



2021 Sustainability Report

LKQ Keeping you moving

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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, 2021, 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

LKQ Corporation, “LKQ” or the “Company,” is proud to present our 2021 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.

Last year LKQ released its inaugural Sustainability Report for our 2020 reporting year. Our commitment to transparency and disclosure continues with this report. We’ve enhanced our approach to include a holistic focus across our global operations. 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

The Governance and Nominating Committee of our Board of Directors oversees LKQ’s ESG program and initiatives.

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: First is to ensure our strategy and initiatives align with

ESG Recognitions



stakeholder expectations, second is to help ensure ESG considerations are embedded in our business operations, and third is to effectively communicate our ESG message to stakeholders. Additionally, as part of LKQ’s Corporate Audit Plan, our corporate audit team conducts an ESG risk-based audit. The purpose of the audit is to validate that LKQ’s ESG program is designed and operating effectively to ensure key internal and external reporting objectives are accomplished.

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 2021, these leaders proactively reached out to LKQ’s largest institutional investors to engage with them on ESG-related updates and LKQ’s performance strategy.

Message from Our CEO



Dominick Zarcone

President and Chief
Executive Officer

Over the past two years, the COVID-19 pandemic has created an unprecedented environment for businesses across the globe. LKQ was not immune from its effects. On behalf of the Board and our Company, let me start by saying that our thoughts go out to all that have suffered or experienced losses of family members or friends. Equally, we are tremendously thankful to all front-line workers, including those in our lines of business, who have worked tirelessly to help keep others safe and our economy and business moving forward.

It's fair to say that 2020 rocked many organizations and business models, upending priorities and plans as business leaders scrambled to navigate a rapidly changing environment. It would have been nice to believe that 2021 was going to be about stability and getting back to normal. Instead, 2021 was another full year of major transitions and will be remembered as the "Year of Change." The world was still trying to emerge from the economic, social, and health setbacks from the continuance of the COVID-19 pandemic, while companies like LKQ were managing a hybrid workforce, determining how best to support employees' well-being, dealing with unprecedented disruptions in the global supply chain, and trying to carve a positive path forward.

If last year taught me anything, it was not to be afraid of change but to embrace it fully. There was no playbook for the past two years, but at LKQ we face challenges head-on, with integrity, passion, and teamwork. While the future is always unpredictable, by making proactive commitments toward a more sustainable agenda for LKQ, we are helping establish the right track for positive change

and success for all our stakeholders – our employees, our customers, our suppliers, and the communities where we live and operate. Now is the time to treat ESG performance with the same level of rigor and oversight previously applied to financial and operational performance. That's the only way to keep our eyes on the prize and to drive and measure progress.

Back in 1998, the world saw an extremely fragmented recycled automotive parts industry. Our founders, however, saw an opportunity — to provide quality, high-value alternatives for the automotive replacement parts marketplace. Since then, LKQ has not stopped driving forward, with a commitment to continuous improvement, finding creative solutions, and adapting to the ever-changing competitive landscape.

I'd like to highlight some of our key accomplishments over the past year:

Employee Engagement

- This past summer, LKQ launched its first-ever global employee engagement survey, "Your Voice Matters." Our engagement score was 74, results demonstrating high levels of employee engagement compared to other businesses of a similar size. We identified areas for improvement and have taken meaningful action based on the feedback from the survey. As a result, LKQ is now offering paid parental leave and enhanced mental health benefits in 2022. We know we must continue to listen to our people and understand how we can make LKQ an even better place to work.



Safety

- In June 2021, LKQ launched an exciting new program called the LKQ Safety Pit Stop to continually improve workplace safety and further enhance our safety-first culture. This program was designed to promote safety in a positive manner. It provides a forum for all team members, regardless of their position in the company, to actively participate in the safety process by helping to stop a perceived unsafe act and take the time to learn as a team so we can all improve and help prevent human injury.

Environmental Leadership

- In December 2021, LKQ was highlighted for our responsible recycling and sustainability efforts on a television program called “[EARTH with John Holden](#).” Several LKQ leaders participated and discussed our efforts to contribute to a circular economy by preventing materials from otherwise ending up in landfills. The program aired in the U.S. on Fox Business Network and Bloomberg TV, and BNN Bloomberg in Canada.

Communities

- This past holiday season, we launched our inaugural [LKQ Cares Holiday Vote](#). Ten globally-focused charitable causes were selected to share in donations from the LKQ Community Foundation based on the percentage of votes each organization received from employees, customers, and the community at large. I am proud that LKQ was able to provide this support to these worthwhile causes supporting efforts around the globe.

Operations

- In February 2021, LKQ officially opened its state-of-the-art [central distribution center \(CDC\) in Berkel en Rodenrijs, Netherlands](#). This CDC will combine the activities of four different distribution centers of LKQ Fource. The building has an area of more than 50,000 m², of which 2,500 m² is used for offices and about 49,000 m² is dedicated to warehousing activities. As part of LKQ’s sustainability agenda, the roof of the building is fully equipped with photovoltaic panels, making the building completely energy

self-sufficient. The distribution center has received the BREEAM Excellent certification partly because of this. A large number of windows in the building provide plenty of daylight, creating a pleasant working environment. Additionally, the building is completely gas-free and provides sufficient charging infrastructure for electric vehicles.

- In May 2021, LKQ acquired Green Bean Battery, a hybrid battery reconditioner and installer, which developed a proprietary hybrid battery reconditioning process that creates a more reliable battery while simultaneously extending its useful life for vehicles manufactured by Toyota, Honda, General Motors, Lexus and Nissan. Green Bean reconditions batteries at eight state-of-the-art facilities across the United States. The acquisition of this company further reinforces our commitment to sustainability and finding innovative ways to contribute to a circular economy.
- In July 2021, LKQ Europe opened its new LKQ Innovation and Service Center in Katowice, Poland. The new facility will enable LKQ Europe to offer its customers innovative digital products and solutions while strengthening cost competitiveness and process efficiencies, further reinforcing our sustainable business model.

As we manage our business, we've enhanced our focus on environmental, social, and governance priorities to drive value for our stakeholders. But I also recognize that we can do more and feel an urgency to accelerate our progress on these matters. We have an open commitment to enhancing our ESG efforts through every facet of our business. It's imperative to reduce our emissions whenever and wherever possible and achieve greater circularity with the materials we handle to help preserve the environment now and for future generations. And I am committed to making LKQ a model for inclusiveness and equal opportunity for all. By improving our commitment to running our business with passion, integrity, and inclusivity in mind, we will allow our team members to grow and thrive to best meet the needs of our customers.

I am confident in saying while LKQ has a great story to tell, we are just at the beginning of our journey. I am both excited and LKQ Proud of the road ahead for all our current and future stakeholders.



Dominick Zarcone
Chief Executive Officer





About LKQ

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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

Our core values help LKQ and its employees make important business decisions about hiring, training, short and long-term strategy and leadership techniques and help shape our company culture. We are "LKQ Proud." This simple statement drives everything we do. It speaks to pride in ourselves and each other, pride in the Company, pride in our customers, and pride in the communities which we operate in and serve.



We are LKQ Proud & always deliver

D

Dependable

- Meet customer's expectations
- Keep your promises
- Be a conscientious team member
- Exhibit personal accountability

E

Excellence

- Maintain high expectations
- Go above and beyond
- Focus on the customer's needs
- Be passionate about success

L

Leadership

- Be a role model
- Walk the walk, talk the talk
- Make it a priority to develop and mentor others
- Show others that you care about them
- Embrace change and lead the way
- Exhibit a positive, entrepreneurial spirit

I

Integrity

- Always be honest, genuine, and fair
- Keep your promises
- Say what you mean and mean what you say
- Make the right decision, not the popular decision

V

Value

- Provide real service to the customer (whether internal or external customers)
- Distinguish LKQ from the competition
- Let the customer know you care

E

Efficient

- Practice continuous improvement
- Leverage our human and physical assets

R

Responsive

- Be fast, flexible, and focused
- Take initiative
- Seize opportunities
- Listen to your customers

Corporate Profile

NASDAQ	LKQ
IN OPERATION	Since 1998
HEADQUARTERS	Global Chicago, Illinois USA Europe Zug, Switzerland North America Nashville, Tennessee USA
COUNTRIES	26
LOCATIONS	1,600+
EMPLOYEES	<div><div><div>Globally ~46,000</div><div>EMEA & APAC ~28,000</div><div>North & Central America ~18,000</div></div><div><div>North & Central America</div><div>EMEA & APAC</div></div></div>
SKUS	<div><div><div>North America 812,000</div><div>Europe 900,000</div><div>Specialty 185,000</div></div><div><div>Europe</div><div>Specialty</div><div>North America</div></div></div>
RECYCLED PARTS SOLD	13,800,000

LKQ Companies

LKQ Corporation is a leading provider of alternative and specialty parts to repair and accessorize automobiles and other vehicles. LKQ has operations in North America, Europe, and Taiwan. LKQ offers customers a broad range of OEM recycled and aftermarket parts, replacement systems, components, equipment, and services to repair and accessorize automobiles, trucks, and recreational and performance vehicles. Below is a look at LKQ companies:

LKQ

Wholesale - North America

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.



Europe

We are the leading distributor of automotive aftermarket parts for cars, commercial vans, and industrial vehicles in Europe. With the help of high-frequency logistics and sophisticated stockpiling, We raised the spare parts supply in Europe to a whole new level. Today, we operate more than 1,000 branches, each with an enclosed parts warehouse. LKQ Europe is now offering supporting consultation and service connected to our vast product range.



Specialty

We are the leading distributor and marketer of specialty automotive, RV and marine products and accessories in North America, serving the diverse interests and needs of enthusiasts, dealers, retailers, and installers. Our specialty product offerings include RV, truck and off-road, towing, speed and performance, wheels, tires and performance handling, marine, as well as 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.



Memberships & Industry Engagement

North America

LKQ is an active member of several organizations and associations for the vehicle and recycling industries. Our involvement allows us to learn and share best practices with our peers, as well as to develop and shape common sense policies that protect the environment while promoting sustainable business practices.

We are proud to serve in leadership roles, maintain general membership and representation with:

- 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 Association
- ARA — Automotive Recyclers Association
- Countless state associations representing vehicle recycling facilities
- RV Industry Association
- NMMA — National Marine Manufacturers Association

Additionally, LKQ and certain employees are registered lobbyists on the United States federal and state levels. LKQ lobbies on issues and policies that extend far beyond our Company, such as creating a marketplace that is fair and competitive, thus serving all communities and consumers. The company lobbies for policies that protect the environment and create ways in which to grow recycling programs throughout the world. Additionally, LKQ is working with its partners to create recycling programs for innovative vehicle solutions so that destructive and harmful chemicals do not enter the environment when parts reach their end of life. 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.

The Company 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, represent 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 transportation 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 and the World Alliance for Efficient Solutions (Solar Impulse Foundation), we collaborate with other businesses and a wide set of stakeholders looking to achieve sustainable growth and practical, viable, and innovative solutions towards integration of sustainability across our business model.

We partner with local associations to engage in social and sustainability projects that will positively impact our society and the communities in which we operate:

- eFuel Alliance
- Zukunftswerkstatt 4.0
- UNECE WP 29
- CSR Europe

-
- World Alliance for Efficient Solutions (Solar Impulse Foundation)
 - IAAF — Independent Automotive Aftermarket Federation
 - GEA — Garage Equipment Association
 - SMMT — Society of Motor Manufacturers and Traders
 - UKAFCAR
 - Ben
 - Pieta
 - ADIRA — Associazione Distributori Indipendenti di Ricambi
 - ANIASA
 - SAA Swiss Automotive Aftermarket
 - AGVS-UPSA Auto Gewerbe Verband Switzerland
 - Save the Children
 - Food for Good
 - Treedom
 - Un cuore e un sorriso
 - UNASAM
 - ABIO
 - PMG
 - Zuwebe
 - Bundersverband der Hersteller und Importeure von Automobil-Serviceausrüstungen ASA, e.V.
 - GVA — Gesamtverband Autoteile-Handel
 - Caruso Dataplace
 - ATR
 - VFT
 - Carmunication (technical solution for open telematics platform)
 - SISA — Sdruzeni Importeru Soucasti Automobilu
 - SDCM — Stowarzyszenie Dystrybutorów Części Motoryzacyjnych
 - Nadace Truck help
 - FEDA Fédération des Syndicats de la Distribution Automobile
 - ADPA Automotive Data Publisher Association
 - TRAXIO
 - RAI Vereniging/Autovak — Rijwiel & Automobielen Industrie
 - BREAA
 - Stichting Duurzaam (foundation)
 - Fource Foundation
 - Roparun
 - Run4Value
 - Stichting DaDa
 - SBR — Sveriges Bilåtervinnare Riksförbund (Swedish Car Recycler's National Association)
 - Märkesdemo
 - LAGA — Lagagrupper

LKQ

Keeping you moving



Evolution of the LKQ Brand

Although we haven't stopped moving over the past 20 years, our logo hadn't changed for some time and wasn't a true reflection of the dynamic and modern organization we are today.

Who we were...

When LKQ was originally formed, it revolutionized the parts industry by offering high-quality, recycled automotive parts at excellent value. In fact, our logo and identity reflected this vision, and the term 'Like-Kind-Quality' was the starting point for the LKQ brand.

Fast forward to today, and the meaning behind the name has evolved to be 'Leadership. Know-how. Quality.'

We're now a global business, made up of more than 290 acquisitions offering product and service solutions across our four core segments: in Wholesale - North America, Europe, Specialty and Self Service. With thousands of colleagues spread across the globe, we're a dynamic and entrepreneurial team, and our identity needed to reflect this.

What's new?

Following a series of brand assessment interviews covering brand aspirations with key leaders across our global business, we've worked with an external agency to build a strong and inspiring identity to support our continuous future growth while attracting and retaining top talent. Our new logo is an evolution rather than a revolution of our existing marque, but you'll notice we've dropped the car frame and introduced a new tagline --- Keeping you moving.



About this Report

- 18 Sustainable Development Goals (SDGs)
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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.

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



LKQ Prioritized Topics

Governance

Board and leadership pay / performance incentives / diversity / structure

Environmental

Energy Management / Greenhouse gas emissions
Effluents and waste

Social

Supply chain social screening

Core business / products

Product sourcing and opportunities in clean technology

Labor

Health and safety
Employee engagement
Workforce diversity

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).

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.



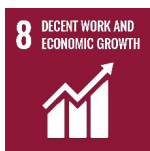
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. LKQ views this SDG in context of our current and future workforce. We provide training and development opportunities to our workforce, provide tuition assistance programs to help further their education 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 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 re-evaluating 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 Always D-E-L-I-V-E-R, the values that each of us at LKQ live and work by each day. Our ESG strategy is built on four key elements:

- Our People
- Our Communities
- Our Environment
- Our Corporate Governance & Ethics

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

Our People & 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

Our Environment:

- 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

Our Sustainability Goals

CLIMATE CHANGE

30%

GHG emissions intensity reduction established as goal per revenue dollar by 2030.

EMPLOYEE ENGAGEMENT

	GLOBAL RESPONSE RATE	GLOBAL ENGAGEMENT SCORE
By 2025	73%	76
By 2030	78%	78

Increase our annual employee engagement survey response rate and engagement score

- 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 targets 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)

Our Corporate Governance & Ethics:

- 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 Environment:

30%

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

Net Zero

By 2050, achieve net zero emissions across our 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.

LKQ plans to issue a roadmap with our next report showcasing how we plan to achieve these outcomes.

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Environment

In our current economy, humans take materials from Earth, make products from them, and eventually throw them away as waste – the process is linear. In a circular economy, we stop waste from being produced in the first place. The environmental benefits of LKQ's business are considerable in contributing to a circular economy – through the preservation of natural materials and conservation of energy and water (associated with manufacturing) by diverting and repurposing metals and other caustic materials otherwise destined for landfills through our vehicle recycling, parts salvage, and remanufacturing operations.

Our environmental priority areas include our salvage and recycling operations, our transportation and logistics, and our facilities. For each priority area, we have developed and implemented initiatives to ensure we operate safely and responsibly. We focus on running efficient operations that minimize our environmental impact, including our carbon emissions, energy consumption, and waste.

We recognize we need to do more, and we are in the process of developing our emissions reductions targets across our organization and by type of energy usage (e.g., facility energy, fleet fuel) in alignment with the [Paris Climate Accord](#). We anticipate being able to disclose our roadmap showcasing not just our goals but how we will reach them in the next edition of LKQ's Sustainability Report.

Environmental Oversight

LKQ employs a staff of environmental compliance professionals to ensure that our facilities impact the natural environment in as minimal a manner as possible. To reduce our impact on the environment, we monitor our use of resources, including fuel and electricity usage.

LKQ Environmental Compliance Managers oversee and ensure compliance regarding environmental permitting and regulatory matters and provide regular 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 with a solid record of environmental compliance. We work with state and local governments to address any sites potentially requiring remediation 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 and conform to the requirements of our various environmental permits. In many cases, LKQ has retained environmental consulting firms to develop state-specific Stormwater Pollution Prevention Programs, Spill Prevention Control & Countermeasures, and to conduct independent audits of our salvage facilities. The LKQ Risk Management department oversees the administration of 90 Federal and State issued Waste Generator Registration IDs, which allow our wholesale operations to safely dispose of hazardous waste through a licensed hazardous waste transporter.

Independent Environmental Audits

LKQ began its Independent Environmental Audit Program in 2003. The purpose of this program is to provide LKQ with an outside 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 all 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 performance.

In 2021, LKQ hired a well-respected, independent environmental consulting firm to assess LKQ's impacts to the environment with respect to Scope 1 and Scope 2 carbon emissions globally. LKQ leadership felt strongly that we needed this outside assessment to determine a baseline of these GHG emissions. The environmental impact assessment was completed in the second quarter of 2022, at which point we established a 30% GHG emissions intensity reduction goal per revenue dollar by 2030 across all areas of our business. This target is in line with best practices promoted by the SBTi. Our ultimate goal is to create thoughtful, yet meaningful, reduction targets in alignment with the Paris Climate Accord.

Stormwater Management

The LKQ Risk Management department currently oversees the compliance of 166 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 takes the following measures to assist our facilities in achieving regulatory compliance:

- Obtain and maintain closeout of our wholesale 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 any program or application deficiencies identified during internal, independent, or regulatory inspections.
- Provide annual employee compliance training at each site.

In 2021, we enacted a Compliance Map Program to provide additional oversight and visibility of the administrative aspects of our stormwater permit requirements.

Vehicle Dismantling & Parts Recovery

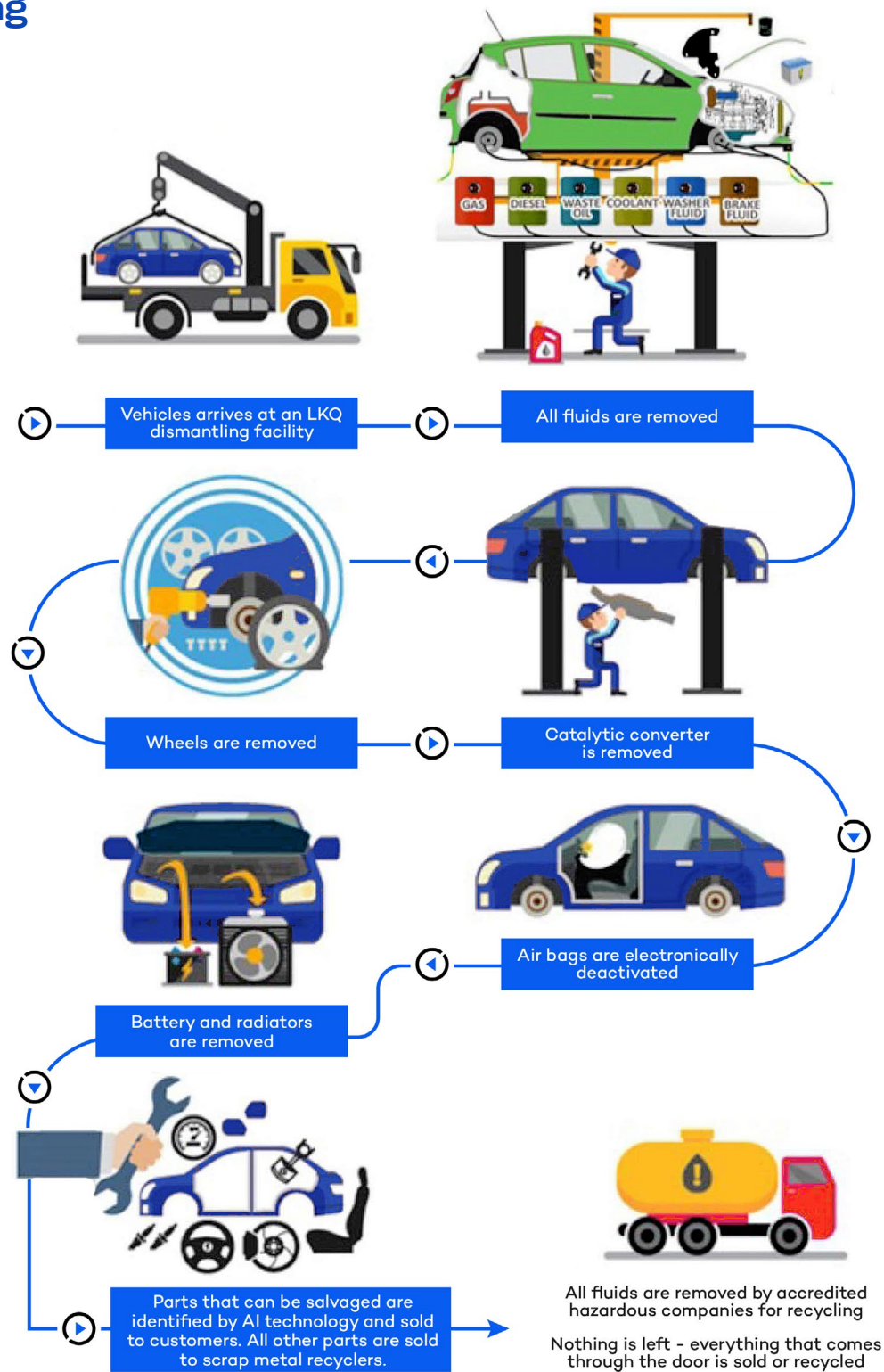
LKQ plays an important role in enabling a circular economy. Vehicles that are no longer road-worthy (considered total loss or end-of-life) can still possess significant value. Individual components can be recovered and remanufactured, transferred to other vehicles, or recycled and made into new products. In other words, LKQ looks at these vehicles as greater than the sum of their parts.

As the world's largest recycler of vehicles, we recover the fluids from the salvage vehicles we process before all else, preventing water and land contamination. And by identifying parts and commodity-based materials

for recycling and reuse and removal, we divert and reuse millions of tons of materials each year that might otherwise be destined for landfills. Over 90% of the materials from vehicles can be recycled in some manner. The ferrous and non-ferrous scrap metal and other materials we process are utilized to manufacture new products, conserving Earth's natural resources, and significantly reducing GHG emissions. We are further strengthening our business model and our sustainable impact by investing in technologies and processes and partnering with outside companies to increase our recovery of non-ferrous metals that typically are contained in vehicles. 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



EcoXchange is our range of premium recycled car parts offered in European markets through our Atracco division. These products are of very high quality, and we give a one-year guarantee on these products. A recycled car part consumes 100% less raw materials and natural resources than manufacturing a new one which helps contribute to environmental sustainability and reduction of carbon emissions.

We closely track the materials we recover and recycle from each vehicle procured in our salvage operations. The below data shows (i) materials recycled and sent to third parties for remanufacturing or processing, (ii) materials sold to third parties for scrap value, and (iii) parts received by LKQ remanufacturing and manufacturing facilities to process and sell as finished goods.

Recycling Achievements

	2019	2020	2021
# of Vehicles Procured	887,000	818,000	780,000
Antifreeze/Washer Fluid (gallons)	347,000	305,000	343,000
Catalytic Converters	1.5M	1.5M	1.5M
Fuel (gallons)	4.2M	3.9M	3.9M
Tires	2.6M	2.3M	2.1M
Crush Auto Scrap (tons)	1.2M	0.9M	1.1M
Batteries	630,000	658,000	740,000
Waste Oil (gallons)	2.6M	2.3M	2.2M
Total # of Individual Parts Sold	15.2M	14.6M	13.8M

Metals & Other Material Recycling

Summary of Materials Processed
(in millions of lbs.)

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

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 servicer. Other recycled materials are a mixture of plastic regrind, catalyst materials, and precious metals. The figures represented in LKQ's 2020 report were transposed between Copper and Aluminum, and this report reflects that correction.

Remanufacturing

Remanufacturing is 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 originally intended to function. From an environmental view, remanufactured goods are kept out of the waste stream, they conserve energy and thus reduce GHG emissions, and protect groundwater from potentially toxic contaminants that otherwise would be utilized in the original manufacturing process. The economic benefits are reduced cost of goods, providing a financial benefit to the end consumer and providing an extended life of a product. Like the disassembly process at LKQ's self-service or full-service yards, LKQ takes care to remove engines and other components 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." These parts are therefore restored to a much higher functionality. LKQ provides a warranty guaranteeing our customers' satisfaction and ability to trust the quality and performance of the product sold to them.

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 at 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 couple of years.

LKQ's Remanufacturing division operates 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.

We are pioneers in the remanufacturing process, and with advanced production, we can supply remanufactured products with a level of quality that equals the standards of a new OEM part. Our 'eco-credentials' are powerful too, and with more than 86 years in the industry, we are one of the oldest remanufacturers to the automotive industry in the world.

LKQ continues to put sustainability first. Last year alone, LKQ's remanufacturing operations were able to save:

26,000 tons
of raw material per annum
(estimated)

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.

208,000 MWh
of electricity per annum
savings

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.*

43,000 tons
of CO₂ per annum savings

CO₂ 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 CO₂.*

*Methodology based on information from: www.mdpi.com, www.carbonclean.com, www.bdsv.org, McKinsey & Company and www.onetreeplanted.org.

LKQ Remanufacturing is proud to contribute towards a circular economy. When it comes to sustainability, our remanufacturing operations do the work of over 1.5 million trees (based on a mature tree absorbing 48 lbs. of CO₂ each year).* Our team will keep building on its already strong foundation in this area, all while putting the customer at the heart of what we do.

In May 2021, LKQ acquired Green Bean Battery, a hybrid battery reconditioner and installer, which has developed a proprietary hybrid battery reconditioning process that creates a more reliable battery while simultaneously extending its useful life. In 2021, Green Bean Battery procured and repurposed a total of nearly 40,000 Nickel Metal Hydride (NiMH) Hybrid Vehicle Battery (HVB) cores and nearly 1,000 aftermarket battery packs. We sourced from very diverse suppliers to include major salvage yards, municipalities, and small independent vendors. In each case, every part was carefully examined and each component was reconditioned for future use whenever possible. Every module that passed the initial connectivity and visual inspection was reconditioned on our proprietary charging machines for use in a refurbished battery.

For those modules that did not pass our rigorous testing, Green Bean Battery recycled all available materials responsibly. In 2021, we processed an additional 35,000 lbs. of scrap material and recycled over 200,000 lbs. of NiMH modules which did not meet our quality standards for further use.

Our total sales in 2021 were 8,011 units across the United States.

After the acquisition of [Green Bean Battery](#) in 2021, we are expanding our footprint and coverage of battery remanufacturing and repair for hybrid vehicles.

Fleet Services, Transportation, Logistics & Equipment

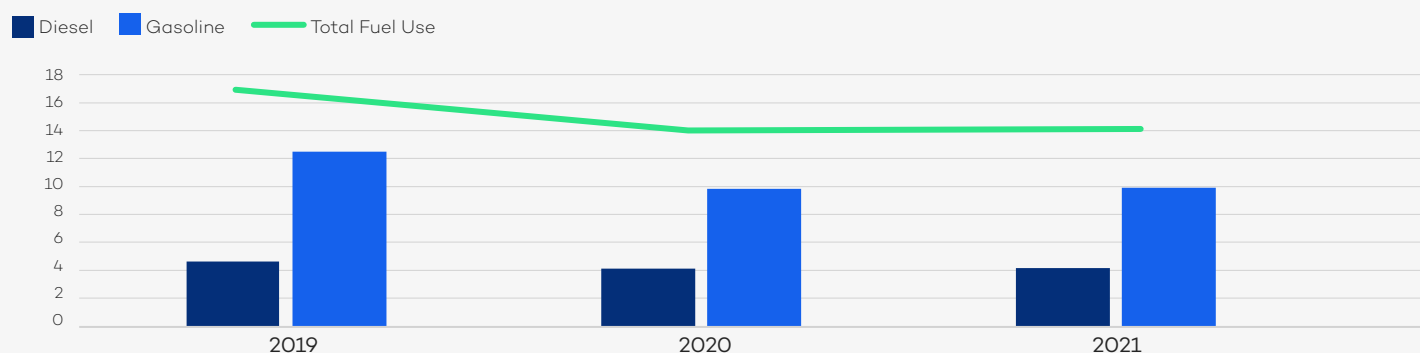
At LKQ, we are continually investigating new opportunities to make meaningful reductions in our carbon footprint. Given the non-manufacturing nature of our operations, our shipping, transportation, and logistics functions represent the greatest opportunity for our company to focus on carbon emissions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

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.

Within the last two years, we have taken steps to improve the efficiency of our deliveries across North America using dynamic routing through route optimization software. With dynamic routing, we optimize the number of routes we run each day, in the best sequence possible. This software reduces the overall number of deliveries we make while still completing all deliveries.

North American Fleet Fuel Use

in millions of gallons



Note: Data includes all businesses in our North America and Specialty segments. We track data from fuel card transactions for all our vehicles. The data excludes the relatively small amount of fuel for yard operations like forklifts and front-end loaders.

2021 European Fleet Fuel Use

	PETROL (L)	DIESEL (L)	LPG (L)	CNG (KG)
Austria and Germany	37,950	3,873,091	-	-
CEE	1,487,394	4,320,216	1,352,901	47,364
Italy and Switzerland	-	411,218	-	-
United Kingdom and Ireland	940,167	9,427,129	-	-
The Netherlands, Belgium and France	508,698	3,230,003	18	-
Sweden and Norway	79,117	7,949,726	87,952	-
Total	3,053,326	29,211,382	1,440,871	47,364

With the telematics implementation, we have also reduced the amount of engine idle. Prior to this implementation, LKQ fleet vehicles averaged 1.5 hours of idle engine run-time per vehicle per day. In 2021, idle time was significantly reduced to an average of 15 minutes per vehicle per day. This significantly helps the environment and reduces the impact on global warming. According to the Environmental Defense Fund (EDF), for every ten minutes a vehicle engine is off, this prevents one pound of carbon dioxide from being released into the atmosphere.

We have purchased several alternative energy vehicles as we transition to adopting a lower emission fleet. In certain regions across North America, we began introducing a propane fleet in 2017 and have consistently added more propane trucks to our fleet in subsequent years. Additionally, we have placed orders for a limited number of electric vehicles (semi-trucks and pickup trucks) to use in our North American operations.

Within certain regions of North America, we have internal goals to increase the percentage of total bi-fuel units within the route sales (delivery) fleet each year. The decision to replace our diesel and gasoline fleet with alternative and more fuel-efficient vehicles will be based on several factors, including fuel station availability, the region and market, and financial incentives.

Charging infrastructure is the largest hurdle to overcome on trucks, while passenger car charging is becoming more widely available. Due to a lack of charging infrastructure, we are required to have trucks back at their home location on dedicated chargers on a nightly basis, which limits the number of applications (i.e., only local delivery – no medium range shuttles or longer delivery routes are possible at this time).

The future of LKQ Europe's fleet sustainability strategy centers around reducing the environmental and societal impact of our vehicles, including the adoption of low or zero-emission fuels and vehicles, right-sizing to meet fleet needs, utilizing stop-start technology to reduce fuel usage, and selecting more efficient and cleaner engines. We are on the road to implementing Pan-European transport and fleet management systems to assist with route optimization to reduce the number of kilometers driven, fuel usage, enable GHG calculation, and improve road safety.

We are developing a driver awareness training program across Europe to improve behaviors which will result in safer and more economical driving.

All the above will assist in reducing environmental impacts through a combination of cleaner vehicles and fuels, fuel-efficient operation and driving, and reducing the amount of road traffic we generate.

Showcase



Propane Delivery Fleet

When it comes to environmental impact, using propane is a win over traditional gasoline-powered vehicles. While average miles per gallon (mpg) for gas engines is roughly 13% higher (9 mpg vs. 8.1 mpg for propane), the emissions for propane are 35% less than gasoline. For each gallon of gasoline burned, CO₂ output is around 19.6 pounds, but only 12.7 pounds per gallon of propane. One of the other key environmental impacts of propane is extended engine oil life. Since propane burns cleaner than gas, oil lasts longer, requiring less frequent oil changes and oil to dispose of.

From a financial standpoint, propane is a win for LKQ as well. While noted above that the mpg for gasoline vehicles is 13% higher, the average cost per gallon of propane is historically about 30% lower than gasoline. We can also pre-purchase large quantities of propane to lock in lower pricing.

Other benefits include:

1. Frequent state and/or federal grant money to offset vehicle and fueling equipment cost
2. Saves employees time by refueling on-site instead of at a gas station
3. Eliminates risk of gasoline theft
4. Propane used for fueling is domestically produced, so no reliance on foreign oil

Our current fleet has 235 propane-powered vehicles in it, with another 65 on order. We are implementing an additional 83 retrofits, mostly in the mid and north Atlantic regions of the United States.

Showcase

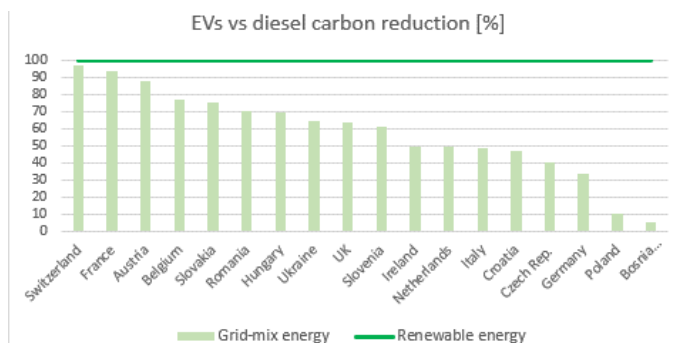


Electric Vehicle Trials

As part of our ongoing commitment to decarbonization, our LKQ operations in the United Kingdom launched its first phase of an electric vehicle (EV) trial on the Isle of Wight in 2021. After spending seven months collecting key data, the Fleet team deemed the trial a success and are now set to introduce additional EVs. One of our Rapid Fulfillment Centres (RFC) will have electric vehicles to test over the winter months.

In Germany, we trialed different electric vans for our customer deliveries. It proved their operational suitability for a typical capacity and ranged up to 200km. The vehicles will start being introduced into our last mile deliveries. There are additional trials taking place across the Netherlands and Belgium. Initial findings are mostly positive both for operational criteria and driver experience. The total cost of ownership is adding further benefits in favor of battery electric vehicle (BEV) vans. Subject to full test results, we are looking into phasing EVs into our European operations. LKQ Europe is ordering the first 150 BEVs for multiple branches in the United Kingdom and Germany.

Our Head of European Fleet Excellence said, “We’re not going to make the switch from diesel and petrol vehicles overnight, and with a fleet of close to 9,000 vehicles



across Europe, it’s important we have the right charging infrastructure in place. That’s why we’re implementing EVs in a phased approach to ensure reliable and uninterrupted operations.”

LKQ Europe’s Logistics Excellence Sustainability Manager believes electrifying the fleet is one of the most sustainable options, given the progressive market maturity and industry commitment. He also highlights the importance of the type of energy used for charging the electric fleet. The chart above illustrates that full carbon reduction potential can only be realized by using renewable energy to power up the vehicles.

Showcase



@Reichhart Logistik

LNG Alternative Fuel Trials

Since September 2021, two trucks powered by liquefied natural gas (LNG) have been involved in a trial test at our Stahlgruber Central Distribution Centre in Sulzbach-Rosenberg, Germany to evaluate the operational and environmental performance of this alternative fuel.

LNG is an odorless, non-toxic, cryogenic liquefied natural gas. Natural gas is approximately 95% methane, which is one of the cleanest fossil fuels. The combustion of natural gas primarily emits water vapor and small amounts of carbon dioxide. So, the assumption is that emissions are 30 to 50% lower than those produced by other combustible fuels.

“Our first impression confirms that their driving characteristics and performance values are comparable to a diesel counterpart,” said LKQ’s Head of Shipping and Transport Logistics CDC Sulzbach-Rosenberg. Now it remains to be seen where the drive unit is suitable for

everyday use and can also keep up in terms of economy over the entire mileage and service life. The results so far are positive. Another factor is that the technology is currently being subsidized by the government through the abolition of tolls.

LKQ is thinking about tomorrow today. “An important task is to be fundamentally open to trying out the variety of new sustainable drive and transport solutions and to sensibly incorporate them into our supply chain because they can be a positive contribution to our environmental footprint and usually also bring an economic advantage,” said the Director Logistics Management Stahlgruber Group. At LKQ Europe, we carefully consider the scientific evidence for emission reduction potential of this powertrain and associated fuels. As such we are exploring the use of bio-methane due to its significant carbon reduction potential.

Facilities

Our objective is to reduce buildings' emissions throughout their entire lifecycle. To achieve this goal, we will commit to continuous improvement in the environmental performance in the way we occupy, build, and shape our activities to improve our real estate operations and our asset management policies. This will include tracking the environmental performance of our real estate assets and operations on a continuous basis.

Today, we have targets for improving our environmental sustainability performance, including specifically in our commitment to minimize emissions of GHG and to increase our use of renewable resources.

We have undertaken several initiatives at our facilities to reduce our energy use and related carbon emissions. Over the last several years, we have upgraded the lighting to more energy-efficient LED lighting at certain U.S. locations. All our build-to-suit leases, and most of our new leases, have LED lighting. We expect to roll out lighting efficiency upgrades to more facilities in the coming years. Additionally, we are exploring the opportunities to add solar energy panels to certain facilities in the U.S. and Europe.

And our real estate acquisitions team is continually looking to expand our real estate footprint for our salvage segment, which would allow LKQ to process more total loss and end-of-life vehicles for recycling purposes.

Please find below a brief overview of LKQ Europe's sustainability plans and initiatives in facilities management:

Utilities	<ul style="list-style-type: none">• To have identified all sources of energy consumed by the end of 2022 and to have calculated our CO₂ emissions.• To record utility consumption on a monthly basis in order to report annually and set 5 year reduction targets.• We are looking to increase the amount of renewable energy we procure directly.
Solar	<ul style="list-style-type: none">• We aim to install PV at all CDCs and RFCs. Four CDC installation is under construction. ECP CDC installation being tendered.
Building Energy Performance	<ul style="list-style-type: none">• All new premises to undergo an evaluation process concerning materials and methods to deliver energy-efficient, sustainable buildings.• In 2022, to assess how many facilities benefit from a BMS system and prioritize the facilities requiring one.• Building Management Systems to be installed where necessary (CDCs and RFCs) by 2025.• Collect information on our existing portfolio's energy rating e.g., EPC in the UK and then identify suitable improvement initiatives.
LED Lighting	<ul style="list-style-type: none">• 128 branch upgrades completed in 2021.• By the end of 2022, confirm how many lights require upgrading.

Specialty Segment Converts Catalogs and Orders to Digital Format

"Digitization greatly improves the customer experience at our shows. Digital orders have shown to reduce error, save time and money, and are environmentally-friendly. Customers can use their mobile device, borrow a tablet from us, or use a self-service kiosk to build their show orders," says KAO's VP of Information Systems.



LKQ's Specialty segment recently underwent a significant digital conversion from utilizing paper catalog printing and paper order printing to help eliminate the waste generated and consumption of paper materials. In 2021, KAO discontinued printing its automotive catalogs, which averaged 1,000 pages per book with approximately 150,000 catalogs printed and distributed annually. (KAO is still producing the RV catalog and may consider moving to a digital format in the future.) Additionally, the team decided to help eliminate paperwork and paper waste by fully digitizing the order-taking process at their annual industry shows, the NTP-Stag RV EXPO and Keystone Automotive BIG Show. The transformation began in 2016, and as of 2021, orders are no longer taken using paper forms, but rather 100% digitally at events, further eliminating the need for 7,000 lbs. of paper.

Showcase



LED Lighting Upgrades in Alsip, Illinois

In July, our warehouse in Alsip, Illinois completed a comprehensive LED lighting project installing 328 LED lights to replace less energy-efficient lighting. The LED lights will increase productivity, contribute to a better work environment, and improve safety due to a much brighter warehouse.

Showcase



The Netherlands CDC

- In 2017, the project started with a network study and analysis of the logistic model in The Netherlands
- Conclusion was to implement one central distribution center with a high degree of automation instead of multiple distribution centers (DC)
- Plan was normalized in 2018 to migrate the 4 current Dutch Fource distribution centers to 1 Central DC (and in time do the same for the current Belgian DC)
- Logistic integrator was selected after intensive RFI/RFS
- In December 2019, building preparations were started and in January 2020, the first pile was put in the ground
- In July 2020, the logistic integrator started building the installations inside the building
- In December 2020, the building was delivered to Fource with 500 PV panels
- In May 2021, the installation was finished
- From June to November 2021, commissioning and testing took place
- From November 2021 to March 2022, Business Integration Testing took place
- In 2021, we received BREEAM Excellent certification
- In January 2022, we installed 8500 more PV panels (4200 kWp)
- In April 2022, we started the ramp-up period and started migrating the current DC's to the CDC
- A large number of windows in the building provides plenty of daylight, creating a pleasant working environment
- The facility is completely gas-free and provides sufficient charging infrastructure for electric vehicles



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

GHG Emissions

LKQ is committed to continuous improvement in reducing GHG emissions, which is demonstrated through our commitment to achieve net zero emissions in accordance with the Paris Climate Accord by 2050.

In 2021, we hired a third-party environmental consultancy company to perform a global audit of LKQ's Scope 1 and Scope 2 emissions as the first phase of this project. We anticipate we will have the full results from this audit in 2022. This will give our Company a better understanding of the important steps of reducing our carbon footprint. We anticipate a second phase of

this project to include Scope 3, so we can further reduce impact to climate change and achieve net zero across our operations.

The GHG Protocol Corporate Accounting and Reporting Standard, which has been adopted by numerous companies worldwide, was used to calculate metric tons of GHG emissions and efforts to reduce them. We continually review and refine our emissions measurements to reflect changes to our business and improvements in data collection and reporting.



Carbon Emissions

Our annual GHG emissions and carbon intensities correspond to the calendar-year results we disclose.

		TYPE	MT CO ₂ _{2E}
Scope 1	Direct emissions from combustible sources and refrigerants (metric tons)	Petrol	94,624.52
		Diesel	121,579.30
		Propane	104.77
		Natural Gas	36,567.90
		Heating Oil	6,891.25
		LPG	2,126.32
		CNG	58.89
		TOTAL	261,952.96
Scope 2	Indirect emissions from purchasing electricity (metric tons)	Electricity	68,390.61
		District Heating	721.31
		TOTAL	69,111.92
Scope 3	At LKQ, we understand the importance of measuring our full impact of GHGs through calculated measurement of our Scope 3 emissions through various upstream and downstream activities within our value chain. LKQ intends to amplify our efforts in the identification, measurement, and reduction of these activities over the next few years. LKQ is working with our suppliers on pilot programs.	Electricity	12,127.56
		Natural Gas	137.79
		TOTAL	12,265.34



On the Route Towards Zero Emissions

Committed to reducing CO₂ emissions, LKQ is aligning to the targets of the Paris Climate Accord. LKQ is working on an emissions sustainability roadmap with:

- 30% (GHG) emissions intensity reduction goal per revenue dollar by 2030. This target is in line with best practices promoted by the SBTi.
- reduction of CO₂ emissions in our logistics fleet of up to 30% within the next ten years.
- consideration of renewable energy sourcing for our facilities.
- supplier engagement to identify the CO₂ footprint of products supplied to and distributed by LKQ to ensure continuous progress towards a CO₂-neutral economy.

Energy Use

Fuel Consumption

FUEL TYPE	UNIT	USAGE	USAGE (GJ)
Petrol	US gal	10,733,603	1,414,260
Diesel	US gal	11,899,831	1,724,821
Propane	mmBtu	1,660	1,752
Natural Gas	kWh	207,197,175	745,910
Heating Oil	mmBtu	92,870	97,987
LPG	mmBtu	34,322	36,213
CNG	kg	47,364	2,539
Electricity	kWh	219,904,764	791,657
Renewable Electricity	kWh	4,644,997	16,722
District Heating	kWh	5,031,915	18,115
TOTAL			4,682,755

Regional Emissions

Regional Emissions

(MT CO₂e)

REGION	SCOPE 1 EMISSIONS	SCOPE 2 EMISSIONS	SCOPE 3 EMISSIONS
North America	159,749	N/A	N/A
Canada	N/A	646	N/A
US	N/A	48,109	N/A
Austria and Germany	19,611	11,102	N/A
CEE	17,180	N/A	12,265
Italy and Switzerland	1,203	1,290	N/A
UK and Ireland	30,466	4,070	N/A
Netherlands, Belgium and France	11,847	3,601	N/A
Sweden and Norway	21,896	294	N/A
TOTAL	261,953	69,112	12,265

Our People & Communities

40	Our People
40	Workforce Safety
40	North American Workforce Safety Data
40	European Workforce Safety Data
41	Health & Wellness
41	Diversity, Equity & Inclusion
44	U.S. Workforce Diversity Data
45	European Diversity Disclosures
46	Engagement, Training & Retention
47	Employee Turnover
47	Supply Chain
48	Managing Our Supply Chain Efficiently & Responsibly
48	Sourcing Minerals Responsibly
48	Our Communities
48	LKQ Community Foundation
49	LKQ Joseph M. Holsten Scholarship Fund
49	LKQ Employee Assistance Fund
49	Tampa-Rewards for Readers Program
50	LKQ Canada – Bagnole Handbags Created From Recycled Automobiles
51	Clay Bush Salvaged Goods
51	LKQ Europe “Let’s Move Together”
52	LKQ Rhiag Italy “Small Gestures Make The Difference”
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Our People & Communities

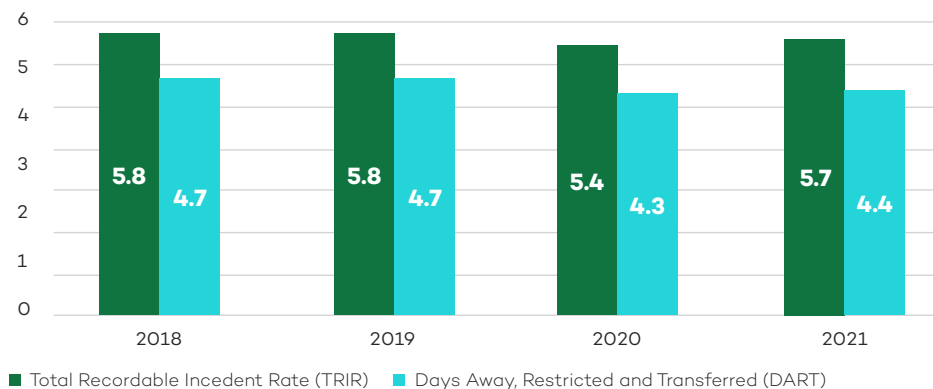
Our people are our greatest asset. LKQ listens to its people. Everyone has a voice. In fact, many of the best ideas come from those employees who are closest to our operations and customers. We embrace this concept through our “Great Ideas” initiative. Great Ideas encourages our employees to make suggestions on improving operational metrics, benefits, employee engagement, and other cultural improvement initiatives. Additionally, LKQ’s mission statement prominently includes our goal of “building strong partnerships with our employees and the communities in which we operate.” We strive to attract and retain the best people with competitive compensation and benefits, opportunities for personal growth and development, and a culture that emphasizes fair and equitable treatment.

Our People

Workforce Safety

We are committed to providing all of our employees with a safe and secure work environment where no one is subject to unnecessary risk. Our goal is to have 100% of our workforce return home as they arrived to work. Our health and safety department continuously monitors and addresses compliance with respect to working conditions. We have implemented a robust safety management program, and we are dedicated to continuously improving our performance. Engaging employees in our safety programs requires regular training and ongoing prevention initiatives, risk assessments and inspections, and sharing best practices.

North American Workforce Safety Data



2021 European Workforce Safety Data

	TOTAL # WORK RELATED INCIDENTS	TOTAL # OF HOURS WORKED	RATE
TRIR	1,183	49,557,350	4.77
# of Fatalities	0	49,557,350	0
# of Road Accidents & Incidents	3,021	49,557,350	12.19



LKQ Cares about Our People, Our Communities and Doing the Right Thing. In 2021, LKQ introduced our LKQ Cares program comprised of representatives from various teams and/or departments such as ESG, HR, Compliance, Safety, Communications and Operations. Our common goal is to focus our ESG efforts as one company and align priorities across business units and geographies.

TRIR and DART data includes both full-time and temporary employees, but it does not include contractors because they are overseen by their own contracting companies.

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

$$\frac{\text{Total \# of TRIR Incidents} \times 200,000}{\text{total \# of labor hours worked}} = \text{TRIR}$$

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

$$\frac{\text{Total \# of DART Incidents} \times 200,000}{\text{Employee Hours Worked}} = \text{DART Rate}$$



In June, LKQ introduced our new Safety Pit Stop program as part of our ongoing efforts to continually improve workplace safety and further enhance LKQ's safety culture. The Safety Pit Stop program encourages and empowers our team members to promote safety in a positive manner. It is an opportunity for everyone to have a voice in safety and an ability to help each other by stopping a perceived unsafe act and to learn from one another. The LKQ Safety Pit Stop program can help us all discover new ways of working, to avoid accidents, and helps create an environment where safety is always the top priority.

LKQ's Specialty segment received Department of Transportation [Pre-Pass Designation](#) for their high safety scores and positive inspection history.

Health & Wellness

Since the COVID-19 pandemic started over two years ago, LKQ has been focused on supporting and protecting our people. Our teams have continuously worked to find innovative and creative ways to bring employees together and to ensure everyone feels supported. Due to the constantly changing landscape of information from local, federal, and international sources, LKQ provided updated guidance as it became available to keep all employees informed. To encourage COVID-19 vaccinations throughout the company, LKQ offered paid time off vaccination incentives and lottery-based sweepstakes to win prizes in various locations.

Health and wellness are paramount. LKQ made significant investments in our overall health plans, and no additional increase was made to employee health premiums in 2021. LKQ also amended our health care plans to include domestic partnerships.

We significantly enhanced our behavioral health programs and added accident and critical illness offerings and

services to support opioid addiction. We also invested in a mental health awareness site called "Learn to Live," where employees could explore mental health challenges and get interventions and solutions right at their fingertips.

Our financial wellness program has emphasized increasing employee awareness and understanding of the importance of saving for retirement. Through LKQ's 401(k) and company matching program, we are providing comprehensive benefits to our employees to help them achieve a successful retirement.

Diversity, Equity & Inclusion

We value and promote inclusion and diversity in our workplace. We recognize that a diverse mix of backgrounds, skills, and experiences drive new ideas, products and services, and new ways of working at LKQ. We recruit, hire, promote and retain based on merit and demonstrated skills. Together, we create inclusive workplaces that represent the communities that we serve.

We strictly prohibit discrimination based on race, color, ethnicity, national origin, ancestry, citizenship status, religion, sex (including breast-feeding and related medical conditions), gender identity and expression, age, disability, protected medical condition, marital status, veteran or military status, sexual orientation, pregnancy, genetic information, or any other characteristic protected by applicable law. We do not tolerate harassment or retaliation against persons that report improper behavior.

Through our mission to foster an inclusive and equitable culture where all employees can thrive, we will:

1. Cultivate every employee's ability to learn and grow
2. Create a sense of belonging for our employees where they feel valued and respected
3. Focus on policies and programs to attract, retain, and develop people of different backgrounds and experiences
4. Expand our inclusion efforts in our communities and suppliers

At LKQ, we are greater than the sum of our parts, and we make the world a better place one part and one employee at a time.

We are leading with inclusion. To support our mission, we have identified five areas of strategic focus:

1. **Compliance** — Policies that support an environment free of harassment and discrimination. With our investment in a global approach and launching our ethics training globally, our commitment to doing the right thing is at the center of all that we do.
2. **Awareness** — Raising DEI awareness of employees and leadership. This can come in many forms, including training, modeling inclusive behaviors, integrating inclusion into the interview process and more.
3. **Talent** — Building the composite strength of our people to drive talent decisions on how we attract, develop and train our employees. This includes investing in diversity partnerships such as the [2021 Second Chance Business Coalition](#), multiple neuro-diversity partners, and investing over \$2 million in Black Owned, Minority Owned and Women Owned third party staffing agencies.

Second Chance Business Coalition

Research shows that individuals with a conviction history often experience significant collateral consequences, including barriers to employment and a lack of opportunities to advance professionally. In fact, a criminal record alone can reduce the chances of a second interview by 50%, according to the Second Chance Business Coalition.

When people are given a fair opportunity to participate in the workforce, our economy and society grow stronger. As a member of the Second Chance Business Coalition, LKQ is one of dozens of large, private-sector employers working to expand second chance hiring and advancement practices across the business community.

Second chance hiring helps our company deliver on our commitment to inclusive workforce strategies and our commitment to deliver business results.



Cultivate every employee's ability to learn and grow



Create a sense of belonging for our employees where they feel valued and respected



Focus on policies and programs to attract, retain and develop people of different backgrounds and experiences



Expand our inclusion efforts to our communities and suppliers



4. **Integration** — Integration of DEI into business operations to encourage innovation and acceptance. Some examples include our Great Ideas initiatives and employee engagement survey, Your Voice Matters. Localized action plans help enable our teams to focus on initiatives that matter most to our people.
5. **Community** — Involvement in the communities where LKQ employees live and operate is vital to the future success of our communities and to help foster the workplace of tomorrow. LKQ is making targeted, strategic investments that help our communities flourish and thrive.

We also introduced our Diverse Talent Acquisition Strategy to LKQ's Compensation and Human Capital Committee. For our strategy to be successful, it must be integrated into all aspects of recruiting and promoting our people and be part of LKQ's DNA. Our focus is to improve in the following areas:

1. **Emerging Talent** — Partnering with diverse universities, tech schools, and organizations.
2. **Eliminating Bias** — Utilizing tools and education to eliminate bias in the interview and selection process.
3. **Diverse Partnerships** — Identifying diverse organizations to build relationships with to recruit new talent and develop existing talent.

U.S. Diversity Disclosures

Total U.S. Workforce (%)

	2018			2019			2020			2021		
	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
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
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
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
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
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

Total U.S. Salaried Workforce (%)

	2018			2019			2020			2021		
	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
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
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
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
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
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

Total U.S. Hourly Workforce (%)

	2018			2019			2020			2021		
	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
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
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
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
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
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

2021 North American Management Diversity Disclosures

	FEMALE	MALE	TOTAL
Management	305	1,513	1,818
Non-Management	2,168	11,185	13,353
TOTAL	2,473	12,698	15,171
Percentage	16.3%	83.7%	100%

	ASIAN	BLACK OR AFRICAN- AMERICAN	HISPANIC OR LATINO	WHITE	OTHER*	TOTAL
Management	30	89	218	1,425	56	1,818
Non-Management	259	1,872	3,252	7,341	629	13,353
Total Ethnically Diverse Managers						393
Total Ethnically Diverse Non-Managers						6,012
Percentage of Ethnically Diverse Managers						21.6%
Percentage of Ethnically Diverse Non-Managers						45.0%

*Other includes American Indian/Alaskan Native, Native Hawaiian/Other Pacific Islander, two or more races, and not specified.

EEO-1 data will be refreshed on LKQ's website in May 2022.

2021 European Diversity Disclosures

	FEMALE	MALE	TOTAL
TOTAL Employees	5,595	22,014	27,609
# of Employees <30*	1,401	5,402	6,803
# of Employees >30 - <50*	2,698	10,221	12,919
# of Employees >50*	1,437	5,950	7,387

*Excludes Attraco

Engagement, Training & Retention

LKQ offers employees an excellent career path with progression opportunities across the organization, both functionally and geographically. We provide role-based training that provides our employees with highly transferable skills. We offer excellent entry-level career opportunities with recruitment targeted to different functions in our organization. Additionally, we are proud of our work and partnership with organizations to recruit current service members, reservists, veterans, and their spouses.

We recognize that to recruit and retain our employees, we must offer fulfilling work and competitive benefits. As an example of our commitment to our employees, we have shared with our employees some of the benefits we received as part of the Tax Reform Act of 2017, including through a reduction of medical care premiums, an increase in paid time off, an increase in the Company's matching amount under our retirement plan, a tuition reimbursement program for employees, and a scholarship program for the children of our employees. In addition, we have established a fund to help employees who experience catastrophic losses.

LKQ listens to its people. Everyone has a voice. All full-time employees partake in an annual performance review where they receive feedback and can discuss career progression and goals. We have also created our Great Ideas initiative for employee feedback. We have received actioned ideas on how to improve operational metrics like sales, cost, efficiency, as well as people and culture improvement initiatives.

LKQ launched its first-ever global employee engagement survey, Your Voice Matters, in 2021. The survey will be conducted annually on a go-forward basis. LKQ had exceptional results for the inaugural edition with an overall engagement score of 74, which demonstrates high levels of employee engagement compared to other businesses of a similar size. Over 68% of our global employees provided feedback during the survey. We were able to capture engagement data in specific geographies and drill down to specific locations to help the business create localized action plans.

In October 2021, WorkBuzz recognized LKQ as a 5-Star Employer in North America, India, and Mexico due to their outstanding results. Steve Frost, CEO of

WorkBuzz, commented, "At WorkBuzz, we're passionate about improving people's working lives. We created this award to recognize the best workplace cultures where employees are proud to work, are motivated to do more, and want to stay for the foreseeable future. We've loved working with LKQ, who truly cares about its employees' experiences and has worked hard to create a culture where people can thrive."

Benefits that make a difference

- Paid time off
- Medical, dental, and vision insurance
- Retirement savings plan with company match (401k and Roth 401k)
- Adoption assistance
- Paid parental leave
- 24/7 nurseline
- Virtual Visits with MDLive
- Tuition reimbursement
- Company paid long term disability and life insurance
- Short Term disability insurance
- Health savings account with Plan D medical coverage
- Healthcare flexible spending account
- Dependent care flexible spending account
- On-call travel assistance program
- Employee discount program
 - Vehicle purchase discounts
 - Mobile carrier discounts
 - Computer purchase discounts and pricing
- Matching Charitable Gifts
- LKQ Scholarship Program for children of LKQ employees
- LKQ Employee Assistance Program
- Mental Health Awareness Training for Leaders

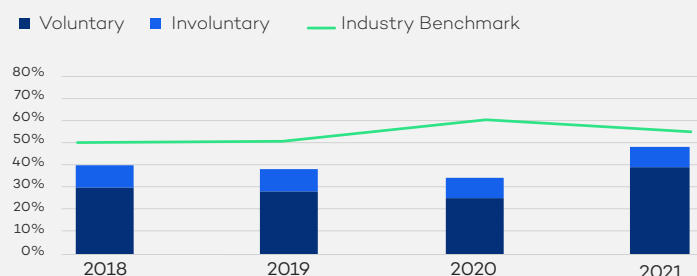
Applicable to all full-time U.S. employees; benefits vary by geography

LKQ's key takeaways are that employees understand how their work contributes to the organization and that they enjoy working with their peers. Top words used to describe our culture include "family" and "friendly". We also determined areas for improvement, such as enhanced pay and benefits, and have assured our employees we will take meaningful action on the survey. As a result, LKQ is now offering paid parental leave and mental health benefits, taking effect in 2022. We know we must continue to listen to our people and understand how we can make LKQ an even better place to work.

We understand that a strong employee experience is one of the most powerful investments our organization can make because it reinforces our commitment to our people. LKQ is improving the people experience by:

1. **Attraction / Recruitment** — enhanced medical and financial wellness benefits.
2. **Onboarding** — completed an optimization project to reduce the amount of information needed to complete our job application and onboarding process. Launched a Day 1 orientation presentation in our online learning platform, LKQ You.
3. **Engagement** — Launched our first global employee engagement survey and developed local action plans.
4. **Performance** — Launched Stay Interviews for new hires to engage with their supervisors. Employees will also receive an annual employee touchpoint review for continuous feedback.
5. **Development** — In North America, LKQ conducted targeted talent assessment sessions with leaders to identify top performers with high potential. Created individual development plans and coaching engagements for high-potential talent. In Europe, LKQ partnered with Korn Ferry to launch a leadership development program for the top 150 leaders identified in Europe. The development program included in-person and 360 feedback.
6. **Exit** — Exit interviews are encouraged at every departure and feedback is discussed with leaders.
7. **Alumni, Retirees, & Referral** — Our employee referral program produces the most hires annually. We believe great talent knows talent.

Employee Turnover - North America (%)



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.

2021 Employee Turnover - Europe

AGE	VOLUNTARY		IN-	
	TURNOVER	TURNOVER %	TURNOVER	TURNOVER %
Total #	3,989	14.45%	4,345	15.74%
<30	1,643	24.22%	1,855	27.34%
>30 <50	1,691	13.08%	1,544	11.94%
>50	595	8.05%	874	11.82%

Employee Engagement Goals

REGION	RESPONSE RATE			ENGAGEMENT SCORE		
	2021	2025	2030	2021	2025	2030
LKQ Global	68%	73%	78%	74	76	78

Supply Chain

As one of the world's largest aftermarket vehicle parts suppliers and distributors, supply chain management is core to our business. We provide our customers the products and parts they need while operating as efficiently and responsibly as possible. We keep a mindful eye on our operations, from the vetting and sourcing of the products we carry, to our supplier management processes, to how items are packaged and delivered to our customers.

LKQ is dedicated to working with our suppliers to ensure our labor standards and ethics are upheld. We have started the process of developing a global Supplier Code of Conduct policy and program. While in the development phase, we anticipate this will be communicated to our supply chain in 2022.

Managing Our Supply Chain Efficiently and Responsibly

As part of our strategic sourcing efforts, LKQ implements several practices to ensure our supply chain is managed efficiently and responsibly.

We leverage various planning tools to periodically review our supply networks and identify the most efficient logistics routes, methods, and warehousing strategies that meet or exceed the needs of our customers. This data-supported approach enables LKQ to optimize distribution and storage patterns resulting in improved freight routes, less packaging waste, reduced carbon emissions, and environmental impact.

Sourcing Minerals Responsibly

LKQ is committed to taking necessary actions to ensure our complex global supply chain only 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

LKQ and its employees have a strong commitment to giving back to our local communities. Employees at our facilities are encouraged to volunteer in local community activities, and we established the LKQ Community Foundation to distribute funds to numerous local and global causes. LKQ employees are active members of the communities where we live and operate. Through direct charitable giving and volunteerism, 2021 was filled with meaningful engagement. In 2021, LKQ contributed over \$3 million to various charitable activities and has invested multi-millions for the establishment of an endowment for our LKQ Community Foundation. Beyond our planned community support, we supported disaster relief efforts leveraging our assets and deploying resources to those in need when they needed it most. While it would be impossible to share all the LKQ

Proud to Serve stories, below are some of the highlights from across our organization.

LKQ Community Foundation

One of the key areas of LKQ's mission is to support the communities where we live and operate. Our community investments focus on four main areas of support:

- Health & Human Services
- Technical & General Education
- Environment & Recycling
- First Responders, Military & Veterans

In 2021, LKQ launched our inaugural holiday vote asking our employees, our customers, and our community to vote for their favorite cause. After the ten-day vote period, we donated \$500,000 split among these ten charities:

- American Cancer Society
- Collision Repair Education Foundation
- Ellen MacArthur Foundation
- Feeding America
- International Committee of the Red Cross (ICRC)
- The LEAF Coalition & Emerging Climate
- UNICEF
- United Way Worldwide
- United Service Organization (USO)
- World Health Organization (WHO) Foundation

Unfortunately, the world saw multiple natural catastrophes take place in 2021. In December 2021, the mid-south states experienced one of the worst tornado outbreaks in U.S. history. While LKQ has many facilities and employees who were in the path of these storms, thankfully and unbelievably, none were impacted. We have always believed we are here to take care of one another, and this was the time to help those less fortunate — our neighbors. The LKQ Community Foundation donated \$400,000 in December 2021 to these charities to help with the tornado relief and recovery efforts:

- American Red Cross
- Feeding America
- AmeriCares
- Edwardsville Community Foundation
- Mayfield-Graves Tornado Relief Fund

LKQ Joseph M. Holsten Scholarship Fund

In the fall of 2021, LKQ Corporation granted more than \$500,000 in scholarships to children of its employees, with each student receiving a \$2,500 LKQ Joseph M. Holsten Scholarship to advance their post-high school education. Any LKQ employee based in North America and employed for a year or longer who had a child planning to attend an accredited college, university, or technical, community or vocational school was eligible.

After this program year concluded, in October 2021 our senior leadership approved additional improvements to this scholarship program. In 2022, LKQ plans to double the scholarship pool to \$1 million, and all global employees who have been employed at least a year or more will be eligible to apply.

LKQ Employee Assistance Fund

In 2018, LKQ established its Employee Assistance Fund through an outside third-party nonprofit organization. The 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 anticipates amending this plan and program to offer this same level of assistance to our global workforce in 2022. In 2021, LKQ's Employee Assistance Fund provided \$174,315 to assist in various needs such as home repair, housing assistance, medical costs, utilities, and various disaster relief.

Tampa-Rewards for Readers Program

LKQ's Pick Your Part business unit started a program in the Tampa area in Florida called "Rewards for Reading." This program helps youth improve their reading proficiency. In 2021, we supported two schools in the area, Southern Oak Elementary and Walsingham Elementary, with a total of 470 third-grade students served. Students who achieved 0-2 levels of growth received a \$10 gift card; 3-4 levels earned a \$20 gift, and 5 levels or more earned a \$50 gift card. One student achieved 7 levels of improvement and received a \$100 gift card. All students celebrated with the LKQ volunteers through a year-end pizza party. LKQ employees participated on-site with the students throughout the school year to help them achieve their learning goals and create a life-long passion for reading. Additionally, students were invited to participate in LKQ field trips to witness our car crushing and recycling efforts, K-9 dogs in training at our facilities, and firefighters training on the use of jaws of life. In December 2021, LKQ Pick Your Part was named "Elementary Business Partner of the Year" by Pinellas Education Foundation for this program.



Mayfield, KY — December 11, 2021 —
Emergency crews search through rubble from the tornadoes.



LKQ Cares Holiday Vote check presentation to American Cancer Society.

Brandon Eckenrode • 1st
Facilitator of Generosity within the Collision Industry
1d • Edited • 5

As promised, I plunged into Lake Michigan this morning as a "thank you" to all of you who voted for the Collision Repair Education Foundation as part of the 2021 LKQ Corporation Cares Holiday Vote fundraiser which resulted in a \$160,000 donation to help CREF support high school / college collision programs / students nationwide!

Sandy, Paul, Terry, TC, Justin, Karyn, #LKQCares #LKQ #LKQCorp



The executive director of Collision Repair Education Foundation fulfilled his promise and participated in the Polar Plunge in Lake Michigan after placing 1st in votes from the LKQ Cares Holiday Vote.

LKQ Canada – Bagnole Handbags Created From Recycled Automobiles

Our LKQ Canada team has been supporting a creative, independent fashion designer named Isabelle Bérubé. Isabelle is a graduate in design and the founder of the Bagnole Bag Company. She had a unique idea to make handbags using materials from vehicles that otherwise would have ended up in landfills using materials like car belts and bench seats. Isabelle got this idea while driving in her own car one day.

“The concept came from Lecavalier Auto Parts, who really liked the idea and helped me start my business and became the official supplier of raw materials.” LKQ Corporation purchased Lecavalier Auto Parts in 2012. “We sent bags to the company's executives, and they approved the idea and allowed me to continue my work. Without LKQ Bagnole cannot exist.” LKQ in Quebec donates the raw materials Bagnole uses to make beautiful bags; Bérubé finds the materials in the yard of LKQ St-Sophie located in Quebec, Canada.

“I think the most interesting thing about our partnership is that I can recycle what LKQ would not have used, so it's a small step forward for the environment.” Bagnole has been around for 15 years now, and together, we have saved many benches, belts, carpets, airbags, and safety buckles destined for a landfill. Today, Isabelle produces 400 bags per year (approximately two bags per car) which equates to approximately 3,000 cars provided by LKQ to assist in her creative, small-business endeavors.

“To make a Bagnole bag, I need leather or fabric benches to make the outer shell of the bag. For the interior, I use the airbags as a lining. The mats are also used for the inside of the lapels and the bottom of the bag. The belts for the shoulder strap and the buckles as closure, even the labels are embroidered on BMW ski bags so that we have bags Bagnole made with materials recovered to more than 98%,” shares Bérubé.



The above photos are from the LKQ Tampa "Rewards for Readers" program where LKQ was named "Elementary Business Partner of the Year" by Pinellas Education Foundation.

Clay Bush Salvaged Goods

Click! That's the sound you usually associate with safety, but now it's the sound of trendy new fashion accessories and furniture created meticulously and artistically with salvaged seat belts and buckles from LKQ Pick Your Part facilities.

Clay Bush's fascination with fiber arts began with the Appalachian Center for Craft which led him to the manipulation of all types of fabrics and materials. In 2012, Bush created Salvage: Upholstery and Design and turned his talents toward creating stylish handbags and upholstering all forms of residential and commercial furniture using recycled seatbelts from LKQ's local Nashville salvage yards.

LKQ Pick Your Part is proud to support creative emerging artists and small business owners!

LKQ Europe "Let's Move Together"

LKQ Europe engaged our workforce across the region in "LKQ: Let's Move Together," a campaign to raise awareness of the importance of mental health and how physical health and exercise can improve your mental status. The campaign encouraged our colleagues to get moving. The initiative launched on World Mental Health Day on Sunday, October 10, 2021. Through "Let's Move Together," our colleagues were encouraged to get active in any way that worked for them and to help promote good health and well-being for all. The goal was 10,000 steps (8 km equivalent). Sustainably sourced refillable drinking bottles and high visibility reflector tapes were provided to all to ensure employees remained safe on the move.



Laptop bag by Bagnole created from LKQ salvaged vehicles.



Laptop bag by Clay Bush Salvaged Goods created from LKQ salvaged vehicles.

LKQ Rhiag Italy “Small Gestures Make The Difference”

Our Rhiag Italy team realized that during this critical time during the COVID-19 health emergency, it is important to work together. Rhiag Italy's awareness campaign promotes responsible behavior for everyone's health and safety, involving the entire supply chain and to encourage responsible behavior during work and travel in COVID prevention techniques. All customers of the Rhiag Group's network of wholesalers and their workshops received a kit containing safety devices and informational materials. The following were sent:

FOR WHOLESALERS	<ul style="list-style-type: none"> • 2,000 washable masks with Rhiag Group logo • 500 entrance information posters • 500 counter signs with COVID prevention regulations
FOR WORKSHOPS	<ul style="list-style-type: none"> • 23,000 surgical masks with the Rhiag Group logo • 2,100 entrance information posters • 2,100 counter signs with COVID prevention regulations • 5,800 posters to welcome motorists in safety and for vehicle hygiene services
FOR MOTORIST CUSTOMERS	<ul style="list-style-type: none"> • 44,000 single-dose kits of hand sanitizer left on dashboard during customer delivery • 2,100 car sanitizing sprays • 86,000 cards to hang on the mirror to indicate the car has been sanitized

LKQ Fource DaDa Cuddly Toy Project

LKQ Fource in the Netherlands partnered with the [DaDa Foundation](#) and bought hundreds of cuddly toys to distribute to hospitals throughout The Netherlands. The project aims to give children in Dutch hospitals a heartfelt helping hand towards their recovery. “We make a lot of children happy during a time that isn't necessarily fun. The toys let them forget, if just for a while, that they are in a hospital,” says Giel Baaij of the Amphia Hospital. Cuddly toys valued at €20,000 were donated to multiple hospitals.



Several LKQ Europe colleagues had fun participating in "Let's Move Together," an awareness campaign to promote physical and mental health.



Some of the materials distributed by LKQ Rhiag Italy for their "Small Gestures Make the Difference" COVID-prevention campaign.



The above photos highlight colleagues from LKQ Fource in The Netherlands donating cuddly toys with the help of the DaDa Foundation at Dutch children's hospitals.

LKQ India “Community Relations”

To promote employee well-being, engagement, collaboration, and retention, our LKQ India offices regularly host several ongoing events such as dance competitions, sports activities, games, and charitable sponsorships including supporting elderly care, children's health, and student education. Leadership has found that by nurturing an informal learning culture while striving to have fun at work, they see increased social interaction, better physical and mental health, open exchange of creative ideas, and process improvement. The goal is to infuse their workforce with energy and camaraderie with a mindful eye toward positive business results.

India's second wave of COVID-19 wreaked havoc on the nation with most people losing a loved one. Vulnerable children who do not have parental care rely on institutions like children's homes to protect and keep them safe during these precarious times. LKQI, in association with Guardians of Dreams, partnered with Grofers to help deliver essential supplies to children's homes in Bengaluru. LKQI paid for groceries, utility bills, rent payments, and more for 6 homes (176 beneficiaries) that have seen a greater than 80% dip in monthly donations during the pandemic. LKQI & Vanarai came together to address United Nations SDG 4 — Quality Education by Distributing Desks (bags that convert into a desk). This initiative covers more than 1,200 students from 12 schools.



Dance sequence by members of LKQ India at our annual family day event.



Volunteers engaging with children of LKQ India family members during the annual family day event.



DESKIT (portable bags and desks) distribution drive covering 1,200 children across remote location schools in Bengaluru, India.



Delivered essential supplies to various children's homes in Bengaluru during the pandemic.



Governance

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Governance

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.















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 11-member board of directors, 9 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, 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.

		Years on Board	Age	Relevant Experience	Key Skills	Joined LKQ since 2018	Independent
	Joseph Holsten	18.5*	69	Former CEO of LKQ	Extensive knowledge of LKQ business and recycling industry		
	Dominick Zarcone	4.8	63	President and CEO	Extensive industry and finance experience		
	Patrick Berard	2.5	68	CEO and Director of RexelGroup	Variety of leadership positions in European distribution businesses		
	Meg Divitto	3.6	50	General Motors/ Motorola/ IBM	Expertise in IoT, digital strategy, and automotive technology		
	Robert Hanser	6.4	68	Robert Bosch GmbH	Extensive European automotive aftermarket experience		
	Blythe McGarvie	10.1	65	Bic CFO/ Harvard Business School professor	CPA with experience in European operations		

* Reflects service since our initial public offering in October 2003

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		Years on Board	Age	Relevant Experience	Key Skills	Joined LKQ since 2018	Independent
	John Mendel	3.6	67	American Honda Motor Company Automotive Division/ Mazda/Ford	Knowledge of automotive industry		
	Jody Miller	3.6	64	Board member TRW/CEO of Business Talent Group	Diverse technology, automotive, and Board experience		
	Guhan Subramanian	9.2	51	Professor at both Harvard Business School and Harvard Law School	Knowledge of corporate governance and Board of Directors legal processes		
	Xavier Urbain	2.3	65	Previous Group CEO at CEVA Logistics	Significant global supply chain and logistics experience		
	Jacob H. Welch	1.6	37	Partner of ValueAct Capital	Investment management and public market experience		

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. Refer to our [2022 Proxy statement](#) filed with the SEC for further information regarding our executive compensation.

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.

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. All contractors are trained in our ethics programs and must certify understanding and compliance.

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 the Industry, Regulatory & Consumer Awareness Committee, maintains oversight of our compliance programs and receives regular reports on any raised or suspected ethical violations.

New Policies, Statements & Corporate Governance

In 2021, we re-evaluated LKQ's existing policies and structure. As a result, we created a new [policy portal](#) on the footer of LKQ Corporation's website where our corporate governance documents could be made publicly facing including our Code of Ethics, Speak Up Policy, Human Rights Statement, Privacy Notice, Environmental Statement, Responsible Marketing Statement, and general governance documentation.

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. We provide a free 6 month/6,000 mile warranty on light-duty recycled mechanical parts purchased from LKQ-branded locations. 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.

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 Officer (CIO). Our approach enables us to drive a collectively secure culture.

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.



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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 2021 (January 1 through December 31, 2021)

	ACCOUNTING METRIC	CODE	DISCLOSURE
Energy Management in Retail & Distribution	(1) Total energy consumed	CG-MR-130a.1	North America:
	(2) percentage grid electricity		(1) 467,399 GJ
	(3) percentage renewable		(2) 100% (3) 0% Europe: (1) 328,187 GJ (2) 94.9% (3) 5.1%
Data Security	Description of approach to identifying and addressing security risks	CG-MR-230a.1	See page 56
	Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	CG-MR-230a.2	(1) 11 known cybersecurity attacks (2) 1 incident involving PII - 9% (3) 60 customers and/or employees affected
Labor Practices	Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	CG-MR-310a.1	(1) \$21.76 average hourly wage (2) 0.61% is percentage employees earning minimum wage
	Voluntary and (2) Involuntary Turnover rate for in-store employees	CG-MR-310a.2	See page 46
	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 2021, 2020 and 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 pages 43 & 44
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	CG-MR-330a.2	During each of the years 2021, 2020 and 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.
	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 at all 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>

Activity Metric	Number of facilities	2021: 1,600 2020: 1,500 2019: 1,700
	Number of vehicles in commercial fleet	2021: 15,397 vehicles 2020: 15,495 vehicles 2019: 7,031 vehicles (excludes Europe data)
	Number of shipments	North American KAI and KAO Specialty 2021: 554,202 delivery routes 2020: 638,638 delivery routes 2019: 928,743 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 global operations, in alignment with the Paris Climate Accord.



For questions regarding this report, please contact:
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