

# 2022 Sustainability Report

# Table of Contents

Introduction	3
Message from Our CEO	5
LKQ Celebrates Its 25 <sup>th</sup> Anniversary	6
About LKQ	7
About This Report	14
Our Planet	21
Our People	46
Our Communities	64
Our Corporate Governance & Ethics	83
Index	89



## Disclosure Regarding Forward-Looking Statements

This report contains certain forward-looking information about us that is intended to be covered by the safe harbor for “forward-looking statements” provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Words such as “guidance,” “expect,” “will,” “may,” “anticipate,” “plan,” “estimate,” “project,” “intend,” “should,” “can,” “likely,” “could,” “outlook” and similar expressions are intended to identify forward-looking statements. These statements include information about our sustainability targets, goals and programs in addition to our plans, strategies, expectations of future financial performance and prospects. Forward-looking statements are not guarantees of performance. You should not place undue reliance on any forward-looking statement. These statements are based upon the current beliefs and expectations of our management and are subject to significant risk and uncertainties that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that the expectations will prove to be correct. The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact of that information. More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2022, particularly under Part I, Item 1A–Risk Factors, and in our Quarterly Reports on Form 10-Q. Additionally, new risk factors emerge from time to time and it is not possible for us to predict all such risk factors, or to assess the impact such risk factors might have on our business or sustainability programs and goals. We undertake no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

# Introduction

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LKQ Corporation, “LKQ” or the “Company,” is proud to present our 2022 Sustainability Report. Our Company has long been a leader in environmental services and sustainability — in fact, it’s the foundation upon which LKQ was built. Today, LKQ is the world’s largest recycler of vehicles and the world’s largest alternative and aftermarket parts and services provider for vehicles. We are excited about the path we have taken and invite you to join us on our journey to a more sustainable future for both LKQ and our planet.

## Overview of ESG at LKQ

Oversight of the Company’s strategic planning process is a key responsibility of the Board. In this regard, the Board conducts an annual comprehensive review of our strategic plans and reviews our overall business. Discussion topics include, but are not limited to, our mission and values; competitive position of our existing businesses; potential new or expanded lines of business; potential geographic expansion; key industry trends and evolving technologies which may impact the demand for our products and services; financial trends and outlook; capital allocation; talent management; regulatory environment; and matters related to our ESG initiatives.

Discussions about the Company’s strategy and execution are also undertaken by the Board committees. This process enables the Board to assess the Company’s strategy over the short, intermediate and long term. The Compensation and Human Capital Committee of the Board provides oversight relating to the Company’s programs and policies relating to community involvement, culture and human capital, including diversity, equity and inclusion, workforce health, safety and engagement, and leadership development and effectiveness. The Governance/Nominating Committee of the Board has responsibility for overseeing the Company’s other ESG initiatives. As part of its oversight role, the Governance/Nominating Committee directed management to prepare an annual Corporate Sustainability Report addressing the Company’s commitment to responsible ESG practices.

Our LKQ Cares ESG Advisory Committee is a group of senior executives, led by our President and CEO, charged with implementing the strategic initiatives for the ESG program at LKQ. This group also oversees and advises on our reporting and disclosures on ESG matters.

The ESG Program Office and Working Groups were established to support LKQ’s ongoing commitment to ESG. The Program Office’s role is threefold: (i) to ensure our strategy and initiatives align with stakeholder expectations, (ii) to help ensure ESG considerations are embedded in our business operations, and third (iii) to effectively communicate our ESG message to stakeholders.

Our investor relations and legal teams are integral members of our LKQ Cares ESG Advisory Committee and ESG Working Groups. They understand the growing importance of ESG to the investment community and are committed to engaging with this critical audience in our journey. In 2022, these leaders proactively reached out to LKQ’s largest institutional investors to engage with them on ESG-related updates and LKQ’s performance strategy.

## ESG Recognitions

On December 5, 2022, LKQ was recognized as an AAA-rated organization by MSCI. We are proud to be recognized among the top companies globally for our best-in-class ESG ratings by MSCI, ISS, and Morningstar/Sustainalytics.

In 2022, due to exceptional results from LKQ's annual employee engagement survey in North America, Mexico and India, we were awarded a 5-star employer rating by WorkBuzz.

## MSCI ESG RATINGS



CCC B BB BBB A AA **AAA**

RATING ACTION DATE: December 05, 2022

LAST REPORT UPDATE: December 05, 2022

Rated by:



### ISS ESG Ratings

LKQ Corporation's last governance data profile update, Dec 02, 2022  
Last E&S data profile update, Jul 04, 2022

Governance	3
Environment	4
Social	4

## SUSTAINALYTICS

a Morningstar company

# RATED

ESG Risk Rating Date of Last Annual Update Oct/2022

10.5	Low Risk			
<input type="radio"/> Negligible	<input checked="" type="radio"/> Low	<input type="radio"/> Medium	<input type="radio"/> High	<input type="radio"/> Severe
0-10	10-20	20-30	30-40	40+
Industry (Retailing)		Rank   Percentile		
		7 / 484   2nd		
Subindustry (Distribution)		2 / 30   4th		



# Message from Our CEO



**Dominick Zarcone**

President and Chief  
Executive Officer

In 2022, we faced unimaginable challenges that underscored the importance of transparency and a strong ESG strategy. From economic downturns to political upheavals and climate disasters, we learned the power of solidarity in doing what's right. At LKQ, we hold this mantra dear, upholding our values and leading with integrity, respect, and humanity. Let us take inspiration from these lessons and move forward with purpose and commitment to build a better, sustainable future for all.

At LKQ, sustainability has been at the core of our business for 25 years, and we remain committed to building a healthier, safer, and more sustainable world for all. The devastating effects of climate change in 2022 highlighted the urgency of taking action. We recognize the importance of collective efforts from companies, governments, and the private sector in addressing the pressing environmental issues of our time. Let's come together to make a difference and create a sustainable future for generations to come.

We are strongly committed to advancing a lower carbon future. We have pledged to achieve net zero Scope 1 and 2 emissions globally by 2050 and reduce our global emissions by 30% compared to our 2021 baseline emissions relative to revenue by 2030. We acknowledge that this is a challenging journey, but we are determined to make it happen.

To make the most significant impact, we are focusing on our operational structures, specifically our fleet and facilities. This includes transitioning to lower greenhouse gas or zero-emission vehicles, such as battery-electric vehicles, and investing in renewable energies such as photovoltaic solar panels. We also recognize the importance of transforming our supplier networks to create more sustainable sourcing for our own operations and more robust delivery systems for our customers.

Following the unprovoked military invasion by Russia on February 24, 2022, LKQ has been supporting our roughly 1,000 employees and 47 LKQ Elit automotive parts locations in Ukraine. Our employees displayed bravery by staying to fight or keeping locations open to provide transportation options to their fellow countrymen and women. LKQ and our associates provided support on the ground with transportation, food, lodging, legal assistance, and mental health resources. We also ensured our Ukrainian colleagues received their paychecks regardless of their ability to work or not. LKQ and our colleagues globally raised funds and donated over \$1 million to support the immediate needs of their Ukrainian colleagues and government. You can read more about these stories in the Our People and Our Communities section later in this report.

With the support of our incredible team, I am both humbled and proud to lead LKQ. As we face the challenges ahead, I have no doubt that our unwavering integrity, passion, and pride will guide us towards success. Together, we are not only keeping you moving, but we are also building a brighter future for all. Thank you for being a part of this journey with us.

With gratitude,

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

Dominick Zarcone

# LKQ Celebrates Its 25<sup>th</sup> Anniversary

In 2023, LKQ celebrates its 25th anniversary, marking a significant milestone in our journey. Over these 25 years, we've revolutionized the auto repair industry, providing billions in savings for consumers and offering high-quality alternative parts to a market in dire need of cost-effective and sustainable repair solutions. With the leadership of our President and CEO, Nick Zarcone, and his executive team, we commenced this milestone year by ringing the opening bell at Nasdaq on February 28, 2023.

To commemorate this anniversary, we launched a special website where employees and other stakeholders could

share their experiences and learn more about the journey of LKQ. The site serves as a testament to our LKQ Proud spirit. This platform also showcases messages from our CEO and other key leaders, encouraging special celebrations at our various locations.

As we look back on our accomplishments, we are proud of how far we have come and even more excited for our bright future. We are dedicated to continuing to drive our company and the industry forward, and we invite everyone to be a part of our ongoing success.



# LKQ 25<sup>th</sup> Anniversary



# About LKQ

Who We Are	8
Our Mission	8
Our Purpose	8
Our Values	8
Corporate Profile	10
Memberships & Industry Engagement	12

# About LKQ

LKQ, through this sustainability report, illustrates how we help our stakeholders create a better, more sustainable world. Together, we are improving the world one part at a time. At LKQ, we are proud to be the largest recycler of automobiles in the world and to have sustainability at the core of our Company. Our salvage vehicle operations recycle over 90% of the materials from end-of-life vehicles that would otherwise end up in a landfill. We are determined to leave our environment better than we found it. We make similar commitments to our customers through our Promise of Quality with our industry-leading warranty, to our employees by treating them with dignity and respect, and to our communities through our partnerships and giving. We believe that delivering long-term value for our stakeholders is important to our success.

## Who We Are

LKQ is a global distributor of vehicle products, including replacement parts, components, and systems used in the repair and maintenance of vehicles, and specialty products and accessories to improve the performance, functionality, and appearance of vehicles.

Buyers of vehicle replacement products have the option to purchase from primarily five sources: new products produced by original equipment manufacturers (“OEMs”); new products produced by companies other than the OEMs, which are referred to as aftermarket products; recycled products obtained from salvage and total loss vehicles; recycled products that have been refurbished; and recycled products that have been remanufactured. We distribute a variety of products to collision and mechanical repair shops, including aftermarket collision and mechanical products; recycled collision and mechanical products; refurbished collision products such as wheels, bumper covers and lights; and remanufactured engines, transmissions and hybrid batteries. Collectively, we refer to the four sources that are not new OEM products as alternative parts.

We are a leading provider of alternative vehicle collision and mechanical replacement products, with our sales, processing, and distribution facilities reaching most major markets in the United States and Canada. We are also

a leading provider of alternative vehicle replacement and maintenance products in the United Kingdom, Germany, the Benelux region (Belgium, Netherlands, and Luxembourg), Italy, Czech Republic, Poland, Slovakia, Austria, and various other European countries. In addition to our wholesale operations, we operate self-service retail facilities across the U.S. that sell recycled automotive products from end-of-life vehicles. We are also a leading distributor of specialty vehicle aftermarket equipment and accessories reaching most major markets in the U.S. and Canada.

We are organized into four operating segments: Wholesale—North America, Europe, Specialty, and Self Service.

## Our Mission

To be the leading global value-added and sustainable distributor of vehicle parts and accessories by offering our customers the most comprehensive, available, and cost-effective selection of parts and services solutions while building strong partnerships with our employees and the communities in which we operate.

## Our Purpose

Improving the world one part at a time.

## Our Values

In 2022, we united globally to align on our core values, to be consistent throughout our entire organization. At LKQ, we strongly believe that all of our lines of business and subsidiaries should align with our core values, which are pivotal to us. Our values guide us in making important business decisions about hiring, training, short and long-term strategy, and leadership techniques, shaping our company culture. We take pride in being “LKQ Proud.” This simple statement embodies everything we do, representing our pride in ourselves, each other, our company, our customers, and the communities we operate in and serve.





## LKQ DELIVERS



### Development

We create an environment to ignite personal growth, training, and wellbeing for our employees.



### Excellence

We raise the bar and outperform our competitors through highest standards.



### Leadership

We take the lead, support, and develop those around us. And we foster an inclusive environment.



### Integrity & Trust

We cultivate honesty, fairness, and truth to progress.



### Value-Added

We bring value to our stakeholders, customers, employees, and community.



### Embracing Change

We challenge the status quo and are champions of positive change.



### Resourceful

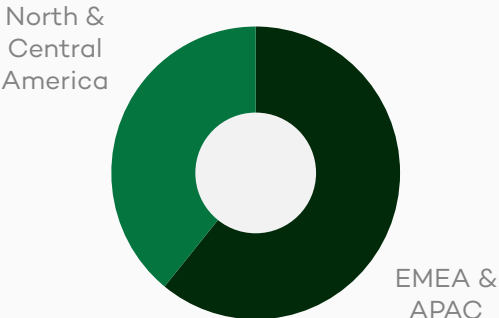
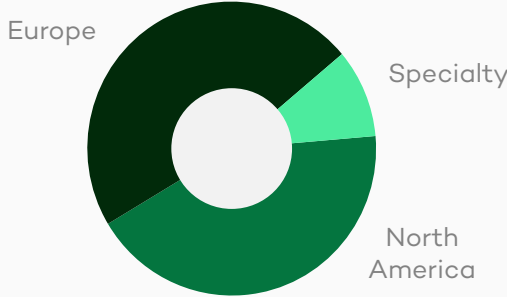
We are solution focused, we do more with less and are resilient in the pursuit of serving our customers.



### Sustainability

We are committed to positively impact our people, our communities, and our environment.

## Corporate Profile

NASDAQ	LKQ
IN OPERATION	Since 1998
HEADQUARTERS	<p><b>GLOBAL</b> Chicago, Illinois USA</p> <p><b>EUROPE</b> Zug, Switzerland</p> <p><b>NORTH AMERICA</b> Nashville, Tennessee USA</p> <p><b>SPECIALTY</b> Exeter, Pennsylvania USA</p>
COUNTRIES	26
LOCATIONS	~1,450
EMPLOYEES	<p><b>GLOBALLY</b> ~45,000</p> <p><b>EMEA &amp; APAC</b> ~28,000</p> <p><b>NORTH &amp; CENTRAL AMERICA</b> ~17,000</p> 
SKUS	<p><b>NORTH AMERICA</b> ~812,000</p> <p><b>EUROPE</b> ~900,000</p> <p><b>SPECIALTY</b> ~185,000</p> 
RECYCLED PARTS SOLD	~13,000,000



Below is a look at LKQ companies:

### Wholesale – North America

This segment is comprised of wholesale operations, which consists of aftermarket and recycled parts operations, and heavy truck operations. LKQ also entered the vehicle diagnostic services business with our acquisition of Elite Electronics (now renamed Elitek) in 2019.

We are the largest provider of alternative vehicle collision replacement products and a leading provider of alternative vehicle mechanical replacement products. We offer our customers a broad range of replacement systems, components, equipment, and parts to repair and accessorize automobiles, trucks, recreational and performance vehicles. Our breadth of products and services provide an extensive inventory for collision repairs, mechanical repairs, heavy trucks, paint body and equipment, and services.

#### LKQ Heavy Truck



### Europe

We are Europe’s largest distributor of automotive aftermarket parts and services for cars, commercial vans, and industrial vehicles. We advance parts supply through world-class logistics, innovative digital solutions, and unparalleled choice. With distribution centers and branches across Europe, we empower our customers to grow their business every day. We set our customers’ world in motion with our innovative automotive aftermarket solutions. A subsidiary of LKQ Corporation, LKQ Europe is headquartered in Zug, Switzerland and employs approximately 26,000 people and has a network of more than 1,000 branches.



### Specialty

Our Specialty operating segment was formed in 2014 with our acquisition of Keystone Automotive Operations (KAO), a leading distributor and marketer of specialty vehicle aftermarket products and accessories in North America. Our Specialty operations reach most major markets in the U.S. and Canada and serve the following six product segments: RV; truck and off-road; towing; speed and performance; wheels, tires and performance handling; and miscellaneous accessories.



### Self Service

We operate under the name “LKQ Pick Your Part,” which is a retail operation that allows consumers to come directly to our salvage yards across the United States to “pick” parts off salvage vehicles.

LKQ Pick Your Part salvage yards sell used car parts to consumers looking for a cost-effective, inexpensive way to repair their vehicle and get back on the road. Visit one of our salvage yards, pull the used auto part you need, and finish the repairs yourself. There’s no mechanic, no expensive auto parts shop and no labor cost.



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## Memberships & Industry Engagement

### North America

As a part of the LKQ North America team, our Government Affairs team advocates on issues and policies that protect consumer's rights, small businesses, and the environment, in both the United States and Canada. The LKQ North American government affairs team works on advancing legislation that upholds the right to repair in the United States and Canada. This would protect the more than 4.5 million jobs in the aftermarket industry, safeguard consumer choice, and prioritize the industry's environmental impact. Our government affairs team's strong relationships with elected officials allows us to engage in meaningful discussions towards finding a solution to combat manufacturers' attempts to monopolize the aftermarket industry. Our team recognizes the need to protect the rights of minority and lower income communities, of whom this practice falls on most heavily. LKQ advocates against these injustices by working shoulder to shoulder with Congressional offices across the United States and Canada on how to elevate and enhance legislation concerning the right to repair industry.

To effectively advance meaningful legislation, we understand that it is critical to listen to all voices at the table. LKQ is an active member of several associations including the following:

- MEMA — Motor & Equipment Manufacturers Association
- AASA — Aftermarket Automotive Supplier Association
- SEMA — Specialty Equipment Market Association
- AutoCare — repair facilities and parts distribution association
- CAR Coalition — Consumer Access to Repair
- RV Industry Association
- NMMA — National Marine Manufacturers Association
- multiple state associations representing vehicle recycling facilities

Involvement in these associations allows us to learn and share best practices with our peers. This encourages collaboration on how to develop and shape common sense policies that protect the environment, consumers,

and the aftermarket industry, while promoting sustainable business practices.

Lobbying activities and expenditures for lobbying are filed in states in which LKQ engages with those governments, and it registers on the federal level in accordance with federal guidelines. LKQ also has a political action committee (PAC). The participation and reporting of actions taken by those involved in the PAC follow all federal and state guidelines where applicable.

### Europe

Public affairs associations and national industry associations represent the interests of LKQ. Participation in the European association, FIGIEFA, represents our interests with EU decision-makers. It is vital for LKQ to be embedded in the local tissue of the aftermarket industry through these national associations and be represented throughout Europe.

Through the strategic partnership and cooperation with Zukunftswerkstatt 4.0, LKQ Europe is helping customers prepare for future challenges in the automotive industry.

LKQ Europe is also a member of the eFuel Alliance. As a member, we work with a strong and influential community whose interests are towards achieving a successful energy transition across Europe. The acceptance of e-fuels is an essential part of the European climate policy along with the industrial production of synthetic fuels and renewable energies.

As members of CSR Europe, we collaborate with other businesses and a wide set of stakeholders looking at practical and viable practices towards the integration of sustainability across our business. Our memberships include:

- ADIRA — Associazione Distributori Indipendenti di Ricambi
- ADPA — Automotive Data Publisher Association
- AGVS-UPSA — Auto Gewerbe Verband Switzerland

- ANIASA — Associazione Nazionale Industria dell'Autonoleggio e Servizi Automobilistici
- APRA Europe — Automotive Parts Remanufacturers Association
- ASA — Bundesverband der Hersteller und Importeure von Automobil-Service Ausrüstungen
- ATR — International Trade Cooperation for Automotive Spare Parts
- BLF — Business Leaders Forum CZ
- CARA Europe — European Car Remarketing Association
- CSR Europe
- eFuel Alliance
- FEDA — Fédération des Syndicats de la Distribution Automobile
- FIGIEFA Automotive Aftermarket Distributors
- GEA — Garage Equipment Association
- GVA — Gesamtverband Autoteile-Handel e.V.
- IAAF — Independent Automotive Aftermarket Federation
- RAI Vereniging — Rijwiel & Automobielen Industrie
- SAA — Swiss Automotive Aftermarket
- SBR — Sveriges Bilåtervinnare Riksförbund (Swedish Car Recyclers National Association)
- SDCM — Stowarzyszenie Dystrybutorów Części Motoryzacyjnych
- SISA — Sdružení Importerů Součástí Automobilů
- SMMT — Society of Motor Manufacturers and Traders
- TRAXIO — Mobility Retail and Technical Distribution

- UK AFCAR — UK Alliance for the Freedom of Car Repair
- VFT — Verband der freien KFZ-Teile-Fachhändler
- Zukunftswerkstatt 4.0

Additionally, we collaborate and partner with a wide range of stakeholders to make an impact to social and sustainability projects for our society and the communities in which we operate:

- Atena
- Ben
- Cipősdoboz Akció Charitable Movement (Shoebox Action)
- Comboni Vocational Training Center
- Deutsche Lebensbrücke e.V.
- Diakonischen Kinder- und Jugendhilfe in Sulzbach-Rosenberg
- FEMINA n.o.
- Fource Foundation
- Make-a-Wish
- Nadace Truck help
- Pieta
- Selbsthilfegruppe krebskranker Kinder Amberg-Sulzbach e.V.
- Stichting DaDa (Foundation)
- Stichting Duurzaam (Foundation)
- Stiftung Zuwebe (Foundation)
- Treedom
- TSV Ampfing (Bavaria)
- Ulita o.z.

# About this Report

Materiality Assessment	<b>15</b>
Sustainable Development Goals (SDGs)	<b>17</b>
Our ESG Strategy	<b>19</b>
Our ESG Goals	<b>20</b>

# About this Report



## Materiality Assessment

In 2020, we completed a Sustainability Materiality Assessment (SMA) to identify, analyze and act on environmental, social, and economic factors that may have significant impacts on LKQ and its stakeholders. Our key stakeholder groups include employees, stockholders, regulators, local communities, customers, suppliers, and relevant NGO associations. Combining surveys, meetings, a review of publicly available information regarding our industry sector, and internal stakeholder interviews, we assessed the importance of various sustainability-related risks and opportunities to LKQ and its stakeholders. We plan to refresh our SMA in 2023 with an eye towards topics on double materiality in compliance with the EU's Corporate Sustainability Reporting Directive (CSRD).

Results of the 2020 SMA were plotted to identify the relative importance of each issue. The insights gained from our SMA help guide our sustainability strategy and communications, including this sustainability report, and our sustainability goals.

Our top opportunities include:



**Recycling**



**Energy Management & Carbon Emissions**



**Health & Safety**



**Diversity & Inclusion**



**Employee Engagement**



**Supply Chain**



**Board & Leadership**

## 2020 Sustainability Materiality Assessment Matrix



## LKQ Prioritized Topics

### Governance

Board and leadership pay / performance incentives / diversity / structure

### Core business / products

Product sourcing and opportunities in clean technology

### Environmental

Energy Management / Greenhouse gas emissions  
Effluents and waste

### Labor

Health and safety  
Employee engagement  
Workforce diversity

### Social

Supply chain social screening

To guide our disclosure approach within this report, we have referenced leading, global sustainability standards such as the Sustainability Accounting Standards Board (SASB) for Multiline and Specialty Retailers and Distributors (SICS CG-MR) and the Task Force for Climate-Related Disclosures (TCFD).



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## Sustainable Development Goals (SDGs)

In 2015, the United Nations (UN) member states identified and adopted 17 Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development. They serve as a call to action and global blueprint for all governments, businesses, and civil society organizations striving toward peace and prosperity for humanity and the planet. The 17 Goals outline the strategies needed to reduce global inequality, improve health and education, foster economic development, preserve the natural world, and fight climate change. LKQ has identified the following goals where our business can make the greatest impact:



**Ensure healthy lives and promote well-being for all at all ages.** LKQ views this SDG in context of our global workforce. We strive to provide the best health benefits and options available to our global workforce, including supplemental and mental health programs and education.



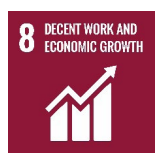
**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.** LKQ views this SDG in context of our current and future workforce. We provide training and development opportunities to our workforce, provide tuition assistance programs to help further their education and dreams, and invest in our future workforce through charitable programs and scholarships.



**Achieve gender equality and empower all women and girls.** We believe gender equality is a basic human right globally. We are actively seeking ways to foster inclusiveness in all areas of our business.



**Ensure access to affordable, reliable, sustainable, and modern energy for all.** As part of our commitment to achieve net zero GHGs across our operations by 2050, we consider this SDG to be a priority. We recognize the need to maximize energy efficiency and adoption of clean energy technologies from renewable sources in our operations.



**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.** LKQ strives to be an employer of choice in all markets we operate. We take pride in providing a safe and fun atmosphere for our global workforce.



**Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.** LKQ is constantly seeking ways to foster innovation in our recycling of vehicles and to apply innovative technologies that make our products part of the solution in a circular economy.



**Make cities and human settlements inclusive, safe, resilient, and sustainable.** Part of LKQ's mission is to support the communities where we live and work. We believe education is the key to open unlocked doors for future opportunities that make our neighborhoods sustainable. LKQ is investing in the workforce of tomorrow by making targeted grants to support the need for a technical workforce and through scholarships that provide opportunities for our employees' children to achieve their educational goals and dreams.



**Ensure sustainable consumption and production patterns.** This SDG is the foundation that LKQ was founded on. LKQ is the world's largest recycler of vehicles, and we are continually reevaluating our programs and processes to help further a circular economy.



**Take urgent action to combat climate change and its impacts.** LKQ strives to be good stewards of our environment and the environment in the communities where we operate.

## Our ESG Strategy

We approach Corporate Responsibility & ESG with the same mindset as our LKQ Proud culture; and LKQ Always D-E-L-I-V-E-R-S, which are the values that each of us at LKQ live and work by each day. Our ESG strategy is built on four key elements

This is our framework for delivering what matters most to our stakeholders. This is how LKQ is driving excellence:

### E – Our Planet

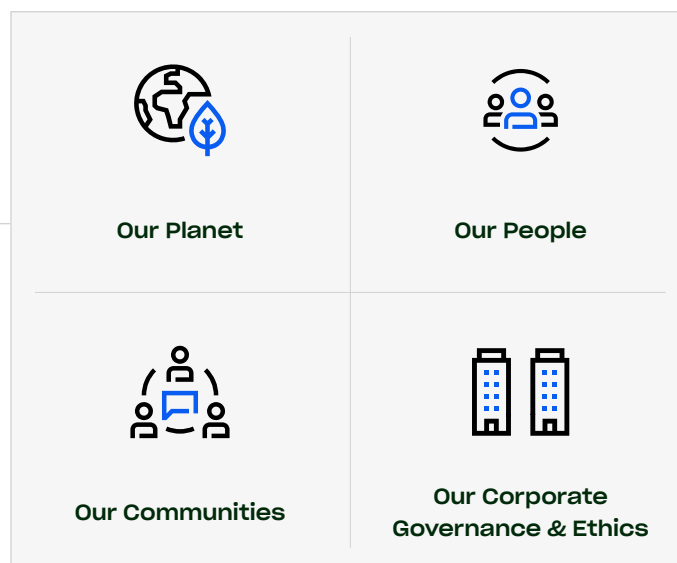
Sustainability is at the heart of everything we do and is reflected in all our operations.

- Reduce carbon emissions wherever possible to ensure we operationally meet the accord of the Paris Climate Agreement and target net zero emissions by 2050:
  - Established greenhouse gas (GHG) intensity per sales reduction by 2030 goal. This target is in line with best practices promoted by the Science Based Targets initiative (SBTi).
  - Incorporate ESG action plans that reduce carbon footprint on all major projects
  - Measure key impacts of carbon emissions on all major projects
  - Reduce travel for business and/or commute time whenever possible
  - Implement PV (photovoltaic – i.e., solar) and other alternative renewable energy use in our facilities
  - Decarbonize fleet vehicles and other distribution center equipment (forklifts, etc.)
  - Develop carbon reduction initiatives in partnership with supply chain
  - Offset residual carbon through creation and/or partnership programs with nature-based solution projects (planting trees, etc.)
- Increase attention to efforts that contribute to a circular economy:
  - Develop, improve, and innovate sustainable services each year (e.g., increase production of vehicle recycling and increase percentage of materials recycled and remanufactured parts)

### S – Our People & Our Communities

We engage with all stakeholders and respond to their needs. As a socially responsible employer, we are committed to support our communities.

- Continue to improve safety performance



- Improve social outcomes:
  - Deliver social value by empowering team members to implement and deliver projects that proactively improve social value outcomes to employees, communities, and society in general
  - Ensure our workforce reflects the diversity of the customers and communities we serve
  - Promote social equity, inclusion and diversity in our workforce, supply chain, and communities
  - Make strategic community investments that positively impact our customer relationships, employees and their families, and society in general
  - Measure key impacts of social value on projects
  - Work with customers, employees, and partners to drive innovation in climate change, sustainable design, and social value

### G – Our Corporate Governance & Ethics

We integrate sustainability in all operations and ensure transparent reporting and compliance.

- Enhance governance and transparency
  - Develop an enterprise framework to assess ESG risk in potential projects
  - Drive leadership accountability and advocacy through specific ESG goals/metrics in annual goals and compensation plans
  - Enhance transparency on governance and framework through website and intranet improvements
  - Track and report on ESG performance targets in line with leading industry benchmarks (SASB & TCFD)



## Our ESG Goals

### Our Planet – Emissions:

↓ **30%**

By 2030, reduce global Scope 1 and Scope 2 emissions by 30% compared to the 2021 baseline relative to revenue.

By 2025, establish a published road map to achieve the 2030 30% reduction of Scope 1 and 2 emissions.

## Net Zero

By 2050, achieve net zero emissions across our own operations.

### Our People – Employee Engagement:

**73%**

By 2025, achieve 73% participation in our employee engagement survey and overall engagement score of 76.

**78%**

By 2030, achieve 78% participation in our employee engagement survey and overall engagement score of 78.

### Our People – Diversity, Equity, and Inclusion:

↑ **20%**

By 2025, increase the global female representation in our workforce to 20%.



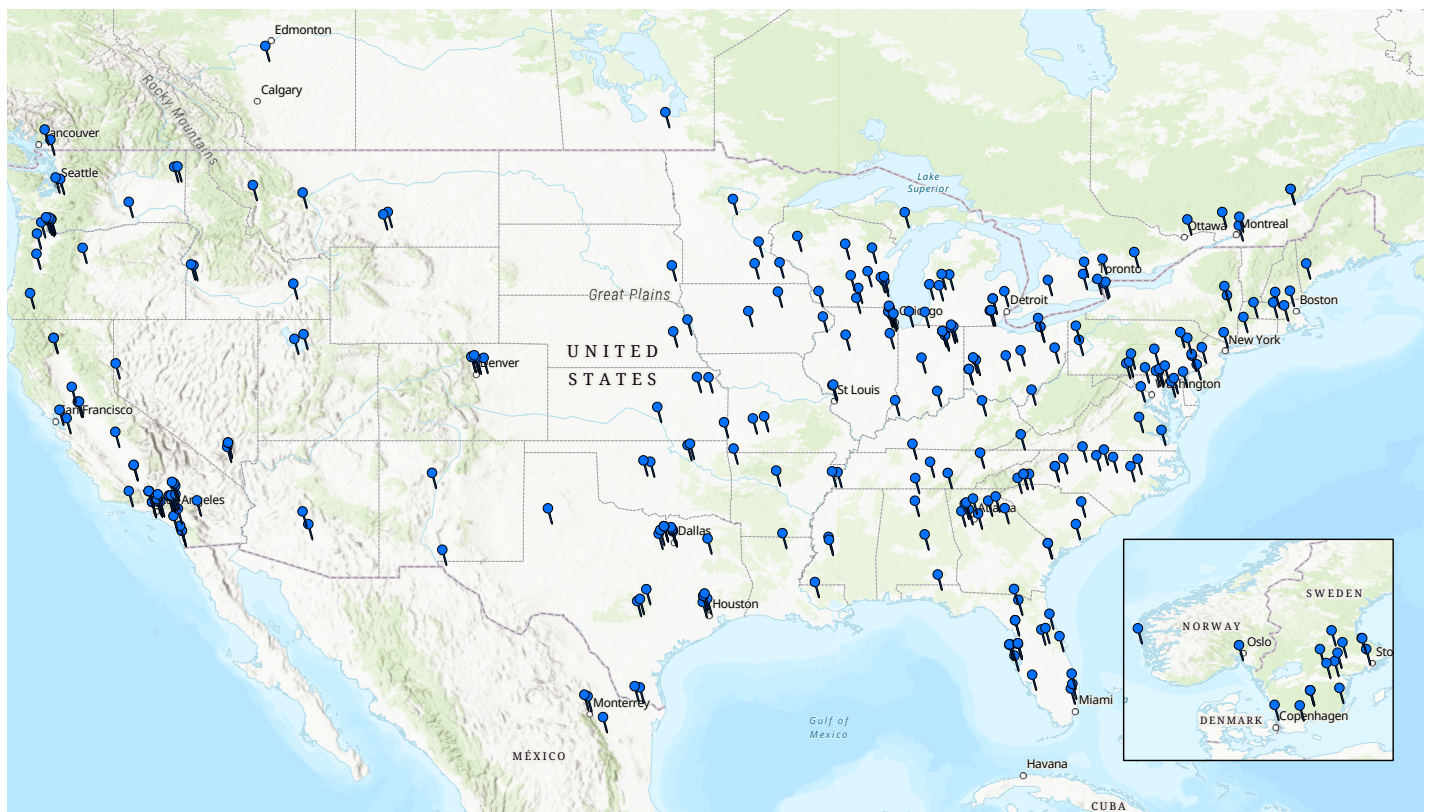
# Our Planet

Environmental Oversight	23
LKQ Vehicle Recycling	24
Remanufacturing	27
Battery Traction Study	28
Fleet Services, Transportation, Logistics & Equipment	30
Facilities	35
Emissions	45

# Our Planet

LKQ business operations are a critical source of enabling a global circular economy. Because of our attention to vehicle recycling and remanufacturing, our operations help decrease detrimental environmental impacts by keeping caustic materials such as gasoline, engine oil, transmission fluids, and more out of landfills. LKQ's attention to end-of-life vehicles and battery recycling and remanufacturing extends the useful life of these vehicles and their parts which provide a sustainable option for our customers. This operational model thereby avoids the carbon emissions associated with smelting and manufacturing new materials in the automotive industry.

LKQ's operations focus on vehicle and vehicle component recycling and remanufacturing throughout North America, Mexico, Guatemala, Tunisia, Norway, and Sweden. Our large network of these facilities across these geographies not only improve our ability to facilitate a large number of vehicles and parts processed on an annual basis, but also reduce the number of miles driven to get an end-of-life vehicle or part to one of our facilities.



LKQ facilities focused on sustainable salvage and remanufacturing.

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## Environmental Oversight

LKQ employs a staff of environmental compliance professionals to ensure that our business operations impact the natural environment in as minimal a manner as possible. In addition, LKQ monitors our emissions to minimize impact on the climate.

LKQ Environmental Compliance Managers oversee and ensure compliance regarding environmental permitting and regulatory matters and provide training to employees on environmental compliance. As part of our due diligence when we acquire a company, we conduct an environmental assessment to ensure that LKQ invests in businesses that will be able to comply or exceed environmental requirements. We collaborate with state and local governments to remediate impacts and convert them to sustainably operating facilities.

The LKQ Risk Management department has developed and implemented several environmental stewardship programs designed to assist our local management with environmental standards and best practices. Our programs are designed to meet federal, state, and local regulatory requirements. We currently utilize a cloud-based environmental tracking platform to provide additional oversight and visibility of administrative and other regulatory obligation aspects of our stormwater permit and spill prevention plan requirements. In many cases, LKQ has retained environmental consulting firms to develop state-specific Stormwater Pollution Prevention Programs (SWPPP) and Spill Prevention Control & Countermeasures (SPCC), and to conduct independent audits of our salvage facilities. The LKQ Risk Management department oversees the administration of numerous Federal and State issued Waste Generator Registration identification numbers, which allow our operations to safely dispose of hazardous and non-hazardous waste through licensed hazardous waste transporters.

## Independent Environmental Audits

LKQ began its Independent Environmental Audit Program in 2003. The purpose of this program is to provide LKQ with an independent professional opinion of the condition of our recycling facilities and compliance with environmental regulations. The LKQ Risk Management department works with environmental consulting firms to conduct independent environmental audits at salvage operations in North America annually. The consultants develop audit reports, which are provided to local management and our LKQ Environmental Compliance Managers. Ongoing feedback is used to improve our procedures and enhance best management practices.

## Stormwater Management

The LKQ Risk Management department currently oversees compliance of numerous active industrial stormwater permits within the United States. Locations outside of the U.S. do not require government-issued stormwater permits for our operations but do require our facilities to adhere to similar environmental standards and regulations.

On an annual basis LKQ Risk Management implements the following measures to assist our facilities in achieving regulatory compliance:

- Obtain and maintain our salvage operation's stormwater permits.
- Manage the ordering and delivery of stormwater sampling kits to facilities.
- Initiate the development or modification of SWPPP and SPCC plans.
- Assist facilities in correcting program or application deficiencies identified during internal, independent, or regulatory inspections.
- Provide annual employee compliance training.

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## LKQ Vehicle Recycling

As the world's largest recycler of vehicles, the environmentalist mantra of "Reduce – Reuse–Recycle" is ingrained in all of us at LKQ. Recycling automobiles is the foundation that our company was founded on. Back in 1998, our founders realized a need to keep end-of-life vehicles and other caustic materials that are associated with their makeup out of landfills. Commonly, most people incorporate some form of recycling in their day-to-day routine – through composting food waste to recycling shopping bags, aluminum cans, glass bottles, and even some types of plastic from food containers. Yet, when we part ways with larger possessions such as appliances, machinery, and vehicles their impacts can have a much greater environmental impact. Recycling automobiles promotes sustainability by saving energy that would be used to create new materials. Vehicles that are no longer road-worthy can still possess significant value. Individual components can be recovered and remanufactured, transferred to other vehicles, or recycled and made into new products.

Vehicle recycling involves dismantling the vehicle down to its individual components and materials for spare parts and commodities. LKQ uses proprietary AI technology to identify the salvageable parts from vehicles we procure, and those items are tagged for reuse. Our technicians then recover fluids from the vehicles which can either be repurposed or recycled through independent third-party recycling firms – caustic fluids such as fuel, oil, transmission fluid, and windshield washer solvent are captured and kept from seeping into groundwater

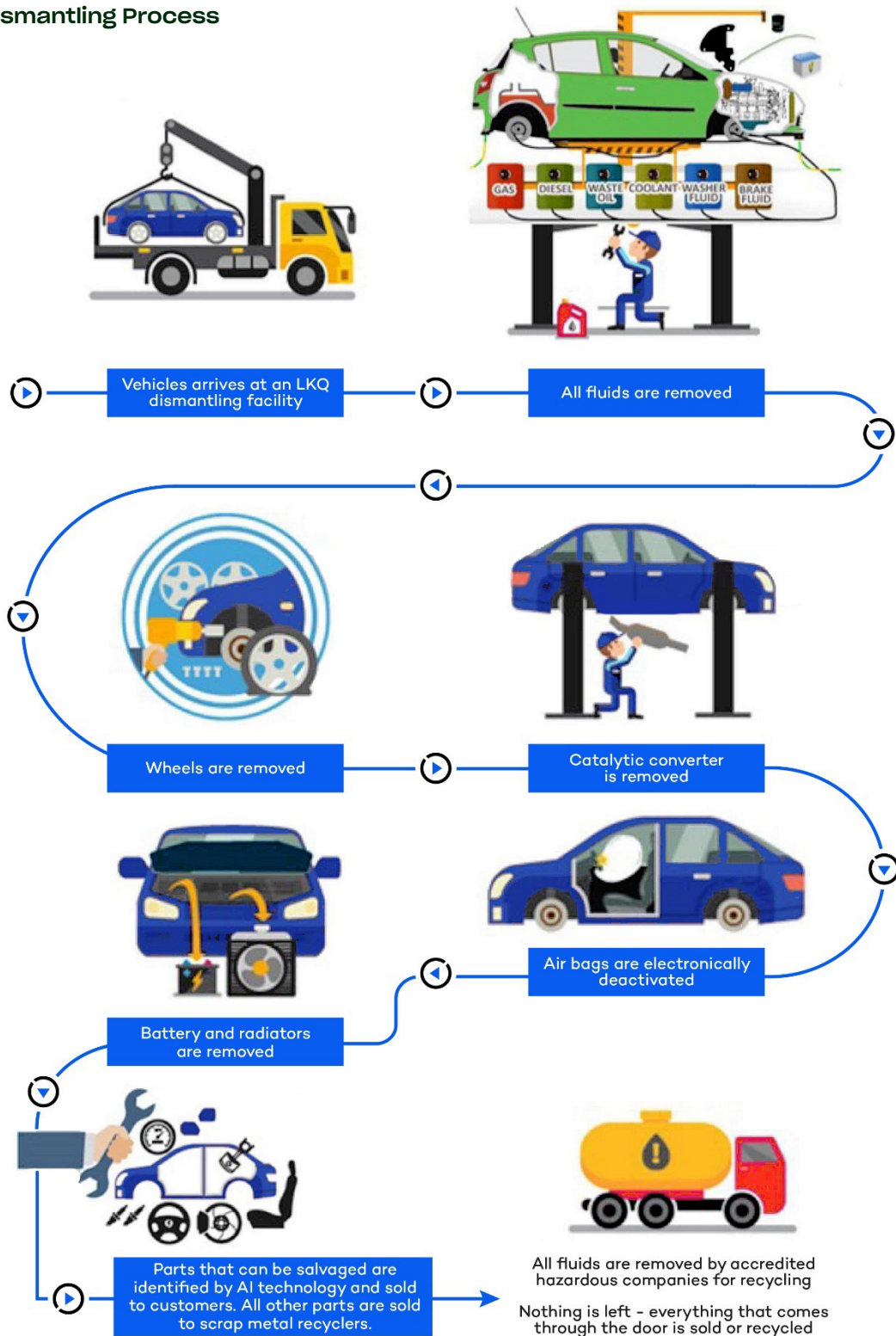
and soil. The remainder of the vehicle is componentized and recycled based on the materials recovered including hazardous and resource-intensive items such as lead-acid batteries, tires, ferrous metals, and plastics.

Non-ferrous metals include aluminum, copper, nickel, brass, titanium, high temperature alloys, and Earth metals such as platinum, palladium, and rhodium. These metals are critical resources for a low-carbon future and help support the manufacturing of electric vehicles, consumer electronics, appliances, and other sustainable technologies. By partnering with recycling firms, we are increasing the amount of metal recovery from the auto shredder residual (ASR). Additionally, we are focusing on ways to utilize more of the highest commodity part from vehicles —tires. For example, tires can either be reused or sold and pelletized into materials to be used for multiple applications like road construction, playgrounds, and sport tracks.

LKQ operates 170 dismantling facilities across North America and our Atracco division operates 10 dismantling facilities and 4 workshops across Sweden. Our salvage and self-service operations reuse and recycle approximately 90% of the materials from total loss and end-of-life vehicles that would otherwise end up in a landfill. We recover the salvageable parts that can be used in the repair of other vehicles; the fluids and tires that can be recycled, repurposed, or reused; and the remaining balance of the vehicle, which is predominantly scrap, is processed by metals recycling companies. LKQ recycles parts from over 700,000 used vehicles annually.



## LKQ Vehicle Dismantling Process



## Recycling Achievements

	2019	2020	2021	2022
# of Vehicles Procured	887,000	818,000	780,000	768,000
# of Vehicles Processed	*	*	*	770,000
Scrap (tons)	1,200,000	900,000	1,100,000	973,000
Catalytic Converters	1,500,000	1,500,000	1,500,000	1,500,000
Tires	2,600,000	2,300,000	2,100,000	2,200,000
Batteries	630,000	658,000	740,000	711,000
Waste Oil (gallons)	2,600,000	2,300,000	2,200,000	2,200,000
Antifreeze/Washer Fluid (gallons)	347,000	305,000	343,000	337,000
Fuel (gallons)	4,200,000	3,900,000	3,900,000	3,600,000
Total # of Individual Parts Sold	15,200,000	14,600,000	13,800,000	13,000,000

The downward trend in 2022 is being attributed to location closures and difficulties in purchasing vehicles due to market conditions.

## Metals & Other Material Recycling

Summary of Materials Processed (in millions of lbs.)

	2019	2020	2021	2022
Aluminum Recycled	119.9	99.1	97.9	96.2
Copper Recycled	7.9	7.1	6.9	8.3
Steel Recycled	148.6	128.6	123.3	122.8
Other Recycled	18.8	4.9	4.5	4.2

Note: This data represents an estimated annual weight of products recovered and recycled, and waste generated by our manufacturing, remanufacturing and related core processing centers including precious metals. Non-hazardous waste data is provided by our waste collection service provider. Other recycled materials are a mixture of plastic regrind, catalyst materials, and precious metals.

### Pick Your Part

LKQ Pick Your Part salvage yards sell used car parts to consumers looking for a cost-effective, inexpensive way to repair their vehicle and get back on the road. Visit one of our salvage yards, pull the used auto part you need, and finish the repairs yourself. There's no mechanic, no expensive auto parts shop, and no labor cost.

We purchase used vehicles from insurance companies, tow companies, charities, private parties, auto auctions and the general public. Each of our salvage yards stock thousands of used cars and trucks. We're constantly adding fresh used autos daily. This gives our customers the ability to find the car parts they need at an incredibly low price.

All of our salvage yards are well organized. Autos are grouped by make and model. Each used car and truck is placed on stands to make it easy to get the used auto parts you need. Before being placed in one of our salvage yards, each used car and truck is inspected and has the fluids and hazardous materials drained for recycling.

LKQ recycles each used auto to reduce landfill waste, as well as provide low-cost alternatives to new car parts. Because of the LKQ Pick Your Part model, we are keeping these valuable items out of landfills, providing another useful life, and contributing to a circular economy.

## LKQ Atracco

Atracco is a leader in the Nordic region in environmentally friendly car disassembly, recycling, and sales of sustainable car parts over the internet. Our passion for the environment drives us on a daily basis, and as the largest car recycler in the Nordic region, our work plays a major role in the circular economy. Our business model is about conserving the Earth's resources, and to encourage the reuse of vehicle parts instead of buying new.

In 2022, we focused on how electric vehicles were handled within our salvage operations, specifically how damaged electric vehicles should be dismantled correctly and in an environmentally friendly process. All Atracco facilities and dismantlers are trained in handling electric vehicles and their components, which is divided into five categories:

- Safety – Responsible electric vehicle
- HVE – High-Voltage Expert / professional electric vehicles with higher competence
- HVT – High Voltage Technician/ Skilled electric vehicle
- EiP/ITE – Electrically Informed Person/ Instructed Technician Electric Vehicle
- IPE- Informed Person Electric vehicle; knowledge of the risks of electric vehicles and how to avoid them, e.g., through barriers and warning signs

Atracco has specific operating instructions with respect to how work is performed on electric vehicles from the time that we get them to our facilities to the time that they are dismantled with safety for all involved top of mind. For the first four categories listed above, each facility has trained technicians who have those competencies; IPE is required training for all involved in our diagnostic and dismantling processes.

We have special warehouses for batteries, quarantine locations where badly damaged vehicles must be placed, and special clothing and tools for our employees working on electric vehicles. We also utilize special technology and tools that are able to diagnose the battery, ensuring safe handling and risk identification for risk investigations.

For our own fleet vehicles, we aim for all vehicles we lease or buy to be electric vehicles or utilize alternative, low-carbon fuels whenever possible. This methodology also applies to our trucks and delivery vans.

All Atracco dismantling facilities are certified according to ISO 9001 + ISO 14001.

## Remanufacturing

Remanufacturing supports sustainability by transforming used products into a useable state minimizing waste generation in terms of both material and energy. It closes the loop on the supply chain thus promoting the concept of a circular economy. Traditional manufacturing processes are often inefficient from both a sustainability and an economic viewpoint. While these processes are a necessary first step to initially create a usable product, remanufacturing extends the lifespan of a product.

According to the U.S. Environmental Protection Agency (EPA), remanufacturing is estimated to provide as much as 85% reduction in total energy used and a 70% reduction in carbon emissions compared with original OEM manufacturing processes.

Remanufacturing provides a greener alternative. A product's lifecycle is renewed, and its value retained rather than ending up in a landfill, as a remanufactured product can be restored. The Remanufacturing Industries Council, who published the first and only American National Standard for remanufacturing processes, estimates that between 90% to 95% of waste may be reduced through value retention processes. (See case study sector section 5.3.3).

Choosing to repair or replace a vehicle has never been farther apart in terms of cost. Vehicles today are staying on the road after having major component replacement. The average age of vehicles in operation is currently 12 years. Remanufactured parts also put less emphasis on the demand of the supply chain, which has been significantly disrupted during the pandemic over the last few years.

Like the disassembly process at LKQ's self-service or full-service yards, LKQ takes care to remove engines and other components such as batteries, brake calipers, cylinder heads, and wheels (to name a few) from end-of-life vehicles otherwise destined for a landfill. Unusable parts and materials are recycled as commodities, and the reusable parts are put through the remanufacturing process, which is more than a simple "repair." LKQ uses a comprehensive and rigorous process where a particular product is taken apart, cleaned, repaired, and then reassembled to original OEM specifications allowing its use again by operating in the way the part was

In 2022, we remanufactured over 1 million items with a collective weight of nearly 56 million pounds of materials, keeping these items out of landfills and providing them with another usable life.

We estimate that LKQ's remanufacturing operations saved:

**28,000 tons**

of materials from ending up in a landfill

By reusing the iron, steel, and aluminum castings, we not only save the cost of the base metal itself, but we also prevent further damage to the planet caused by mining for the ore and materials.

**223,000 MWh**

of electricity

By repurposing the original castings, the iron, steel, and aluminum does not need to be smelted, reducing energy consumption. One new ton of steel typically requires 8 megawatts (MWh) per ton in electricity generation.\*

**47,000 tons**

of CO<sub>2</sub> emissions

CO<sub>2</sub> emissions are the primary driver of climate change. Our remanufacturing process helps impact reduction targets, and we are proud to be a part of the solution. When using one ton of carbon steel scrap, greenhouse gas emissions are reduced by approximately 1.67 tons of CO<sub>2</sub>.\*

Our remanufacturing operations do the work of **nearly 2M trees**

Based on a mature tree absorbing 48 lbs. of CO<sub>2</sub> each year.\*

\*Methodology based on information from: [www.mdpi.com](http://www.mdpi.com), [www.carbonclean.com](http://www.carbonclean.com), [www.bdsvo.org](http://www.bdsvo.org), McKinsey & Company and [www.onetreeplanted.org](http://www.onetreeplanted.org).

originally intended to function. LKQ provides a warranty guaranteeing our customers' satisfaction and ability to trust the quality and performance of the product sold to them.

LKQ is one of the most experienced remanufacturers in the automotive industry globally. We operate 48 remanufacturing, sales, distribution, and core processing facilities worldwide. North American and European remanufacturing operations provide high-quality automotive parts at competitive prices. This global footprint makes LKQ's Remanufacturing division one of the world's largest independent suppliers of remanufactured components.

## Battery Traction Study

In a joint study, RWTH Aachen University and LKQ have investigated challenges with defective and end-of-life traction batteries of battery-electric vehicles (BEV) and demonstrate possible solutions in battery reuse, remanufacturing, repair, and recycling.

At the 43rd International Vienna Motor Symposium, the Chair "Production Engineering of E-Mobility Components" (PEM) of RWTH Aachen University, Germany, and LKQ Europe presented their investigation on challenges of traction batteries that occur over time and usage, like failures of components and battery degradation. They evaluate benefits, the cost, and emission reduction by a circular ecosystem. The future-looking project focuses on resource conservation, protection of the residual value of battery-electric vehicles and extending the lifetime of the battery to keep the vehicle on the road with good performance.

"E-mobility is picking up speed – and must be careful not to overtake its own sustainability claim in the process. The volume of lithium-ion batteries in the last stage of their life in electric vehicles will increase massively in the coming years," says Professor Achim Kampker, founder and head of the PEM chair of RWTH Aachen University. "Therefore, we need to develop economical and sustainable concepts for the optimization and reuse of batteries – and at the very end also for the recovery of raw materials."

The study focuses on critical elements and potential solutions in the value chain. A fully closed loop shows the highest savings in cost and minimizes CO<sub>2</sub> emissions, stressing the importance of battery repair and remanufacturing. Recycling of raw materials remains important but should only be considered as a last resort.

The traction battery is the most valuable part of a battery-electric vehicle, and it is expected to last 10-14 years before it needs to be replaced.

At that point, today, a non-closed battery loop is still present in many situations, leading to material waste and costly disposal. But scarcity in raw material supply, emission reduction goals, and cost considerations call for sustainable long-term solutions. End-of-life as well as defective BEV batteries should be processed in a closed-loop system.

With the current sharp rise of electrification in the automotive sector, the European automotive value chain is at the dawn of a major transition. LKQ expects a steep increase in battery-electric vehicles in the Independent Aftermarket starting from 2028 when a substantial number of BEVs come out of manufacturer warranty and enter the independent workshops.

“We expect around 34 million installed high-voltage batteries in the battery-electric vehicle fleet in Europe by 2030,” states Christoph Schön, E-Mobility Innovation Manager at LKQ Europe. “The question is, how long will these batteries be intact? According to current estimates, by the end of the decade, about 1.3 million batteries per year will come back from the road due to electrical, mechanical, and electrochemical failures and will need to be diagnosed and then repaired or replaced. After that, we expect these returns to continue to increase at a rate of 30 percent per year. If the entire battery system needs to be replaced, this work is expensive. We want to have suitable and sustainable solutions on offer, where the driver of an electric car doesn’t need to invest in a new battery for a 10-year-old vehicle but can get a battery repair or refurbishment for a fraction of the cost.”

As a key enabler of a circular economy in the automotive sector, LKQ’s goal is to provide solutions for the challenges of the workshop of the future. Also, vehicle and battery manufacturers need to take design for disassembly into account at an early stage in their product development processes to reach scale in repair and remanufacturing

later on. Finally, policymakers are required to provide an open and competitive framework, allowing non-discriminatory access to battery interfaces for the Aftermarket to enable service and repair.

To obtain a full copy of the Battery Traction Study, please contact us at [esg@lkqcorp.com](mailto:esg@lkqcorp.com).



## Fleet Services, Transportation, Logistics & Equipment

At LKQ, we are continually investigating new opportunities to make meaningful reductions in our carbon footprint. Given the nonmanufacturing nature of our operations, our shipping, transportation, and logistics functions represent one of the greatest opportunities for our company to focus on carbon emissions reductions.

### Europe

Across LKQ Europe, we are taking the lead in transitioning our combustion engine fleet to alternative fuel vehicles. Where possible, we'll introduce a choice of Battery Electric Vehicles (BEV), Plug-in-Hybrid Electric Vehicles (PHEV) and CNG biomethane trucks. Passenger vehicles used for employee benefits cars and 'final mile delivery fleet' which are the vehicles that deliver products to the repair workshops and garages represent the best choice for converting to BEVs. To help ensure the greatest reduction in our carbon footprint, we also strive towards using certified green power to charge the electric vehicles we operate, i.e., power generated from wind, water, solar or other renewable sources.





Below is further information on the sustainable transport initiatives that we are progressing across LKQ Europe:

### Electric and Alternative Fuel Vehicles

In 2022, electric vehicle trials were successfully completed in the UK, Germany, Netherlands, and Czech Republic. This resulted in:

- Six electric vans being added to the fleet in the Czech Republic, 3 of which are in use already, with the other 3 arriving in 2023.
- 100 electric vans and 30 CNG biomethane trucks ordered for the UK, due to arrive in 2023.
- The Netherlands continues to add electric and plug in hybrid vehicles to their fleet.

An extensive analysis of our European fleet is also underway to identify further the types of electric vehicles and the number of replacements that can be transitioned. Our Fleet, Real Estate and Branch Operations teams are all working closely to identify suitable locations to support the transition.

ChargePoint has recently been appointed as our Electric Charging Infrastructure company and will support our real estate teams and fleet to transition our vehicles to electric moving forward.

We will also continue to trial electric and alternative zero-emission mobility solutions throughout 2023.

### Road Safety Campaign

In 2022, we introduced a Road Safety Campaign across Europe with the aim to highlight topics like driver well-being, driving safely and driving sustainably. Each month we provide further information on a topic to help enhance our employees' and our customers' knowledge on how to stay safe on the roads and be more sustainable. This campaign will continue throughout 2023.

### E-Bikes and E-Cargo bikes

Trials have been conducted in the UK for e-bikes and in The Netherlands for E-Cargo bikes. The results have determined further research and trials are needed to find the right solution for our use in LKQ Europe. We will continue to explore options in 2023.

# Showcase

## NEIMCKE SUSTAINABLE DRIVING INCENTIVE

In Germany, Neimcke GmbH & Co. rolled out their Eco Drive initiative to incentivize drivers in maximizing fuel efficiency of their fleet. The program aims to support our delivery drivers during the European energy crisis while also saving money for the company. As part of the initiative, Neimcke measures the average fuel consumption of our delivery fleet in Mühldorf. We calculated an average of 11.4 liters of diesel fuel per 100km prior to the implementation of this program. We decided on 10.5 liters as a target basis for our calculations. For each liter below the 10.5 liter target, we share those savings with our drivers in the form of fuel vouchers.

For example, a driver drives 4,000km in a month. He used 380 liters of diesel fuel. If he would have been at the average or target basis of 10.5 liters, he would have needed 420 liters of diesel fuel. Therefore, he saved the company 40 liters and we split those savings by providing the driver with a fuel voucher for 20 liters of fuel.

We have found through this incentive, our drivers are driving more efficiently. On average, we are finding about 10% of fuel consumption savings. This can really add up with Neimcke's huge delivery region.

## NORTH AMERICA

LKQ has implemented a state-of-the-art logistics network aimed at delivering our products as efficiently as possible to save fuel and minimize emissions. We are committed to improving the environmental performance of our logistics and have undertaken several initiatives to reduce fuel use and emissions.

Expanding the use of alternative fuels continues to be a priority. Propane bi-fuel systems have been a good replacement for many of our standard gasoline-powered units and we are researching options for diesel units which make up 20% of our fleet. In 2022, propane upfits were completed for 75 new vehicle purchases, all done prior to final delivery. In addition, 34 retrofits were installed on equipment already in the field with the potential for 65 more this year. These systems allow the vehicles to run on propane or easily switch to gasoline on the fly when the propane tank is empty. Propane use decreases emissions and saves engine oil life while units are in operation, and the equipment is removable at the vehicle end of life for recycling. We currently operate 272 propane vehicles and another 102 are scheduled for delivery this year. To support these conversions, new propane fueling infrastructure was installed for three North American facilities. This has improved fueling convenience for our drivers, decreased miles traveled to off-site fueling stations, and supports

the expansion of our propane fleet at these locations. Two additional installations will come online soon, assuring that our infrastructure is in line with our alternative fueling needs.

As we transition our fleet, we continue to purchase alternative energy vehicles and seek out more sustainable options where it makes sense to do so. Each year, we do a full analysis of our fleet inventory and evaluate which units need replacement. Recommendations take into consideration a variety of factors, including the vehicle's age, mileage, useful life, and maintenance spend. As the field enters their orders for new vehicles, we provide them with alternative energy options and a comparison on cost, fuel consumption, and emissions. We continuously monitor electric vehicle availability and look for opportunities to incorporate more EVs into our fleet. We currently have 12 EVs in operation and our team recently test-drove a new electric semi-truck which we are comparing to other options on the market. While the range of electric vehicles can present a challenge for some of our longer-haul vehicles that travel many miles at a time, passenger vehicles typically travel less distance per trip and may be the first fleet group that we are able to notably increase our transition to electric power.



Vehicle range and charging infrastructure continue to be challenges in the transition to electric vehicles. Availability is limited, as manufacturers have struggled to keep up with demand and some have increased sales prices even after orders have been placed. Initial purchase price for an EV is also typically higher, in some cases twice as much as the standard fuel option. Though incentives can be helpful in narrowing that gap, the cost difference can still be prohibitive, particularly when additional investment is required such as installing charging infrastructure or training maintenance personnel. As battery technology improves, the distance that a vehicle can travel on a single charge will increase, enabling us to consider electric options for a wider variety of applications. The savings

in fuel costs will be a welcome benefit, and as renewable energy increasingly powers our facilities in the future our fleet vehicles will be greener as well.

This year, we are improving the inventory management of our material handling equipment. In the past, we have had limited visibility to meaningful metrics on this type of inventory. To improve this, we are working closely with our fleet management partner to uniquely identify each unit and compile equipment details such as the make/model, age, and fuel type. The intent is to be able to set maintenance schedules, monitor utilization, remarket old equipment, consolidate purchasing, and identify opportunities to convert to more sustainable options.



# Showcase

## DELIVERING WITH DYNAMIC ROUTING

Dynamic routing software is a game changer when it comes to fleet logistics. Through the use of complex algorithms, GPS data, and additional network information, the system is able to monitor and automatically adjust to real-world challenges such as equipment failure or traffic congestion during the dispatch process. This adaptability makes it highly scalable, providing maximum benefit to our fleet.

In 2022, we continued to improve route efficiencies with our dynamic routing software. Year-over-year, we have

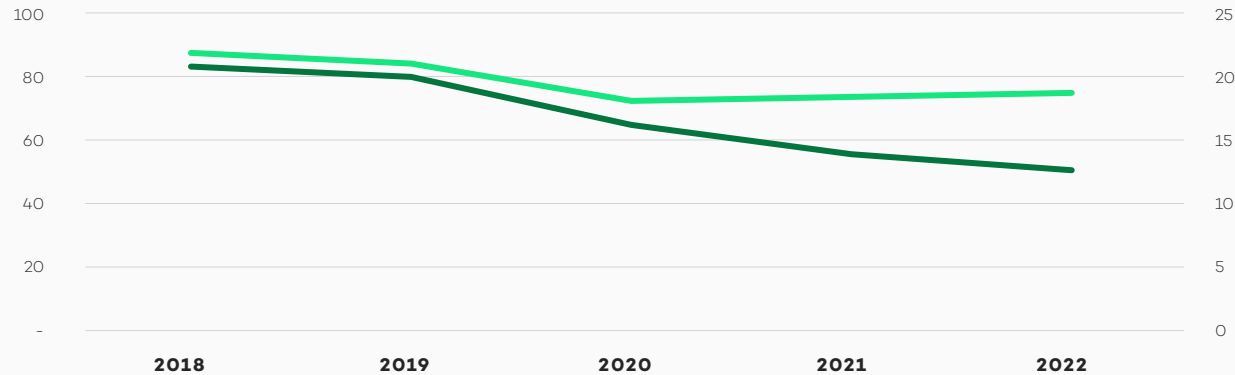
delivered more orders while reducing the number of routes and total miles driven. We have also minimized return trips to a given location within the same day. Our telematics software provides the real-time data needed to optimize our deliveries across North America. This allows us to save time, better utilize our vehicles, and decrease operating costs while providing world-class customer service. It also supports our sustainability initiatives in helping us reduce mileage, idle time, fuel consumption, and GHG emissions.

### North American Fleet – Miles Driven, Orders Delivered

in millions

— Total Miles Driven

— Total Orders Delivered



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## Facilities

The buildings and facilities we occupy at LKQ also present an opportunity to minimize and eliminate negative impacts and maximize environmental, economic, community and human benefits as we conduct our work.

### Europe

Across LKQ Europe facilities, we have a number of sustainability initiatives being investigated and implemented. Our aim is to improve our buildings and make them more eco-friendly to help reduce our overall carbon emissions. Below is a summary of the initiatives currently being worked on across LKQ Europe and some highlights at specific facilities:

- **Photovoltaic Panels (PV):** PV panels have been installed at our LKQ Fource Central Distribution Center (CDC) and are operating successfully. During 2023, further installations are planned at our LKQ Euro Car Parts T2 facility in the UK and LKQ Atracco in Växjö. We're also working on PV projects at LKQ DACH CDC in Sulzbach-Rosenberg and a number of smaller properties across Europe.
- **LED Lighting:** LED Lighting, which has a considerably lower carbon footprint, is being installed at multiple locations across LKQ Europe and we're working to enable further installation where possible.
- **EV Charging Infrastructure:** With the increase in electric vehicles, we are installing EV Charging Infrastructure at multiple locations across LKQ Europe. Currently, we have installed charging points for e-scooters at some UK locations. We're also aiming for this to become an element in any future buildings we may utilize.
- **Smart Meters:** In order to capture our exact consumption of utilities, we are exploring the possible rollout of smart meters throughout our portfolio. At our CDCs and Rapid Fulfillment Centers (RFCs), this will be measured through Building Management Systems (BMS) and at our branches it will most likely be through smart meters. This will record our energy consumption data in real time which could be used for monthly CO<sub>2</sub> reporting and to monitor building performance.

# Showcase



## THE LKQ FORCE CDC

The construction, now fully complete, of the Central Distribution Center in Berkel en Rodenrijs, is a modern 50,000 m<sup>2</sup> warehouse, which shows a clear commitment to LKQ's future. This is not only a Dutch regional success; with the size and scale of this facility, it plays an important role in supporting LKQ's European network and logistics footprint. The CDC also plays an important role in the sustainability strategy for our company.

The CDC is equipped with the latest technology in mechanization combined with traditional warehousing and is operated with a new warehouse management system. The building was awarded the BREEAM Excellence Certificate. It has ~8,500 solar panels, saving over 973,000kg of CO<sub>2</sub> every year. This allows us to run fully autonomously, and unused power from the solar electric array is automatically exported to the community electric grid. Electricity consumption optimizations

include the building design with major windows allowing for more natural light to come in, and automatic motion sensor lights. The premises are equipped with charging points for electric vehicles.

- 50,000 m<sup>2</sup>
- 8,485 solar panels
- 973,230kg of CO<sub>2</sub> saved annually
- Returns unused energy to the network
- BREEAM Excellence certified
- Zero emission building
- Charging points for EVs
- Major windows for more natural light
- Automatic motion sensor lights

# Showcase

## PAN-EUROPEAN ENERGY SAVINGS CAMPAIGN

The Pan-European Energy Saving Campaign took place throughout 2022 and was aimed at both LKQ Europe colleagues and those working in the regions. The aim of the campaign was to change the behaviors and habits of employees in order to reduce the amount of energy used, in turn contributing to lower energy costs.

The main communications channel utilized were informative posters, which were distributed both digitally and physically (as required). The content was divided into three parts to highlight the following elements of the campaign:

- Did you know? Educating our colleagues on the issue
- What can you do? Participating in our drive

- What do we do? Demonstrating ownership and accountability from LKQ

Posters provided education to the workforce on heating and cooling buildings, switching off lights, and using energy saving modes whenever possible.

As well as raising awareness and sharing good energy-saving practices, the campaign has also been successful in educating our colleagues on some of our company's sustainable initiatives such as the opening of the state-of-the-art, sustainable warehouse in Poland and the installation of photovoltaic panels at Fource which were also highlighted in this report.



**Cet hiver, éveillons nos consciences énergétiques !**  
Découvrez comment nous pouvons facilement économiser l'énergie au travail.

- Diminuons le chauffage
- Utilisons la lumière naturelle
- Le soir, éteignons les prises de courant
- Le soir, débranchons les chargeurs de téléphone et ordinateur portable lorsqu'ils ne sont pas utilisés
- Ne mettons pas nos écran en mode veille, éteignons-les !
- Si elles ne sont pas nécessaires, éteignons les lumières !



**Cet hiver, éveillons nos consciences énergétiques !**  
Découvrez comment nous pouvons facilement économiser l'énergie au travail.

- Fermons les portes d'accès et les portes battantes autant que possible
- Utilisons la lumière naturelle
- Diminuons le chauffage
- Si elles ne sont pas nécessaires, éteignons les lumières !
- Ne mettons pas nos écran en mode veille, éteignons-les !

# Showcase

## RHIAG ITALY REGIONAL DISTRIBUTION CENTERS LIGHTING EFFICIENCY

This was an ongoing project to replace inefficient, outdated neon fixtures with LED lighting systems. In 2022, work was done on the Central Warehouse M5 in Siziano, the Bari and Cosenza Distribution Center, and a Stahlgruber-BM branch (in Quinto di Treviso). This implementation saved an average of 20% to 25% of electricity use.

Additionally, the RHIAG Headquarters (in Pero) implemented lighting with automatic on/off in the restrooms, break and dining areas which will provide more efficiency where active lighting is not needed.



# Showcase

## LKQ DACH SUSTAINABLE INVESTMENTS

### Investment in LED lighting/sensor technology

The entire CDC in Sulzbach-Rosenberg (Germany) from LKQ DACH (former: STAHLGRUBER Group) was converted to LED lighting. At the end of 2022, the last stage was completed.

By the end of 2023, LEDs will also be used throughout LKQ PV AUTOMOTIVE. Accordingly, the savings will affect a total of around 140 locations and an energy saving of around 70 percent.

LKQ DACH will continue to invest in PV AUTOMOTIVE's sites in 2023 and 2024. In addition to converting lighting to LED, this will also include an upgrade to modern and more energy-efficient sensor technology.

### Photovoltaics

Two photovoltaic plants are already in use (Germany: Saarbrücken, Bayreuth) in the LKQ DACH region. Photovoltaic systems are to be installed at the LKQ DACH CDC in Sulzbach-Rosenberg in mid-2024. A model is being worked on that feeds in surplus electricity to be used in the



company's own network, e.g., in other branches. In the long term, a wider expansion is planned.

### Green electricity

In the LKQ DACH region, the share of green electricity generated from renewable energy sources was significantly increased. This contributes to an effective CO<sub>2</sub> emission reduction. All of the direct sourced electricity is 100% renewable.

### Heating

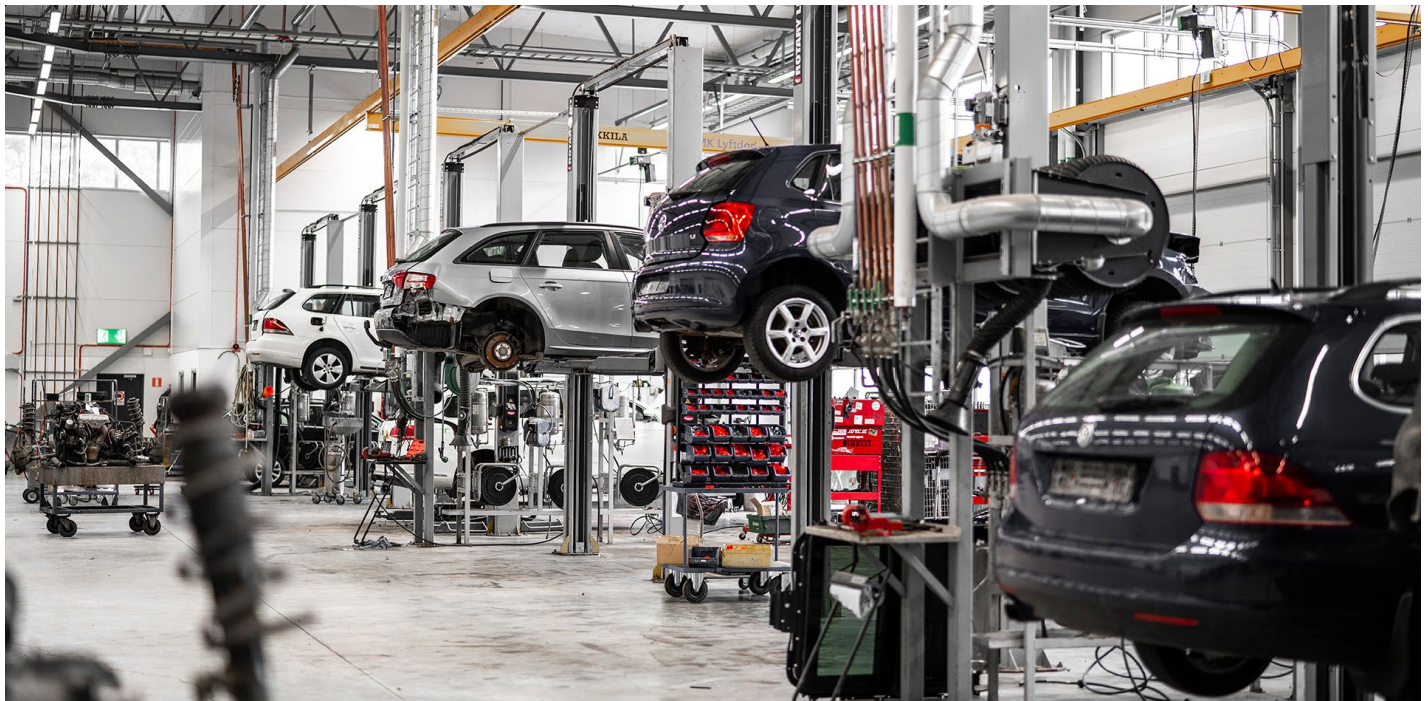
In the LKQ DACH region, heating temperatures were reduced across all areas in 2022. This saved around five percent of the energy consumption in the LKQ DACH CDC Sulzbach-Rosenberg. In addition, the heating systems at all locations were checked in 2022 – such as settings, consumption values – and further energy savings were achieved through maintenance and replacement of parts.

# Showcase

## ATRACCO ENERGY EFFICIENCY PROJECTS

As the Nordic region's largest vehicle recycler, we aim to conserve the Earth's resources whenever possible. For our facilities, we are in the process of replacing all older lighting with energy-efficient, low voltage LED lighting. We have implemented an energy efficiency project where all equipment that requires energy, such as compressors in our facilities, may be replaced with better, energy-saving alternatives. As part of this project, we also check all doors, windows, and buildings generally to see if there is a need for additional insulation. We have lowered our

indoor temperatures in our facilities still keeping within the requirements of the work environment agency in Sweden which helps reduce our costs and lowers our electricity use. Additionally, all facilities have been posted with energy-saving instructions, so all staff is aware of these initiatives. And, whenever possible, if a meeting can be conducted virtually instead of in person, then we save on travel and operating costs, which benefits both the company and the environment.



## North America

LKQ has partnered with CBRE to help implement strategic rollout of sustainable investments in our facilities with the goal of reducing total cost of ownership and increasing the sustainability achievements of LKQ throughout our facilities.

Our North American operations continue to focus on implementing LED lighting upgrades for targeted facilities and new leases. Additionally, we have ramped

up our search to incorporate renewable energy through procurement and capital project opportunities.

In 2022, we had three facility moves, two expansions, and three new builds in North America that provided facility upgrades and increased energy efficiency. Currently, 50% of our Specialty division distribution centers are completely equipped with LED lighting, and we expect that number to reach 80% by the end of 2023.

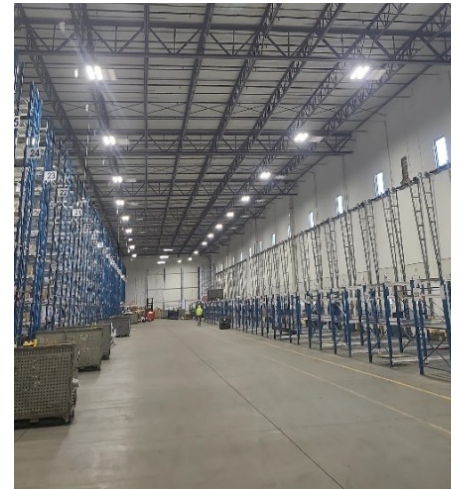


# Showcase

## LIGHTING IMPROVEMENTS FOR NEW JERSEY

Our West Deptford, New Jersey facility is now enjoying a better work environment due to a retrofit project in 2022. After a complete lighting evaluation, 500 new LED fixtures were installed to replace fluorescent lighting throughout

the warehouse, indoor offices, and common areas. Utility program incentives provided considerable savings on the project and the new lighting will cut energy consumption in half, decreasing operating costs for years to come.



## New Locations

### BERLIN, GERMANY

In 2022, six branches in Berlin, Germany were consolidated into three LKQ STAHLGRUBER branches. The consolidation saves €200,000 p.a. in rent and increases the efficiency in delivery or the availability of goods of the locations to customers. This reduces transport distances and energy costs accordingly.

### LES ULIS, FRANCE

In May 2022, LKQ France opened its brand-new logistics asset, Les Ulis. This warehouse will strengthen LKQ France's logistical position, especially on the French market. As well as the symbolic nature of opening a warehouse in Paris, it is also the perfect geographical location to access all areas needed within France.



# Showcase



## MODLNICZKA, POLAND

Our new central warehouse in the CEE region is in Modlniczka, near Krakow. The grand opening event took place on November 4 and was hosted by several key members of our CEE region leadership team.

The launch of the new central warehouse is of strategic importance in the context of the further development of LKQ ELIT Polska in the CEE region. It is the company's response to growing demand for automotive products and services in the whole Central and Eastern Europe region. It will also serve as a branch of LKQ ELIT Polska and Click & Collect point for the online orders. The warehouse will employ up to 200 people on a three-shift basis.

The new central warehouse is equipped with technologies which will help us to reduce the costs of operating the warehouse by 25%, as well as improve the comfort of our team. Moreover, it is equipped with modern technological and environmental solutions affecting, among others the energy efficiency which is today the number one challenge in all businesses. The volume of our investment is demonstrated by more than 11,000 square meters of floor space which allows the storage of 150,000 automotive parts. The building is equipped with 22 loading docks and a number of new and modern solutions to make the work faster, easier, and more efficient. The roller conveyor

systems with sorters are reaching a considerable length of almost 600 meters.

State-of-the-art technologies have been incorporated into the warehouse's construction, which will reduce the cost of its use and is more environmentally friendly including:

- Thicker wall and ceiling insulation, which will result in a temperature of 18°C with minimal heating in the winter months (30% savings over standard insulation).
- The building has a Building Management System (BMS) which is a control system that is used to monitor and manage the mechanical, electrical, and electromechanical services in a facility. Such services include power, HVAC (heating, ventilation and air conditioning), physical asset control, pumping stations and lights. The BMS works as one integrated unit. Correct usage could result in 30% savings on our energy bill.
- The building has been applied for "Very Good" BREEAM certification level. BREEAM (Building Research Establishment Environmental Access Method) is one of the most popular sustainability certification systems for the real estate industry. Only around 25% of new commercial properties are able to achieve this level.

# Showcase

## NEW LOGISTICS HUB, UKRAINE

The war in Ukraine threatens not only the lives of our colleagues but has a serious impact on the organization. Our Ukrainian colleagues very bravely continue to serve their customers for whom the mobility is very often an indispensable condition to survive. The continuous Russian attacks caused temporarily closing down our original CWH in Kyiv and brought the necessity to create a new hub for supporting secure logistics and supply of our products to the western part of the country.

We had a small hub in Lviv and due to capacity issues, we had to look for another location. After a very thorough search, it was decided to expand the Ternopil warehouse by creating a hub in the western Ukrainian city, where we initially had a smaller branch. The active and motivated work of the ELIT team made it possible to quickly expand the usable area to 2300 square meters. The installed racking systems were transported from other branches, which are temporarily closed due to active hostilities in some of the regions. Therefore, the investment had to cover administrative premises, ramps, and lighting.

The hub provides daily shipments to 12 branches in the western region that helps to reduce the load on the CWH by receiving goods for western branches from 12 suppliers directly or via cross docking. This hub also serves as a warehouse for Ternopil branch. It currently provides storing

for 35,000 SKUs and this number can be increased to 70,000 SKUs if additional racking system is installed. It uses the same system of WMS as in the CWH and it has proved to be effective.

To increase the delivery capacity there is a separate loading-unloading area and lifting platform that allows us to load cars of different heights. As a result, it improves the working conditions – reduces the physical workload of employees and speeds up unloading and loading of vehicles.

The hub is currently operated by a team of 11 fully dedicated employees. Some of them were relocated from the regions close to the front line.

To sum up, the main advantages of opening a hub in Ternopil are the following: better/improved goods availability in the western region, better customer service since all operative KPIs have reached or exceeded the targets and improved working conditions for employees.

The new hub in Ternopil is an additional great example of our Ukrainian colleagues' dedication to serve their customers, despite the war circumstances, with better availability of the products and higher quality of the services.



# Showcase

## DENVER, COLORADO

LKQ opened a new, modern vehicle salvage facility in Denver, Colorado in 2022. LKQ continues to improve the vehicle recycling footprint across North America. Our objectives include replacing some legacy facilities that do not have the capacity to produce additional volume and/or facilities that do not have the footprint to store additional vehicles. Larger facilities in key locations like Denver enable us to:

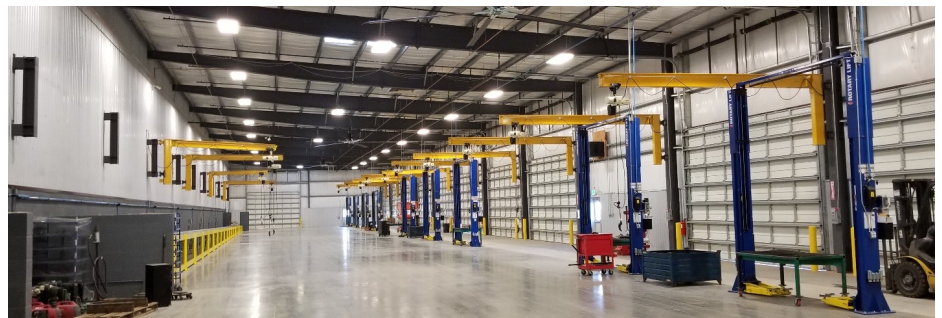
- take additional end-of-life vehicles out of the market
- achieve sustainable revenue growth
- improve the cost of goods
- reduce overhead expenditures
- operate efficiently with less facilities

The new facilities have many benefits over the legacy facilities including:

- The size of facility enables additional production and a reduction in cost of goods.

- The concrete tilt wall buildings are very low maintenance over its lifetime.
- Possible expansion in the future if needed.
- The standardized layout of the dismantling, wash bays, core areas, and racking enable LKQ to establish efficient Standard Operating Procedures.
- They provide a safer, better overall working environment which attracts more employees.
- Buildings are built with adequate power and with high voltage to gain efficiency on equipment operations and equipment longevity, reducing costs an average of 15%.
- All lighting in building is LED and has motion sensors to activate. This creates a 10% saving on the utility bill.

LKQ continues to look for opportunities in untapped markets. Denver is following the successful prototype of LKQ's modern salvage facilities in Casa Grande, Arizona and Tooele, Utah.



## Emissions

At LKQ, we are committed to reducing our carbon footprint and working towards a more sustainable future. In our recent emissions report, we observed an increase in overall CO<sub>2</sub> emissions for LKQ in 2022 compared to 2021. This increase can be primarily attributed to the expanded availability of operational data, which has provided a more comprehensive, precise, and accurate assessment of our emissions. For the first time, we have included data such as non-fleet fuel usage in North America, detailed monthly consumption information for a majority of our European entities, and emissions data from companies acquired by LKQ in 2022.

Despite the increase in reported emissions, we have made significant strides in our efforts to reduce our environmental impact. We remain on track to achieve our goal of reducing Scope 1 and Scope 2 emissions by 30% by 2030. Key initiatives that contributed to our progress include a substantial increase in the use of

renewable energy in Europe, where the proportion of renewables in our energy mix rose from 5.1% in 2021 to 19.55% in 2022. Additionally, we have successfully reduced diesel consumption in North America by over 7%, and our global consumption of renewable electricity has increased by 358% since 2021.

To further enhance our emissions reduction efforts, LKQ has implemented a range of measures and software solutions that allow for more granular carbon reporting. By making reporting available to individual entities and regions, we aim to empower our executives around the world to take ownership of emissions reduction initiatives within their respective domains. This collaborative approach is a crucial component of our ongoing commitment to environmental stewardship and our pursuit of a more sustainable future.

[Click here](#) to view LKQ's full emissions reporting.



### Region

LKQ (global)

**Scope 1**  
MT CO<sub>2</sub>e

279,546

**Scope 2**  
MT CO<sub>2</sub>e

76,558

**Total**  
MT CO<sub>2</sub>e

**356,104**

PV panels on the roof of LKQ's CDC in The Netherlands

# Our People

Safety	48
Health & Wellness	50
Benefits / New Benefits	50
Employee Engagement	52
Diversity, Equity & Inclusion	53
Talent Acquisition & Development	58
Employee Training Programs	59
Employee Turnover	60
LKQ Academy	61
Supply Chain	62

**LKQ**  
Keeping you moving

# Our People

At LKQ, we believe that our people are our greatest assets, and this belief shapes the decisions we make every day at an organizational level. Our culture is centered around the idea of being seen, connected, supported, and empowered, and we strive to achieve this goal for every employee across all our locations.

We value the input and ideas of every employee, recognizing that some of the best suggestions for improvement come from those closest to our operations and customers. This is why we have the “Great Ideas” initiative, encouraging employees to share their suggestions on how to improve our operational metrics, benefits, employee engagement, and cultural initiatives.

We are committed to building strong partnerships with our employees and the communities we serve. Our mission statement reflects this commitment. We believe in attracting and retaining the best talent by offering competitive compensation and benefits, personal growth and development opportunities, and a culture that values fair and equitable treatment.



# Safety



Promoting a Safety Culture in the workplace clearly involves more than just having safety policies. It requires ongoing commitment from all levels of our organization. Safety is valued at LKQ and is woven into each of the LKQ D-E-L-I-V-E-R-S values — **D**ependable, **E**xcellence, **L**eadership, **I**ntegrity & Trust, **E**mbracing Change, **R**esourceful, **S**ustainability. We strive to bring focus on safety throughout our daily operations.

A few ways we accomplish this are through training, regular workplace safety communications, and safety/equipment inspections. Ensuring these elements are solidly in our business model provides many benefits including:

- our equipment is working properly/safely,
- our equipment operators are properly trained,
- personal protective equipment is used properly,
- and the correct/safe operating procedures are being followed.

At LKQ, we create a supportive work environment in which employees feel comfortable raising safety concerns and reporting incidents. This helps foster a workplace safety culture where everyone takes safety seriously and encourages all employees to take an active role in preventing accidents. We continue to encourage team members to actively participate during near miss or accident investigations, safety awareness or accident review discussions (i.e., safety huddles), and empower our employees to use the LKQ Safety PIT STOP Program which was launched in 2021.

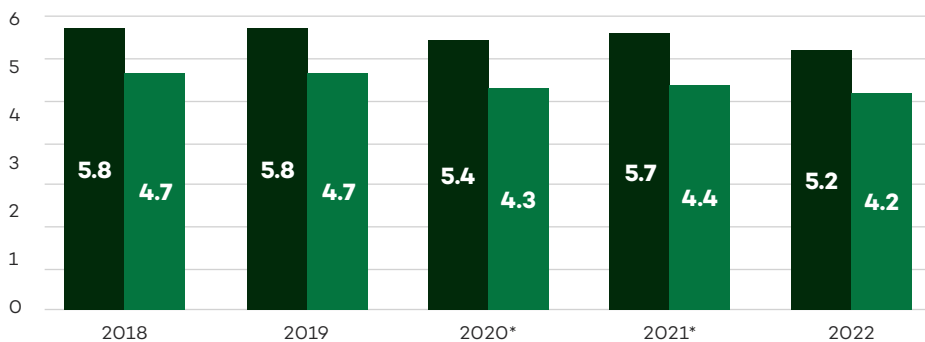
As an organization, we are also adopting new safety technology that is currently being deployed within our North American fleet. The Lytx cameras are windshield-mounted cameras to help our drivers correct unsafe behaviors and exonerate them in accidents they didn't cause. Poor driving behaviors normally develop over time and are likely unintentional habits. By identifying these behaviors, we can change our habits and improve our contribution to the overall safety of our roadways. This technology will help protect LKQ, but more importantly, will help protect our employee drivers.

Our collective efforts on continuous safety culture improvement are all part of keeping our employees safe, keeping everyone protected, and Keeping You Moving.

## TRIR and DART

### North America Safety Performance

■ Total Recordable Incident Rate (TRIR) ■ Days Away, Restricted and Transferred (DART)



TRIR (Total Recordable Incident Rate) is a mathematical calculation that describes the number of employees per 100 full-time employees that have been involved in a recordable injury or illness.

$$\frac{\# \text{ of recordable incidents} \times 200,000}{\text{total number of labor hours worked}} = \text{TRIR}$$

DART (Days Away/Restricted or Job Transfer Rate) is a mathematical calculation that describes the number of recordable incidents per 100 full-time employees that resulted in lost or restricted days or job transfers due to work-related injuries or illnesses.

$$\frac{\# \text{ of recordable incidents} \times 200,000}{\text{total number of employee hours worked}} = \# \text{ of DART incidents}$$

\*Excludes COVID-related incidents



## Italy – Safe and Sustainable Driving

LKQ Stahlgruber-BM rolled out a series of courses on anticipatory and sustainable driving. The training program was promoted to offer its fleet drivers one more tool to help decrease accidents and improve their well-being at work, but also to contribute to the safety of the community. The courses, developed with both a theoretical and practical part, included a session dedicated to acquiring a driving style that ensures lower fuel consumption and therefore lower CO<sub>2</sub> emissions.



## Italy – UNI ISO 45001 Workplace Health and Safety Management Certification

ISO 45001 is an international standard for health and safety at work developed by national and international standards committees independent of government. Our Italian teams participated in additional UNI ISO 45001 certifications beyond the Italian state compulsory standards. Participation is aimed at improving accident prevention, creation of policies, and combating occupational accidents and health matters more effectively.



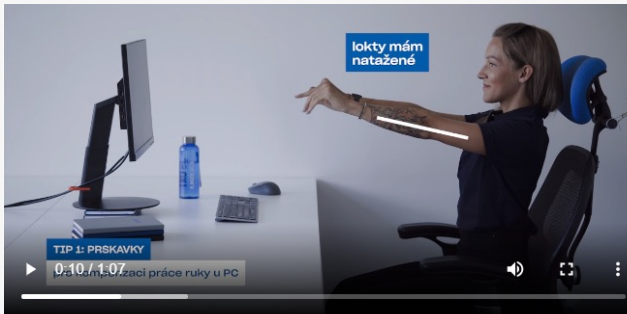
## Health & Wellness

LKQ puts health and wellness first, investing significantly in our overall health plans while keeping employee health premiums low. Helping our employees keep their insurance costs down is at the forefront when evaluating health benefits.

In 2022 we rolled out a new monthly newsletter, HR Express, highlighting key benefits like tobacco cessation and gym membership discounts. We also implemented InsurChoice, allowing our employees to personalize their own protection

with quick, convenient, and cost-saving discounts across a variety of top-rated insurance products. And with our comprehensive financial wellness program, including our 401(k) and company matching program, we're committed to helping our employees achieve a successful retirement.

Our financial wellness program has emphasized increasing employee awareness and understanding of the importance of saving for retirement.

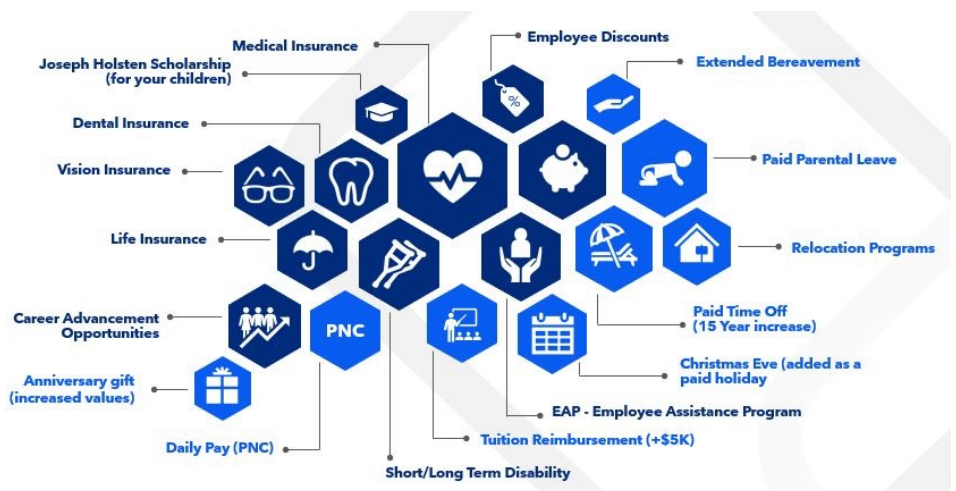


### CEE Region “Health Days”

Our CEE Regions organized online workshops to encourage healthy lifestyles such as healthy eating, prevention of diseases, and how to avoid burnout. Events in the CEE HQ office included having a doctor on site for sight tests, skin tests and body composition checks. These types of events are held to support good health, nutrition, and overall well-being of our employees and want them to know we care. About 150 employees participated in the health days.

## Benefits / New Benefits

At LKQ, we know that life is not just about work. That is why we offer a comprehensive package that provides a variety of benefits for our employees and their families throughout the different stages of their life. Below are highlights and some of the new benefits LKQ implemented in 2022 as a result of learnings from our annual Your Voice Matters employee engagement survey.



## 2022 Benefit Highlights and Improvements

- ✓ Paid Parental Leave
- ✓ \$1,000 profit sharing contribution to employees' 401(k)
- ✓ Inspired to Thrive – Wellbeing Program (Europe)
- ✓ Mental Wellbeing Awareness Training – Learn to Live Program
- ✓ EAP Crisis Management
- ✓ Merits and Driver Bonus
- ✓ Ukraine Employee Support Program
- ✓ European utility cost relief
- ✓ Christmas Eve Holiday addition
- ✓ Daily Pay – PNC Earned It
- ✓ Financial wellness workplace site visits
- ✓ AwardCo – Anniversary gift increased

\*Benefits vary by geography.

## Flexible / Hybrid Working

At LKQ, we support flexible working patterns as we strive to achieve work life balance and support the wellbeing of our employees. The flexible working patterns can be hybrid working, part time working and nonstandard working time distribution. This is applied in compliance with country legislation and policies.

## LKQ Connect



LKQ Connect is a brand-new HR information system launched in Europe in 2022, which allows colleagues to access pay slips, annual leave and their company goals and objectives in one system. It is a completely digital platform which removes the need for any paper-based colleague activities and ensure we continue on our sustainability journey.

In 2021, through the LKQ Your Voice Matters employee engagement survey, 58% of European colleagues said they need to have tools to carry out their roles effectively. This singular platform connects colleagues to the business while tracking performance and development goals so our employees can thrive in a supportive environment. Some of the highlights include:

- Created specific campaign assets
- Phased rollout (including a planned introduction of an app in 2023)
- Launched to colleagues using audience-targeted newsletters
- Dedicated intranet page

## LKQ DACH Bike Program

Starting in 2022 LKQ DACH employees, through the corporate benefits portal, have the option to obtain a leased bike through the company. After the first few months, over 300 bikes were already in use. The offer promotes cycling and thus contributes to reducing emissions, but also encourages employees to move and get fresh air. It is therefore a positive contribution to the environment and to the physical and mental health of our employees.

## Employee Engagement



LKQ conducted its second annual global employee engagement survey, Your Voice Matters, in 2022. The survey will continue annually on a go-forward basis. LKQ's survey resulted in exceptional results with an overall engagement score of 74, which demonstrates high levels of employee engagement compared to other businesses of a similar size. Over 83% of our global employees provided feedback during the survey. We were able to capture engagement data in specific geographies allowing us to create localized action plans.

In December of 2022, LKQ Corporation was recognized as a 5-Star Employer in North America, Mexico and India by WorkBuzz, the administrating agency of the LKQ Your Voice Matters employee engagement survey.

The company's participation goal for the survey was exceeded by 10% in the second year of implementation, and LKQ is on track to reach its engagement score goal of 76. LKQ values employee feedback and is committed to creating a positive work environment.

### Inspired to Thrive Campaign

## Inspired to Thrive

The World Health Organization says mental health is defined as a state of well-being in which every individual realizes his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to contribute to his or her community. The well-being of our employees is a top priority that our LKQ Europe team amplified when they launched the "Inspired to Thrive" campaign in April 2022 following colleague feedback from the 2021 Your Voice Matters employee engagement survey. The campaign was implemented globally and the

objectives of the campaign were to raise awareness of physical and mental well-being in the workplace.

Ensuring our employees' well-being is our number one priority, and providing access to a variety of tools empowers them to make positive decisions and to flourish and thrive in both their professional and personal lives.

#### Campaign highlights include:

- Monthly themed well-being topics
- Well-being Champions trained to support our people.
- Senior Leadership Development Program with many of the topics covered specifically relating to well-being.
- Well-being drop-in sessions in partnership with Oakwood Training and LKQ You.
- Internal assets created for the campaign to create awareness.

### LKQ DACH "Sustainable Together" Employee Engagement Campaign

LKQ DACH involved its employees in 2022 with the internal employee engagement campaign "Sustainable Together" to raise awareness of the use of resources, such as energy or materials. LKQ DACH employees were encouraged to make suggestions for improvements and to inspire other colleagues. There were contributions from numerous departments. LKQ DACH branches developed an action plan that can serve as a model for others. A branch now saves approximately 17,500 sheets of paper per year after changing its day-to-day processes.

## Diversity, Equity & Inclusion

At LKQ, we value and promote inclusion and diversity in our workplace. We recognize that diverse backgrounds, skills, and experiences lead to innovative ideas, products, and services. That's why we recruit, hire, promote, and retain based on merit and demonstrated skills, creating inclusive workplaces that reflect the communities we serve. Discrimination or harassment based on any characteristic protected by applicable law is strictly prohibited.

Our mission is to foster an inclusive and equitable culture where all employees can thrive. To achieve this, we focus on four areas: cultivating employee growth, creating a sense of belonging, attracting and retaining a diverse workforce, and expanding inclusion efforts in our communities and suppliers. We believe that by leading with inclusion, we make the world a better place one part and one employee at a time.

To support our mission, we've identified five areas of strategic focus:

**1**

### COMPLIANCE

policies that support an environment free of harassment and discrimination, with ethics training launched globally

**2**

### AWARENESS

raising DEI awareness through training, modeling inclusive behaviors, and integrating inclusion into the interview process

**3**

### TALENT

investing in diversity partnerships and integrating DEI into talent decisions

**4**

### INTEGRATION

encouraging innovation and acceptance by integrating DEI into business operations

**5**

### COMMUNITY

making targeted, strategic investments to help our communities flourish and thrive

We've also introduced our Diverse Talent Acquisition Strategy to LKQ's Compensation and Human Capital Committee, integrating it into all aspects of recruiting and promoting our people. Our focus is on partnering with diverse universities and organizations, eliminating bias in the interview process, and identifying diverse organizations to recruit and develop talent.

At LKQ, we're greater than the sum of our parts. By fostering an inclusive and equitable culture, we create a workplace where everyone can thrive and make a positive impact in our communities.

LKQ is committed to fostering a culture of diversity, equity, and inclusion. In October 2022, the human resources function for North America attended a DEI workshop led by an industry expert in the field. Additionally, LKQ established an Inclusion Council comprising 16 members with the goal of introducing new ideas, forming potential partnerships, and executing our DEI plans. This dedicated team is committed to driving change and fostering a workplace where every individual feels welcomed and valued.

Below are the current partnerships we have established:

DIVERSITY GROUP	ORGANIZATION NAME	GOAL
Women	<a href="#">Women's Industry Network</a>	Networking & Development
Second Chance	<a href="#">Goal Collective</a>	Recruit & Develop
Military/Veterans	<a href="#">USO</a>	Networking & Recruitment
Disability	<a href="#">Community Options</a>	Recruit
Disability	<a href="#">The Precisionists Inc.</a>	Recruit
Second Chance	<a href="#">Second Chance Business Coalition</a>	Recruit

## Diversity Disclosures

### U.S. Workforce

#### Total U.S. Workforce (%)

	2018			2019			2020			2021			2022		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Asian	1.5	0.4	1.8	1.5	0.4	1.8	1.5	0.4	1.8	1.6	0.3	1.9	1.6	0.4	2.0
Black or African American	11.2	1.6	12.7	11.4	1.6	12.9	10.6	1.5	12.1	11.3	1.6	12.9	11.2	1.9	13.1
Hispanic or Latino	18.6	3.2	21.9	18.5	3.2	21.8	19.4	3.5	22.9	19.5	3.4	22.9	20.1	3.8	23.9
White	45.8	9.9	55.7	46.6	9.9	56.5	48.2	10.3	58.5	47.6	10.2	57.8	46.0	10.1	56.2
Other*	6.8	1.1	7.9	5.9	1.1	7.0	4.0	0.7	4.7	3.8	0.7	4.5	4.0	0.9	4.8
TOTAL	83.9	16.2	100.0	83.9	16.2	100.0	83.7	16.4	100.0	83.8	16.2	100.0	82.9	17.1	100.0

#### Total U.S. Salaried Workforce (%)

	2018			2019			2020			2021			2022		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Asian	1.4	0.8	2.1	1.3	0.8	2.1	1.3	0.7	2.0	1.3	0.6	1.9	1.3	0.6	1.9
Black or African American	3.7	1.3	5.0	5.3	1.0	6.4	5.5	1.1	6.7	5.9	1.2	7.1	5.8	1.1	6.9
Hispanic or Latino	8.6	1.6	10.2	11.1	1.4	12.5	11.5	1.4	12.9	11.7	1.4	13.1	11.6	1.5	13.1
White	63.0	13.5	76.5	60.2	12.5	72.6	61.6	12.9	74.5	61.4	12.7	74.1	61.4	13.0	74.4
Other*	5.3	0.9	6.2	5.5	0.9	6.4	3.6	0.4	3.9	3.3	0.5	3.8	3.3	0.5	3.8
TOTAL	82.0	18.1	100.0	83.4	16.6	100.0	83.5	16.5	100.0	83.6	16.4	100.0	83.4	16.6	100.0

#### Total U.S. Hourly Workforce (%)

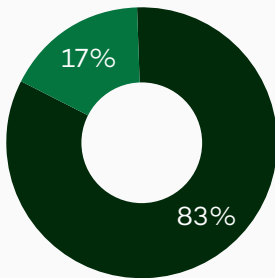
	2018			2019			2020			2021			2022		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Asian	1.5	0.3	1.8	1.5	0.3	1.8	1.5	0.3	1.8	1.6	0.3	1.9	1.6	0.3	1.9
Black or African American	12.8	1.6	14.4	12.9	1.7	14.6	12.1	1.6	13.7	12.8	1.8	14.6	12.4	1.6	14.0
Hispanic or Latino	20.8	3.6	24.4	20.4	3.7	24.1	21.7	4.1	25.8	21.8	4.0	25.8	21.8	4.2	26.1
White	42.1	9.1	51.2	43.1	9.3	52.4	44.3	9.5	53.8	43.4	9.5	52.9	43.8	9.4	53.2
Other*	7.1	1.1	8.2	6.0	1.1	7.1	4.1	0.8	4.9	4.0	0.8	4.8	4.0	0.8	4.8
TOTAL	84.3	15.7	100.0	83.9	16.1	100.0	83.7	16.3	100.0	83.6	16.4	100.0	83.6	16.4	100.0

\*Other Includes American Indian/Alaska Native, Native Hawaiian/Other Pacific Islander, two or more races, and not specified.

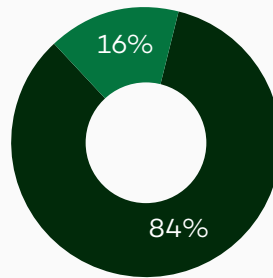
## North American Management Diversity Disclosures

### Management

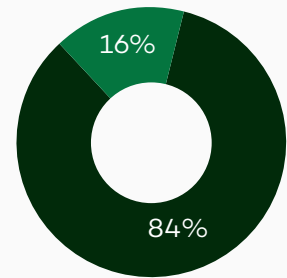
■ Male ■ Female



### Non-Management

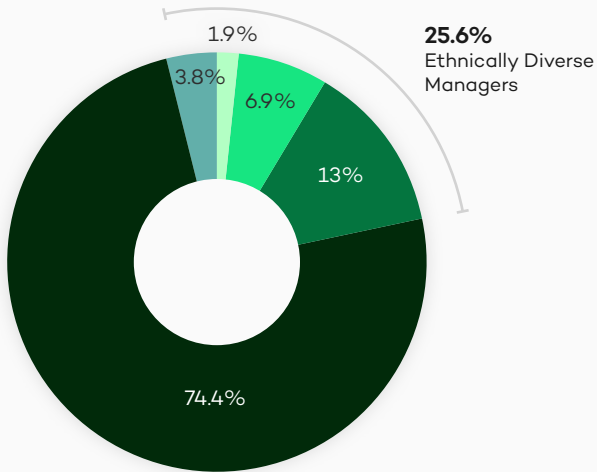


### Total

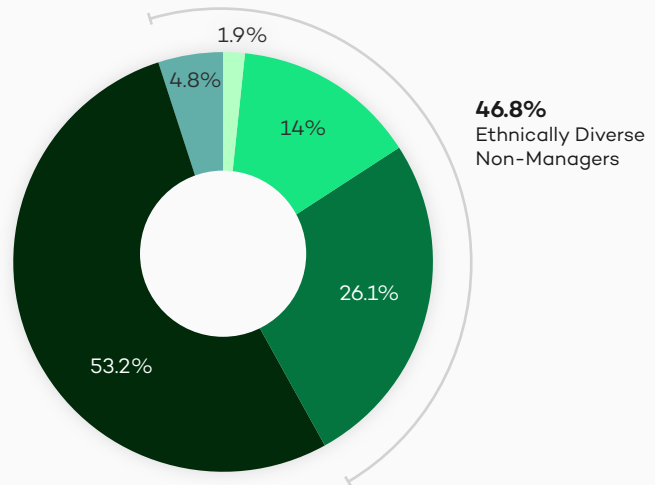


### Management

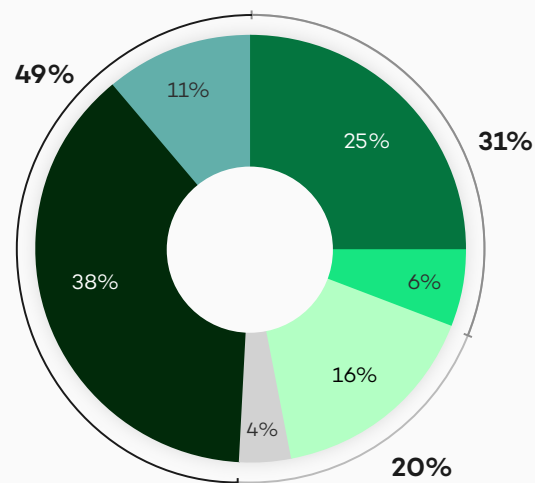
■ Asian ■ Black ■ Hispanic ■ White ■ Other



### Non-Management



## European Diversity Disclosures by Gender and Age

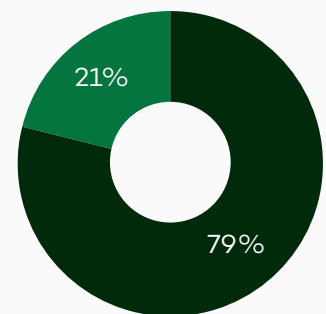


### # of Employees:

- <30 years old: male
- <30 years old: female
- >30 but <50 years old: male
- >30 but <50 years old: female
- >50 years old: male
- >50 years old: female

### Total Gender Diversity

■ Male ■ Female



## LKQ Veterans' Network



On November 11, 2022, Veterans Day and Remembrance Day, LKQ proudly launched its inaugural Inclusion Group, the Veterans Network. The response was overwhelming, with over 400 North American LKQ employees in membership. The Veterans Network is committed to empowering our esteemed community of employee veterans, Guard & Reservists, military spouses, and supporters by fostering a shared sense of camaraderie, veteran recruitment, career development, outreach, professional advancement, and retention. Our collective military experience uniquely equips us to serve our employees, company, and community. By harnessing our strengths, we aim to create a company-wide community of Veterans, Guard & Reservists professionals to improve outcomes for veterans at LKQ Corporation, at home, and in their communities.

Additionally, LKQ had representatives from USO attend the event and all veterans were presented with a LKQ Veterans' Network challenge coin to commemorate the launch.



## USO Pathfinder Transitions Program Partnership



The USO is the "Force Behind the Forces". The USO Pathfinder Transition Program is helping to create a world where transitioning in or out of military life will be as seamless as possible, bringing end-to-end support throughout the journey with an emphasis on individuals. This program The USO Pathfinder® Transition Program provides professional development services to active duty, Reserve, National Guard, and military spouses throughout the duration of the service member's or military spouse's

career, as well as when they transition out of the military and settle into their new communities. When service members and military spouses are searching for a new job after transitioning out of the military, they can sometimes find it difficult to translate their military experience onto a civilian resume. There is a struggle to understand what type of career would best align with their skills and experience, making it even more difficult to know where to start. LKQ and our LKQ Veterans' Network are excited to partner with this USO program to host informational webinars and career workshops to create another unique and diverse pipeline of talent and awareness of careers available at LKQ.

## LKQ Partners with Women's Industry Network



In March 2022, LKQ announced a partnership with Women's Industry Network, whose mission is to support and enhance the role of women in the collision repair industry, promoting education, professional advancement, and networking. The all-volunteer group represents various collision industry segments including, but not limited to, repair facilities, suppliers, consultants, information providers and insurance companies. "This partnership is the next step as LKQ continues to pursue relationships with organizations that enhance their commitment to creating an inclusive culture where all employees can thrive," noted Genevieve Dombrowski, Senior Vice President of Human Resources. WIN works with many women and men in management roles who want to learn how to improve retention for female employees. This effort amplifies the message that the industry is continuing to value women in many different positions and embracing their ideas and importance to the market. Even with this progress, there is always room for improvement and WIN plays an important role in the overall structure of the collision repair industry. Amanda Allen, Director of Employee Experience, commented, "WIN is committed to DRIVING the future for women in collision repair and LKQ is committed to providing our women leaders an opportunity to connect, learn and grow with other leaders focused on improving retention for female employees and attracting more females to our industry."



## 50/50 Women on Boards™ Recognizes LKQ as 3+ Company



In May 2022, 50/50 Women on Boards™, the leading global education and advocacy campaign driving gender balance and diversity on company boards, commended LKQ as a 3+ company, for having three or more women on its corporate board of directors. With three women directors representing 27% of its corporate board seats, LKQ is demonstrating that when three or more women serve on a board, profitability, productivity, and workplace

engagement increase. “Currently, 36% of our board is comprised of persons from underrepresented groups. We have a commitment to maintain or exceed this percentage of diversity within our board leadership,” said Dominick Zarcone, President and Chief Executive Officer. “Investors and enlightened leaders continue to make institutional decisions that reinforce the business advantages of diverse boards,” said Betsy Berkhemer-Credaire, CEO of 50/50 Women on Boards™. “We are pleased to recognize LKQ for prioritizing this business decision that benefits its shareholders, employees, customers, and communities.”

## LKQ Euro Car Parts – Automotive 30% Club



The automotive industry has always had low female representation.

Despite the make-up of the aftermarket beginning to change – with female employment opportunities growing in garages and body shops – the number of women working in the sector is still tiny, with women representing only 12% of the automotive manufacturing workforce.

Last year saw Euro Car Parts’ CEO (Andy Hamilton) and CFO (Annick Jourdenais) became patrons of the Automotive 30% Club.

Founded by the CEO of Gaia Innovation Ltd, Julia Muir, the Automotive 30% Club is made up of a voluntary network of MDs and CEOs from UK companies in the sector and aims to fill at least 30% of key leadership positions in its member organizations with women by 2030.

Working within its 30 by 30 strategy, the network is enabling progress through a four-stage approach: reaching out to attract more women, working to remove bias in recruitment, helping pull women through the promotional pipeline, and helping companies work to retain talent.

Through our work with the Automotive 30% Club, we have championed women in the industry, helping channel our commitments to improving gender balance and female diversity through their inspiring work.

Addressing these problems is not only the right thing to do, but it also makes good business sense and is essential for creating a more equitable and just society.

Therefore, we’re launching our 25 by 25 plan.

The 25 by 25 plan is our strategy to ensure at least a quarter of the LKQ Euro Car Parts workforce is made up of women by the end of 2025. It’s an ambitious commitment, but it’s critical to have women in the automotive industry to bring unique perspectives and experiences that can help companies better understand the needs of female consumers.

## Talent Acquisition & Development

LKQ is focused on attracting and retaining the best talent in our industry. When LKQ employees are confident in what they're doing and they can see a clear path for their career, they're more likely to stay with the company.

### North America

**Talent Assessments – Finance/Ops** – Our Financial Operations team completed its second year of talent assessments and nine box gridding. This continued practice and talent calibration was paramount for employee assignment decisions, as the department leveraged these findings for promotions to support our North American Wholesale reorganization that was announced in December 2022.

**Finance & Accounting Coaching Pilot** – We set into motion our first internal coaching program in Finance and Accounting. This was a byproduct of an action plan item from the Finance and Accounting team to help remedy some of the feedback from the 2021 Employee Engagement Survey.

### LKQ Europe Leadership Development Program

LKQ Learning & Development focuses on one of LKQ Europe's three core pillars in our sustainability strategy and one of the organization's greatest assets, its people. Our objective is to enable all colleagues to grow and develop at their own pace, whether they aspire to become a manager or seek a complete career change.

Our European Leadership Development Program provides our European managers with the opportunity to develop themselves. This program ensures that all our European managers learn together as a team, receiving the same program that contains our company's strategy and values.

### Rosetta Stone Language Training & Development

As LKQ expanded to include more employees and languages, we discovered that some employees couldn't fully participate in the corporate fold. To address this issue, LKQ Europe introduced Rosetta Stone language training to a few hundred employees selected by their regional line managers.

### LKQ India LEAP Program

LEAP or Leadership Excellence & Advancement Program is LKQ India's leadership development program, which was established in 2020. The program intends to develop its members into innovative, responsible, and open-minded leaders who can contribute positively and take on additional roles and responsibilities.

#### LEAP aims to:

- Provide experiential activities and case studies to help potential leaders realize their full potential.
- Explore leading innovation, developing talent, empowering people, inspiring collaboration, and teamwork.
- Enable an intensive, comprehensive leadership journey to spur individual growth and elevate leadership capabilities.

#### The above objectives are achieved by:

- Focused individual development plans
- Coaching & Mentoring
- Classroom sessions and training
- Practical applications of learning in the respective functional areas of the participants

In 2022, we had 59 leadership potentials undergoing a structured 6-month training program accenting the competency essentials for a leader and augmented the thinking process with a Mentor–Mentee collaboration.

## Employee Training Programs

### LKQ You

LKQ You, LKQ's global employee training program and portal, received a significant upgrade in 2022. Over 45,000 employees now have access to over 5,000 training activities provided in 21 languages.

### Elevate Leadership Training

This Leadership Development program launched in the Fall of 2022. Our first cohort consisted of roughly 100+ first time leaders at LKQ. The program focused on giving foundational leadership skills from our e-learning platform and gave the opportunity to practice these skills in two different virtual reality management scenarios. The Elevate Leadership program is intended to develop LKQ leaders and create a base line of consistent leadership skills required across all LKQ businesses.

### LKQ Blue Belt Program

Blue Belt is designed to engage and develop a continuous improvement mindset among LKQ leaders and team members. When we are focused on operational improvements, this provides capacity to better support their workloads, increase operational efficiency, cost savings and innovations. The aim is to provide cost savings, increase margins and create greater value for the end customer.

### LKQ DACH "DURCHSTARTEN"



In 2022, LKQ DACH introduced the company's own "DURCHSTARTEN" program for the further development and training of specialists and managers. It is open to all employees and gives them the opportunity to develop individually in the company in various ways. The part-time program runs for around 18 months and aims to qualify employees for a specialist or management position within the company.

### LKQ Euro Car Parts Apprenticeship Program

At LKQ Euro Car Parts, we place a strong emphasis on the development and career progression of our colleagues. That's why, at the beginning of 2022, we relaunched our own apprenticeship program for colleagues in England, Scotland, and Wales, in partnership with award-winning training providers, Lifetime and Fuel.

For our colleagues, apprenticeships can offer different benefits depending on what stage of their career someone is at. For example, entry-level apprentices can gain valuable work experience and develop industry-specific skills and knowledge to support a rewarding career in the automotive industry, whereas our more advanced colleagues are given the opportunity to upskill, gain industry-specific qualifications, and progress their careers while continuing to work and earn.

Indeed, 86% of employers said apprenticeships helped them develop skills relevant to their organisation, with 70% citing improvements in the goods and services they offer.

The results of our 2022 colleague engagement survey highlighted two areas where we wanted to improve:

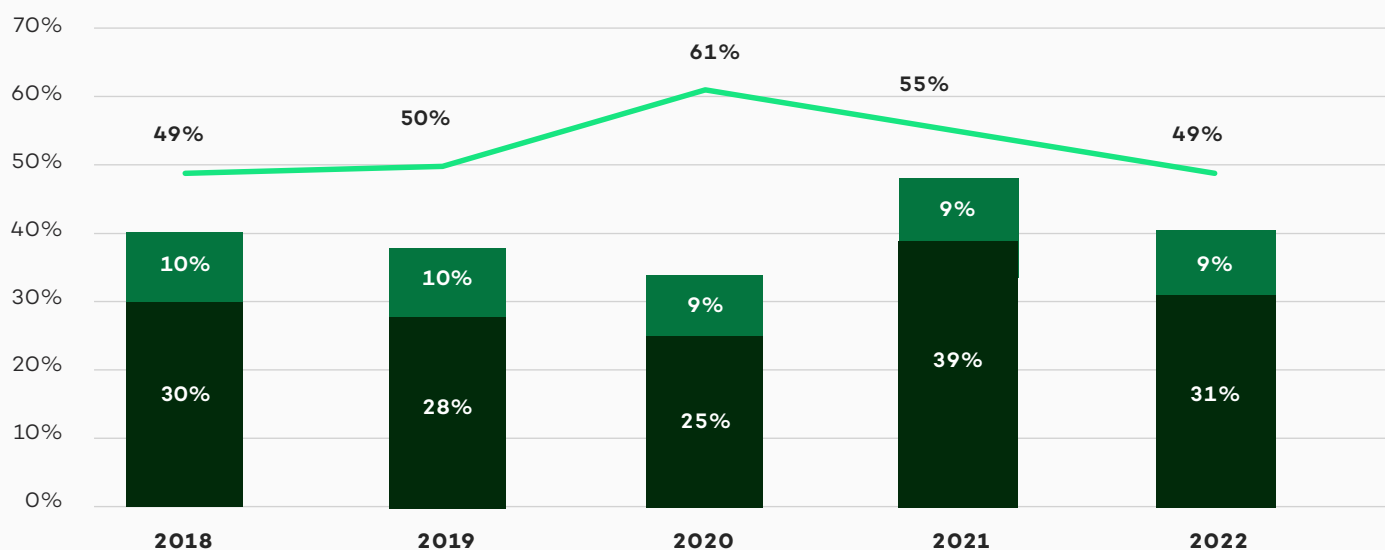
- 58% of colleagues said that there were opportunities for them to develop their career
- 66% of colleagues would recommend the company as a great place to work

As a result, we focused the relaunch around two objectives: to showcase how LKQ Euro Car Parts cares about its colleagues' development and career progression, and to support the business's overall objective to become an Employer of Choice.

# Employee Turnover

## North America Turnover Rates

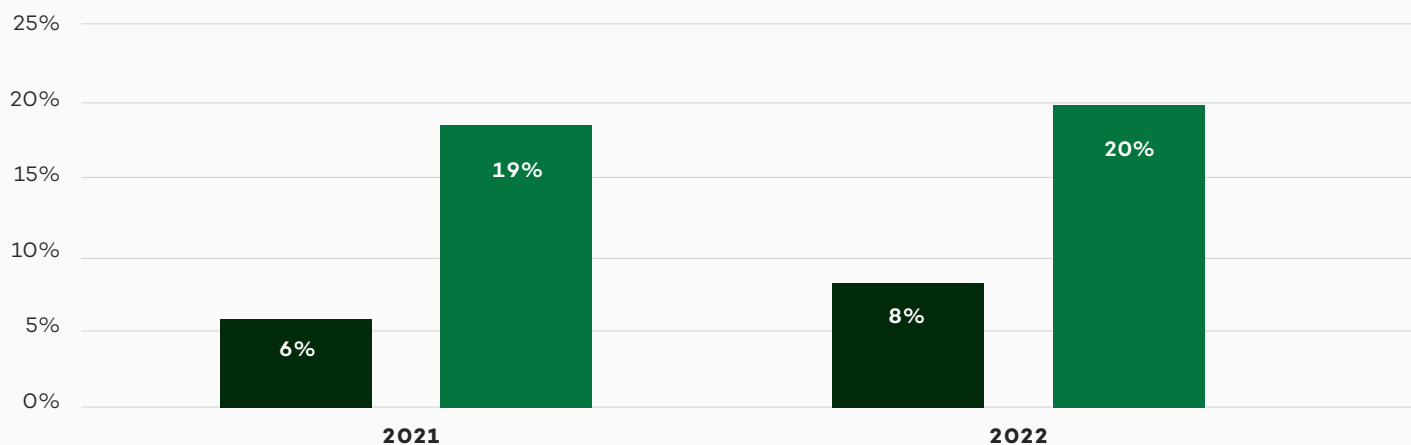
■ Voluntary ■ Involuntary — Industry Benchmark



Employee Turnover Rate is the total terminations (excluding those related to the elimination of a position) as a percentage of the average total headcount of all employees in the United States and Canada each year. Industry Benchmark is the U.S. Bureau of Labor and Statistics data on annual turnover rate in the trade, transportation, and utilities industry.

## LKQ Europe Turnover Rates

■ Voluntary ■ Involuntary



## LKQ Academy

LKQ Europe, through the LKQ Academy, is supporting our customers to become the “workshop of the future”. Vehicles and the technical expertise to support them is progressing faster than ever before. With each new generation of vehicle brought to market, the technological complexity increases the demands placed on workshops. Electrification, digitalization, driving assistance and the

multitude of computer systems incorporated into vehicle design and operations have a major impact on how those vehicles are serviced. As we strive to become the leading advanced aftermarket repair and maintenance training provider in Europe, we enable our customers and partners to meet these technological challenges.

### Our training is built on three key pillars



#### Online courses

Flexible online courses available 365 days a year.



#### In-person courses

In-person courses located near customers.



#### Training centre courses

Specialized courses at the LKQ Academy training centres.

LKQ has training programs for every use case. Our advanced training covers nine areas of vehicle technology: diagnostics, electrics and electronics, engine management, hybrid technology, powertrain, air conditioning, chassis and body, surfaces, and trucks and trailers.

Our innovative range of services help our customers to grow their business and prepare for the future. LKQ’s unique pan-European training program empowers partners, customers, and employees to thrive with latest technical

know-how. Today, more than 200 courses in 14 languages are available and our offering continually develops, expanding into all European markets.

In 2023 in the UK, we will introduce a training for body shops called “Introduction to Sustainability in the Bodyshop” with the goal to introduce the importance of ESG in workshops. Having educated mechanics means they will work more efficiently, lowering their operational footprint and reduce return of items due to incorrect ordering, reducing waste and overall CO<sub>2</sub>.



## Supply Chain

In 2022, the world continued to manage through supply chain disruption and LKQ was not immune to its effects including higher freight costs, capacity constraints, severe labor shortages, and port slowdowns, to name a few. Looking ahead, the pressure on global supply chains will continue well into 2023 and likely beyond. According to SupplyChain 24/7's 2022 Supply Chain Disruption Survey, the events of the last 2.5 years, such as the pandemic and the Russia invasion into Ukraine, have forced 82.6% of companies to rethink their overall global supply chain operations. Additionally, several governments enacted laws in 2022 pertaining to the supply chain including the German Supply Chain Due Diligence Act (known as LkSG). LkSG is one of several upcoming regulatory changes in the European economic area. The aim of European governments and the EU is to speed up the introduction of sustainable practices and hold companies accountable for human rights violations and breaches of environmental standards. While this law goes into effect on January 1, 2023, LKQ has been taking proactive measures to exceed the governmental regulations.

In 2022, LKQ adopted a Global Supplier Code of Conduct policy which is an extension of LKQ's Code of Ethics. The aim is to hold our vast supplier network to meet or

exceed LKQ's policies and practices in relation to risk assessment and due diligence for human rights, labor practices, and environmental standards. We are committed to the observance of human rights and the protection of our environment. LKQ is aware of our accompanying responsibility in the procurement of products and services, and we commit ourselves to comply with our standards. We also expect our suppliers to respect human rights and protect the environment. To this end, we are intensifying cooperation with our suppliers to promote the social and environmental impact of our supply chain.

### Supply Chain Due Diligence Program

As the leading Auto Service System in Europe, we want to build strong relationships with our suppliers based on trust and transparency. Our aim is to ensure a reliable and sustainable supply chain, following a holistic approach focused on compliance with laws and regulations and on adherence to international principles for ethical and sustainable business conduct.

We integrate sustainability in all procurement decisions, partnering with our suppliers to reduce our impact on the environment and to have a positive influence on people

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and local communities in which we operate. At LKQ Europe, legal implementation is carried out through the inclusion of the Supplier Code of Conduct in all new contracts; as for contract renewals, we ask our suppliers to either sign up to our Supplier Code of Conduct or confirm they have policies and procedures setting an equivalent framework.

### **Supplier Risk and Sustainability Assessment**

LKQ Europe's supply chain is very complex, composed of suppliers relevant at the European, Regional, and local level. It includes over 10,000 suppliers distributed in all European countries where we operate.

To gain transparency on our suppliers' performances, commitments, and achievements, we launched in the second half of 2022 a new risk and sustainability assessment process, following a holistic approach. The aim is to reduce risks not only in ethical, social, and environmental terms, but also with regards to compliance, finance, quality, privacy, and security.

The process consists of two phases: the first is aimed at defining a prioritization and identifying major risks based on ESG, compliance and financial-health risk scoring, and the second consists in a full supplier assessment.

We defined a 3-year plan, with the goal of completing the first level risk analysis on 100% of the supplier base by 2025: all suppliers will progressively be assessed using the EcoVadis IQ platform, where risk level is related to the industry sector, the size of the company and the country where the company operates, and to the relevance of the supplier for LKQ Europe. Compliance and financial-health checks are then performed on a subset of our suppliers, selected according to our risk framework.

Based on the results of this first risk-level analysis, strategic or risk-relevant suppliers are requested to complete a risk & sustainability assessment registering on the EcoVadis platform—an external system for monitoring the sustainability performance of suppliers. The EcoVadis Assessment Methodology covers 21 criteria across the four main topics: Environment, Labor & Human Rights, Ethics and Sustainable Procurement Practices, and allows companies to monitor sustainability performance of their suppliers, manage supply chain risks, and propose improvement plans to the suppliers themselves.

The assessment process is then completed asking suppliers additional information via a second questionnaire, to cover remaining risk areas included in the LKQ Risk Framework.

Before introducing this process at European level, a series of awareness and training sessions were provided to 97 members of different company departments (Procurement, Legal, Supply Chain, Quality, EHS, Tax, Internal Control & Audit).

Starting with its launch in October 2022, it has been a mandatory on-boarding process for all new European suppliers.

Regarding current supply base, 4,217 suppliers were analyzed on the EcoVadis IQ platform during 2022, and 70% were processed for further compliance or financial-health check analysis. The first group of 109 suppliers was invited to participate in the full assessment process, ongoing in the year under review. To support those selected suppliers in understanding the assessment program, we prepared a dedicated communication kit (a letter and a video message from LKQ Europe CPO, EcoVadis landing page) and invited all involved suppliers to a training session held by EcoVadis.

### **Sourcing Minerals Responsibly**

LKQ is committed to taking necessary actions to ensure our complex global supply chain sources tin, tantalum, tungsten, and gold (also known as 3TGs) from certified conflict-free sources. These actions are consistent with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. We follow the international framework provided by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We work to continuously improve our processes and engagement with suppliers with respect to responsible sourcing. More information related to 3TG minerals is available in our [Conflict Minerals Statement](#) and our [SEC filing](#).



# Our Communities

Global Community Relations Highlights **65**

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LKQ Corporate Charitable Giving **81**



# Our Communities

Part of LKQ's mission is to "build strong partnerships with our employees and the communities in which we operate." These are just a few of the outstanding highlights showcasing how our employees and our company are taking action to support the needs of the communities where we live and work through these social impact endeavors across the globe.

## Global Community Relations Highlights

### LKQ Proud to Serve Awards

A critical part of LKQ's mission statement involves "building strong partnerships with our employees and the communities in which we operate." Our employees are the foundation of this sentiment, and we are "LKQ Proud" of our people and their involvement in the communities in which they live and work. LKQ, through its "Proud to Serve" initiative, seeks input from our employees who go above and beyond to assist their communities through charitable endeavors and volunteer service. Employees make submissions and our executive leadership evaluates them and votes for their top three. In 2022, LKQ awarded LKQ Proud to Serve Awards to the following three employees, each of whom also a \$5,000 USD contribution to continue their good deeds:

#### Sandra Canterbury

Sandy Canterbury is an LKQ employee in Baltimore, MD. She and her husband, Clayton, run a homeless ministry each Saturday. When the pandemic hit and churches were closed, they took it as a sign to reach out to people that were homeless and in need of a hot meal. All food is donated by local area businesses. Breakfast and lunch are served, and a worship service is offered for those who wish to attend as well. Information is given out to those that may need help finding safe housing. Sandy and Clayton have seen many success stories from their ministry, such as families that were previously living in cars, motels or tents that now have permanent and affordable housing. No matter the weather, they are there for their community every Saturday. What started out as helping people from the back of their own truck, has now grown large enough that they are using a trailer that was loaned to them from their church until they are able to purchase their own. Sandy says, "We are blessed to be able to give to others, because you never know what someone is going through, and we love to put a smile on someone's face." Sandy and Clayton will use the \$5,000 to purchase their own trailer so they can continue to expand their ministry.



## Shannon Rynca

Eight years ago, Shannon Rynca, an Accounts Receivable Manager in Flint, MI, started something heartwarming; providing Christmas for thousands of children by organizing her Annual Toy Give-Away event on the Saturday before Christmas. Shannon says, "I used to run the Family Support for my husband's military battalion before he was medically discharged for injuries obtained in Iraq. During that time, I made a lot of connections that would donate items for functions and holidays. I was never one to say no to any type of donation, so I started to get more than I knew what to do with on the military side. I talked to the organizations and if items were still used for nonprofits, they were still willing to donate. I was storing items in my dad's old empty house. I probably had 20,000-30,000 toys in there. In 2013, after church on a Sunday, me and a friend were casually chatting about how many people we had seen posting on social media really struggling for Christmas, not knowing what to do for their kids. I mentioned how many toys I had and suggested we could maybe do something to help people out. We asked our Pastor if we could use the church. He approved so we ran with it. This was 10 days before Christmas. We created a Facebook event, shared it, and the rest, as they say, is

history. We decided to let each family choose 5 toys per child. Of course, in our head, we were thinking we could maybe help 150 kids have a better Christmas and were excited about that. We provided toys for ~1,500 kids that year and when it was over, we literally sat on the floor and cried from the emotions of it all. Best Day Ever! So, we decided to make it an annual event and look forward to it every year." Today, Shannon's endeavor takes 45-60 volunteers to make it work. No matter the weather, people start lining up at 6am even though she opens at 11am. Now she averages giving out between 10,000 to 15,000 toys a year. Shannon receives the toys from donations by different companies, people in her church, and people that hear about it through word of mouth and just want to help. Shannon is excited to see former recipients pay it forward. She said, "This year we had a lady that has come every year to get toys for her children. Thankfully, she is now a manager at a store and does not need help. So instead, she is collecting toys at her store to donate and pay it forward! It's a full circle moment." Shannon will be using the \$5,000 to purchase more toys and make the next event even bigger for her community in need.



## Eric St-Pierre

Eric St-Pierre is an HR Director in LKQ's Quebec, Canada office. Eric's boss and LKQ's SVP of Human Resources, Genevieve Dombrowski says, "Eric is one of the most compassionate and generous leaders on our HR team. He is the definition of a servant leader and will always take a people-first approach when making decisions. Not only does his passion for helping people play out in his everyday profession, but he is also truly focused on helping humankind outside of work. Eric volunteers at the local food banks in his community. He has volunteered countless hours of his personal time for this worthy cause. He and his wife are actively involved in any activities to provide basic need for those in need. His kind-hearted approach to his volunteering brings a much-needed smile to everyone he interacts with. He is a fierce advocate for the less fortunate and makes it a priority to give back to his community." Eric says, "The COVID-19 pandemic strongly hit our country and our community. On March 2, 2020, the Quebec government put the province on hold with the mandatory

closing of non-essential businesses, schools, and many other restrictions too. Several people lost their jobs and their revenues. My wife and I were concerned about the number of people who needed help. We were personally touched by the fact that these donations happened during the difficult period when these people needed more resources in an already difficult time due to the pandemic. We decided to make meals, buy fruits, coffee, tea, snacks, etc. and gather overstock from our local bakery at the end of each day. We would distribute it on a regular basis to our food bank "Le Book Humanitaire" at St-Jerome in Quebec, Canada. Our sons also helped us during the holidays. It was a very good family experience, and we were able to do another donation to a second charity, "Accueil Bonneau" in Montreal. We do not count the time or money invested – it's a contribution from our hearts." Eric chose to use the \$5,000 USD equivalent to donate to three charities in Quebec, Canada.



## Rewards for Readers – Largo, Florida

We are proud to share the exceptional results of our Pick Your Part Reading Program in 2022, which has been in place for several years at our Pick Your Part Largo location. This program has directly impacted the success of the Title 1 school located across from our facility, and we are committed to continuing this positive impact on the community.

Through our program, we have significantly impacted the education of third-grade students at Walsingham Elementary School, incentivizing reading and providing regular check-ins to monitor student progress. At the end of the year, we celebrate the students' achievements and offer rewards and recognition for their hard work.

Last year, 158 students participated in the program, achieving a total of 423 increased reading levels. Nine students reached seven or more reading levels, with the top student achieving an impressive 13 reading levels

of improvement. The success of this program has been recognized as having a direct impact on the students' overall success, with Walsingham Elementary becoming a top-performing school in their district.

We would like to credit a few members of the LKQ Family whose vision and dedication have made our Pick Your Part Reading Program successful; Jim Wagner, Adam Swartout, Stephen Dziadul, and Rob Harlan have all worked hard to ensure the program's success and continued growth to ensure our community is supported in Largo, Florida.

We are committed to supporting the community and promoting education, and this commitment is reflected in our efforts towards corporate sustainability and ESG. We will continue to monitor and evaluate the success of our Pick Your Part Reading Program throughout 2023 and explore opportunities to expand its reach to other markets.



## Disaster Relief Efforts

### Eastern Kentucky Floods



Between July 25th and July 30th, 2022, several complex thunderstorms developed south of I-64. It brought heavy rain, deadly flash flooding, and devastating river flooding to eastern Kentucky and central Appalachia. These storms, at times, caused rainfall in excess of 4" per hour across the region. The overwhelming amounts of rain and flooding led to at least 37 deaths and widespread catastrophic damage. Entire homes and parts of some communities were swept away by flood waters, leading to costly damage to infrastructure.

Thankfully, none of our employees nor our LKQ locations were impacted by the flooding. However, several LKQ customers were not so lucky. Many had 6-8 feet of water in their shops.

Early on, LKQ 1357 Plant Manager, Isaiah "Rico" Perkins, and District Manager, Chip Giardina, formed a plan to help our customers and others in the region who needed assistance. LKQ purchased \$1,000 of water and food to assist those in need. All in all, 11 volunteers hit the road in three LKQ box trucks with a local church to drop off trailers full of food, water, and cleaning supplies.

- Isaiah, his wife, and kids, assisted in Jackson, KY.
- Gerald Stevens, Wesley Smallwood, Hunter Blankenship, and Kaleb Blankenship helped in Isom, KY.
- Jared Ballard and John Snyder worked in Hazard, KY.

These LKQ volunteers spent the day delivering supplies to churches across eastern Kentucky. Others split apart from the group and offered a helping hand in the cleanup efforts. Most of those affected still had 4-6 feet of water/mud inside of the buildings if they were still standing. We are LKQ PROUD of these compassionate efforts from our LKQ team in this region.

We understand how this widespread devastation in eastern Kentucky will take many months to recover, if not longer. To assist, the LKQ Community Foundation initiated financial assistance to help a couple of organizations with boots on the ground to help those locally impacted. The Foundation donated \$10,000 to the Maple Street Church of God in Hazard, Kentucky, and \$15,000 to the Men and Women of Action (MWOA), Kentucky Chapter, who are assisting in the relief and rebuilding efforts.

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## Hurricane Ian

Our thoughts are with the millions of people who have been affected by Hurricane Ian. In September 2022, Hurricane Ian tore through and wiped-out neighborhoods with rapid 155 mile per hour winds. This storm was listed as a near Category 5 hurricane and will go down as one of the worst storms to ever strike the United States. Officials confirmed that Ian killed at least 76 people in Florida, and 4 others died in storm-related incidents in North Carolina.

LKQ had 38 locations and 910 employees impacted by the hurricane including employees in Florida, Georgia, and South Carolina. Our LKQ HR Business Partners worked tirelessly with local leadership to account for all employees and to ensure their safety. Of these locations, 30 of the 38 affected locations had to close for at least one day. Some team members themselves were without power and a few had been displaced. Thankfully, all of our employees had been accounted for and were safe. LKQ set up a Natural

Disasters Resource page on our intranet SharePoint site including resources and information from FEMA, our Employee Assistance Program, The Red Cross and more.

## Supporting the Red Cross

Due in part to the ever-increasing number of natural disasters, LKQ leadership decided to enter into a national partnership with the American Red Cross by supporting their Annual Disaster Giving Program (ADGP) annually with a \$250,000 contribution. At LKQ, we are strongly committed to protecting the communities in which we live and work. As a proud member of the ADGP, our annual contribution provides the Red Cross with contributions ahead of major storms and catastrophic events, powering the organization with strong infrastructure, trained volunteers, innovative technologies, and critical resources necessary to provide relief and support to those in crisis the moment a disaster occurs.

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## Support for Ukraine

The unjust and unprovoked invasion of Russian forces into Ukraine have caused the world to stand up and take notice. LKQ stands united with Ukraine. This war has had a profound effect on our LKQ Elit Ukraine colleagues, their families, and their friends. With roughly 900 colleagues working in 45 Elit branches across Ukraine, this unimaginable suffering is now a daily way of life for our colleagues, and we recognize that many of us across other LKQ global locations have felt powerless to help in meaningful ways.

At the start of the war, 29 branches in Ukraine elected to stay open. Our colleagues continue to inspire us daily with their strength, spirit, and resilience. In the early days of this attack, the LKQ Europe team stepped up to assist our workforce:

- LKQ Health & Safety accounted for all employees in Ukraine.
- 29 branches elected to stay open to help serve the needs of customers in Ukraine, especially during a vital time when vehicle and transportation needs could make all the difference.
- LKQ established that all the branches staying open were in “safe” areas, but our employees continue to be

empowered to make choices on whether to continue working or not.

- LKQ provided phone and contact information for LKQ employees in border countries so that Ukrainian colleagues and/or their loved ones who wish to cross into border areas will have information on successfully doing so.
- LKQ arranged transportation services and lodging, where possible.
- LKQ teams in Poland, Czech Republic, Romania, and Slovakia mobilized to help fellow team members in Ukraine, however possible.
- Approximately 300 refugees from LKQ families have come over the border; 140 employees have taken refuge in border countries.
- Males (ages 18 to 60) have stayed behind in Ukraine to defend their country, some with bare hands as there were not enough ammunitions; 31 LKQ employees voluntarily joined the Ukrainian national defense.
- All LKQ staff in Ukraine and those in border countries assisting with these efforts will be paid notwithstanding the fact that locations may be closed for the foreseeable future.

To give you an idea of the conditions in Ukraine, we have included photos of the LKQ Elit branch in Mariupol, which is the eastern part of the country and the center of the Russian military offensive. As of early June 2022, the branch has been completely destroyed.

The situation in Ukraine helps put into perspective what many of us take for granted – basic freedoms. When we reflect on the reality of war – families being separated, forced to leave their home and fight in a war, innocent people being killed – we must focus on being thankful to live in peace and being kind to one another. LKQ Cares and remains committed to help our fellow team members in any way we can.

### **LKQ Ukraine Fund**

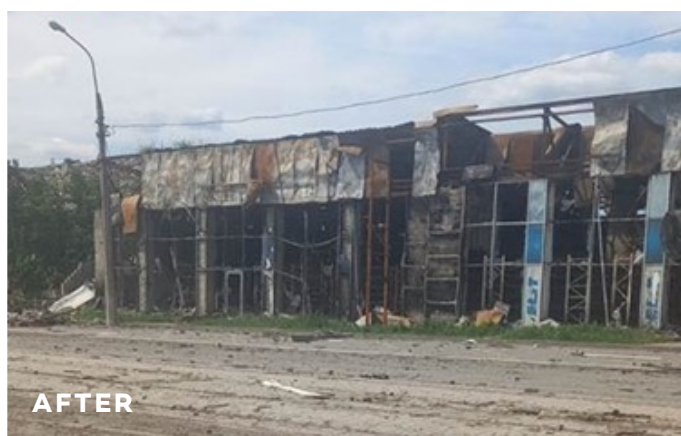
In February 2022, in response to Russia's invasion of Ukraine, the [LKQ Ukraine Fund](#) was founded to support our colleagues in our sister company, LKQ Elit Ukraine. LKQ employees globally donated over \$250,000 USD equivalent with the company contributing additional money to bring that total collectively to over \$1 million. The campaign objectives were to provide our Ukrainian colleagues with funds that might assist them in their daily lives. The campaign successfully raised awareness of the hardship our colleagues at LKQ Elit Ukraine were and continue to face and to help bring people together as 1LKQ.

In December 2022, LKQ provided each Ukrainian colleague with a cash payment to assist with expenses and other immediate needs.

### **LKQ Euro Car Parts raised money to purchase ambulances and more**

After the escalation of events in Ukraine early last year, there was a company-wide fundraising drive to help provide support for those affected by the war – and the response from our LKQ Euro Car Parts colleagues has truly blown us away.

The story began when Dawid Kozlowski, an inventory analyst at LKQ Euro Car Parts Tamworth headquarters, teamed up with his local Polish center to raise funds and ship essential aid over to Sheptivka Village in Ukraine. Dawid worked tirelessly, and his efforts helped to ensure the team at the Congregation of St Joseph – which runs nurseries and a care home in the area – received key supplies such as fuel and food, as well as easter eggs and toys for the local children.



Pete Brooks, Dawid Kozlowski, Richard Morgan, and Mark Hill from LKQ Euro Car Parts transported the ambulances from the UK to Poland.



As news of Dawid's efforts grew, so too did the desire of the wider company to get involved. Inspired by his ultimate goal of raising enough money to replace the 50-year old ambulance being used at Sheptiyka Hospital, thousands of employees from across the country came together in force to host a range of fundraising events, from cake sales and car washes to fancy dress at work and sponsored cycling, running and swimming challenges.

The outburst of support from our colleagues and customers raised £116,000 – enough to buy not just new supplies for Sheptivka, but a second ambulance for the hospital in nearby Szarogrod too.

Our stellar team then ensured the vehicles were mechanically fit, before filling them with aid and setting off on the 1,800-mile journey to deliver them from Tamworth to Poland. Here, they were handed over to nuns from the Congregation of St Joseph.

As well as the ambulances, colleagues raised money for some of the children within the nurseries run by the sisters to go on a summer camp and provided toys, including a trampoline, to help them continue enjoying life despite the tragic events taking place around them.

Our Ukraine Christmas present appeal also had a huge impact. We had initially planned to collect 500 presents from our colleagues across the UK and Ireland and drive them to the Ukraine in two more ambulances. But once again, our team showed up in full force, with nearly 1,000 presents donated meaning that an HGV was



needed to transport them to Ukraine, alongside a further ambulance filled with essential medical equipment and hygiene products.

“The sisters are such selfless people, they see trampolines, they see the swimming pools and their eyes light up because they are then seeing the children having fun with these things,” Mr. Morgan said. “They are sending photos back with thank you messages. And in those pictures, we can see children wearing shoes we bought, enjoying food we bought, and we can tell everyone who has contributed.. the aid is going to the people who need it and that is a lovely part of it as well.”

So far, the team has donated six ambulances with more in the pipeline, but our work doesn't finish there.

Plans are already underway to provide further support for the Congregation from our colleagues' families in the UK.



### CEE Christmas Collection for LKQ's Ukrainian Children

As part of the Advent season in the CEE region, we organized a collection for Ukrainian children among our employees. We wanted to support families to make a nice Christmas possible for the children of our employees in Ukraine. We collected things such as candy, bags, backpacks, power banks, Lego bricks, and other interesting gifts for children. Our employees were happy to help provide this support to our friends, colleagues, and their families in Ukraine during these difficult and uncertain times of war.



### 9/11 Day in Chicago

LKQ's Global Headquarters in Chicago participated in what has become an annual tradition, a meal repack event through the 9/11 Foundation to honor those that paid the ultimate sacrifice in the 9/11 attacks and aftermath. LKQ had 27 participants volunteer their time, embracing hairnets, gloves, and masks in order to pack thousands of meals at Chicago Union Station Great Hall for those in need. When all was done, more than 2.7 million nonperishable meals were packed by volunteers across the United States in 11 cities. The annual 9/11 Day is a reminder that large-scale, positive community impact is possible when we set aside our perceived differences, focus on a common goal, and roll up our sleeves to get to work.



## LKQ Benelux Region

### LKQ Fource Participated in Roparun

The Roparun is a relay race of over 500 kilometers. The name RoPa comes from the former starting city Rotterdam to the ending point in Paris. Since the corona pandemic, the race takes place in the Netherlands. Participants take part in teams as an athletic event to raise money for cancer. Participants call it an adventure for life. This is also clear from the Roparun motto, "Adding life to days, when days often can't be added to life." The event takes three days and is both physically and mentally exhausting. However, the good cause keeps everybody going in all weather conditions, from pouring rain to sweltering sun. LKQ has



been participating in the event since 2018. In 2022, 20 colleagues were involved, each with an important role. The runners and cyclists are supported by a team of drivers and helpers to ensure there is food on the table and a place to rest during breaks. The money collected during the Roparun event is allocated by the board of the Roparun Foundation to institutions, charities or projects that contribute to the organization's mission. The Roparun Foundation is registered with the tax authorities as a Public Benefit Organization with RSIN 802987527. When all was done, LKQ accomplished a €35,000 donation to the charity.



### LKQ Tour

The LKQ Tour is an annual, 2-day, 500km bicycle tour of Belgium with numerous LKQ branches participating throughout the region. The event was founded in 2021 by a small group of colleagues at LKQ Belgium who wanted to do something to help our society. In 2022, 8 colleagues, along with numerous suppliers and clients joined us for the event passing by 8 LKQ branches. In 2022, LKQ Belgium raised €23,824 for Make-A-Wish Belgium which fulfills the wishes of children between the ages of 3 and 18 who suffer from a life-threatening disease. Besides the sponsored bicycle tour, there were many other activities such as an old-timer rally and a waffle sale to raise money. Many colleagues overall were involved either by organizing the rally, participating in cycling, or selling waffles to customers, friends, and family members. The LKQ Tour continues to grow and will take place again in June 2023.



## Supporting Children's Health & Wellness through DaDa Foundation

In 2020, our LKQ Benelux region decided to forgo a customer relations gift and instead decided to get involved with the DaDa Foundation. DaDa helps children who are staying in hospitals and other institutions that need extra care provided by these facilities. In 2022, LKQ donated 2,500 cuddly toys to 9 hospitals in cooperation with the DaDa Foundation. Additionally, 4 colleagues participated in the DaDa Foundation Run4Value Marathon in Rotterdam with a goal of raising €5,000.



## Ben Support for Life UK

At LKQ Euro Car Parts, the wellbeing of both our customers and colleagues is our highest priority and is an issue that is always front of mind – especially as a recent report showed that one in two motor trade workers suffer with issues relating to their mental health and wellbeing. We know we have a responsibility to look after our people as well as the communities around us.

One of the ways we bring our commitment to life is through our longstanding partnership with the charity Ben, which provides across-the-board support for those who work or have worked in the automotive sector.

Ben has been LKQ Euro Car Parts' charity partner since 2015 and they have helped many of our colleagues. Last year our efforts reached new heights, with our CEO Andy Hamilton and Group Procurement and Category Director, Anthony McAteer conquering Africa's highest peak, Kilimanjaro, in a bid to raise awareness and funds.

Alongside other industry leaders they embarked on a six-day climb through five climate zones, battling wind, rain, snow, and sunshine as well as altitude sickness. After an

intense final trek, which involved six more hours against the elements in hostile conditions, the group reached the mountain's Uhuru Peak, some 5,985m above sea level, as the sun rose behind them. Andy reflected: "The emotion, the relief, the sense of achievement, the pain, the cold – it was all there! This was a fantastic opportunity to climb one of the most iconic peaks in the world, while also doing something incredible to ensure no-one in our industry has to face life's toughest challenges alone! We all have our own mountains to climb at some point in our lives, so we felt that this challenge was very fitting. Now more than ever, automotive people need Ben."

By pushing their boundaries and stepping out of their comfort zone, Andy's and Anthony's efforts contributed to the group's amazing achievement, alongside their industry colleagues, of raising over £150,000 for Ben – but our support for Ben hasn't stopped there.

The wider LKQ team also completed the 'Beast of Ben' challenge, raising thousands of pounds and bringing out their competitive nature by pitting themselves against industry colleagues in a series of grueling tests of skill,

speed, and stamina in North Wales. 2022 also saw the return of our always-popular annual inter-garage go-karting tournament, with employees taking to the track to raise further funds.

Ben is also the beneficiary of customer donations via our charity partner Pennies, which means that all customers are offered the chance to donate 25p when purchasing one of our products online, helping to raise further funds that will go towards providing support for those who need it most.



## LKQ India Community Relations

LKQ India (LKQI) celebrates its 14th year as a successful establishment. Our operations in Bengaluru today have 1,200+ strong and dedicated intellectual force to deliver the growing everyday demands of the global organization, with a state-of-the-art facility at Primeco Towers in Bengaluru. India kept busy this year putting our people and our communities first. One of the values that LKQ India holds dear is incorporating fun into their work environment which is highlighted from some of initiatives below:

### LKQ India Family Day 2022

LKQ India celebrated its Family Day themed “*Sanskriti*” on November 12 with an excellent attendance of about 4,500

people, which included employees’ family members. The event was well received by all and was packed with great activities. Several senior LKQ leaders visited India to open the event, followed by incredible dance performances by LKQI team members, and an annual awards presentation.

At this event, LKQI launched its LKQ Anthem. The event also had a celebrity singer performing, with participants grooving to the music in the rain. The catchy rhythm and inspiring lyrics “Namma LKQ; Hamara LKQ”, translated means Our People, Our Pride. The video reflect the values, unique culture, and expresses team members’ feelings about working at LKQ. Watch the video [here](#).

## Vanarai Foundation

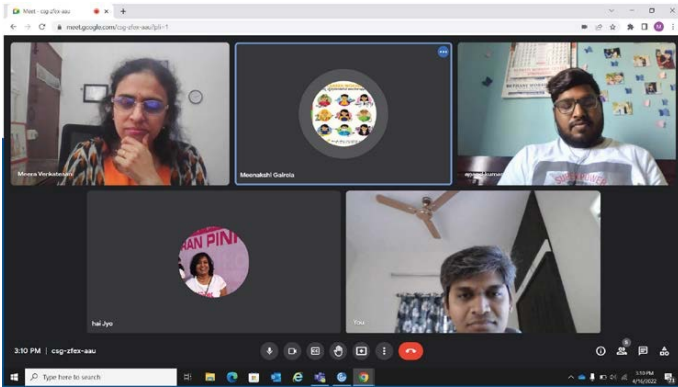


In May, LKQ India supported many schools in the remote location of Bengaluru. Many of these schools do not have the proper infrastructure to enable students to get a good education. Students are forced to sit on the floor for long hours since these schools do not have desks to accommodate the children. This negatively affects the students' posture, health, and studies. LKQ India partnered with Vanarai Foundation to provide 12 schools with DESKIT

portable desks and bags for 1,239 students. The DESKIT helps the students in:

- Improved posture (lessened problems related to spine and back)
- Comfort in writing
- Improved handwriting
- Better focus for better study habits

## Surabhi Foundation Trust



In June, LKQ India sponsored the digital library for Surabhi Foundation Trust, an NGO sheltering 190 children in 3 districts of Karnataka. In addition, their new premise Surabhi Sevadhama, aims to harbor 50 children and act as a community center to impart vocational training and computer education to rural children, women, and needy unemployed youths. The digital library aims to:

- Create healthy habits of reading and browsing various informational websites or books among young people
- Provide access to modern technology
- Enhance creativity among the children

- Assist in work projects
- Provide holistic development for the children

Additionally, as part of this corporate social responsibility initiative, several LKQ employees participated in a mentoring program for students studying in the 10th standard and others recorded a session on their journey in the finance domain. This session will motivate and inspire students and create awareness about career opportunities in finance.



### Anahata United Efforts

LKQI, in association with Anahata United Efforts, aims to provide awareness to students of grades 8, 9, and 10 by coordinating and accompanying them on industrial visits. One such visit was to the Vijaya Karnataka office, one of the well-known media offices in Bengaluru. Industrial visits often help the children to have a better understanding of and practical experience to apply towards a future career.

LKQI appreciates its volunteers who accompany the students during this visit.

**GM EDU**  
IL MONDO DEL LAVORO  
PROGRAMMA FORMAZIONE SCUOLA LAVORO

“COME AVVICINARE LA SCUOLA AL MONDO DEL LAVORO”

**COME SARÀ IL FUTURO DELL'AUTORIPARAZIONE? SPAZIO AI GIOVANI!**

**Noi ci saremo!**

**RHIAG GROUP**

MERCOLEDÌ 23 FEBBRAIO 2022

Hilton Garden Hill Milano  
Via Columella, 36 - 20128 Milano MI

### RHIAG Italy – GM-EDU Partnership & ATEA

LKQ RHIAG Italy, for past five years, has supported GM-EDU, the training program for vocational school students sponsored by the Italian magazine, Il Giornale del Meccanico. This partnership provides financial assistance and support of professional schools in our industry.

Additionally, our MD2 Italy team collaborated with ATEA, a training organization operating throughout Italy which provides courses for body preparers and painters for the unemployed. As a result of this partnership, our MD2 location placed students at some of their customer body shops.

### RHIAG Switzerland – Zuwebe

LKQ RHIAG Switzerland is proud to provide annual support for the organization, Zuwebe, which employs people with disabilities. Each year on St. Nicholas Day (6th of December) and during Easter, we provide each of our employees with a small sack or box containing different sweets. All goodies were packed by people working at Zuwebe. This foundation offers protected training, work, and living spaces for people with learning disabilities, mental disabilities, and psychological impairments within the Canton of Zug, Switzerland.



## CEE Region Charitable Efforts

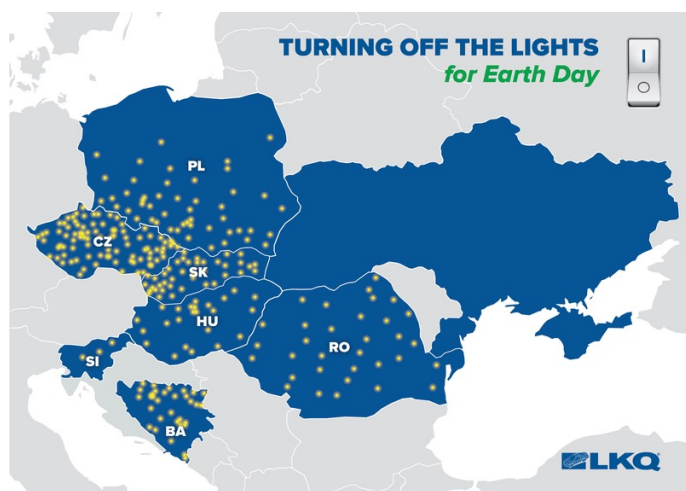
Our CEE region of brands and our employees are extremely engaged and proud to support organizations in their communities that help the people in their region. While impossible to talk about all of these wonderful community service efforts, some of the organizations they have helped include:

- [Satník Praha](#) (The Wardrobe) in Czech Republic
- Direct support for a Czech colleague and his family due to cancer

- Elderly support centers
- n.o. FEMINA & o.z. ULITA (SK)
- Mountain Rescue Services in Bosnia and Herzegovina
- Humanitarian organization, Partner (BiH)

Below are some photos and highlights of other organizations and initiatives from the CEE region:

## Earth Day Campaign, April 21-25



Our Earth Day campaign involved switching off external lights in almost 300 branches across the CEE Region. This included switching off “marketing lights” at its branch locations such as the company logos and marketing banners. The idea behind this was for LKQ CEE to demonstrate its approach to sustainable development and responsible energy management. As a result, we learned how best to take practical action to save energy. Nearly 300 branches across seven countries were involved: Czech Republic, Poland, Slovakia, Hungary, Romania, Slovenia, Bosnia and Herzegovina. The LKQ entities involved across these regions included: LKQ CZ, LKQ SK, LKQ ELIT Polska, LKQ Láng, LKQ ELIT Romania, LKQ Stahlgruber Slovenia, LKQ SiM Impex.

## Czech Federation of Food Banks



This is the umbrella organization of food banks in the Czech Republic which represents 15 food banks throughout the country. LKQ donated ready-made meals which the organization distributed to those that needed it most, including refugees from Ukraine. The shipment traveled on 9 pallets and weighed nearly 3 tons. As a result of this donation, the food helped approximately 200-300 people and reinforced the LKQ Proud spirit among our own employees.

## VEGE Tunisia

### Supporting the Ministry of Vocational Training and Employment

A partnership day was organized by VEGE Moteurs Tunisia with the Ministry of Vocational Training and Employment at their Vocational Training Center in Kalaa Kebira Sousse, Tunisia. The company supports young people in the region with regards to education and training around a set of promising collaboration projects. The VEGE Team was part of the assessment committee who selected 13 candidates thus far. All new graduates shall have the opportunity and full support to master the technical background and skills that will allow them to be part of the large family of VEGE Moteurs Tunisia.



## SOS Village

VEGE Moteurs Tunisia has launched an SOS Day to motivate its staff to extend a helping hand to those in need. Proudly, VEGE Moteurs Tunisia staff did not hesitate to contribute to the fund with a symbolic amount to provide some goods for 86 children living in the orphanage, SOS Village. Within a few days, the team collected enough food to cover the needs of the orphanage for the winter months with more than 100 boxes donated. With a special focus on the kids' well-being, VEGE Moteurs Tunisia took the holiday opportunity to invite the SOS village children to a play in a local park and experience a full day of joy and happiness. The SOS Village teenagers were present to compete against Vege football Team. It was a great opportunity to show their talent and boost their self-esteem.

VEGE Management team was thrilled to host the children in the factory and congratulate them for their brilliant school results. It was a convivial opportunity to show appreciation for the outstanding skills and abilities that these children withhold and to inculcate more confidence in them.





## LKQ Corporate Charitable Giving

### LKQ Community Foundation

The LKQ Community Foundation was founded in 2020 as another way for LKQ to reinforce our mission statement, “to build strong partnerships with our employees and with the communities in which we operate.” In 2022, LKQ focused on building our Foundation’s endowment with additional contributions made from the Corporation. We anticipate this endowment growth to continue over the next several years. In 2022, the LKQ Community Foundation donated just shy of \$3 million to charitable causes in the areas of health and human services, technical and general education, environment/recycling, and first responders, police, fire and military/veterans.

### LKQ Joseph M. Holsten Scholarship Awards

At LKQ, we pride ourselves in putting our employees and their families first. That’s why LKQ expanded our LKQ Joseph M. Holsten Scholarship Program to include all employees’ children globally. We proudly awarded 276 students in 2022 with a scholarship award worth \$2,500 USD each, for a total monetary donation of \$690,000 to continue their postsecondary education, whether through a university, community college, technical school, or vocational program. We have a goal for 2023 to reach \$1 million in scholarship awards.

### Matching Gifts

LKQ is proud to support and reinforce our employees who wish to contribute to the causes they care about. In 2019, the LKQ Community Foundation established an employee matching gifts program. The LKQ Community Foundation will match 100% of an employee’s charitable contributions up to \$500 (U.S. dollar equivalent) per calendar year to eligible charities, which include organizations that are vetted and approved by our matching gifts provider. We have recently expanded this program to all global employees and aim to work on increasing our employees’ knowledge of this program and hope that it will be better utilized in the future.

### Employee Assistance Fund

LKQ’s Employee Assistance Fund is designed to provide short-term, emergency support to LKQ Corporation’s employees within North America who are facing serious financial hardship because of certain unforeseen and unpreventable circumstances and who cannot afford housing, utilities, or other basic living expenses. The Fund was established with a charitable donation by LKQ; however, our employees may also contribute to the Fund through tax deductible contributions which help their coworkers when tragedy strikes.

### LKQ Cares Holiday Vote



LKQ hosted our 2nd annual LKQ Cares Holiday Vote in 2022. The campaign commenced on Giving Tuesday, November 29 and ran through Monday, December 5. LKQ doubled its contribution from the prior year, and donated a total \$1 million split among the following organizations:

- [American Cancer Society](#)
- [ASE Education Foundation](#)
- [Children’s Miracle Network Hospitals](#)
- [Doctors Without Borders](#)
- [Folds of Honor](#)
- [Marine Toys for Tots](#)
- [Nova Ukraine](#)
- [One Tree Planted](#)
- [The Ocean Cleanup](#)
- [World Central Kitchen](#)

As part of this program, each of the ten organizations received an initial \$50,000 donation, with the remaining \$500,000 in funds determined on votes received from LKQ employees, customers, investors, and other stakeholders in the community. LKQ received ~17,000 votes by the end of the campaign.

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## Supporting the Next Generation for the Collision Repair Industry

LKQ's ongoing support of collision schools through [Collision Repair Education Foundation \(CREF\)](#) makes a huge impact on the industry's future. The sustainability of the collision repair industry is vital to LKQ. In 2022, LKQ donated over \$175,000 to support the next generation of collision professionals and ensure they have an opportunity to pursue their future career paths in a meaningful way. LKQ's support of collision schools and students has allowed CREF to break down barriers and ensure that products are connected with each school's individual needs.

"CREF is fueling the future of the collision repair industry, advocating for and helping promote excellence in education so that students who enter this industry find a rewarding career," says President, Justin Jude, LKQ North America Wholesale. "CREF is a vital asset in developing talent for skilled trades, and we are proud to be among their supporters."

As a supporter of CREF and its work on behalf of collision schools and students since 2010, LKQ's involvement in a number of CREF's projects and initiatives last year demonstrated exactly how committed we are to the industry's future. In addition to sponsoring the Foundation's 2022 Summer Golf Fundraiser and a variety of I-CAR Committee events that serve as fundraisers for local schools through CREF, LKQ hosted a High School & College Transportation Student Career Fair in Phoenix, AZ last April. Additionally, donations from LKQ have funded student uniforms, and multiple in-kind product donations have been supplied to better equip the schools teaching the future generation.

LKQ Corporation also continued its support of CREF's Support and Connect Initiative by donating \$30,000 to fund five Benchmark Grants, which will be used to enhance those schools' collision repair education programs and provide the resources necessary to ensure students are receiving the education they – and the industry – deserve.

Rolla Technical Institute (Rolla, MO) benefitted from a \$10,000 Benchmark Grant. Additionally, four schools received \$5,000 each, funded by LKQ:

- Baton Rouge Community College (Baton Rouge, LA)
- Southeast Community College (Milford, NE)
- South Plains College (Levelland, TX)
- Dowell J. Howard Center (Winchester, VA)

But those funds were merely a portion of the larger donation which will help support CREF's work in 2023 as well. LKQ's support will further the organization's Career Readiness Initiative by helping to fund an instructor training event scheduled for this upcoming summer. Some of those efforts will also focus on CREF's Career Awareness Initiative, such as the organization's attendance at the 2023 American School Counselor Association (ASCA) Conference, which allows CREF to directly educate over 4,000 school counselors on the multitude of career opportunities available within the collision industry...and also to indirectly promote that message to approximately 100,000 additional students those education professionals will encounter in the 2023-2024 school year alone.

# Our Corporate Governance & Ethics

LKQ Cares ESG Advisory Committee	<b>84</b>
ESG Working Groups	<b>84</b>
Performance-Based Compensation Practices	<b>84</b>
Our Board of Directors	<b>85</b>
Ethics & Compliance	<b>87</b>
Product Quality & Safety	<b>87</b>
Cybersecurity	<b>88</b>

# Our Corporate Governance & Ethics

Our [Board of Directors](#) is responsible for the overall stewardship and strategic direction of LKQ. This direction includes general ESG oversight by the Governance & Nominating Committee (GovNom), comprised of all independent directors. GovNom oversees environmental, social, and governance matters as they pertain to the Company's business and long-term strategy. Additionally, the Compensation and Human Capital Committee oversees the Company's programs and policies relating to culture and human capital management, including diversity, equality and inclusion, workforce health and engagement, and leadership development and effectiveness.

We integrate ESG initiatives into the Company's strategy and daily operations at each business level. LKQ's engaged workforce, comprehensive policies, and strong business principles drive the strategic alignment of our ESG program. The strategy and direction of our ESG program are led by our LKQ Cares ESG Advisory Committee and ESG Working Groups.

## LKQ Cares ESG Advisory Committee

This group, comprised of key senior leadership and led by our President and CEO, provides strategic direction and oversight of LKQ's corporate responsibility programs, and incorporates relevant ESG initiatives into the business operations and strategy. The LKQ Cares ESG Advisory Committee meets at least quarterly and updates the Board on a regular basis.

## ESG Working Groups

Our ESG Working Groups are composed of leaders and subject matter experts in targeted functional areas across all business operations at LKQ. These individuals lead programs and initiatives with our ESG focus areas and are responsible for implementing programs to drive progress toward our strategic goals. Our ESG Working Groups meet regularly throughout the year.

## Performance-Based Compensation Practices

The executive compensation program developed by the Compensation and Human Capital Committee of LKQ's Board is designed to drive stockholder value. All of LKQ's executive compensation plans are designed to create a pay-for-performance culture and include a high percentage of at-risk compensation.





The Compensation and Human Capital Committee carefully considers the most effective ways to motivate and incentivize management to accomplish specific compensation strategic goals. Objective, tailored metrics with challenging performance targets are chosen annually to align to LKQ's compensation program with its strategic plan and to effectively align the interests of management with stockholders.

In 2019, the Compensation and Human Capital Committee selected Adjusted EBITDA, EBITDA margin percentage, and free cash flow as annual metrics to focus management on profitability and the optimization of free cash flow. Further, this Committee shifted 50% of the 3-year incentive award from cash to performance-based equity. The metrics for the 3-year incentive awards (both cash and equity) include organic revenue growth, adjusted EPS, and ROIC.

Beginning in 2021, we added relevant ESG metrics to our incentive compensation plans for certain senior executives: a modifier to long-term incentive pay of +/-10% based on achieving multi-year ESG goals. Refer to our Proxy statements filed with the SEC for further information regarding our executive compensation.














## Our Board of Directors

Our Board of Directors and our executive team are committed to integrity and honesty with respect to operating our business. LKQ is governed by an 9-member board of directors, 7 of whom are independent under NASDAQ guidelines, and we have separate Chairman and CEO roles. Our directors bring extensive experience to drive stockholder value creation. We have an ongoing process to refresh and strengthen our board composition. Currently, 44% of our board is comprised of persons from underrepresented groups. We have a commitment to maintain or exceed this percentage of diversity within our board leadership. As mentioned earlier in this report, LKQ was recognized in 2022 by 50/50 Women on Boards as a 3+ company for our gender and diversity for our Board of Directors.

		Years on Board*	Age*	Relevant Experience	Key Skills	Joined LKQ since 2018	Independent
	<b>Joseph Holsten</b>	19.5**	70	Former CEO of LKQ	Extensive knowledge of LKQ business and recycling industry		
	<b>Dominick Zarcone</b>	5.8	64	President and CEO	Extensive industry and finance experience		
	<b>Patrick Berard</b>	3.5	69	CEO and Director of RexelGroup	Variety of leadership positions in European distribution businesses	●	●
	<b>Meg Divitto</b>	4.6	51	General Motors/ Motorola/ IBM	Expertise in IoT, digital strategy, and automotive technology	●	●

\* Data as of LKQ's latest proxy

\*\* Reflects service since our initial public offering in October 2003

		Years on Board*	Age*	Relevant Experience	Key Skills	Joined LKQ since 2018	Independent
	<b>Blythe McGarvie</b>	11.1	66	Bic CFO/ Harvard Business School professor	ESG expertise and CPA with experience in European operations		
	<b>John Mendel</b>	4.6	68	American Honda Motor Company Automotive Division/ Mazda/Ford	Knowledge of automotive industry		
	<b>Jody Miller</b>	4.6	65	Board member TRW/CEO of Business Talent Group	Diverse technology, automotive, and Board experience		
	<b>Guhan Subramanian</b>	10.2	52	Professor at both Harvard Business School and Harvard Law School	Knowledge of corporate governance and Board of Directors legal processes		
	<b>Xavier Urbain</b>	3.3	66	Previous Group CEO at CEVA Logistics	Significant global supply chain and logistics experience		

\* Data as of LKQ's latest proxy

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## Ethics & Compliance

LKQ is committed to maintaining the highest level of ethical standards. We are guided by our [Code of Ethics](#) that applies to all directors, officers, and employees, and to all of our subsidiaries, and by our policies addressing workplace harassment and discrimination, anti-bribery and anti-corruption, and export controls. LKQ has an online, in-house training system through which our employees take classes to help them understand the rules relating to these issues and the importance of adhering to the rules. All employees, including part-time employees, are trained on our ethics program when they join the company, and receive regular training on our policies periodically thereafter.

Our General Counsel has managerial responsibility for developing our business ethics, including anti-corruption, policies and operating guidelines and ensuring compliance. Our Board of Directors, through its Audit Committee, maintains oversight of our compliance programs and receives regular reports on any raised or suspected ethical violations.

To view these policies and others, please visit LKQ's [website](#).

## Product Quality & Safety

LKQ is committed to providing the highest quality standards in the recycled and aftermarket parts industry. We stand behind the integrity of our products with the LKQ Parts Replacement Promise. Our commitment to quality allows us to back our recycled and aftermarket collision products with lifetime warranties, which are the best in the industry.

The [LKQ Parts Replacement Promise](#) sets the bar in providing coverage for our products beyond the purchase date. Our recycled, reconditioned, remanufactured, rebuilt, aftermarket, heavy truck and self-service parts all come with a warranty in the LKQ Parts Replacement Promise program.

Our procurement standards are the strictest in the industry, and any vehicle that does not meet our criteria is rejected. All parts are carefully inspected throughout the dismantling and order-fulfillment process. The first quality inspection occurs before a part can even be added to our inventories.

The Quality Assurance (QA) Team oversees product quality and safety at LKQ. Building a part the right way is important to all our manufacturing partners. Years of experience, integrity, and ingenuity are what sets them apart from the rest.

Our employees are educated in the latest quality and safety regulations by receiving regular training in those areas. Employees in direct contact with customers provide valuable feedback for quality improvements.

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## Cybersecurity

The value of sustainable and resilient business practices has never been so evident. Current and emerging disruptions underscore the importance of being able to respond to systemic shocks across the business ecosystem. Data protection is paramount to every industry, including LKQ. With the increasing rate of digitization, we rely on the complex operations of cybersecurity for sustainability and growth.

### Data Security & Privacy

LKQ recognizes the importance of protecting the personally identifiable information (PII) of our team members, customers, and suppliers, which we collect during normal business activities. This PII helps us fulfill orders, provides benefits, and allows us to better serve our customers, employees, and others. We are committed to protecting PII from unauthorized access, usage, or disclosure by following globally recognized privacy standards, and building privacy and data protection principles into our systems and processes by design.

If we identify a security issue, we have defined procedures to respond and recover as quickly as possible. Overseeing these efforts on a day-to-day basis is our Information Technology Security Team, led by our global Chief Information Security Officer (CISO). Our approach enables us to drive a collectively secure culture.

### IT Governance, Risk & Compliance

- Information security and privacy policies are in place and periodically reviewed. Our policies are informed by recent regulatory changes.
- Targeted audits and penetration tests are conducted throughout the year by internal and external entities.
- We are compliant with the Payment Card Industry Data Security Standard.
- We engage a respected third party to independently evaluate our information security on an annual basis.

### Data Protection

- LKQ has established data classification and retention policies focused on limiting the risk of unauthorized exposure of our customer, employee, and business data.
- Data protection strategies are in place and focused on data devaluation and data access monitoring.
- Sensitive data attributes are classified into domains with defined security expectations for data-at-rest and data-in-transit.

### Data Security & Privacy Awareness

- LKQ employees are required to participate annually in our data security and privacy awareness training sessions and additional customized, role-based training is provided to targeted internal audiences.





# Index

SASB Index **90**

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TCFD Index **93**

# SASB Index

The disclosures in this report are informed by the recommendations of the Sustainability Accounting Standards Board (SASB). SASB is an independent, private sector standards-setting organization dedicated to improving the effectiveness and comparability of corporate disclosures on environmental, social, and governance factors.

**SASB Sector / SICs:** Consumer Goods Sector, Multiline and Specialty Retailers & Distributors / CG-MR

**Reporting Period:** Annual Year 2022 (January 1 through December 31, 2022)

	ACCOUNTING METRIC	CODE	DISCLOSURE
Energy Management in Retail & Distribution	(1) Total Energy Consumed	CG-MR-130a.1	North America:
	(2) Percentage Grid Electricity		(1) 432,732 GJ
	(3) Percentage Renewable		(2) 100%
			(3) 0%
			Europe:
			(1) 392,065 GJ
			(2) 99.91%
			(3) 19.55%
Data Security	Description of approach to identifying and addressing security risks	CG-MR-230a.1	See Cybersecurity section of the report ( <a href="#">page 88</a> )
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	CG-MR-230a.2	(1) 11 security incidents
			(2) 0%
			(3) 0 affected
Labor Practices	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	CG-MR-310a.1	(1) \$21.74
			(2) 0.46%
	(1) Voluntary and (2) Involuntary Turnover rate for in-store employees	CG-MR-310a.2	See Employee Turnover section within report ( <a href="#">page 60</a> )
	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	CG-MR-310a.3	During each of the years 2022 through 2019, we incurred an immaterial amount of monetary losses as a result of legal proceedings associated with labor law violations.
Workforce Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	CG-MR-330a.1	See DEI section of report ( <a href="#">page 54</a> )
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	CG-MR-330a.2	During each of the years 2022 through 2019, we incurred an immaterial amount of monetary losses as a result of legal proceedings associated with employment discrimination.

Product Sourcing, Packaging & Marketing	Revenue from products third-party certified to environmental and/or social sustainability standards	CG-MR-410a.1	All our suppliers operate within the parameters of their local rules and regulations, providing LKQ products within North America and Europe. These suppliers are subjected to various environmental rules and regulations. We anticipate having more impactful supplier data in our next report as we solidify our Global Supplier Code of Conduct and accompanying policies and procedures.
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-MR-410a.2	For LKQ branded products and our third-party products, most of our suppliers are IATF: 16949/ISO certified with their production activities performed in line with international standards. LKQ is mindful of the environmental effects of chemicals used in products manufactured by our suppliers while keeping in mind safety and performance considerations for the complexity of the products we carry. We anticipate having more details from our suppliers and programs over the next three years.
	Discussion of strategies to reduce the environmental impact of packaging	CG-MR-410a.3	<p>The products received by LKQ are packaged by our suppliers. This includes primary packaging and any secondary packaging required to secure and protect the load during transportation. Most, if not all suppliers, are running packaging improvement programs within their own operations. Our suppliers include some of the largest and best-known automotive brands in the world. Their sustainability programs are extensive and well-established. This makes the product manufacturers better placed to effectively improve packaging.</p> <p>In North America, our QA Team has set vendor packaging standards to ensure product packaging stands up to high humidity climates, which many of our suppliers reside in. The time products spend in ocean containers, which can be extremely hot and humid, are a factor as well.</p> <p>LKQ has plans in place to engage with suppliers and run joint pilot initiatives on packaging improvement. Our Supplier Integration Team along with our Logistics Team will help identify opportunities for packaging improvement using sustainable materials and will engage with our suppliers to jointly implement new solutions. In one such initiative, our LKQ European operations team engaged with a suppliers in a "Carton to Totes" program that involved changing the suppliers' packaging to fit into our transport totes. It had a positive effect on the operations of our business. We learned there was little, if any, measurable improvement for sustainable packaging at this stage of transport. For next steps, we will try to implement reduction of secondary packaging by the supplier by using totes in our closed loop system.</p> <p>LKQ does not introduce additional packaging during our logistics operations from the point of goods arrival at our warehouses to the point of delivery to our customers, if possible. We achieve this mainly by using reusable containers and dedicated logistics equipment for the storage and transportation of products we carry. In some regions, we use recycled cardboard boxes for shipping and transportation purposes whenever possible. Cardboard is a sustainable material and we also recycle materials from packaging to warehouse whenever and wherever possible.</p>

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Activity Metric	Number of facilities	2022: 1,450 2021: 1,600 2020: 1,500
	Number of vehicles in commercial fleet	2022: 14,031 vehicles 2021: 15,397 vehicles 2020: 15,495 vehicles
	Number of shipments	<b>North American KAI and KAO Specialty</b> 2022: 554,748 delivery routes 2021: 554,202 delivery routes 2020: 638,638 delivery routes

# TCFD Index

While LKQ Corporation has few climate change-related risks, our Board of Directors and management team oversee and manage climate change-related risks with the same attention to detail and seriousness as we do for other potential or smaller scale risks.

## Governance

### Board Oversight

Our Board of Directors has ultimate oversight of climate change-related risks and is responsible for reviewing and providing guidance on the company's climate change-related programs and policies as part of its wider sustainability oversight. Sustainability is a subject discussed at least annually by the full board.

## Strategy

We have identified climate change-related risks and opportunities that may impact our business over the short, medium, and long-term, which includes the following:

### Reputational Risk

Due to the non-manufacturing nature of our business, our products and services face few climate-related risks, and little potential to have a significant financial impact on the business. However, we regularly assess how we might be influenced by a changing climate. We take seriously the potential for business disruption which could occur (which we view as reputational risk) during extreme weather and natural disasters. We monitor industry-focused information sources on evolving risks and evolving litigation patterns involving our industry, pay attention to the environmental concerns raised via shareholder proposals at companies in our sector and seek input from our partners and trusted advisors. On a regular basis, the risk and responses are reviewed as part of the overall sustainability risk evaluation during our annual strategic planning session.

### Regulatory Risk

We are subject to environmental regulations and incur costs relating to environmental matters. We are subject to various environmental protection and health and safety laws and regulations governing, among other things: the emission and discharge of hazardous materials into the ground, air, or water; exposure to hazardous materials; and the

generation, handling, storage, use, treatment, identification, transportation, and disposal of industrial by-products, wastewater, storm water, mercury, and other hazardous materials. We are also required to obtain environmental permits from governmental authorities for certain of our operations. If we violate or fail to obtain or comply with these laws, regulations, or permits, we could be fined or otherwise sanctioned by regulators or lose our operating permits. We could also become liable if employees or other parties are improperly exposed to hazardous materials. We have an environmental management process designed to facilitate and support our compliance with these requirements; we cannot assure you, however, that we will at all times be in complete compliance with such requirements.

We have made and will continue to make capital and other expenditures relating to environmental matters. Although we presently do not expect to incur any capital or other expenditures relating to environmental controls or other environmental matters in amounts that would be material to us, we may be required to make such expenditures in the future.

Under certain environmental laws, we could be held responsible for all of the costs relating to any contamination at, or migration to or from, our or our predecessors' past or present facilities and at independent waste disposal sites. These laws often impose liability even if the owner or operator did not know of, or was not responsible for, the release of such hazardous substances. Many of our facilities are located on or near properties with a history of industrial use that may have involved hazardous materials. As a result, some of our properties may be contaminated. Some environmental laws hold current or previous owners or operators of real property liable for the costs of cleaning up contamination. These environmental laws also impose liability on any person who disposes of, treats, or arranges for the disposal or treatment of hazardous substances, regardless of whether the affected site is owned or operated by such person, and at times can impose liability on companies deemed under law to be a successor to such person. Third parties may also make claims against owners or operators of properties, or successors to such owners or operators, for personal injuries and property damage associated with releases of hazardous or toxic substances.

Contamination resulting from vehicle recycling processes can include soil and groundwater contamination from the release, storage, transportation, or disposal of gasoline,

motor oil, antifreeze, transmission fluid, chlorofluorocarbons from air conditioners, other hazardous materials, or metals such as aluminum, cadmium, chromium, lead, and mercury.

Contamination from the refurbishment of chrome-plated bumpers can occur from the release of the plating material. Contamination can migrate on-site or off-site, which can increase the risk, and the amount, of any potential liability.

When we identify a potential material environmental issue during our acquisition due diligence process, we analyze the risks, and, when appropriate, perform further environmental assessment to verify and quantify the extent of the potential contamination. Furthermore, where appropriate, we have established financial reserves for certain environmental matters. In the event we discover new information, or if laws change, we may incur significant liabilities, which may exceed our reserves.

Environmental laws are complex, change frequently, and have tended to become more stringent over time. Our costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our business, results of operations, or financial condition.

### **We may be adversely affected by legal, regulatory or market responses to global climate change.**

Growing concern over climate change has led policy makers in the U.S. to consider the enactment of legislative and regulatory proposals that would impose mandatory requirements on greenhouse gas emissions. Such laws, if enacted, are likely to impact our business in a number of ways. For example, significant increases in fuel economy requirements, new federal or state restrictions on emissions of carbon dioxide or new federal or state incentive programs that may be imposed on vehicles and automobile fuels could adversely affect demand for vehicles, annual miles driven or the products we sell. We may not be able to accurately predict, prepare for and respond to new kinds of technological innovations with respect to electric vehicles and other technologies that minimize emissions. Compliance with any new or more stringent laws or regulations, or stricter interpretations of existing laws, could require additional expenditures by us or our suppliers. Our inability to appropriately respond to such changes could adversely impact our business, financial condition, results of operations or cash flows.

Moreover, the perspectives of our customers, suppliers, stockholders, employees, community partners, regulatory agencies and other stakeholders regarding climate change are evolving. These stakeholders are increasingly requesting disclosures and actions relating to not only climate change but other environmental and social matters and corporate governance practices. The increase in costs to comply with such evolving expectations, including any rules or regulations resulting from these evolving expectations, as well as any risk of noncompliance, could adversely impact us.

### **Demand Opportunity**

With the higher demand for environmental compliance related products, we view this as an opportunity to help our customers by continually re-evaluating our sustainable vehicle recycling and repurposing efforts and by finding new and improved ways of working to divert more materials into the circular economy that otherwise were destined for landfills. Our solutions and services help organizations and people by raising awareness of climate change, enabling customers to make better choices enabling a circular and sustainable economy, and thus respond to the shifting changes of regulations.

## **Risk Management**

Our senior leadership team and board of directors are very keen on managing and mitigating various risks to our business and financial performance, including climate change and other environmental risks.

Since such risk management topics are reviewed and discussed on a regular basis among our leadership team across the entire organization, consideration of such risks is implemented as part of our operating and investment decision-making process, in all aspects of the business. The team reports on a regular basis to our Chief Executive Officer and Board of Directors.

## **Metrics & Targets**

LKQ set a target to reduce global Scope 1 and Scope 2 emissions by 30% compared to the 2021 baseline relative to revenue. This target is in line with best practices promoted by the Science Based Targets Initiative (SBTi). By 2050, LKQ aims to achieve net zero emissions across our own operations, in alignment with the Paris Climate Accord.

For questions regarding this report, please contact:  
[ESG@lkqcorp.com](mailto:ESG@lkqcorp.com)

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