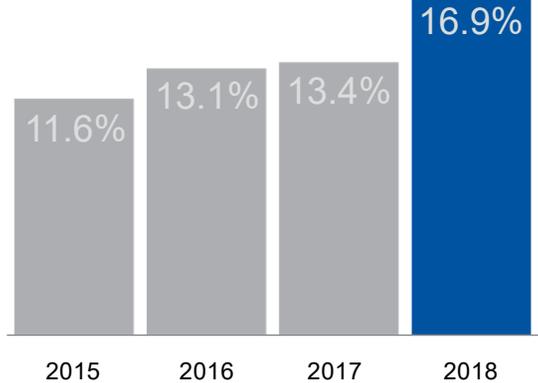
### Women in the Enterprise

Salaried and Hourly



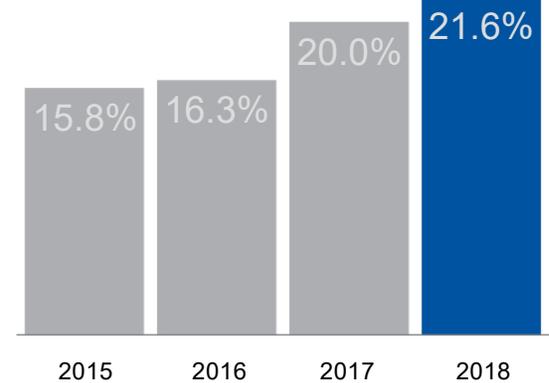
### Women in Leadership

Director/Plant Manager and Above



### Women in Leadership

Vice President and Above



## 2018 DIVERSITY AND INCLUSION

### DIVERSITY AND INCLUSION

GRI 103-1, 103-2, 103-3

We have the best opportunity to achieve our business objectives when we have the brightest pool of candidates from which to hire and employees who work passionately toward our common goals. Studies find that companies that are demographically diverse are more likely to outperform their homogeneous peers. Our ability to attract and retain talented individuals from varied backgrounds and experiences depends on an inclusive culture that welcomes and celebrates a diverse workforce.

Our culture, driven by our Core Values and Capabilities, acknowledges, values and leverages our differences and offers equal opportunities to all our employees. Talent

acquisition professionals and hiring managers seek out and welcome diverse candidates as part of our recruiting and internal placement processes. As part of fostering a more inclusive culture, we provide training for managers to support them in providing thoughtful, and constructive feedback to and conducting developmental discussions with their employees.

We are a strong advocate for gender equity in the workplace, with women in 17% of our top management positions – while we acknowledge additional room to improve, this is double the representation of five years ago. Both our Board of Directors and Global Leadership Team are comprised of 22% women.

We support three Affinity Groups to further our diversity efforts including: for [veterans <pg. 33>](#), women, and [Science, Technology, Engineering, and Math \(STEM\) <pg. 32>](#) roles. These groups bring employees together, and drive community service and engagement through partnerships with schools and minority developmental programs, while also driving business results at Cooper Standard.

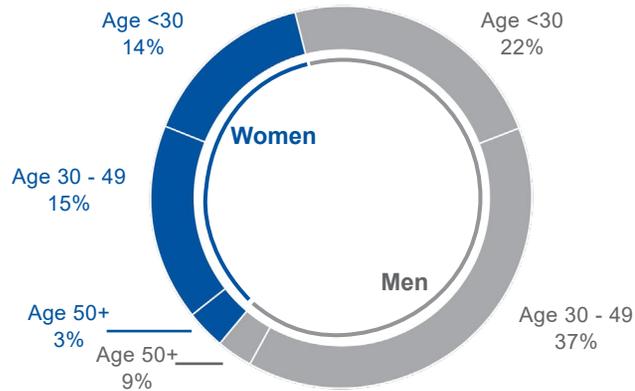
## 2018 WORKFORCE DATA

(As of 12/31/19)

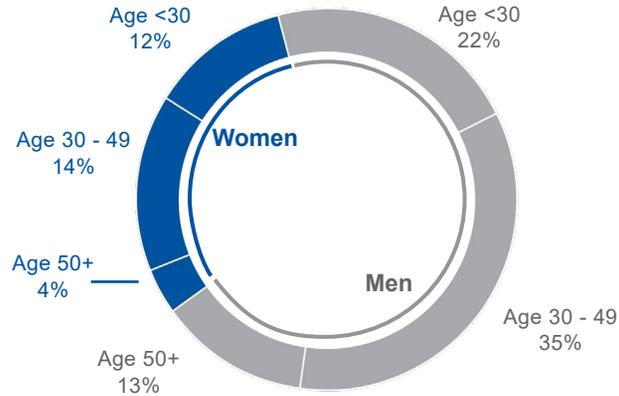
GRI 103-3, 401-1, 405-1

### GLOBAL SALARIED WORKFORCE

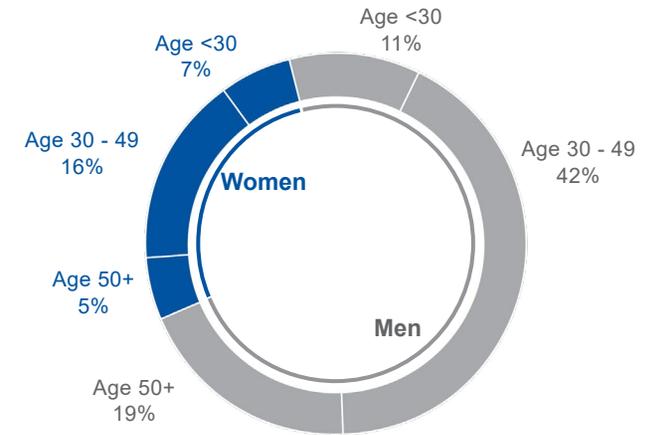
Salaried Hires by Gender and Age Group



Salaried Attrition by Gender and Age Group

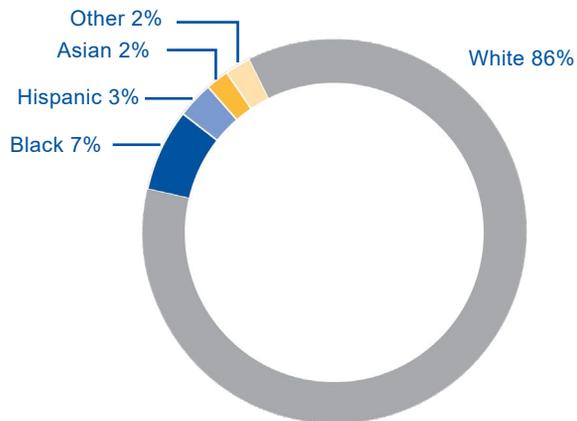


Salaried Workforce by Gender and Age Group

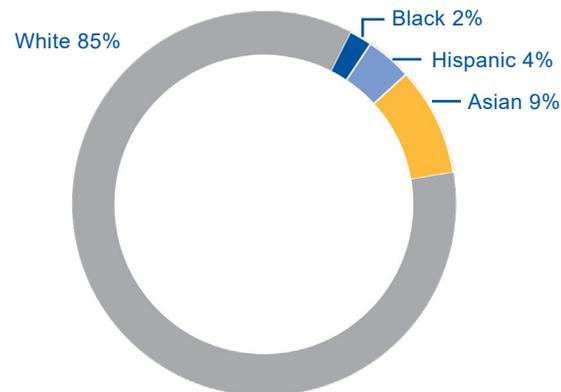


### U.S.. WORKFORCE

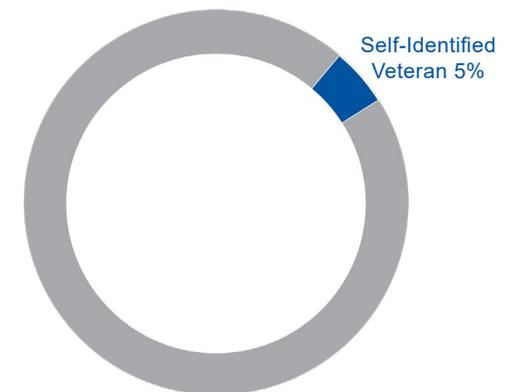
U.S. Workforce by Ethnicity



U.S. Workforce by Ethnicity  
Director/Plant Manager & Above



U.S. Workforce by Self-Identified Veteran Status





Asia Pacific PMI: Shanghai, China



North and South America PMI: Novi, Michigan



Europe PMI: Lindau, Germany

## EMPLOYEE DEVELOPMENT

GRI 404-2

Offering learning opportunities and pathways to growth is a critical element of our engagement, and retention strategy and supports meeting our business objectives. Formal performance management, talent identification, succession planning, and learning and development tools help us develop our workforce.

In 2018, we launched a new performance management process aimed at maximizing productivity and innovation by supporting employees' efforts to reach their full potential. We designed the new process to enable employees to align their efforts in a manner that contributes most to the organization's goals. We equip employees with guideposts to track progress toward their goals and make adjustments in real time, as well as help identify and remove barriers to performance. Our process supports frequent, high-quality performance and developmental discussions, and prepares and holds managers and individuals accountable for these discussions.

In 2018, Cooper Standard University (CSU) was established to further the development of our employees with targeted learning opportunities. CSU is currently

## PLANT MANAGER INSTITUTE

Following internal and third-party assessments of our Plant Managers' skill set, in early 2019 we launched our PMI, a multi-session program that aims to enhance key skills, competencies and abilities required for success for our global plant managers. PMI is a rigorous combination of technical and leadership behavior training and intersession developmental opportunities focused on practice and feedback, process standardization and global networking.

Three-day regional training sessions were held with the initial curriculum covering Company vision and values, ethics and compliance expectations, leadership, coaching, understanding and applying emotional intelligence, quality problem-solving and developing a strong safety culture. Future sessions will cover additional topics and between sessions there will be online micro-learning and pre-reading.

comprised of the Manufacturing College, Human Resources College and Engineering College, with future growth expected to cover all functions at Cooper Standard. The Manufacturing College, the first college of CSU, has developed a two-year curriculum for our global Plant Managers and we delivered the first session of Plant Manager Institute (PMI) in the first quarter of 2019.

Additionally, we continue to develop more efficient processes for delivering training to global front line leaders, engineers, and product designers. Across the world, Cooper Standard teams are using our competency modeling and gap analysis process to identify and address learning opportunities (experiential and training).

Our Talent Management strategy relies on successful talent identification and succession planning. Our performance management tools help identify and recognize high-potential and high-performing employees, and ensure all our employees are compensated appropriately relative to market data.

In addition to succession planning for leadership positions, we prioritize succession planning for our Global Leadership Team (GLT). This includes identifying ideal experiences, critical leadership capabilities and key rotations for each candidate to prepare them for a GLT role.

# EMPLOYEE ENGAGEMENT THROUGH COMMUNITY INVOLVEMENT

GRI 413-1

Cooper Standard employees engage in many community involvement initiatives throughout the year and continue to find new ways to give back to the communities where they work and live. This includes everything from building playgrounds, joining local walks supporting health initiatives, and coordinating clothing, shoe and food drives.

With the tremendous engagement and dedication of our employees, the *Cooper Standard Foundation <L.12>* has shifted a greater allocation of funds from direct donations to matching contributions and volunteerism of employees. The amount of donations as a result of employee engagement has grown more than double since the Foundation's establishment in 2013.

## OUR APPROACH

GRI 103-1, 103-2

Since the establishment of the Cooper Standard Foundation in 2013, its mission has been to strengthen the communities where Cooper Standard employees work and live through the passionate support of

- Children's charities;
- Education;
- Health and wellness; and
- Community revitalization.

The Foundation is a 501(c)(3) organization with oversight by the Cooper Standard Foundation Board of Trustees.

## COMMUNITY PRIORITIES

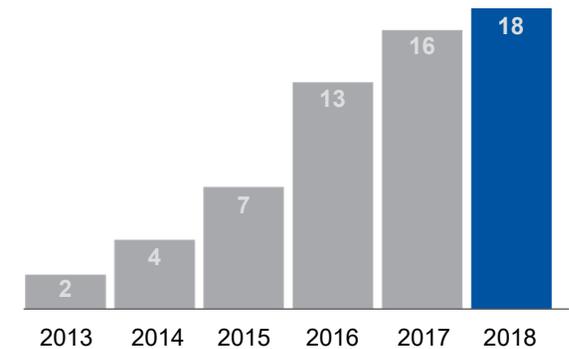
GRI 103-3

The Foundation focuses on four areas:

- Direct donations and grants to charitable organizations;
- Matching contributions for employee engagement activities;
- Scholarships for employees' children based on academic achievement and community involvement; and
- Global crisis funding.

What sets Cooper Standard's community involvement apart is the employee engagement it fosters. When four or more Cooper Standard employees gather to raise money or volunteer for a charity, the Foundation supports their efforts with a financial contribution. This area has been a popular component of the Company's culture and connects employees with our communities around the world.

## NUMBER OF COUNTRIES\* PARTICIPATING IN COMMUNITY ENGAGEMENT SINCE 2013



\*Of the 21 countries where we operate

## COMMUNITY INVOLVEMENT STATISTICS SINCE 2013



**100+**  
Charities Supported



**18**  
Countries

**\$12M\*\***

Total Contributions

\*\*Approximately half from employee engagement



**28,000**  
Total Engagements

## CHILDREN'S CHARITIES / EDUCATION INITIATIVES

As a global manufacturing leader, Cooper Standard is passionate about accelerating manufacturing careers, especially those that are related to Science, Technology, Engineering and Math (STEM).



Led by our Affinity groups, our employees work to inspire the next generation to pursue careers in STEM fields, especially in modern manufacturing.

## STEM AND MANUFACTURING EDUCATION

We created our STEM Affinity Group to drive interest in manufacturing and STEM careers. The Affinity Group has grown to include approximately 300 volunteer “STEM Accelerators” around the world. Our STEM Accelerators work to inspire student achievement and interest in STEM careers through volunteer programs in our communities that are built on the desire of our employees to give back and create a manufacturing workforce for years to come. In 2018, our STEM initiatives included:

- FIRST® (For Inspiration and Recognition of Science and Technology) Robotics support:
  - Livonia Michigan FIRST® Robotics Sponsorship
  - FIRST® Robotics programs at S.A.Y. Detroit Play Center
- Center for Automotive Research (CAR): our STEM Accelerators helped facilitate STEM activities for students aged 8-15 as part of the Family Connection program at CAR’s Management Briefing Seminars in Traverse City, Mich.
- Inspiration Program: volunteers visited Michigan middle schools monthly to deliver hands-on STEM workshops to groups of 20 students who’ve been nominated by school administrators.
- National Manufacturing Day: together with Dow Chemical and National Association of Manufacturers, Cooper Standard hosted a National Manufacturing Day Kickoff at S.A.Y. Detroit Play Center. Also, 15 North American facilities hosted activities for local students throughout October.
- Regional Events: our Affinity Group of trained employee volunteers hosted several events for local students and employee’s children throughout North and South America and Asia Pacific.



**National Manufacturing Day:** Volunteers showcased exciting technology and demonstrated STEM principles through 3-D printing, a coefficient of friction wind tunnel, robotics and more

**S.A.Y. Detroit Play:** Volunteers visited the center throughout the year to provide science and robotics demonstrations to students



## COMMITMENT TO OUR VETERANS

Cooper Standard is devoted to honoring and supporting our military heroes through several initiatives focused on helping military veterans integrate back to civilian life through education and ultimately employment.

In 2014, Cooper Standard started its [Careers for Veterans <L.13>](#) program to help military heroes transition from active military service to careers in manufacturing. This program has helped many veterans gain employment by helping them attend community colleges through assistance with transportation, computers, books and transition training. As part of Cooper Standard's commitment, we also co-developed and funded scholarships for [Inforum's\\* Next4Vets program <L.14>](#) specifically developed for women veterans navigating the business environment and support the [Manufacturing Institute's\\*\\* <L.15>](#) "Heroes Make America", which is a 10-week career skills program located at military bases to train exiting military personnel for careers in manufacturing.

Our support continues today with the hiring of veterans wherever possible in our business. To sustain and further support veterans joining Cooper Standard, the Company formed the Cooper Standard Salutes Affinity Group. Salutes places a high value on supporting veteran hiring, retention, advancement and representation at all levels of the organization.

\* Inforum combines strategic connections, proven professional development programs, a respected forum for new ideas, and original research to accelerate careers for women and boost talent initiatives for companies. For more information, please visit [www.inforummichigan.org](http://www.inforummichigan.org).

\*\* The Manufacturing Institute is the education and workforce partner of the National Association of Manufacturers. It drives programs and research to promote modern manufacturing and jumpstart new approaches to growing manufacturing talent. For more information, please visit [www.themanufacturinginstitute.org](http://www.themanufacturinginstitute.org).

## FOLDS OF HONOR



## FOLDS of HONOR

Cooper Standard is extremely proud to team up with our newest military hero partner, [Folds of Honor <L.16>](#), as they give back to the families of fallen and wounded heroes with the lifelong gift of education by granting scholarships to the children and spouses of these heroes.

To make an even greater impact, Cooper Standard created a partnership between Folds of Honor and the Michigan Colleges Alliance (a collection of 14 private colleges and universities in Michigan). Together with the Michigan Colleges Alliance (MCA), we provide unique opportunities for full scholarships to MCA schools for children of heroes with special circumstances. Folds of Honor is providing six Cooper Standard-sponsored education scholarships of \$10,000 each to the families of fallen or disabled service members for the 2018/2019 school year. And, beginning in 2019, the partnership plans to award at least one full scholarship that will be matched by MCA to a deserving student.

## COMMUNITY HEALTH & WELLNESS INITIATIVES

Our employees engage in activities around health and wellness to make a difference in the lives of our neighbors. Some examples of the numerous activities in which our employees participate include:



**Brazil Social Action Run:** the Atibaia team held a race to promote wellness and give back to the community. Over 1000kg of food was donated to the Social Solidarity Fund thanks to the generosity of more than 600 participants



**American Cancer Society® Making Strides:** employees and their families in Fort Wayne, Indiana participated in 2018



**Heart Walk®:** teams of employees from Michigan facilities helped raise over \$30,000 for the American Heart Association's® Heart Walk® in Detroit, Michigan



**Blood Drive:** Sixty-eight employees in Chennai, India volunteered to donate blood during the facility's 6<sup>th</sup> annual blood drive



**Adopt a Grandparent:** the Aguascalientes, Mexico team visited a local retirement home to bring donations of toiletries, food, and medicine and spend time with the residents



**Gilda's Club® Metro Detroit:** in a spirited fundraising competition with construction services company, Barton Malow, Cooper Standard employees raised over \$54,000 for Gilda's Club®



**BASF Company Cup:** our European team donated €5 for every kilometer completed by employees from sites in Germany to FortSchritt St. Leon-Rot e.V., a charity that takes care of children with physical disabilities



**Working Homes / Working Families, Detroit, Michigan**



**Aguascalientes, Mexico Community Outreach**



**Haven, Pontiac, Michigan**



**China National Tree Planting Day**



**Juarez, Mexico School**

## COMMUNITY REVITALIZATION

Our community revitalization efforts directly connect to the Cooper Standard Foundation's mission to improve the communities where we live and work. From refurbishing urban areas to educating our youth on how to take better care of their communities, our revitalization campaign incorporates a range of efforts, causes and locations, such as:

- Working Homes / Working Families: employees, along with community partner, Dow Chemical, helped transform vacant lots in the MorningSide neighborhood of Detroit, Michigan into a beautiful park with a rose garden, mural wall and privacy fence for the community.
- Haven: employees and community members built a new playground for the residents at Haven domestic violence shelter.
- Aguascalientes, Mexico Community Outreach: employee volunteers constructed a park and playground in Rincón de Romos, Mexico.
- China National Tree Planting Day: five facilities went into the community to plant a total of 68 trees and promote environmental awareness.
- Juarez, Mexico School: the Juarez team worked to apply a fresh coat of paint and clean up a local elementary school. The team also donated classroom furniture and impacted the lives of the 630 students who attend school there.

# WORKPLACE SAFETY

## OUR APPROACH

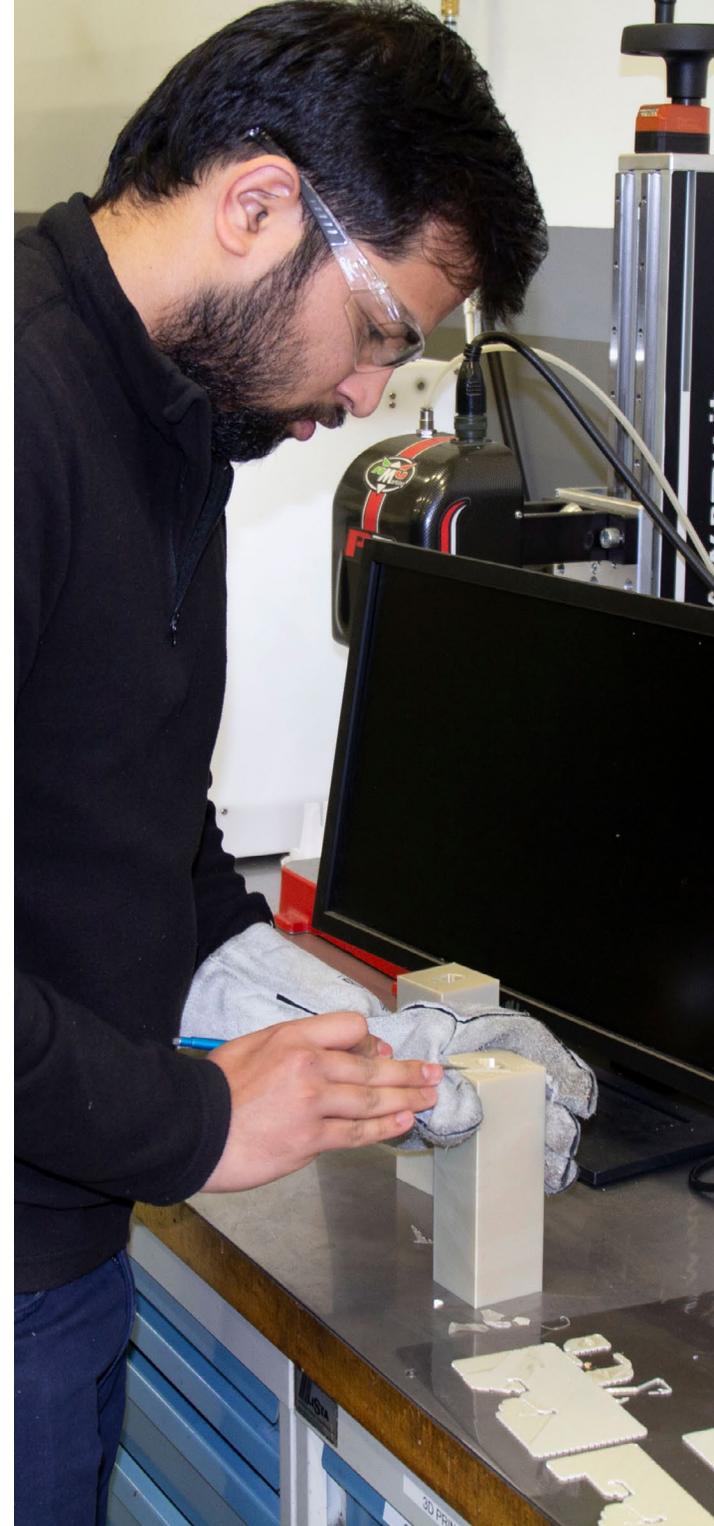
GRI 103-1, 103-2, 103-3, 403-1

Cooper Standard's manufacturing organization is responsible for safety performance, including establishing a positive safety culture, engaging employees on safety improvement, mitigating workplace risk, training employees and ensuring we identify root causes for incidents. Our Vice President, Global Health, Safety and Environment (HSE) and BTO (Building a Talented Organization, our plant operations training initiative) oversees our Total Safety Culture programs.

We maintain a global health and safety management system that aligns with ISO 45001. The Company's management system consists of a top-tier *HSE policy* <L.17> as well as procedures and standards that govern expectations across global operations, including majority-owned joint ventures. Further requirements are elaborated at both region- and site-level. In addition to the global health and safety management system, 17% are certified to OHSAS 18001. The Company's health and safety management system applies to all full-time employees and directly supervised contract and contingent employees, as well as all joint ventures where Cooper Standard holds a controlling interest.

Our safety professionals are responsible for understanding and advising the operations teams on regulatory and company safety requirements, serving as technical subject matter experts, recommending key performance indicators (KPIs), targets and goals, as well as facilitating key safety processes, such as risk assessment, training and incident investigation.

All Cooper Standard manufacturing and technical facilities maintain a joint management-labor safety and health committee, which is charged with review and consultation for relevant programs.



## OUR PERFORMANCE

GRI 403-2

In 2018, Cooper Standard again performed better than the world-class benchmark despite not meeting our internal annual safety improvement target. Though facing a challenging year, we finished with a Total Incident Rate (TIR)\* of 0.58, which is considered world-class among manufacturing companies. Each year we benchmark leading manufacturing companies for their safety performance in order to establish our world-class benchmark.

Our 2018 TIR worsened slightly. TIR was 0.58, up from a TIR of 0.49 in 2017. Lost day injuries also increased versus 2017, however the number of lost days was flat versus 2017. In 2018, we had 28 of 85 manufacturing and technical centers achieve zero injuries. Another 25 sites achieved a TIR better than 0.60, our world-class benchmark. Cooper Standard did not experience any fatal accidents in 2018 and has not since 2010.

\*Cooper Standard applies U.S. Department of Labor – Occupational Safety and Health Administration (OSHA) record keeping and reporting rules to our global operations.

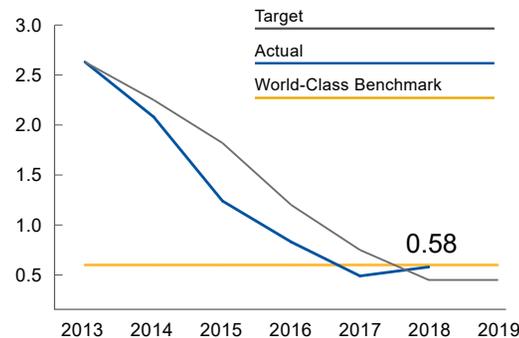
Note: World-class performance is set based on annual benchmarking of companies whose performance we believe exemplifies world-class (BMW, Bosch, Borg Warner, Caterpillar, Continental, Cummins, Eaton and Johnson Controls). Every year we review externally and consider our world-class benchmark for the manufacturing segment of industry.



## TOTAL SAFETY CULTURE

### Injury Metrics

#### TOTAL INCIDENT RATE SAFETY GLIDE PATH

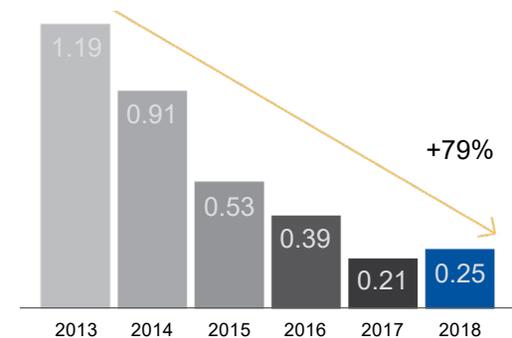


**Total Incident Rate (TIR)** = the rate of injuries per 100 employees, normalized to hours worked. TIR includes injuries with treatment beyond simple first aid, as well as injuries that result in restricted duty, job transfer or lost days at work.

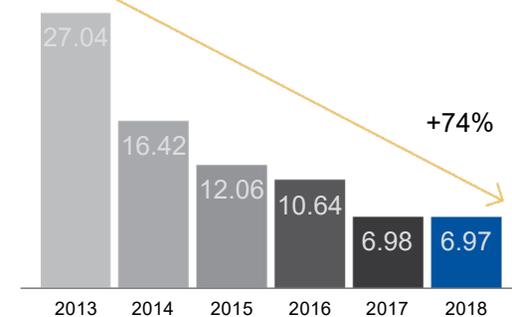
**Lost Day Incident Rate (LDIR)** = the rate of injury cases involving lost work days per 100 employees, normalized to hours worked.

**Lost Day Severity Rate (LDSR)** = the rate of lost work days per 100 employees, normalized to hours worked.

#### LOST DAY INCIDENT RATE



#### LOST DAY SEVERITY RATE



We developed a comprehensive Safety Balanced Scorecard (SBS) in 2018. We piloted this scorecard at 18 manufacturing sites globally and subsequently approved it for implementation at all sites in 2019. The SBS represents a major step for inclusion of leading (predictive) metrics as part of our KPIs. The SBS covers three categories: culture, risk and results. Each category has two measurement elements. Three of the six total elements focus on critical safety programs, which represent potential sources of serious injuries.

In connection with the scorecard, we also developed global standards for the seven critical safety programs: machine guarding, control of hazardous energy, permit-

to-work, powered industrial vehicles, electrical safety, fire safety and ergonomics, along with self-assessment checklists for plant use.

In 2018, we also developed and implemented second-generation versions of our safety culture maturity survey and our global job hazard and risk assessment (JHRA) tool, both of which factor into the SBS. We improved the functionality and reliability of both tools with input from our plant user community. In the case of our safety culture maturity survey, we also completed a redesign and translated it to all Cooper Standard languages.

We require that all manufacturing jobs are assessed relative to job hazards and risks for normal work as

well as start-up and shut-down, emergency conditions, maintenance, and where applicable either non-routine, repeating and/or non-routine, non-repeating conditions. We use our revised job hazard and risk assessment tool for this global process.

We are converting our in-house health and safety database to a third-party, cloud-based system, which is anticipated to be globally implemented in 2019. This conversion upgraded accessibility, capability and quality assurance for recording, analyzing and reporting incident information. The new system is used to report work-related injuries and illnesses, first aid cases and near miss incidents.

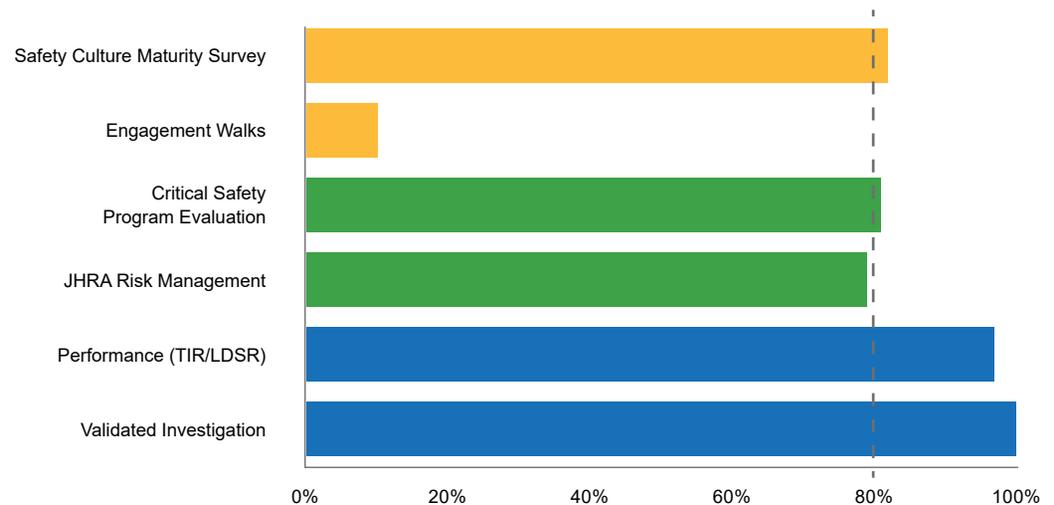


### SAFETY CULTURE MATURITY SURVEY

Addresses five drivers impacting culture through a series of statements which are rated 1-5 for agreement or disagreement.

### SAFETY BALANCED SCORECARD EXAMPLE

(Using a percentage completion scale)





**Tugger Train:** Vision 2020 for Material Flow and Handling Equipment is a systematic planning of material flow which provides the process optimization while at the same time ensures highest levels of safety standards in our plants

## SAFETY IMPROVEMENT EXAMPLES

In 2018, a multi-functional team consisting of operations, production control and logistics, and ergonomics leaders developed recommendations for material flow and handling for global operations. One of the objectives of the team was to develop equipment recommendations for tugger trains that would allow removal of forklifts and pallet trucks from production areas. These recommendations, which are part of a broader material flow strategy, have been approved for global implementation over a multi-year time frame, and will increase safety, ergonomics and efficiency in our global operations.

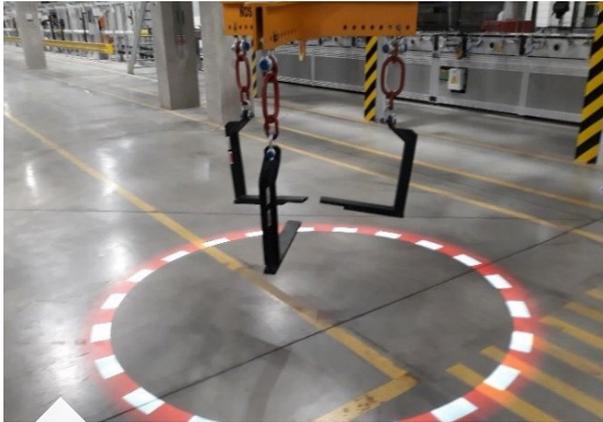
All our global operations utilize “back-to-work” safety training for workers returning from summer shutdown and holiday shutdowns. Additionally, most of our plants held either a safety day or week, featuring training and awareness covering topics such as near miss incident reporting, first aid, emergency preparedness and fire safety.



**Myślenice, Poland**  
Back-to-work after holiday break safety refresher training



**Sremska Mitrovica, Serbia**  
First aid training



**Bystrice, Czech Republic**  
Innovative overhead crane light projected safety zone



**Creutzwald, France**  
New adjustable work table for better ergonomics



All our global plants proudly display a Safety Board outside the plant, with key safety performance information



**El Jarudo, Mexico**  
Recognized by the municipal fire department for providing mutual aid with a neighboring plant fire

Our global manufacturing sites continue to relentlessly focus on machine safety and workstation ergonomic improvements. Coupled with the long-term material flow project, which includes consideration for minimal shop floor parts storage, small container handling and no forklifts in the production area, we are systematically eliminating risks on the factory floor.

Enhancing fire protection systems and programs continues to be a long-term priority to enhance the protection of our people and equipment, to ensure business continuity. We completed two major projects: a fire suppression and protection system upgrade at our Atlacmulco, Mexico manufacturing site and enhanced rubber extrusion curing line fire protection; at our Aguascalientes, Mexico manufacturing site. We also focused on improvements across our global sites in “human element” programs related to inspections and testing of fire protection systems.

We continue to maintain a global audit program for health, safety and environmental legal compliance, utilizing third party auditors and third-party audit protocols. In 2018, we conducted eight comprehensive health, safety and environmental compliance audits at locations in the United States, Eastern Europe and Asia.

## REGIONAL SAFETY ACCOMPLISHMENTS

GRI 403-5

Our regional programs are incubators for new innovative practices. Often, these are considered for global adoption. For example, North America implemented a Fast Response Program for rapid resolution of safety issues, inspired by our Quality organization, which uses this approach to quickly solve quality challenges. The process involves a daily meeting of the plant management team on the factory floor, and issue owners are assigned and report-out on resolution progress.

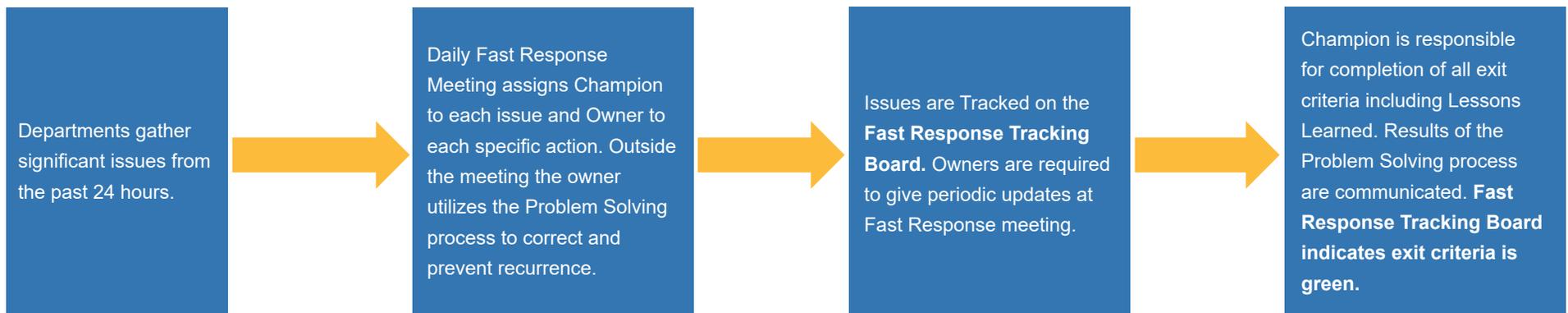
In Europe, our Myślenice, Poland plant developed a 6S (5S workplace organization plus Safety) Safety Element Training Program, which we then adopted for use at all European sites. The package is meant for orientation and use during 6S self-audits, and references good and bad examples for 26 safety conditions.

In Asia Pacific, our regional HSE team developed an integrated approach to health, safety and environmental improvement. They now feature a Safety Culture Orientation Team and a Safety Culture Improvement Team. The Safety Culture Orientation Team orients and integrates newly acquired and new greenfield sites to Cooper Standard's safety expectations. The Safety Culture Improvement Team is dedicated to sites where safety performance is lagging, and focuses on improving management leadership, accountability, incident management, risk reduction, employee perception, training, communication and critical safety programs.

## FUTURE PRIORITIES

Plant Managers are one of several overall priority talent development populations in Cooper Standard, specifically because they manage and influence 90+% of our total employee population. In early 2019, Plant Managers will participate in three, three-day regional training programs as part of the Company's Plant Manager Institute. We developed a four-hour safety culture training curriculum for the program, focusing on elements, methods and responsibilities for establishing strong safety culture. *For further details see <pg. 30>.*

## FAST RESPONSE PROCESS KEY STEPS





# SUPERIOR PRODUCTS

Driving value by continuing to provide our customers with technology that exceeds their expectations

Our products are the core of our business and are evolving to keep pace with changing industry dynamics. Our customers' needs and expectations are always changing; we rely on a combination of our fundamental strengths and innovative new solutions to deliver the highest quality products. We offer reliable products that also help our customers address environmental sustainability concerns, such as vehicle emissions and end-of-life waste streams. Cooper Standard's commitment to understanding and responding to our customers' needs with our unique expertise sets us apart as a supplier of choice.

## TOPICS COVERED

Core Products  
Customer Satisfaction  
Engineering  
Innovation / Intellectual Property  
Product Safety  
Chemical Compliance

## SUGGESTED LINKS

*Fortrex*® <L.18>  
*2018 PACE Award Winner* <L.19>  
*FlushSeal*™ <L.20>  
*MagAlloy*™ <L.21>  
*Gen III Posi-Lock*™ Quick Connect <L.22>  
*General Motors' Supplier of the Year* <pg. 47>  
*NQC* <L.23>  
*Customer Satisfaction Index* <pg.48>

*Artificial Intelligence* <pg. 56>  
*Material Innovations* <pg. 57>  
*ArmorHose*™ <L.24>  
*Fortrex*® Production Program <pg. 49>  
*Applied Material Science Group* <L.25>  
*Fortrex*™ <L.26>  
*Conflict Materials Report* <L.27>

# CORE PRODUCTS

GRI 102-2

## SEALING SYSTEMS

As the global leader in vehicle sealing, no other company in the world designs and sells as many solutions to improve comfort for vehicle occupants. Cooper Standard is the global leader for a reason. Our sealing technologies reduce weight, while improving safety, cabin acoustics, passenger comfort and aerodynamics.

### Key Products

- Dynamic seals and static seals
- Encapsulated glass
- FlushSeal™ systems
- Variable extrusion
- Specialty sealing products

#### Fortrex®

Offers the combined benefits of EPDM rubber and TPV elastomer, with improved performance



#### FORTREX® <L.18>

Fortrex®, a *2018 PACE Award winner <L.19>*, is a patented, revolutionary material platform that offers both lightweight and high performing static weatherseal solutions for our customers.

#### FlushSeal™

Improves vehicle appearance and aerodynamics with an innovative flush glass system design



#### FLUSHSEAL™ <L.20>

Transforming the future of glass sealing systems. FlushSeal™ is an advanced integrated solution leveraging material technology and innovative seal designs to provide next-generation vehicle styling and improved noise, vibration, and harshness.

## FUEL AND BRAKE DELIVERY SYSTEMS

As one of the largest global suppliers of automotive fuel and brake delivery systems, Cooper Standard provides products for traditional fuel and brake applications, while also driving new innovations to meet emerging needs and technologies. Cooper Standard is uniquely positioned with our ability to produce double-walled tubing, which adds superior strength and reliability to products.

### Key Products

- Chassis and tank fuel lines and bundles (fuel lines, vapor lines and bundles)
- Metallic brake lines and bundles
- Direct injection and port fuel rails (fuel rails and fuel charging assemblies)
- Quick connectors

#### MagAlloy™

Offers enhanced corrosion protection through an improved intermediate layer



#### MAGALLOY™ <L.21>

MagAlloy™ is a next-generation metal coating process that improves longevity of automotive tubing applications. Products created with MagAlloy™ contain an improved intermediate layer within the overall tube construction, providing enhanced corrosion protection.

#### Gen III Posi-Lock™

An innovative quick connector featuring a double-lock design



#### GEN III POSI-LOCK™ <L.22>

Gen III Posi-Lock™ is an industry leading connection solution for the fluid transfer industry. Assemblies with Gen III Posi-Lock™ quick connects provide excellent serviceability, improved assembly via single motion connection and robust double-lock design.

## FLUID TRANSFER SYSTEMS

As a leading global provider of fluid transfer systems in the world, Cooper Standard's products control, sense and deliver fluids and vapors for optimal operation of powertrain, heating, ventilation and thermal management. Our portfolio of fluid transfer products addresses the full spectrum of temperature requirements, while offering game-changing weight reduction, abrasion resistance, corrosion protection and finished assembly aesthetics.

### Key Products

- Heater/coolant hoses
- Turbo charger hoses
- Quick connects
- Diesel particulate filters and selective catalytic reduction emission lines
- Degas tanks
- Air intake and charge
- Transmission oil cooling hoses
- Secondary air hoses
- Brake and clutch hoses
- Charged air cooler
- Brake / jounce line

### LightHose™

Versatile hose solution yielding lightweight, low connectivity and high flexibility



### LIGHTHOSE™

LightHose™ is a versatile lightweight solution that can be tailored to suit customer powertrain environments. LightHose™ is inherently non-conductive and insulating, making it ideal for hybrid and battery electric vehicle applications.

### Easy-Lock

Evolutionary design improves single-push-to-lock quick connects



### EASY-LOCK

Easy-Lock quick connects significantly improve installation via a single push-to-lock design with tactile feedback. The connector portfolio also improves ergonomics with reduced assembly effort and tool-free service removal. Optimized for high heat and chemical resistance, it is a versatile connector solution.

# CUSTOMER SATISFACTION

## OUR APPROACH

GRI 103-1, 103-2, 103-3

We design and develop our products to meet the current and future needs of our customers. We listen intently and adjust to customer feedback to ensure we are consistently providing customer-focused products. Our two largest customers announced the actions they are taking to keep pace with global market forces such as rapidly changing vehicle mix and escalating raw material prices.

As a result, in early 2019 Cooper Standard completed the transition of its global manufacturing, engineering and innovation organizations to match the evolving automotive industry. In this new structure, our regional Presidents continue to have regional profit and loss responsibility, but also redirected their focus to expanding and strengthening customer relationships as we look to increase new business opportunities with innovative product offerings. In addition, the operational responsibilities have been transitioned to global Manufacturing, Product Engineering and Innovation organizations that will further drive customer satisfaction through greater strategic coordination and acceleration of global best practice implementation. These areas have a significant impact on our ability to maintain or gain business.

Concurrent with this change we reorganized and repurposed the Global Commercial Council, now named the Global Customer Council (GCC). This is more than just a name change; it reflects customer focus beyond just commercial activity, and incorporates program management and innovation as key aspects of customer satisfaction. The GCC is led by our Senior Vice President and President, North America, and includes regional business development & sales heads, global quality, program management and innovation. Key support is provided to the GCC by our global customer leads, who serve as the key interface for commercial teams dealing with our customers. We have global customer leads assigned to all major global customers to serve as primary points of contact for maintaining and building customer relationships.





Global Customer Council

The principal competitive factors in our industry are quality, price, service, performance, design and engineering capabilities, innovation, timely delivery, financial stability and global footprint. We believe that our capabilities in these competencies are integral to our position as a market leader in each of our core product lines. Also, we believe our continued commitment to invest in global common processes is an important factor in servicing global customers with the same quality and consistency of product no matter where it's produced. This is especially important when supplying products for global platforms.

Our automotive business is focused on the passenger car and light truck market, up to and including Class 3 full-size, full-frame trucks, better known as the global light vehicle market. This is our largest market and accounts for approximately 94% of our global sales. In addition to the global light vehicle market, we also have teams dedicated to leveraging core product technology into near adjacent markets to profitably grow Cooper Standard through our Advanced Technology Group (ATG) which includes our Industrial and Specialty Group (ISG) and Applied Materials Science (AMS) Group. ATG was created in 2018 specifically to focus on adjacent markets.

## SUPPLIER OF THE YEAR

Cooper Standard was named a 2017 Supplier of the Year by General Motors during its 26<sup>th</sup> annual Supplier of the Year awards ceremony on April 20, 2018 in Orlando, Florida.

GM recognized 132 of its best suppliers from 17 countries who have consistently exceeded expectations, created outstanding value or brought new innovations to the company.

“We’re very proud to have been selected as a GM Supplier of the Year. This prestigious recognition is a tribute to our global team and their ongoing hard work and dedication to ensuring the highest levels of customer satisfaction. Most importantly, the award highlights the collaborative relationship we have with GM as we work together to deliver innovative products for today’s demanding vehicle requirements.”

- Jeffrey Edwards  
Chairman and CEO, Cooper Standard

## PERFORMANCE AND PRIORITIES

Approximately 85% of our sales in 2018 were to OEMs (original equipment manufacturers), including Ford Motor Co. (Ford), General Motors Co. (GM), Fiat Chrysler Automobiles (FCA), PSA Peugeot Citroën, Volkswagen Group, Daimler, Renault-Nissan, BMW, Toyota, Volvo, Jaguar/Land Rover, Honda and various other OEMs based in China and India. The remaining 15% of our 2018 sales were primarily to Tier I and Tier II automotive suppliers, non-automotive customers, and replacement market distributors. The Company's products can be found on over 480 nameplates globally.

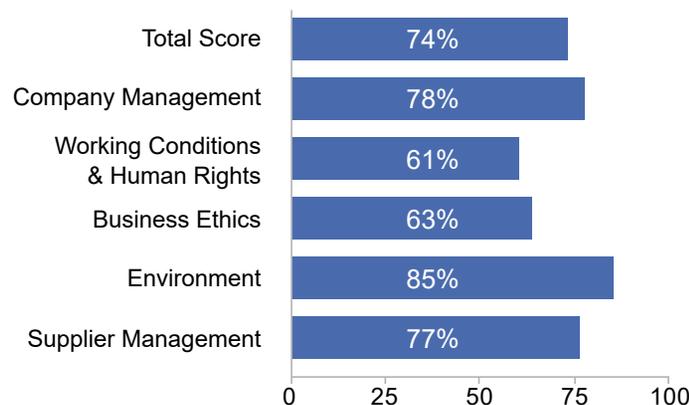
In 2018, Cooper Standard was honored as one of *General Motors' Supplier of the Year <pg.47>* recipients for calendar year 2017. We were also honored as one of three finalists for Supplier of the Year for our fuel and brake business with FCA.

We maintain a Customer Satisfaction Index (CSI) by customer and region. This serves as an important focal point for monthly GCC review and action. The CSI allows us to analyze customer metrics both globally and regionally, to address challenges at a local level and monitor trends worldwide.

## CUSTOMER SATISFACTION INDEX

	Average for Top 5 Customers
<b>Sourcing Customer Scorecard</b> All plants sourceable/on bid list: Green <10% not sourceable: Yellow >10% not sourceable: Red	●
<b>Business Plan</b> Achieved: Green At Risk: Yellow Not Achieved: Red	●
<b>Launches</b> Perfect Launch: Green Good Launch: Yellow Bad Launches: Red	●
<b>Quality / Incidents per Billion</b> On Target: Green Red in Quality: Red	●
<b>Customer Deductions/Warranty YTD</b> 0: Green >1% of sales: Red	●
<b>Demerits: e.g. escalation meetings: x</b>	●

## COOPER STANDARD'S 2018 NQC SCORING



A majority of our customers hire third-party service providers (NQC and Ecovadis) to gather data from their suppliers. Through these firms we complete Questionnaires and submit evidence to support our Sustainability Management Systems. In turn each system creates a quantitative measurement that can be trended.

The graphic on the left shows the 2018 scoring for each of the elements of *NQC's <L.23>* questionnaire. Cooper Standard's total score of 74% is a 7.4% improvement over our scores in 2016 when we began reporting to NQC.

Since 2017 we have held the certificate for the Ecovadis Silver Rating.

In 2018, our global net new business, defined as incremental new business not including replacement business, was valued at \$441 million. Global business awards in 2018 associated with innovation products, which includes both net new business and replacement business, were valued at \$287 million, surpassing our target of \$308 million. We managed 196 product launch programs globally in 2018.

We continue to utilize and refine our CLauS (Cooper Launch System) process for new business awards and program launches. CLauS represents a gated process that covers the launches from business conception and award through start of production.

In 2019, we will be utilizing the GCC forum to:

- Lead the Voice of the Customer for Cooper Standard in the automotive sector;
- Support and drive net new business growth;
- Facilitate global coordination, using the *Customer Satisfaction Index <pg.48>* as the KPI;

- Drive innovation to market, using Innovation awards and Innovation revenues by product line as KPIs;
- Identify and accelerate implementation of global best practices;
- Serve as the Voice of the Customer for input to merger and acquisition strategy; and
- Establish a “green customer launch”, which will consist of various external customer satisfaction metrics related to new product launch.



## 2018 GLOBAL BUSINESS

**\$441M**

Net New Business

**\$287M**

Innovation New Business Awards  
(Includes net new and replacement business)

**196**

Product Launches

## 2020 FORD EXPLORER

### Awarded Product Positions

In early January 2019, Cooper Standard announced that it will supply the recently introduced 2020 Ford Explorer with sealing and fluid transfer systems, including the Company’s award-winning *Fortrex® <pg.43>* lightweight elastomeric material.

We have an outstanding global team of employees who are committed to serving our customers and creating value with products and technologies that enhance performance and address today’s automotive trends. We take great pride in supporting Ford Motor Co. with its 2020 Ford Explorer launch.

Cooper Standard will supply the latest model of the Explorer with: a static sealing system that incorporates Cooper Standard’s *Fortrex®* material science technology; engine cooling hose assemblies, including e-motor and battery cooling; as well as transmission oil cooler hose assemblies.

*Fortrex®* offers a remarkably low carbon footprint across the entire material and production chain, with a total CO<sup>2</sup> footprint that’s 22% lower than TPV and 53% lower than EPDM.

## LOWER CARBON FOOTPRINT

**53%**

*Fortrex®* versus EPDM

**22%**

*Fortrex®* versus TPV

# ENGINEERING

Cooper Standard is dedicated to building a world-class engineering organization that develops and delivers superior products with high customer satisfaction, driving a distinct and sustainable competitive advantage. Working with the Global Innovation Team, our engineers create evolutionary developments for next-generation products while also supporting the efforts of our Global Innovation Team that delivers revolutionary advancements. Both teams are focused on creating market-leading positions for our products, while meeting customers' current and future needs.

## OUR APPROACH

The new global engineering function is continuing the work originally initiated by the Global Engineering Council and combines the former product and engineering disciplines to create a new product focused engineering team. As a result, the engineering team is structured to better focus on leadership development, standardization, best practices implementation, collaboration and support of product development activities across our global business, which enables greater customer alignment. Within the global engineering function are global leads for global sealing products, global fluid products (including fluid transfer systems and fuel and brake delivery), global materials, CAE/prototype/lab, global product strategy and world-class engineering to ensure proper focus for creating and sharing best practices to enhance our products and increase efficiencies.



## PERFORMANCE AND PRIORITIES

The Global Engineering Team is building a strong foundation for engineering excellence and creating a scalable framework for future growth, which includes building a world-class global product portfolio, creating a greater customer-centric focus, executing launch and production excellence, excelling at change management, and leveraging efficient and effective tools.

As a part of the shift to a global organization, the engineering team is developing relevant, measurable and focused key performance indicators (KPIs) to balance engineering execution and business needs. These KPIs will be used to measure performance and help better identify areas for continuous improvement.

In addition to customer satisfaction levels, the engineering team measures its effectiveness through a cost per equivalent unit (EQU) equation. Each EQU represents a common denominator, which isolates performance and enables comparisons within a product line or functional area of the business.

Over the last three years, the engineering team has made great strides to improve its cost per EQU percentage primarily through various workforce initiatives including consolidation, reorganization and best cost country strategies, while also laying the framework for greater efficiencies. Our focus on world-class engineering will continue to drive best-in-class services and performance consistently on a global basis.

We believe that our new organization is continuing a journey towards an optimized structure with the proper allocation of resources both near our customers and within best cost countries to efficiently provide the high level of engineering support our customers demand.

Moving forward, we anticipate to further improve our cost per EQU through greater standardization, process improvements and automation of engineering activities. These initiatives will allow for continued data-driven efficiency improvements based on KPIs resulting in a continued shift of resources to innovation and enhancement of our product offerings. Our focus on world-class engineering will continue to drive best-in-class services and performance consistently on a global basis.

## ENGINEERING KPIS

BU	Region	CAE - TESTING		MATERIAL		CAD		ADVANCED ENGINEERING		APPLICATION ENGINEERING					
		E-DVP Deployment	Testing Outsourced	Standard Material in WC	Formulation in Crosslink	% GDC	\$ / h	Innovation Gate on Time	Component Sd Library	% Component Re-used	Late Deliverables	DR RED Risk Rating	DV FTT	PV FTT	
Product	NA	Systematic e-DVP Efficiency of Lab Testing		Material Standardization Raw Material Reduction		CAD Cost Reduction and Efficiency		Adv. Eng. Efficiency	Standard Components Deployment		Clear Project Risk Escalation				
	EU														
	AP														

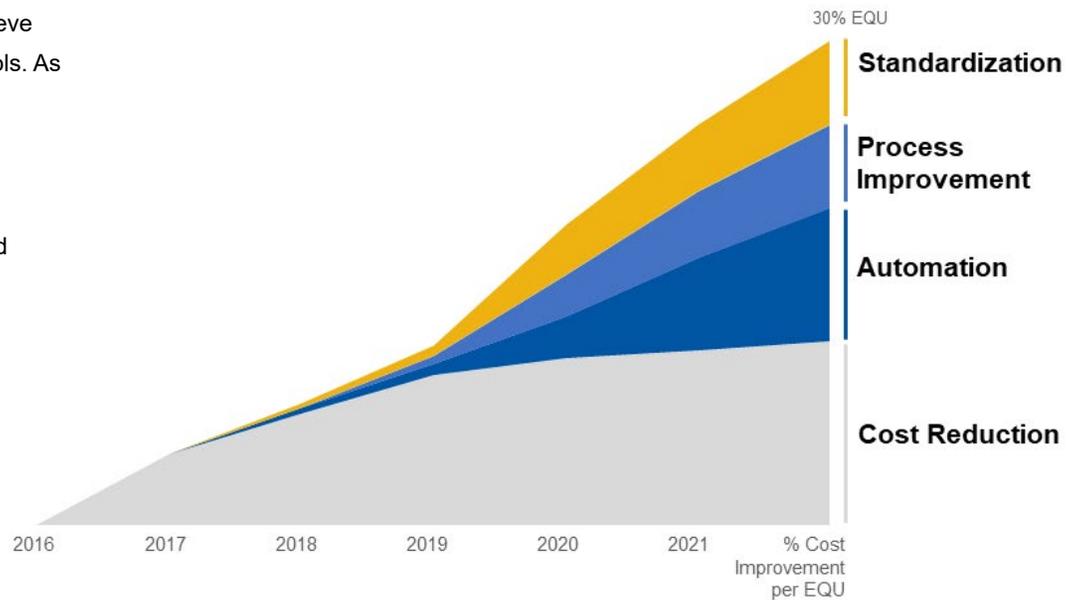


Global Engineering Leadership

## WORLD-CLASS ENGINEERING

Our new global organization will drive engineering efficiency with a vision to achieve world-class status through standardization, global design and optimized digital tools. As we continue our journey to a world-class product organization we will:

- Create a product organization with an integrated strategy focused on business priorities;
- Achieve a sustainable world-class engineering culture with digitally optimized processes and a continuous improvement focus;
- Increase focus and resources on innovation;
- Enhance natural global collaboration led by a diversified team;
- Develop sustained talent depth through our global engineering college; and
- Continue to be recognized as the supplier of choice / technical leader with differentiated products.



**DESIGN BY ANALYSIS:** Computer analysis is a key focus for our development teams. We continue to create new pathways to success which challenge the traditional view of testing and prototyping, and shorten the product development cycle. Our engineers use advanced computer analytics, including predictive modeling to virtually test designs with digital tools to make needed adjustment prior to physical testing.

This process has greatly reduced our development cycle by 25% and has increased our reactivity and design quality. Using this approach, we are on path to reduce our lab costs by 50% by 2021.

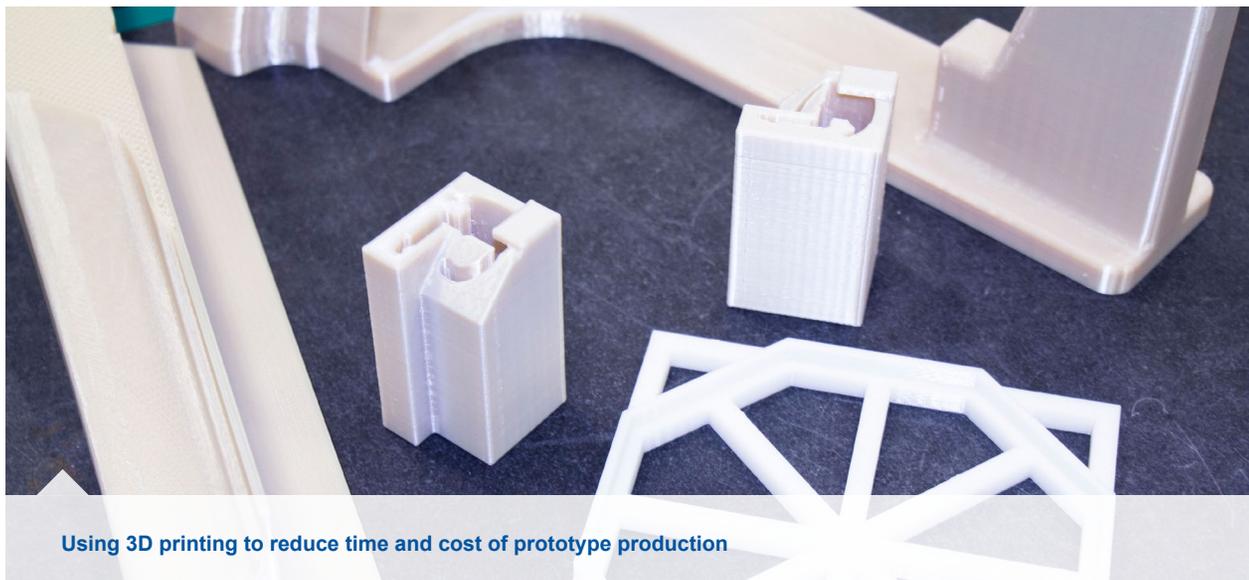
In the last two years, we have enhanced our tools and developed methodologies to enable the functional simulation of components and parts in real conditions, which will result in greater control of a design the first time through. Design by analysis will continue to be an important part of the development process, moving more and more to simulation of complex systems.

**KNOWLEDGE BASED ENGINEERING (KBE):** KBE is the process of creating and using a database of information, drawings and standards to increase consistency and quality in product design. The use of KBE greatly reduces the time spent on routine tasks and the overall time spent on product design.

**CROSS-LINK DATABASE:** In 2018, we created a new digital tool to track and catalog our material recipes. It's a web-based tool available in all mixing rooms and material technical centers.

It allows us to have a single ingredient database shared worldwide and updated daily. Using this tool, our chemists can avoid duplication of recipes and optimize new ones. After adding testing results by compounds, chemists can use Cooper Standard's proprietary *Artificial Intelligence based compound development software <pg.56>* to optimize recipes and decrease number of ingredients.

**RAPID PROTOTYPE:** Cooper Standard has developed a competency in 3D printing. This new technology has been implemented in all of our technical centers. One of the main advantages of additive manufacturing is the speed at which parts can be produced, compared to traditional manufacturing methods. This process allows the Company to reduce the timing and cost of the prototype phases and improve our reactivity to follow customer's changes.



Using 3D printing to reduce time and cost of prototype production

**DESIGN BY ANALYSIS**



**25%**

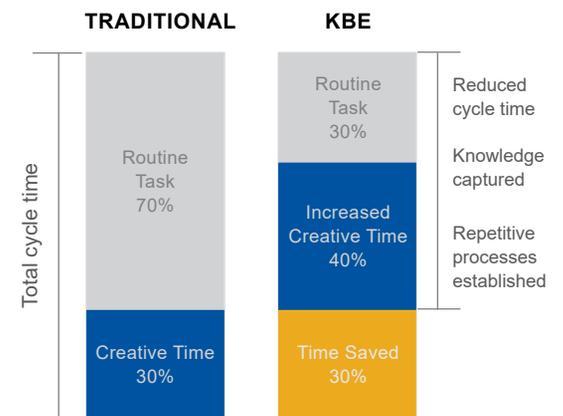
Reduction in development cycle



**50%**

Anticipated reduction in lab costs by 2021

**KNOWLEDGE BASED ENGINEERING**



# INNOVATION / INTELLECTUAL PROPERTY

GRI 103-1

Cooper Standard's dedication to innovation is firmly embedded in our DNA, which is to "Collaborate. Innovate. Accelerate." and permeates all aspects of our Company. We feel our culture of innovation is a key differentiator, allowing us to compete and succeed within our dynamic global markets. In 2018, we continued to invest in innovation by enhancing our global facilities and establishing Cooper Standard's Advanced Technology Group, which is focused on serving diverse industrial markets by leveraging our products and *materials innovations* <pg.57>. We have developed a number of innovations within our core automotive product lines that continue to drive increasing sales, including our *Fortrex*® <pg.43>, *FlushSeal*™ <pg.43>, *MagAlloy*™ <pg.44>, *Gen III Posi-Lock*™ <pg.44>, *LightHose* <pg.45>, *Easy-Lock* <pg.45>, and *ArmorHose*™ product family <L.24>. We also apply innovation to manufacturing and engineering processes, such as the development of our *Artificial Intelligence (A.I.)* <pg.56> tool for rapid discovery of material formulations.

## OUR APPROACH

GRI 103-2, 103-3

Cooper Standard's innovation organization was further enhanced in early 2019 to fully leverage our global capabilities, reduce overall cost and enhance our customer focus. The new organization, led by our Senior Innovation Officer, leads the Company's i<sup>3</sup> Innovation Process from idea inception to commercialization. This position also serves as chair of the Company's Global Technology Council (GTC), which oversees research and development in all product groups including materials science, product design, manufacturing process technology, analytics and artificial intelligence.

The new innovation organization also includes four new leadership positions for products, process, materials and digital innovations. These new positions are responsible for coordinating all innovation-related activities globally for their focus areas and work closely with product engineering, manufacturing and advanced process engineering to establish technology roadmaps and priorities for future investments.

The Company's i<sup>3</sup> Process continues to be a vibrant source for innovative ideas. This process enables any employee to propose ideas for breakthrough materials, products, processes and digital efficiencies through a central portal. Ideas are screened and prioritized for development using a defined stage-gate process with specific milestones and deliverables required to proceed to the next gate on the path to commercialization. On average, the team reviews roughly 30 submissions each quarter. We typically maintain approximately 40 active projects at various stages in our i<sup>3</sup> Process.

In combination with the new global organization, the i<sup>3</sup> Process is also evolving to reflect changes in our business. For example, a new digital category has been added and key projects are now assigned to short-term project teams on rotation from engineering and other functions. This agile approach allows team members to focus 100% on these projects to bring new technologies to market faster.



## PERFORMANCE AND PRIORITIES

We have significant growth planned in each of our product categories and have commercialized key innovations to fuel our business growth. Our innovations have added \$287 million in new business in 2018 and are on track to deliver approximately \$1 billion in new business by 2022.

*Fortrex*® <pg.49> will reach another major milestone in 2019, as we launch our first major Fortrex® production program on the 2020 Ford Explorer and we expect to see a significant revenue impact from this important innovation. Our customers will soon be able to experience the difference Fortrex® makes and the overall advantages it provides on their vehicles, as well as in the assembly process.



## PERFORMANCE STATISTICS

**\$751M\***

Year-end 2018 Booked Business From Innovations

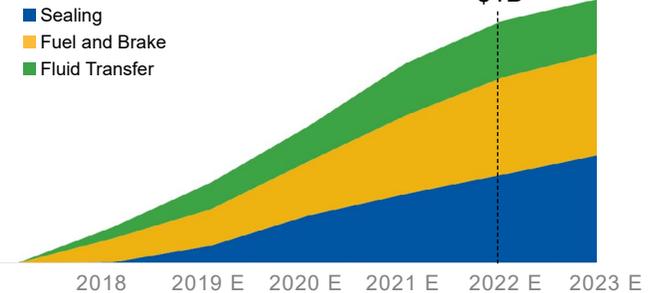
\*Includes new and replacement business (Since 2016)

**3.4%**

Research, Development and Engineering Spend

As a percent of 2018 Sales

Projected Automotive Innovation Revenue  
USD Millions



**30**

Average Innovation Idea Submissions Each Quarter

**10**

Major Innovations Introduced to Market  
(Since 2013)

**40**

Active Innovative Projects  
(As of March 2019)



EXCLUSIVE LEAD SPONSOR: **APMA**  
LEAD. REACH. CONNECT.

**2019 FINALIST**

## GLOBAL TECHNOLOGY CENTER

Cooper Standard's Global Technology Center located in Livonia, Michigan continues to be the hub for innovation projects by supporting regional technology centers strategically located throughout our global footprint. In addition to product innovation, the Company continues to invest in other cutting-edge innovations, such as our proprietary artificial intelligence (A.I.)-based compound development software which was recently named a PACE award finalist. This is the second consecutive year we have received this great honor. Our A.I.-enhanced compound development process uses machine learning and advanced data analytics to allow our chemists to converge on new compound recipes 80% faster and deliver superior material properties our customers need. Our new A.I. tool has become a competitive advantage and a key part of our global material development process, allowing the Company to successfully solve advanced compound development challenges.



## APPLIED MATERIALS SCIENCE GROUP

Cooper Standard's *Applied Materials Science (AMS)* <L.25> group, which is part of the Advanced Technology Group was created in 2018. AMS is a dedicated team focused on serving diverse industries with our materials innovations such as our dynamic Fortrex™ materials family. The momentum of our AMS business is building and the excitement about our Fortrex™ technology chemistry platform continues to increase with an almost endless list of potential applications such as footwear, comfort foams, marine / recreation, athletics, consumer applications / packaging, building and construction, and wire and cable.

Our AMS business supplies and licenses materials, process technology and services to customers in a broad range of industrial, consumer and specialty applications. Existing licensees INOAC and PolyOne are progressing towards initial production and commercialization.

We also recently announced two new technology and license agreements to develop and commercialize custom blended materials for applications outside of the automotive industry. The first is with a leading Chinese sportswear OEM with internationally recognized brands, and the second is with a major North American producer of materials for the building and construction industry. Overall, we continue to advance our discussions and negotiations with several additional potential licensee customers in various market segments.



### FORTREX™ <L.26>

#### The Super Elastomer

Cooper Standard's next-generation Fortrex™ material can be processed through extrusion, blow-molding, injected molding, foaming, calendaring and film blowing to take on many forms for diverse applications. Fortrex™, in its many forms, can meet a variety of needs while offering superior performance and aesthetic characteristics including:

- Lightweight material
- Improved temperature resistance
- Long-term heat aging
- Improved weathering
- High elasticity
- Chemical resistance
- Ambient cured
- Coloring options

# PRODUCT SAFETY

## OUR APPROACH

GRI 103-1, 103-2, 103-3

The safety of our products is of paramount importance. We tightly manage product safety to prevent harm for our end-users and maintain our reputation for manufacturing excellence.

The Vice President, Global Quality and Supplier Development leads Cooper Standard's Global Product Safety Committee. The Committee aligns product safety initiatives, identifies systemic issues and delegates their resolution, highlights global best practices, promotes effective communications between regions and other functions and coordinates development of global procedures, processes and KPIs. A key function of the Committee is to verify and sign-off on Potential Product Safety Issue (PPSI) closure. Members of the Committee include the regional product safety leads and representatives from our product engineering, quality, manufacturing, finance and legal teams. As part of our 2018 global reorganization, we now have a global lead engineer for safety sensitive fluid products, such as fuel and brake fluid-handling products.

PPSIs can vary; they may be related to meeting customer specifications, product performance with our customer or consumer experience. We train our engineers to recognize potential product safety issues, whether in the launch process, in our production or in product use in our customer's manufacturing operations. PPSIs are then submitted by the engineer to the regional Product Safety lead. We develop an action plan to understand and correct

the issue. All PPSIs are verified by the Global Product Safety Committee for acceptance of closure actions.

In our product launch process, known as Cooper Launch System (ClauS), we require Product Safety Line Certification (PSLC) during the launch process and before start of production. PSLC involves a multi-disciplinary team review on the plant floor assessing the production and test conditions against customer requirements and internal standards and procedures. A product must receive a successful PSLC to begin production.

The Global Product Safety Committee meets monthly to review PPSI closure and PSLC performance for product launches. The Committee also reviews potential warranty issues for resolution.

## 2018 INITIATIVES

In 2018, we added a standardized product safety checklist to an early review gate in the ClauS launch process. This is an additional check in the pre-launch cycle to ensure that the product safety designs, processes and safeguards built into the launch program are in place and effective.

We also re-positioned the responsibility for product safety from our purchasing organization into the quality function. Further, as part of our globalization of key functions in early 2019, regional product safety leads now report to the newly created position of Vice President, Global Quality and Supplier Development.

This closely aligns product safety with the quality function. We expect globalization to accelerate the standardization of procedures and processes necessary to drive product safety excellence.



# CHEMICAL COMPLIANCE

## PRODUCT CHEMICAL COMPLIANCE

GRI 103-1, 103-2, 103-3

Cooper Standard manages product chemical compliance through a central center of excellence, led by the Senior Manager, Chemical Compliance and Sustainability, who reports to the Vice President, Global Health, Safety and Environment and BTO. This function monitors compliance with product-related chemical regulation on a global basis, including but not limited to:

- European directives for Registration, Evaluation and Authorization of Chemicals (REACH);
- Restriction of Hazardous Substances (RoHS);
- The automobile industry's International Material Data System (IMDS) requirements, based on the Global Automotive Declarable Substance List (GADSL) requirements; and
- The U.S. conflict mineral reporting requirements.

This center of excellence creates and updates customer-facing product Safety Data Sheets (SDS) to comply with laws related to the globally-harmonized system (GHS) of classification and labeling of chemicals.

Our Chemical Compliance Management System (CCMS) interfaces with our enterprise resource planning (ERP) systems to extract bill of material and transactional information to assist in assessing purchased materials and components along with their chemical constituents and quantities.

We use both our CCMS and IMDS databases to drive our reasonable-country-of-origin (RCOI) due diligence queries of our supply chain, which facilitates the production of our annual [Conflict Minerals Report <L.27>](#) for U.S. government and customer reporting.

Our CCMS provides data to assist us in investigating our customer inquiries regarding substances of concern and our chemical compliance manager works with supply chain, product development, manufacturing and legal to meet our chemical compliance obligations with governments and customers.

Our recent acquisition of Lauren Manufacturing has expanded our customer base outside the automotive industry. This has resulted in many more chemical compliance requirements on which we must remain vigilant in order to meet our compliance needs.

## CONFLICT MINERALS

### Reasonable Country of Origin Inquiry



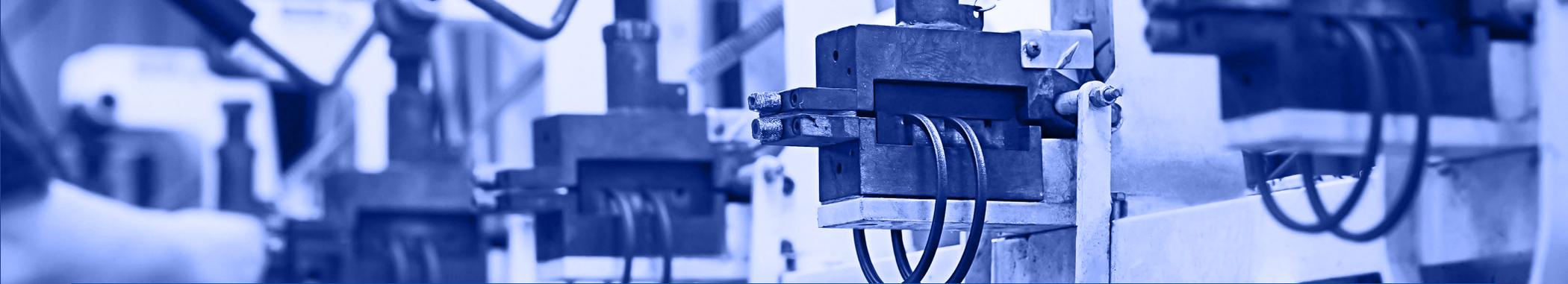
In 2018, we further improved our efforts to track the supply chain for product components containing conflict minerals. Our RCOI resulted in responses from 100% of those suppliers requested to report (in-scope).

Seventeen suppliers reported smelters sourcing from mines in covered countries. Forty-eight of the 349 smelters reported by our "in-scope" suppliers required outreach.

To assist in this effort, we are members of the responsible minerals initiative (RMI), which is dedicated to helping companies make informed choices about responsibly sourced minerals in their supply chains.

Our membership in RMI in-turn helps fund RMI's audits of mines and smelters globally.

Member Code: CSAI



# WORLD-CLASS OPERATIONS

Driving to achieve the highest benchmarks for world-class performance

We strive for world-class quality in all we do. We develop our approaches to managing our business impact by focusing on continuous improvement and our longstanding reputation for excellence. When we asked our stakeholders what comprised Cooper Standard's reputation for manufacturing excellence, our *safety performance* <pg.36> and our reliable delivery of high-quality products are our leading attributes.

## TOPICS COVERED

Manufacturing Excellence  
Product Quality  
Purchasing and Supply Chain Sustainability  
Environmental Management

## SUGGESTED LINKS

*Safety Performance* <pg.36>  
*Talent Management* <pg.25>  
*Performance Metrics* <pg.69>  
*Plant Manager Institute* <pg.30>  
*Supplier Code of Conduct* <L.10>

*Human Rights Policy* <L.11>  
*NQC Platform* <L.23>  
*Health, Safety and Environmental Policy* <L.17>

# MANUFACTURING EXCELLENCE

At its heart, Cooper Standard is a global manufacturing company and our ability to produce quality, innovative products in a safe and highly efficient manner is key to our ongoing success. We strive to standardize our processes, develop global best practices and continually improve our manufacturing performance.

## OUR APPROACH

In early 2019, Cooper Standard transitioned to a global manufacturing organization, led by our Senior Vice President and Chief Global Manufacturing Officer. This accelerated standardization and implementation of best practices, reduces cost and increases efficiency, quality and safety. Moving to a global manufacturing organization is consistent with our customer expectations that we are organized globally in all areas of the Company.

Global leads for Quality, Safety and Environment, Advanced Process Engineering, Launch Management and Continuous Improvement were also consolidated under this new position. Advanced Process Engineering, Manufacturing Engineering and Launch Management have been centralized under a newly created global Vice President. The global Advanced Process Engineering function is responsible for determining the best company standards for our manufacturing processes, equipment and tools and developing the next generation processes. The regional Manufacturing Engineering and Launch Management organization is focused on execution and implementation of the standards.

The global manufacturing reorganization also resulted in a realignment of North and South America regions to U.S.-Canada and Latin America regions to better align cultural and organizational synergies.

The Senior Vice President and Chief Global Manufacturing Officer serves as executive sponsor for the Global Manufacturing Council (GMC), which brings together the regional manufacturing leads for U.S. and Canada, Latin America, Europe and Asia Pacific, as well as the leads for Purchasing and Supply Chain, IT, Product Engineering, Innovation and Human Resources. Product Engineering is a new member of the GMC and will ensure collaboration in the development of both manufacturing and product design standards. The GMC serves as a forum to align global initiatives, define global KPIs and identify global synergies and best manufacturing practices.

We continue to use the Cooper Standard Operating System to document global procedures, standards and best practices for manufacturing and allied functions, such as safety and quality. This system serves to document and reference our global requirements.



### FIRST GMC CONFERENCE IN 2019

Guangzhou, China

On January 23<sup>rd</sup> and 24<sup>th</sup>, the first GMC Conference of 2019 was held in Guangzhou, China. The council includes nine cross-functional members from North America, South America, Europe and Asia who are focused on improving efficiencies through standardized best practices.

The monthly World-Class Operations meeting serves as the forum to review manufacturing performance, with a detailed summary of KPIs for all regions and manufacturing sites. This forum serves to highlight trends, recognize excellent performance and discuss opportunities for improvement. All global manufacturing plant managers and direct staffs, regional manufacturing directors, vice presidents and allied functional leads participate in the monthly review.

We apply a standardized operator training process under our global umbrella for manufacturing training, which is called Building a Talented Organization (BTO). This area is managed by a global organization, led by the Vice President, Global Health, Safety and Environment and BTO, a newly created position. Each of our regions has a BTO lead who is responsible for coordinating process implementation, as well as master trainers and instructors who lead plant implementation. In 2018, we continued

implementation of this core process. In 2018, we also created Plant Manager Institute, a key initiative under the emerging Cooper Standard University. For more on our BTO process and Plant Manager Institute, see below as well as the [Talent Management section <pg. 25>](#).

### OUR PERFORMANCE AND PRIORITIES

**BTO TRAINING:** Our BTO operator training process has made great progress since its inception in 2016. BTO is a Company-wide program for operators, team leaders and supervisors that focuses on defining the best way to work and providing training on those optimum practices. The process is implemented for each job in every work cell and the heart of the process is a step-by-step job breakdown, which then results in a standard work instruction to which employees are trained. We expect to have all current cells and jobs trained by the end of 2019. We have also integrated BTO training

into our program launch process, known as the Cooper Launch System (CLauS), ensuring that operators are trained by this methodology prior to the start of production for new products.

Where BTO has been implemented, we have found significant improvements in safety, productivity, quality and scrap avoidance. We have also achieved significant levels of qualified master trainers and instructors across the global organization as the program has continued to expand in 2018. Key metrics are shown in the accompanying chart, covering cells and jobs trained from mid-2016 through January 2019. Productivity is measured by pieces per hour improvement, two weeks before and after training. Scrap improvement is measured as the rate of scrap pieces to total pieces, again two weeks before and after training.

#### BTO IMPLEMENTATION\*

104

Master Trainers

1,480

BTO Instructors

#### RESULTS WHERE BTO HAS BEEN IMPLEMENTED\*

0

Safety Incidents

5,297

Employees Completed  
10-hour Training

8,649

Operators Trained

10,385

Job Breakdowns

32.7%

Avg. Reduced Scrap

11.4%

Avg. Improved Productivity

\*Mid 2016 through January 2019

**MANUFACTURING IMPROVEMENT:** Our manufacturing organization is relentlessly focused on improving operating efficiency, quality and safety. For operating efficiency, key parameters include OEE (overall equipment efficiency) and reduction of scrap. OEE is a metric that represents equipment availability, performance and quality. Additional metrics include unplanned equipment downtime, equipment setup quick changeover and output per minute.

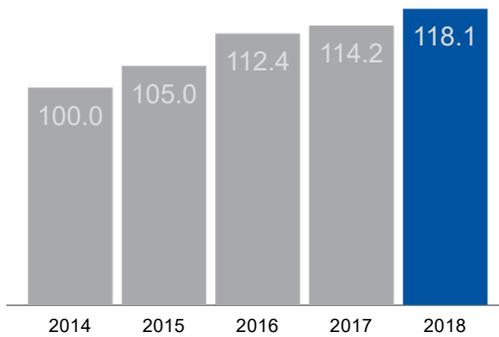
The accompanying charts illustrate steady year-over-year manufacturing performance improvements achieved in one of our core product lines, as measured by OEE, Scrap, Unplanned Downtime, Setup Quick Changeover and Output per Minute. All the charts below use 2014 as a baseline year and indicate percentage improvement versus baseline. We are proud of our global manufacturing improvements and continue to drive

toward sharing and standardization of best practices and innovative process improvements to achieve manufacturing excellence.

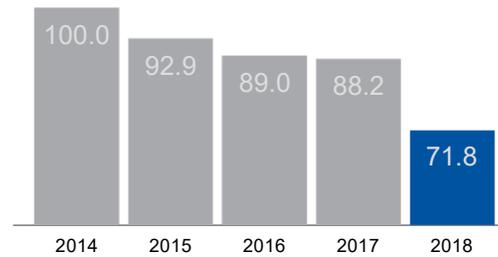
## MANUFACTURING PERFORMANCE EVOLUTION IN ONE OF OUR CORE PRODUCTS

From 2014 Baseline

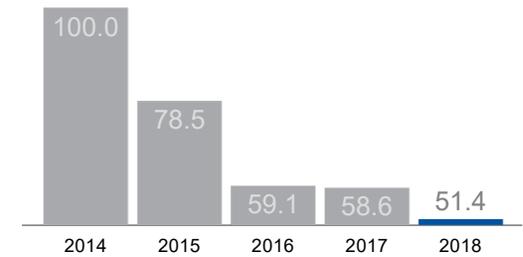
### OVERALL EQUIPMENT EFFECTIVENESS



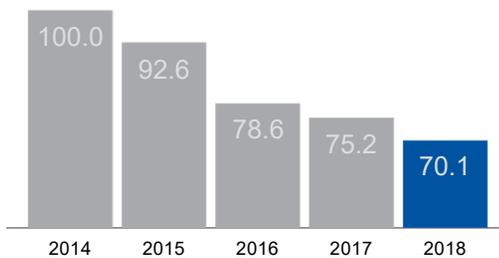
### SCRAP REDUCTION



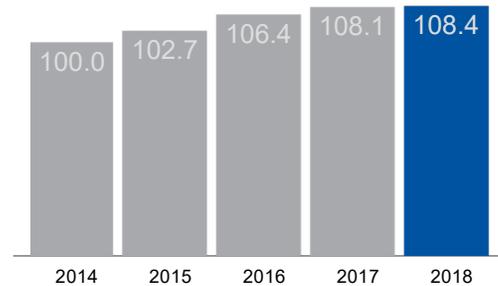
### UNPLANNED DOWNTIME



### SETUP QCO (QUICK CHANGE OVER)



### OUTPUT PER MINUTE



**DIAMOND AWARD:** In 2018, we also continued our Diamond Award process, which recognizes our best manufacturing plants for performance against various operational KPIs. Three criteria – safety performance, 6S and customer scorecard – must meet established gating thresholds before other criteria are scored and applied. Diamond is our highest recognition with Platinum, Gold and Silver levels also awarded. Each year the criteria are reviewed and amended as necessary to drive continuous improvement. Globally, 11 manufacturing sites achieved Diamond recognition in 2018.

Since the inception of our Diamond award recognition process in 2015, the number of eligible plants and award-level winners has steadily increased year-over-year, despite annual tightening of the criteria. This is a true measure of the continuous improvement achievements in safety, quality, customer satisfaction and productivity across our global operations.

**KAIZEN AWARD:** In 2018, we continued our “Kaizen of the Year Award,” which recognizes the plant with the most impactful continuous improvement initiative, with a focus on potential global application as a best practice. Each region presents the best of four quarterly regional winners and the nominees are scored against criteria that evaluate: alignment to Company values; applicability for leveraging to other manufacturing sites; clarity of goals, targets and results, and; operating cost impacts. Regional nominees were: Atibaia, Brazil; Bielsko-Biała, Poland; Guangzhou, China; and Atlacomulco, Mexico.

**2018 KAIZEN OF THE YEAR:**

Atlacomulco, Mexico

Value Stream Planning, \$1.2 million plant savings with global leverage capability.

**2018 DIAMOND PLANTS**

**Asia Pacific:** Kunshan 1, Huai’an 2, Shanghai Fengxian and Shenyang, China

**Europe:** Bielsko-Biała and Dzierżoniów, Poland; Creutzwald, France

**North America:** Aguascalientes and Juarez, Mexico; East Tawas and Leonard, Michigan, U.S.

**2018 DIAMOND PLANTS**

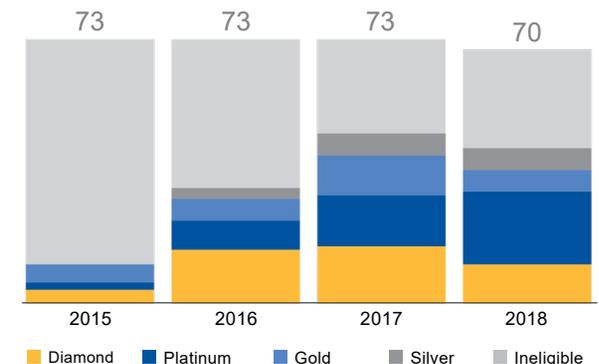


**Bielsko-Biała,  
Poland**

**Kunshan 1, China**

have achieved Diamond status for all four years since inception (2015 – 2018)

**DIAMOND MANUFACTURING EXCELLENCE**



# PRODUCT QUALITY

## OUR APPROACH

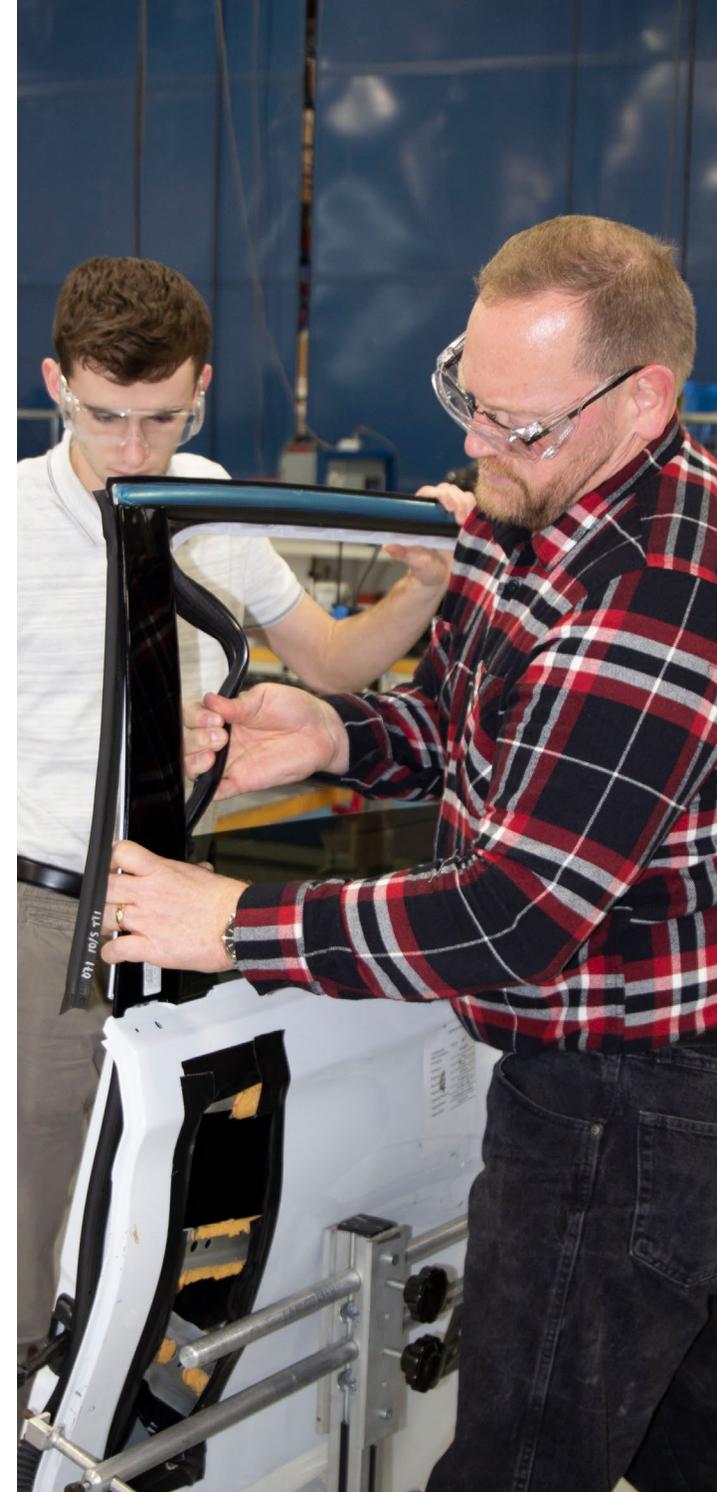
GRI 103-1

As part of our efforts to globalize manufacturing functions in 2018, we appointed a new Vice President, Global Quality and Supplier Development position. The existing regional leads for Quality now report to this position, ensuring that our Quality organization moves more rapidly toward global standardization of procedures, standards and processes. We also included responsibility for Supplier Development in this position, previously a function managed by the Purchasing organization, as establishment of reliable suppliers is more aligned with quality than price.

We have also standardized regional Supplier Development teams, which report to the regional Quality lead. Our regional Supplier Development teams maintain a scorecard for each supplier that includes various *performance metrics* <pg. 69>, such as quality, delivery, packaging and safety performance.

We continue to maintain our Global Quality Council, which now consists of the global Vice President and regional Quality leads. The Council is a venue for our Quality professionals to share global best practices and lessons learned, and to develop global KPIs.

Quality products are part of everything we do at Cooper Standard. To make sure quality is integrated across executive management, the Vice President, Global Quality and Supplier Development also participates in three other coordination councils: the Global Manufacturing Council, the Global Customer Council and the Global Technology Council.



## 2018 PERFORMANCE AND INITIATIVES

GRI 103-2, 103-3

We received multiple customer quality awards in 2018 for calendar year 2017, including General Motors' coveted Supplier of the Year - reserved for suppliers who distinguish themselves by meeting performance metrics for quality, execution, innovation and total enterprise cost.

The purchasing executives of one of our major customers invited Cooper Standard to participate in a panel to discuss best practices related to our warranty systems, based on positive performance we achieved in 2017 and 2018. This strong performance is driven, in part, by our engineering presence in customer manufacturing plants and retail dealerships, allowing us to detect issues before they become warranty problems. We view improved warranty performance as an indicator of improved quality performance.

In the past two years, we have shifted focus from quality defects measured in parts per million (ppm) to incidents per billion (IpB). IpB is a measure of the number of shipments with quality defects and is viewed as a more meaningful measure of quality performance.

In 2018, Cooper Standard achieved double digit improvements in part quality as measured by IpB, warranty and cost of poor quality (COPQ).

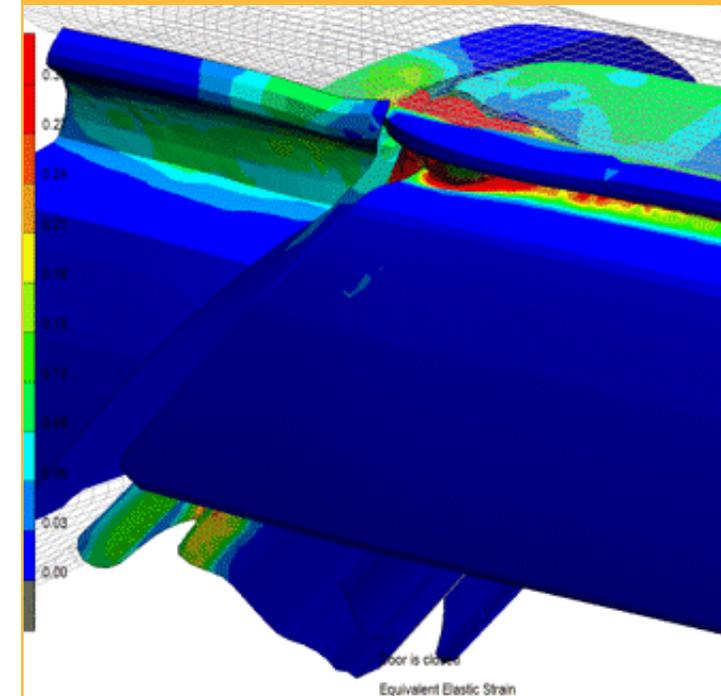
Cooper Standard developed a suite of computer-aided engineering models and calculation tools to simulate hose design performance, specifications and quality requirements, such as:

- Hose swell;
- Yarn strain;
- Burst;
- Pull off force;
- Material characterization;
- Blow off strength;
- Engine roll;
- Installation forces; and
- Pressure/temperature/vibration.

This new tool enables Cooper Standard to look across the entire product engineering process, from design to manufacturing planning, with sophisticated analytical algorithms that result in better product quality. Our customers recognize us with positive feedback regarding the value in cycle time from design to production, as well as the improved quality of our products.

### COMPUTER AIDED ENGINEERING MODEL

Simulate design performance, specifications and quality requirements



### 2018 vs 2017 QUALITY PERFORMANCE IMPROVEMENT

**28%**

Reduced Incidents per Billion (IpB)

**27%**

Reduced Warranty Costs

**32%**

Reduced COPQ



In 2018, Cooper Standard also created a new position for technical leaders in order to advance our efforts to standardize components. Standard components support standard manufacturing processes that also drive continuous improvement, including quality performance. The new position, called Domain Expert, enables disciplined standardization across Cooper Standard's parts, which enforces consistent quality and reuse. The Domain Expert interfaces with suppliers and is the only person who can make changes to the Company's standard library. This domain technical community leverages suppliers for continuous quality improvement and new technology.

### FUTURE PRIORITIES

In early 2019, Cooper Standard launched the *Plant Manager Institute* <pg. 30> to provide standardized training for all plant managers and manufacturing leaders. Standardizing our training and education programs around the globe is critical to ensuring our manufacturing leaders are calibrated in the skills and knowledge required to deliver quality excellence. In their first sessions, plant managers received focused training in quality culture, quality systems and problem solving, through a mix of instruction, case study exercises and interactive problem-solving activities.

## WORLD-CLASS QUALITY IN ALL WE DO

### OUR QUALITY POLICY

Quality is a core value of Cooper Standard. We are dedicated to establishing key quality objectives that are communicated and understood at all levels of the organization. We are committed to:

- Achieving quality results for products, processes, designs and services which exceed both external and internal customer expectations.
- Growing our culture of continual education and training.
- Building a roster of strategic supply partners that share our quality expectations.
- Ensuring a culture of defect prevention and defect escape to the next process.
- Compliance with statutory and regulatory requirements.
- Leveraging innovation, continuous improvement, and quality management systems to assist in achieving our quality goals.

# PURCHASING AND SUPPLY CHAIN SUSTAINABILITY

Our global purchasing organization is highly integrated into our world-class manufacturing process. We are building a metrics-driven dashboard with clear performance targets for our global supply partners to achieve quality, delivery and safety.

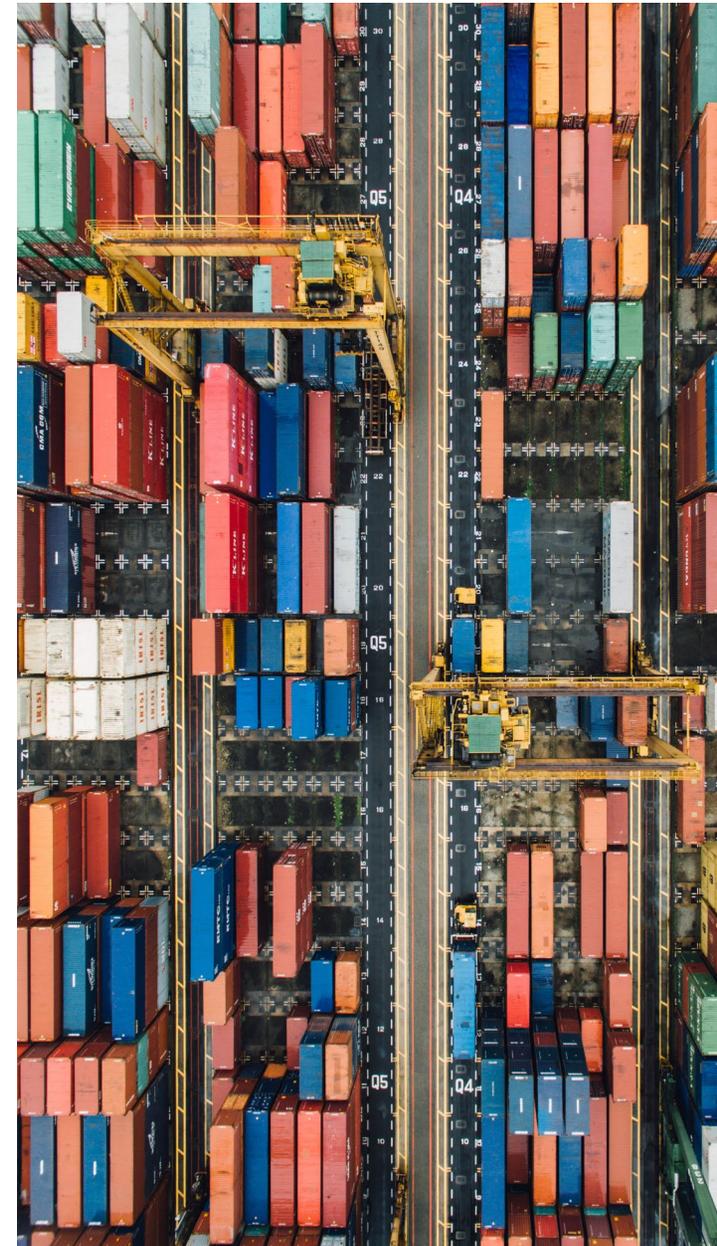
## OUR APPROACH

GRI 102-9

To assist in achieving world-class performance goals and offset global material cost increases, our Senior Vice President, Chief Information and Procurement Officer, took on the lead role for our purchasing organization. As we look to install digital systems, processes and Artificial Intelligence models to create continuous improvement opportunities, the combining of Information Technology and Purchasing under one leader became an important strategic move.

To achieve the desired levels of performance, the global purchasing team developed a revised vision and strategy focused on:

- Developing global commodity strategies;
- Using analytics to improve cost structure and identify opportunities;
- Developing digital processes for planning, forecasting, sourcing, supplier management and purchase-to-pay processes;
- Building seamless collaboration with product engineering, operations and the commercial teams; and
- Implementing systems such as the Coupa cloud-based system for digital indirect purchasing beyond North America, as well as eSourcing and Supplier EDI.



## GLOBAL PURCHASING TRENDS

In 2018, Cooper Standard experienced our first negative net purchasing cost performance in five years. Net purchasing reflects increases or decreases in cost of materials that the Company needs to manufacture products. In 2018, global material costs as a percentage of sales increased by 0.5%. This reflects the unforeseen challenges posed by material price volatility, as well as trade tariffs.

For the period 2015-2017, the Company experienced global net positive purchasing costs, reflecting less expensive material costs achieved via strategic sourcing and other initiatives. As global commodity costs began to significantly increase beginning in 2017, this trend significantly reversed in 2018, resulting in negative global net purchasing costs.

In 2019, we expect the negative trend to continue. We expect to partially offset these costs through the lean initiatives we are putting in place.

## OUR PERFORMANCE AND PRIORITIES

We expect our suppliers to engage in responsible supply chain practices and these requirements are set forth in our [Supplier Code of Conduct <L.10>](#). The Supplier Code addresses topics such as anti-corruption and anti-bribery, conflict minerals, human rights (e.g., forced labor, child labor, freedom of association and anti-discrimination), health, safety, environment, and chemical compliance.

We evaluate our suppliers using the Cooper Standard Supplier Performance Rating System (SPRS), which provides useful partnership and sourcing information to our purchasing organization. The scorecard looks across the following categories:

- Quality (e.g., part and service);
- Delivery (e.g., expedited freight, on-time shipments);
- Certifications and audits (e.g., ISO, IATF 16949); and
- Safety (e.g., total incident rate).

We are also engaging further with our top tier of suppliers to share our operating values and best practices.

## HUMAN RIGHTS POLICY <L.11>

Cooper Standard formally published our Human Rights Policy in March 2018, which is also included in our Supplier Code of Conduct.

## SELF-ASSESSMENT QUESTIONNAIRE SCORES FROM PARTICIPATING SUPPLIERS



In 2018, we requested that 50 of our top suppliers complete a Self-Assessment Questionnaire (SAQ) on sustainability through the [NQC platform <L.23>](#). Many of our automotive industry peers also use the NQC to collect supply chain sustainability data, so it is familiar to our partners. The initial responses shown here, in aggregate, show good performance and where we need to focus our efforts.

# ENVIRONMENTAL MANAGEMENT

GRI 103-1

Protecting the environment benefits us all and efficient use of our resources is part of Cooper Standard's reputation for excellence. We continuously improve our manufacturing processes to reduce our impact on the environment by reducing air emissions, water discharges, energy use, water consumption, and waste generation and disposal.

## OUR APPROACH

GRI 103-2, 103-3

Cooper Standard maintains a *Health, Safety and Environment policy <L.17>*, which applies to all employees and directly supervised contract and contingent workers, as well as all company facilities, including joint ventures where we have majority ownership.

Cooper Standard has a global environmental management system that parallels the requirements of ISO 14001. In addition to the global environmental management system, 81% of our manufacturing facilities are certified to ISO 14001. The Company's environmental management system applies to all company facilities, as well as all majority-owned joint ventures.

The new Senior Vice President and Chief Global Manufacturing Officer oversees our centralized global manufacturing organization, including the Vice President, Global Health, Safety and Environment and BTO.

## 2018 ENERGY AND GREENHOUSE GAS EMISSIONS INITIATIVES

GRI 302-4, 305-5

In 2018, we initiated a global project for energy reduction focusing on smart operations and simple, non-capital changes. Our "Energy Drive for Five" committee is comprised of continuous improvement and environmental leaders from North America, Europe and Asia. We charged the committee with a target to reduce energy costs by 5% per year, starting with a global spend base of \$81 million in 2018. The operational focus is two-fold: utilize an "energy hunt" assessment process to identify common-sense and low investment opportunities; and implement the best practice management system approach of our European plants at all global manufacturing sites.

## 2018 ENERGY HUNT PROCESS

**45**  
Plants

**\$6.1M**  
Anticipated Annual  
Energy Savings

**81%**  
Manufacturing Facilities  
Certified to ISO 14001

## ENERGY SAVINGS



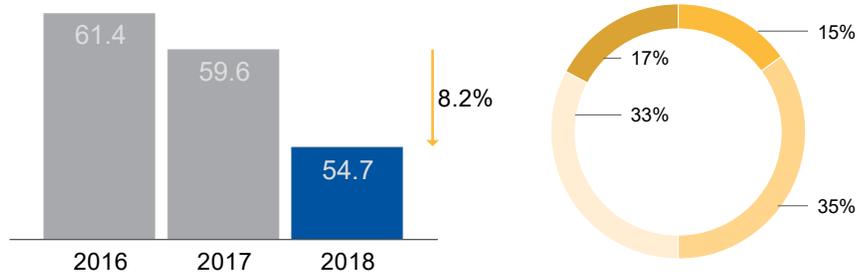
**Schelklingen, Germany**  
Replaced fluorescent lights with LED fixtures



**Mannheim, Germany**  
Installed an energy efficient air compressor

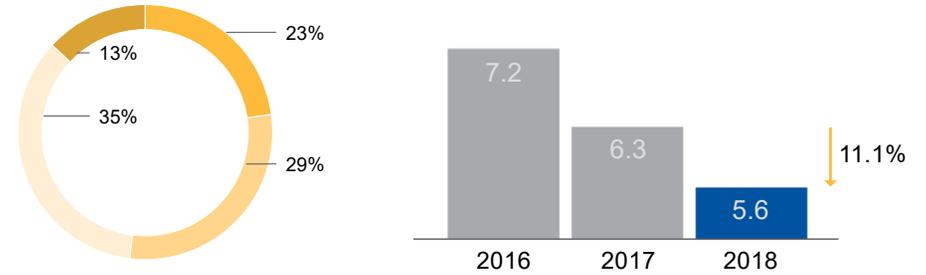
## DIRECT & INDIRECT ENERGY

MMBTU Per 1,000 Hours Worked



## GHG EMISSIONS

Tons Per 1,000 Hours Worked



■ China / Korea   
 ■ USA / Canada   
 ■ Europe / India   
 ■ Mexico / Brazil / Costa Rica

## ENERGY AND GHG EMISSIONS PERFORMANCE

GRI 302-1, 302-2, 305-1, 305-2

In 2018, our energy consumption of fossil fuels (direct) and electricity (indirect) across our global operations decreased by 8.2%; resulting in a corresponding decrease in greenhouse gas emissions of 11.1%. The decrease resulted from the many energy reduction projects completed in 2017 and 2018 across our global operations.

Through early 2019, 45 plants completed the energy hunt process and identified \$6.1 million in anticipated annual cost savings and annual energy savings of 59 MWh (megawatt-hours).

Our North America organization is a participant in the U.S. Department of Energy's *Better Plants* program. The partnership between leading manufacturers and water utilities improves energy efficiency and competitiveness in the industrial sector. As part of this program, the DOE contracted with University of Dayton and Indiana University-Purdue University Indianapolis (IUPUI) to conduct energy assessment surveys at our Bowling Green, Ohio and Auburn, Indiana plants to evaluate opportunities for energy efficiency. The opportunities have been prioritized and are under review for

implementation. Through *Better Plants*, Cooper Standard voluntarily committed to reduce energy intensity by 25% over a 10-year period across all U.S. operations, using 2015 as the base year.

Our European business unit implemented a software solution to monitor production equipment energy use (electricity and natural gas) and identify opportunities for energy efficiency. To date, five plants are connected to the energy management software. These facilities are pilots to understand and optimize kilowatt-hours per Good Units Produced (KWh/1,000 GUP).

In addition to our low-cost focus energy hunt process, we continued with traditional capital projects for energy reduction. For example, our Aguascalientes, Mexico plant invested \$253,000 USD in energy-efficient LED

lighting for the plant and reduced energy consumption significantly. Additionally, the plant contracted with a multi-national energy supplier to purchase clean wind and solar energy.

We also completed capital projects such as LED lighting installations, air compressor upgrades, cooling tower to chiller conversion and compressor heat recovery in nine other locations around the world.

Four Cooper Standard sites in Germany (Mannheim, Grünberg, Schelklingen and Lindau) are certified to ISO 50001 Energy Management. All other European sites are pursuing and intend to achieve certification by the end of 2020.

## 2018 WASTE GENERATION INITIATIVES

As part of our commitment to excellence, our goal is to reduce scrap materials produced in our manufacturing operations. One of Cooper Standard's primary waste streams is synthetic EPDM (ethylene propylene diene monomer) rubber. We produce various forms of EPDM rubber, and each form has different characteristics which impact our ability to successfully recycle or beneficially reuse waste rather than send to landfill. EPDM rubber scrap accounts for slightly more than 50% of our total process scrap.

With limited options for beneficial reuse or recycling, we focus on reducing the amount of scrap we produce. In late 2016, our Dzierżoniów, Poland plant submitted a

best practice for extrusion scrap control that as of 2018, has been implemented as a global best practice at all our global sealing extrusion plants. Part of this practice involves establishing a team at each of these locations to manage the scrap reduction process. Our Kunshan 1, China plant also used a Kaizen improvement event to reduce rubber extrusion scrap by 80%.

Once we eliminate as much scrap production as possible, our plants send rubber waste to recyclers or to waste-to-energy users. Recyclers grind the rubber to create rubber crumb, which can be repurposed and incorporated into various industrial, commercial and residential products such as artificial turf, landscape mulch, sub-flooring and

matting and rubberized asphalt. Rubber has high heating value, which makes it an ideal supplemental fuel source for waste-to-energy users such as cement kilns; providing another opportunity for beneficial reuse.

Other wastes generated by our manufacturing processes include readily recyclable materials such as cardboard packaging, wood pallets, aluminum and steel scrap.

## SREMSKA MITROVICA, SERBIA

### Rubber Scrap Before and After, Solving a Local Recycling and Disposal Challenge

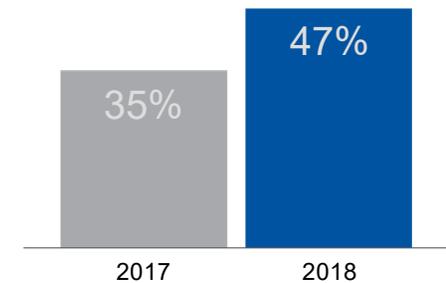


In 2017, our manufacturing site in Sremska Mitrovica, Serbia faced a challenge with recycling and disposal of rubber scrap. It was caused by the elimination of government subsidies for rubber recyclers handling non-tire related rubber as well as elimination of government licenses for rubber recycling export. This meant that the plant's normal outlets for rubber scrap essentially disappeared, causing the plant to have to stockpile rubber scrap on-site until responsible solutions could be found. During this time unlicensed scrap handlers were available but the plant determined that these could not be proven to be responsible vendors. After much hard work, in mid-2018 the plant had identified several vendors that would either responsibly recycle rubber or use it for fuel in cement kilns. Almost 300,000 tons of scrap had accumulated and were subsequently recycled with responsible vendors. Today the plant's rubber scrap recycling program functions smoothly.

## 2018 PERFORMANCE WASTE GENERATION

### >90% DIVERSION RATE

% Plants reporting



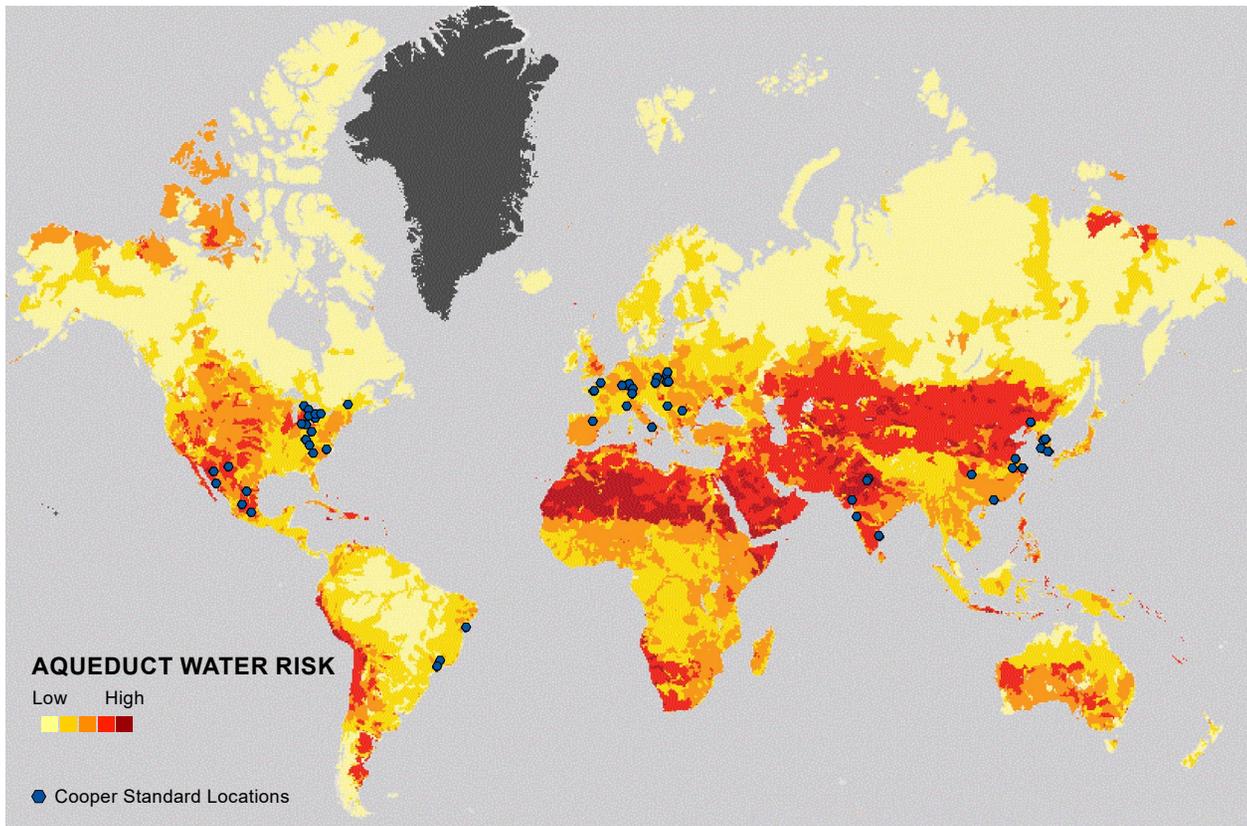
We continue to maintain a goal of all global facilities achieving 90% or greater landfill-free status. In 2018, 29% of our reporting manufacturing facilities achieved 100% landfill-free status and 18% achieved 90% or greater.

**Zero Landfill Plants:** Atibaia, Atlacomulco, Camaçari, Chennai, Dzierżoniów, Georgetown, Grünberg, Guangzhou, Kunshan 1, Kunshan 2, Kunshan 3, Livonia, Sanand, Schelklingen, Shanghai (Fengxian), Shanghai (Qingpu), Shenyang, Stratford – Douro, Mitchell, Bielsko-Biala, Lindau, Mannheim Technical Rubber

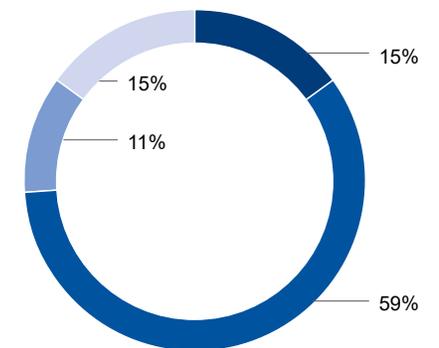
## 2018 WATER CONSUMPTION INITIATIVES

In 2018, we conducted initial efforts to model global water risk for our operations using the Aqueduct Water Risk analysis tool sponsored by the World Resources Institute. The Aqueduct Water Risk framework brings together 12 indicators into three categories of water risk and an overall aggregated score. While we are in the early stage of this analysis, the tool indicates the need for further assessment and planning for certain locations in India, China and Mexico.

We have not yet established a global water reduction target. While our operations are not particularly water-intensive, we do use water for process cooling in our manufacturing sites, particularly in our sealing products plants. These are typically closed-loop systems. In 2018, our global facilities reported using 2,740,091 cubic meters. This relates to a 14.1% reduction from 2017 reported data.



## REGIONAL WATER USE



■ China / Korea      ■ Europe / India  
 ■ Mexico / Brazil / Costa Rica      ■ USA / Canada



**Bielsko-Biała, Poland**  
Improved dust collection

## 2018 AIR EMISSIONS INITIATIVES

We recognize the importance of managing other air emissions from our manufacturing operations. During manufacturing, we experience fugitive and point-source dust emissions from rubber mixing materials, such as carbon black and flocking materials used in our sealing manufacturing processes, and VOCs (volatile organic compounds) from paints, adhesives and glues as well as rubber curing processes.

We employ dust control measures such as dust collectors with cartridge or bag-type filters, as well as activated carbon vapor control for painting and thermal oxidation for rubber curing air streams.

We also use emission control technology on our sealing product curing lines. For example, our Kunshan 1, China plant was recognized as “Environmentally Green” for its use of emission controls on curing lines.

Our Bielsko-Biała, Poland plant introduced a new storage and application system for sealing profile lubricant that reduced solvent consumption by 40% and greatly reduced the risk of spills and employee exposure.



**Žďár, Czech Republic**  
Emergency preparedness training

## TRAINING AND EMERGENCY PREPAREDNESS

All our global manufacturing sites conduct periodic training for spill response and emergency preparedness. Normally our plants hold a safety day or week and spill response and emergency preparedness are typical topics covered at these events, in addition to specific regulatory-required training for response team members.

## ENVIRONMENTAL AWARENESS COMMUNITY INVOLVEMENT

Cooper Standard employees around the world work with our community partners to help teach environmental stewardship. Our employees in Brazil are very active in this space as described here:

In April 2018, Cooper Standard Brazil held a community outreach event for the Trilha do Conhecimento (Trail of Knowledge Project), an annual initiative to teach elementary students about sustainability in Brazil. This year, 55 fourth grade students from Dr. Iracy Figueiredo Municipal School, located in the city of Varginha (Minas Gerais state) participated in the event.

As in previous years, Cooper Standard Brazil planned a day of activities including classes on sustainability, planting fruit tree seedlings and a visit to the factory to learn about the production process and waste reduction. For the final activity, the students painted messages about what they learned on a large canvas. The canvas will be taken to various Cooper Standard locations around the world to share their messages about the importance of sustainability.

Since its creation in 2014, the Trilha do Conhecimento project has held five sessions of classes, impacting over 250 students. The students have contributed to the community by planting more than 250 trees and applying their sustainability knowledge to promote environmental awareness.



**Varginha, Brazil**  
4<sup>th</sup> grade students from Dr. Iracy Figueiredo Municipal School participate in an environmental awareness event sponsored by the Varginha plant

# KEY METRICS AT A GLANCE

		2018	2017	2016
<b>OVERVIEW</b>				
Economic Performance	Revenue (USD Billions)	\$3.63	\$3.62	\$3.47
	Adjusted EBITDA %	10.4%	12.5%	12.0%
	Free cash flow (USD Millions)	(\$69)	\$126	\$201
Total Sales by Region	North America	53%	52%	52%
	South America	3%	3%	2%
	Europe	28%	29%	30%
	Asia Pacific	16%	16%	16%
Operations	Number of countries of operation	21	20	20
	Number of facilities	150+	120+	120+
Customer	New product launches	196	169	-
	Annual net new business (USD Millions)	\$441	\$453	\$398
<b>GOVERNANCE</b>				
Board of Directors (as of year end)	Total number of Directors	9	9	9
	Total number of independent Directors	7	7	7
	Percent independent Directors	77.78%	77.78%	77.78%
	Number of female Directors	2	2	1
	Percent of female Directors	22.22%	22.22%	11.11%
<b>TALENT</b>				
Workforce	Number of employees	~30,000	~32,000	~30,000
	Internal fill (director/plant manager and above)	38.2%	55.7%	54.1%
Salaried Hires by Gender and Age Group	Men, age <30	22%	-	-
	Men, age 30-49	37%	-	-
	Men, age 50+	9%	-	-
	Women, age <30	14%	-	-
	Women, age 30-49	15%	-	-
	Women, age 50+	3%	-	-
Diversity and Inclusion	Women in the Enterprise (salaried and hourly)	35.2%	35.1%	35.0%
	Women in Leadership (director/plant manager and above)	16.9%	13.4%	13.1%
	Women in Leadership (Vice President and above)	21.6%	20.0%	16.3%
<b>COMMUNITY INVOLVEMENT</b>				
Since 2013	Number of charities supported (since 2013)	100+	100+	~100
	Number of countries participating in community engagement	18	16	13
	Total contributions (USD Millions; approximately half from employee engagement)	\$12	\$10	\$8
	Total number of community engagements held	28,000	20,000	10,000

		2018	2017	2016
<b>SAFETY</b>				
Injury Metrics	Total incident rate	0.58	0.49	0.83
	Lost day incident rate	0.25	0.21	0.39
	Lost day severity rate	6.97	6.98	10.64
	Fatalities	0	0	0
<b>PRODUCTS</b>				
	Percent of sales to OEMS	85%	-	-
Innovation	Active innovation projects	40	63	55
	Year-end booked business from innovations (USD Millions since 2013)	\$751	\$464	\$244
	Major innovations introduced to market (since 2013)	10	9	7
	Research, development and engineering as a percent of sales	3.4%	3.5%	3.4%
Quality	Incidents per billion (YOY improvement)	28%	-	-
	Warranty costs (YOY improvement)	27%	-	-
	COPQ (YOY improvement)	32%	-	-
Conflict Minerals	Number of suppliers who reported smelters sourcing from mines in RCOI covered countries	17	-	-
	Number of smelters reported by "in-scope" suppliers that required outreach	48	-	-
<b>OPERATIONS</b>				
BTO Results (mid-2016 through January 2019)	Safety incidents	0	-	-
	Average improved productivity	11.40%	-	-
	Average scrap reduction	32.70%	-	-
	Master trainers	104	-	-
	BTO instructors	1,480	-	-
	Employees completed 10-hour training	5,297	-	-
	Job breakdowns	10,385	-	-
Manufacturing Performance Evolution (from 2014 baseline)	Operators trained	8,649	-	-
	Overall equipment effectiveness	118.1	114.2	112.4
	Scrap reduction	71.8	88.2	89.0
	Unplanned downtime	51.4	58.6	59.1
	Setup quick change over (QCO)	70.1	75.2	78.6
	Output per minute	108.4	108.1	106.4
<b>ENVIRONMENT</b>				
	ISO 14001 certified facilities (manufacturing)	81%	80%	75%
Energy and Emissions	Direct and Indirect energy (MMBTU per 1,000 hours worked)	54.7	59.6	61.4
	GHG emissions (tons per 1,000 hours worked)	5.6	6.3	7.2
Waste	Percent of plants with greater than 90% diversion rate	47	35	-
Water	Water reduction	14.10%	-	-
	Water use in cubic meters	2,740,091	3,190,935	-

# GRI INDEX

GRI 102-55

This quick-reference index contains disclosures from the GRI Standards. The disclosures referenced are addressed, at least partially.

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102-6	Markets served	<i>Brands, Products &amp; Services</i>	9
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102-12	External initiatives	Cooper Standard does not currently endorse nor subscribe to any charters or principles	N/A
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103-2	The management approach and its components		Omitted
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103-2	The management approach and its components	<a href="#">Talent Management: Diversity and Inclusion</a>	28
103-3	Evaluation of the management approach	<a href="#">Talent Management: Diversity and Inclusion</a>	28
405-1	Diversity of governance bodies and employees	<a href="#">Talent Management: 2018 Workforce Data</a>	29
<b>EMPLOYEE ENGAGEMENT</b>			
103-1	Explanation of the material topic and its Boundary	<a href="#">Talent Management: Talent Engagement</a>	27
103-2	The management approach and its components	<a href="#">Talent Management: Talent Engagement</a>	27
103-3	Evaluation of the management approach	<a href="#">Talent Management: Talent Engagement</a>	27
<b>HUMAN RIGHTS</b>			
103-1	Explanation of the material topic and its Boundary	Read Cooper Standard's <a href="#">Human Rights Policy</a> <L.11>	Omitted
103-2	The management approach and its components		Omitted
103-3	Evaluation of the management approach		Omitted

# APPENDIX

## FORWARD-LOOKING STATEMENTS

This press release includes “forward-looking statements” within the meaning of U.S. federal securities laws, and we intend that such forward-looking statements be subject to the safe harbor created thereby. Our use of words “estimate,” “expect,” “anticipate,” “project,” “plan,” “intend,” “believe,” “outlook,” “guidance,” “forecast,” or future or conditional verbs, such as “will,” “should,” “could,” “would,” or “may,” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, we cannot assure you that these expectations, beliefs and projections will be achieved. Forward-looking statements are not guarantees of future performance and are subject to significant risks and uncertainties that may cause actual results or achievements to be materially different from the future results or achievements expressed or implied by the forward-looking statements. Among other items, such factors may include: prolonged or material contractions in automotive sales and production volumes; our inability to realize sales represented by awarded business; escalating pricing pressures; loss of large customers or significant platforms; our ability to successfully compete in the automotive parts industry; availability and increasing volatility in costs of manufactured components and raw materials; disruption in our supply base; entering new markets; possible variability of our working capital requirements; risks associated with our international operations, including changes in laws, regulations, and policies governing the terms of foreign trade such as increased trade restrictions and tariffs; foreign currency exchange rate fluctuations; our ability to control the operations of our joint ventures for our sole benefit; our substantial amount of indebtedness; our ability to obtain adequate financing sources in the future; operating and financial restrictions imposed on us under our debt instruments; the underfunding of our pension plans; significant changes in discount rates and the actual return on pension assets; effectiveness of continuous improvement programs and other cost savings plans; manufacturing facility closings or consolidation; our ability to execute new program launches; our ability to meet customers’ needs for new and improved products; the possibility that our acquisitions and divestitures may not be successful; product liability, warranty and recall claims brought against us; laws and regulations, including environmental, health and safety laws and regulations; legal proceedings, claims or investigations against us; work stoppages or other labor disruptions; the ability of our intellectual property to withstand legal challenges; cyber-attacks or other disruptions in our information technology systems; the possible volatility of our annual effective tax rate; changes in our assumptions as a result of IRS issuing guidance on the Tax Cuts and Jobs Act; the possibility of future impairment charges to our goodwill and long-lived assets; our dependence on our subsidiaries for cash to satisfy our obligations; and other risks and uncertainties, including those detailed from time to time in the Company’s periodic reports filed with the Securities and Exchange Commission.

You should not place undue reliance on these forward-looking statements. Our forward-looking statements speak only as of the date of this press release and we undertake no obligation to publicly update or otherwise revise any forward-looking statement, whether as a result of new information, future events or otherwise, except where we are expressly required to do so by law.

This press release also contains estimates and other information that is based on industry publications, surveys and forecasts. This information involves a number of assumptions and limitations, and we have not independently verified the accuracy or completeness of the information.

## NON-GAAP FINANCIAL MEASURES

EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share and free cash flow are measures not recognized under U.S. GAAP and which exclude certain non-cash and special items that may obscure trends and operating performance not indicative of the Company’s core financial activities. Management considers EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share and free cash flow to be key indicators of the Company’s operating performance and believes that these and similar measures are widely used by investors, securities analysts and other interested parties in evaluating the Company’s performance. In addition, similar measures are utilized in the calculation of the financial covenants and ratios contained in the Company’s financing arrangements and management uses these measures for developing internal budgets and forecasting purposes. EBITDA is defined as net income adjusted to reflect income tax expense, interest expense net of interest income, depreciation and amortization, and adjusted EBITDA is defined as EBITDA further adjusted to reflect certain items that management does not consider to be reflective of the Company’s core operating performance. Adjusted EBITDA margin is adjusted EBITDA presented as percentage of sales. Adjusted net income is defined as net income adjusted to reflect certain items that management does not consider to be reflective of the Company’s core operating performance. Adjusted earnings per share is defined as adjusted net income divided by the weighted average number of basic and diluted shares. Free cash flow is defined as net cash provided by operating activities minus capital expenditures and is useful to both management and investors in evaluating the Company’s ability to service and repay its debt.

When analyzing the Company’s operating performance, investors should use EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share and free cash flow as supplements to, and not as alternatives for, net income, operating income, or any other performance measure derived in accordance with U.S. GAAP, and not as an alternative to cash flow from operating activities as a measure of the Company’s liquidity. EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share and free cash flow have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of the Company’s results of operations as reported under U.S. GAAP. Other companies may report EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share and free cash flow differently and therefore the Company’s results may not be comparable to other similarly titled measures of other companies. In addition, in evaluating adjusted EBITDA and adjusted net income, it should be noted that in the future the Company may incur expenses similar to or in excess of the adjustments in the below presentation. This presentation of adjusted EBITDA and adjusted net income should not be construed as an inference that the Company’s future results will be unaffected by special items. Reconciliations of EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net income and free cash flow follow.

### Non-GAAP Reconciliations

The following table provides a reconciliation of EBITDA and Adjusted EBITDA from net income, which is the most comparable financial measure in accordance with U.S. GAAP:

	Year End December 31		
	2018	2017	2016
	Dollar Amount in Thousands		
Net income attributable to Cooper-Standard Holdings Inc.	\$107,766	\$135,303	\$138,988
Income tax benefit expense	(29,683)	74,527	54,321
Interest expense, net of interest income	41,004	42,112	41,389
Depreciation and amortization	146,698	138,088	122,660
<b>EBITDA</b>	<b>265,785</b>	<b>390,030</b>	<b>357,358</b>
Impairment charges (1)	43,706	14,763	1,273
Restructuring charges (2)	29,722	35,137	46,031
Project costs (3)	4,881	-	-
Amortization of inventory write-up (4)	1,460	-	-
Settlement charges (5)	775	6,427	281
Loss on refinancing and extinguishment of debt (6)	770	1,020	5,104
Foreign tax amnesty program (7)	-	4,623	-
Secondary offering underwriting fees and other expenses (8)	-	-	6,500
Other	-	-	155
<b>Adjusted EBITDA</b>	<b>\$376,540</b>	<b>\$452,000</b>	<b>\$416,702</b>

(1) Other non-cash impairment charges in 2018 related to intangible assets of \$791 and fixed assets of \$42,915. Impairment charges in 2017 and 2016 related to fixed assets of \$14,763 and \$1,273, respectively.

(2) Includes non-cash impairment charges related to restructuring.

(3) Project costs related to acquisitions and planned divestiture.

(4) Amortization of write-up of inventory to fair value for the 2018 acquisitions.

(5) Non-cash settlement charges incurred related to certain of our non-U.S. pension plans.

(6) Loss on refinancing and extinguishment of debt relating to the March 2018 amendment and May 2017 amendment of the Term Loan Facility and the refinancing of our Term Loan Facility in 2016.

(7) Relates to indirect taxes recorded in cost of products sold.

(8) Fees and other expenses associated with the March 2016 secondary offering.

### Free Cash Flow

	Year End December 31		
	2018	2017	2016
	Dollar Amount in Thousands		
Net cash provided by operating activities	\$149,388	\$313,484	\$363,697
Capital expenditures	(218,071)	(186,795)	(164,368)
<b>Free cash flow</b>	<b>\$(68,683)</b>	<b>\$126,689</b>	<b>\$199,329</b>



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