2023 Sustainability Report

Doing our part for a more sustainable world

LKQ

Keeping you moving

Transmission Gear Assembly

LKQ

Keeping you moving

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, 2023, 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.

This report uses certain terms, including "material" to reflect the issues of greatest importance to the Company and our stakeholders. Used in this context, these references are not the same as "material" as defined by or construed in accordance with US securities laws or as used in the context of financial statements and reporting.

The Sustainability Report covers LKQ Corporation ("LKQ"), unless otherwise stated. This is LKQ's fourth Sustainability Report, the most recent of which was published in 2023. The data contained in this report is unaudited. The unit system used in this report is the International System of Units (SI) with US spelling. 1 metric ton (mt) equals 1,000 kilograms (kg) while 1 US ton (tn) equals 2,000 pounds (lb), and 1 mt equals 2,204.62 lb. In case of any questions or comments, please contact sustainability@lkqcorp.com

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Suspension Strut Assembly

Letter from Our President and CEO

When I think about corporate Sustainability, I think about an organization that can perpetuate its success indefinitely. We do this by contributing to the circular economy. LKQ's purpose, mission, and values align with sustainable business practices that are good for business, people, and the environment, enabling us to not only be contributors but leaders of the circular economy.

Our business was founded with the vision of taking a highly fragmented salvage and recycled auto parts industry and turning it into a highly efficient alternative parts marketplace. That business is one component of Sustainability in action as it operates based on reusability. Rather than materials ending up in a landfill, they are recovered, remanufactured, and re-sold to live another life.

Since our founding, we have acquired over 300 businesses, but we have never lost sight of our north star: affordable mobility — and at LKQ, affordable mobility and Sustainability go hand-in-hand. But, Sustainability at LKQ is about more than just the environment; it is about our daily operations, how we treat and manage our people, and how we hold ourselves accountable to do what we say. That piece is critical because while intent is noble, it is impact that counts.

This is no easy task considering the size and scale of our global enterprise, which includes four operating segments. Each segment is uniquely different in what they do but united by one set of core values. While Sustainability relates differently to each segment, we use our three Sustainability pillars to bring the segments together globally in a cohesive way that drives value creation for our stakeholders: our employees, our customers, and our investors.

I purposefully put employees first on that list because I am a believer that if you take care of your people, the rest will fall into place. During my tenure as CEO at LKQ I have dedicated myself to empowering our people and instilling an entrepreneurial spirit within the organization where people feel like they are owners and operators of the business themselves.

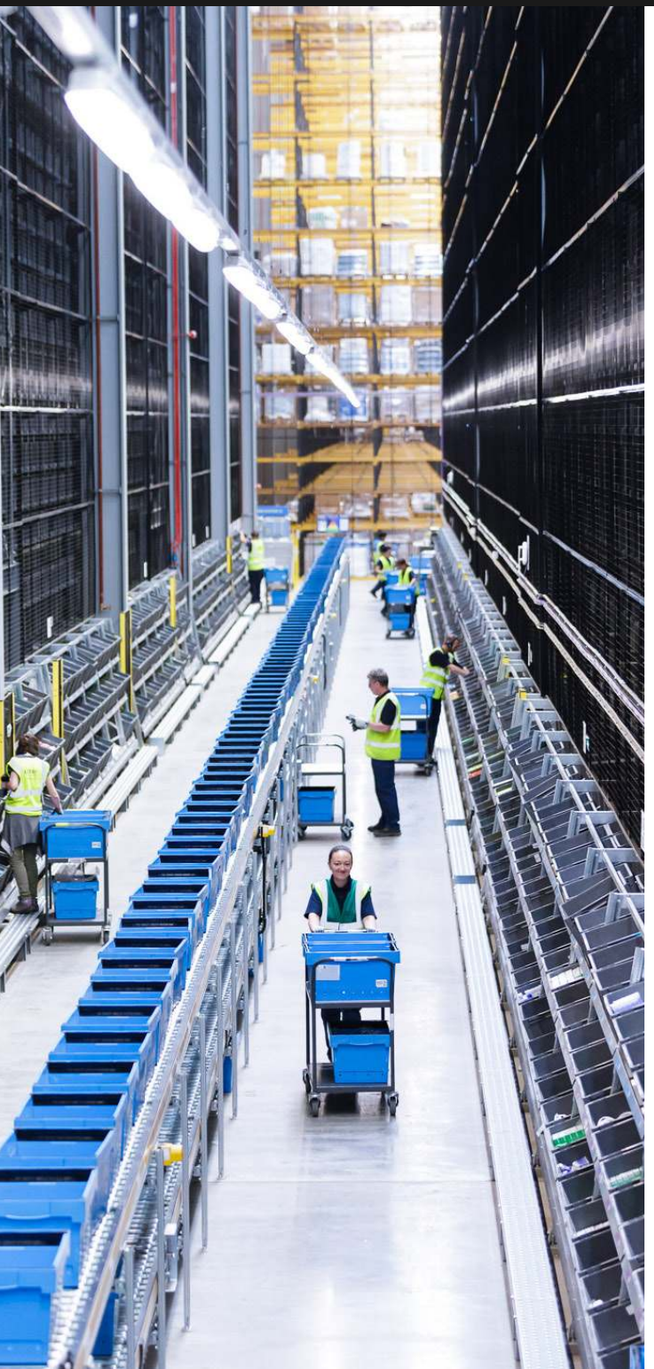
I strive to make this an organization where people say, "I'm proud to work for LKQ!" I know that I will always take pride in having been a part of LKQ's journey and as I prepare to transfer leadership to Justin Jude, our current Executive Vice President and Chief Operating Officer, my excitement for the Company's future grows. Justin has demonstrated outstanding performance, excellent management, and sound judgment throughout his almost 20 years of service and various leadership roles with LKQ.

Justin is a testament to our "promote from within" culture, which is how we win with our employees, existing and prospective. We win with customers because of our deep industry network, and we win with investors by demonstrating value creation. I know that Justin will only strengthen those stakeholder relationships, embracing Sustainability as a key component of our business strategy and propelling LKQ into the future.

Dominick Zarcone
President and Chief Executive Officer

"Sustainability is at the heart of delivering value at LKQ. As a leader in the circular economy, delivering economic and sustainable outcomes go hand-in-hand, and our talented and diverse workforce make this a reality."

Dominick Zarcone



Company Profile

What We Do

We are a leading provider of alternative and specialty parts to repair and accessorize automobiles and other vehicles. We offer customers a broad range of aftermarket, salvaged, refurbished and remanufactured parts, replacement systems, components, equipment, and services to repair and accessorize automobiles, trucks, and recreational and performance vehicles. Our customers are primarily collision and professional repair shops.

Why We Do It

Delivering value to customers and playing a leadership role in the circular economy are synonymous at LKQ. By focusing on salvage processes that allow for almost all vehicle components to be repurposed, we ensure that we meet the needs of our customers and the planet. As a company that continually grows and innovates, we are dedicated to both customer success and automotive circularity. We are constantly exploring unique ways to salvage vehicle components and meet the challenges posed by new components, such as those found in electric vehicles. Working with our customers, we help extend the useful life of a vehicle, reduce repair costs, and prevent materials from ending up in landfills. This circular model benefits all our stakeholders, from our employees to our customers and our investors. We are committed to driving profitable growth through highly efficient, responsible, sustainable, and ethical business practices.

With 49,000 employees in approximately 1,650 facilities worldwide, our team members are the driving force behind our success.

Operating Segments

Wholesale – North America (38% revenue)

Aftermarket and salvage operations

- Sells five product types (aftermarket, original equipment manufacturer (OEM) recycled, OEM remanufactured, OEM refurbished, and, to a lesser extent, new OEM parts) to collision and professional repair shops
- On-site diagnostics services through Elitek Vehicle Services
- Offers proprietary hybrid battery remanufacturing and installation services, extending the battery's useful life
- Approximately 550 facilities

Europe (46% revenue)

Automotive aftermarket parts distributor, salvage, and remanufacturing operations

- Wholesale recycling through salvage and remanufacturing operations
- Approximately 990 facilities

Specialty (12% revenue)

Distributor of specialty aftermarket products and accessories in North America

- Serves Recreational Vehicles (RV), truck and off-road, towing, speed and performance, wheels, tires and performance handling, marine, and miscellaneous accessories product segments
- Wide distribution network provides next-day or two-day delivery to customers in 48 states within the United States and 9 provinces in Canada; also exports to more than 70 countries
- Approximately 45 facilities

Self Service (4% revenue)

Retail operations; operates mostly under "LKQ Pick Your Part"

- Customers come directly to the salvage yard to pick parts from salvaged vehicles
- Offers customers a wide variety of salvaged parts, repurposing older vehicles and keeping existing vehicles operating longer
- Operations generate scrap metal, alloys and other materials sold to recyclers; precious metals are also extracted and sold
- Approximately 65 facilities

Purpose, Mission, and Values

Our Purpose

Improve the world one part at a time.

Our Mission

Be the leading global value-added and sustainable distributor of vehicle parts and accessories

We aim to achieve our mission by

- offering our customers the most comprehensive, available, and cost-effective selection of part and service solutions, and
- building strong partnerships with our employees and the communities in which we operate.

Our Purpose and Mission Come Alive Through Our Values: LKQ D.E.L.I.V.E.R.S.

Development	We create an environment to ignite personal growth, training, and well-being for our employees.
Excellence	We raise the bar and outperform our competitors through the highest standards.
Leadership	We take the lead, support, and develop those around us. And we foster an inclusive environment.
Integrity & Trust	We cultivate honesty, fairness, and truth to progress.
Value-Added	We bring value to our stakeholders, customers, employees, and community.
Embracing Change	We challenge the status quo and are champions of positive change.
Resourceful	We are solution-focused, we do more with less, and are resilient in the pursuit of serving our customers.
Sustainability	We are committed to positively impacting our people, our communities, and our environment.

Our History

Since 1998, LKQ has focused on consolidating the alternative and specialty vehicle parts market. We have also focused on developing scale across an extensive network of salvage and aftermarket facilities throughout North America and building a pan-European aftermarket parts distributor in the large, fragmented European market. These areas of focus created a leading distributor of aftermarket collision, salvage collision, major mechanical, specialty automotive and RV parts and accessories in North America, and a leading distributor of aftermarket mechanical parts in Europe.

Over the years, we have expanded through internal development and acquisitions of aftermarket, recycled, refurbished, and remanufactured product suppliers, self-service retail businesses, and specialty vehicle aftermarket equipment and accessories suppliers. We have completed approximately 300 business acquisitions.

Key Milestones in Our History

1998
Formed through the combination of wholesale recycled products businesses.

2003
Goes public with an IPO on NASDAQ.

2007
Acquires Keystone Automotive Industries, Inc., which at the time was the leading North American distributor of aftermarket products.

2011
Acquires Euro Car Parts Holdings Limited, a vehicle mechanical aftermarket parts distribution company operating in the UK; with this acquisition LKQ enters the European automotive aftermarket business.

2013
Acquires Sator Beheer B.V. (now known as Fource), a vehicle mechanical aftermarket parts distribution company based in the Netherlands, further expanding LKQ's geographic presence into continental Europe.

2014
Acquires Keystone Automotive Operations, increasing LKQ's addressable market to include specialty vehicle aftermarket equipment and accessories.

2016
Acquires Rhiag-Inter Auto Parts Italia S.r.l., a distributor of vehicle aftermarket mechanical parts in Italy, Czech Republic, Slovakia, Switzerland, Hungary, Romania, Ukraine, Bulgaria, Poland, and Spain, further expanding LKQ's geographic presence in continental Europe.

2018
Acquires Stahlgruber GmbH, a wholesale distributor of vehicle aftermarket mechanical parts, tools, capital equipment, and accessories with operations throughout continental Europe; this acquisition serves as an additional strategic hub for our European operations.

2023
Acquires Uni-Select Inc., a leading distributor of automotive refinish and industrial coatings and related products in North America; also, a leading distributor of automotive parts and accessories serving the Canadian market.

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Shock Absorber

A Sustainability Strategy to Showcase the Value We Deliver

We are proud to present our updated Sustainability strategy. The three pillars of this new strategy demonstrate that managing Sustainability risks and capitalizing on opportunities are at the heart of the value we deliver as a global business. This report explains how we achieved this in practice.

Profitably delivering sustainable outcomes

Delivering economic and sustainable value go hand-in-hand

People-led performance

Empowering our diverse workforce to excel in delivering value safely

Strong governance and ethical practices

Reinforcing our values through robust corporate citizenship and ethical practices

A Strategy Grounded in Materiality

In 2023, we embarked on a Double Materiality Assessment (DMA). This assessment is aimed at identifying and acting on Sustainability topics that can be financially material and/or capture how our business impacts the world.

Our proactive stakeholder engagement, and key leaders who engage with them, contributed to the seven high-level topics listed below. Our Sustainability strategy and reporting cover these topics and we will continuously refine them to aid in stakeholder decision-making.

- **Climate Change**
- **Pollution**
- **Circular Economy**
- **Own Workforce**
- **Workers in the Value Chain**
- **Consumers and End-Users**
- **Business Conduct**

More details about the DMA can be found in the Appendix

We Support the Sustainable Development Goals

Our alignment of business practices and focus on stakeholder welfare supports certain United Nations Global Compact principles for responsible business, including human rights, labor, environment, and anti-corruption.

Our business and operations also support the Sustainable Development Goals (SDGs). These goals serve as a strategic framework for governments, businesses, and civil society organizations as they endeavor to foster peace and prosperity for humanity and the planet.

Although we endorse all 17 of the SDGs, we describe in detail to the right how our actions directly support six of them.

SUSTAINABLE DEVELOPMENT GOALS

www.un.org/sustainabledevelopment

Goal: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
Supported by providing training and development opportunities and tuition assistance programs to help our workforce further their education and achieve their dreams.

Goal: Achieve gender equality and empower all women and girls.
Supported by setting meaningful gender diversity targets at all levels and building a culture of equity and inclusion.

Goal: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
Supported through applying innovation to expand the lifespan of vehicles and deliver resource-use efficiency.

Goal: Make cities and human settlements inclusive, safe, resilient, and sustainable.
Supported by making transportation accessible and more sustainable while ensuring road safety.

Goal: Ensure sustainable consumption and production patterns.
Supported through our leadership in the circular economy and constantly innovating to use more and waste less.

Goal: Take urgent action to combat climate change and its impacts.
Supported by being good stewards of the environment through the value we deliver to our customers and in the communities where we operate.

Goals and Progress

Profitably Delivering Sustainable Outcomes	Progress	UNSDG
By 2025, establish a published roadmap to achieve the 2030 30% reduction of Scope 1 and 2 emissions.	We are developing a company-wide carbon reduction plan with external support.	11, 12, 13
By 2030, reduce global Scope 1 and 2 emissions by 30% compared to the 2021 baseline relative to revenue.	Our Scope 1 and 2 emissions in 2023 are 22.3mt CO_2 equivalent (CO_2e)/$m -11.8% vs 2021 (2022: 26.2mt CO_2e/$m +3.8% vs 2021).	11, 12, 13
By 2050, achieve net zero emissions across our operations.	We expect to achieve net zero emissions (Scope 1 and 2) by 2050.	11, 12, 13

People-Led Performance	Progress	UNSDG
By 2025 and 2030, achieve 73% and 78% participation in employee engagement surveys, and engagement scores of 76 and 78, respectively.	In 2023, we achieved an 89% participation rate and an overall engagement score of 74.	4, 5
By 2025, increase the global female representation in our workforce to 20%.	In 2023, the female representation in our global workforce was 19.5%.	5

Strong Governance and Ethical Practices	Progress	UNSDG
Annually contribute $4 million through LKQ's Community Foundation.	We contributed $4.01 million through LKQ's Community Foundation in 2023.	4, 13
98% of salaried, office and sales-related team members complete Code of Ethics attestation **annually**.	100% of salaried, office and sales-related team members completed Code of Ethics attestation in 2023. Nearly 18 thousand employees completed training and attestation online.	

Keeping You Moving With Our VP Sustainability

In 2023, Richard Brasher was appointed LKQ's Vice President Sustainability after a long career in Corporate Audit. Richard also currently serves on the board of the European Forum on Automotive Aftermarket Sustainability, which aims to establish itself as the foremost sustainability initiative within the aftermarket sector.

Q: LKQ's Sustainability function reports to the CFO. Given your background in finance and audit, and this reporting structure, what message does this convey to the market about the Company's Sustainability efforts?

A: There is a more obvious connection than most people might think. To make genuine strides in Sustainability, targets must be based in science and the data being disclosed must be consistent, standardized, and fact-based. The finance/auditor mindset helps to ensure that this is the case. Aligning the Sustainability function with the CFO emphasizes the strategic importance of Sustainability as part of our holistic business strategy and as part of our efforts to increase customer value.

Q: This being the first report published under your purview, what does it mean to you and what is your hope for how it will be received by LKQ's stakeholders?

A: When people read the report, I hope they get a sense of authenticity about the way in which we tell our Sustainability story and the associated disclosures; it's important to make the connection between what we do as a business, why we do it, and how those are aligned with a business strategy that embraces Sustainability. For example, the way we work in our salvage yards, where we dismantle vehicles by hand to reuse a significant portion of their parts, has a direct positive impact on the circular economy. This is in turn important to our world class Sustainability team, made up of individuals who are passionate about and connected with LKQ's Sustainability story.

"At LKQ, we are committed to telling an authentic Sustainability story — we are going to say what we mean and do what we say: that is our commitment to all our stakeholders."

Richard Brasher

Proactive Stakeholder Engagement

Our proactive and consistent engagement with stakeholders, be it employee engagement surveys or non-deal roadshows with investors, ensures that we understand current and emerging stakeholder interests and priorities.

	Methods of Engagement
Employees	• Employee engagement surveys • Annual performance reviews • Town halls • Speak Up Program • Training programs
Customers	• Direct engagement by sales teams • Trade shows, conferences, and other live events • Branded social media channels • Customer surveys and focus groups • Microsites used in customer education
Stockholders and Debt Holders	• Forms 10-K, 10-Q, and 8-K • Equity and credit conferences, investor days and non-deal roadshows • Investor relations website • Annual stockholders meeting • Other regulatory filings such as Proxy Statements
Suppliers	• Global Supplier Code of Conduct • Site visits • Direct engagement by the procurement department • Terms and conditions on purchases • Supplier surveys
Community	• Support through the LKQ Foundation • Partnerships with educational institutions • Scholarships • Student internships • Volunteering

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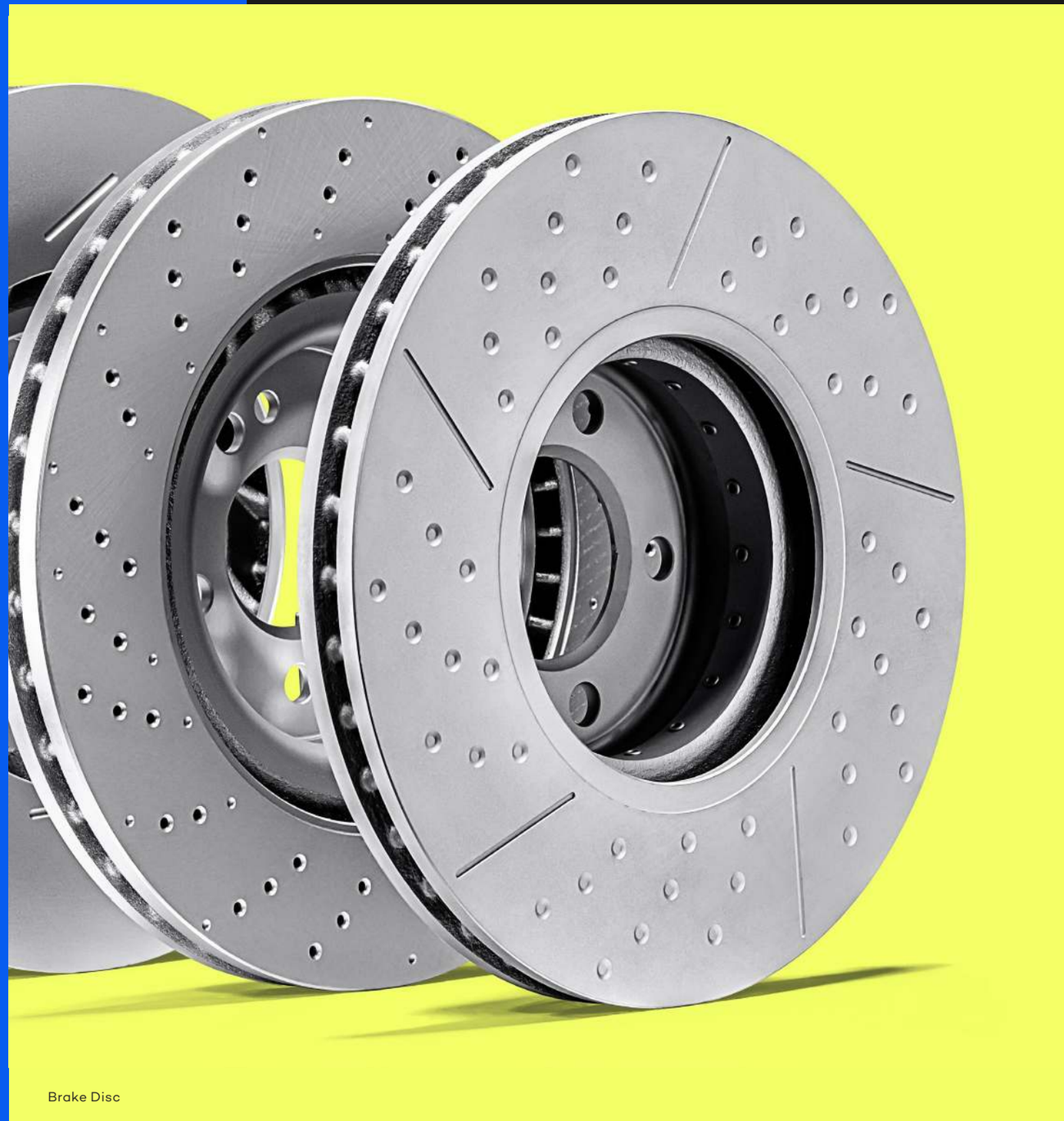


Brake Disc

We Are a Leader in the Circular Economy

According to S&P Global Mobility, new vehicle sales worldwide in 2024 are expected to reach 88.3 million. By weight, metals comprise the vast majority of the typical vehicle.[1]

Mining and processing metals are carbon-intensive industries. Steel, a key component in vehicle manufacturing, is one of the largest producers of carbon dioxide.[2] Plastics are another key input, comprising 10% of the average vehicle's weight (and 50% by volume).[3] Though the use of plastics can have positive benefits, such as higher fuel efficiency by reducing the weight of the vehicle, making new plastics uses resources, including a wide range of chemicals.

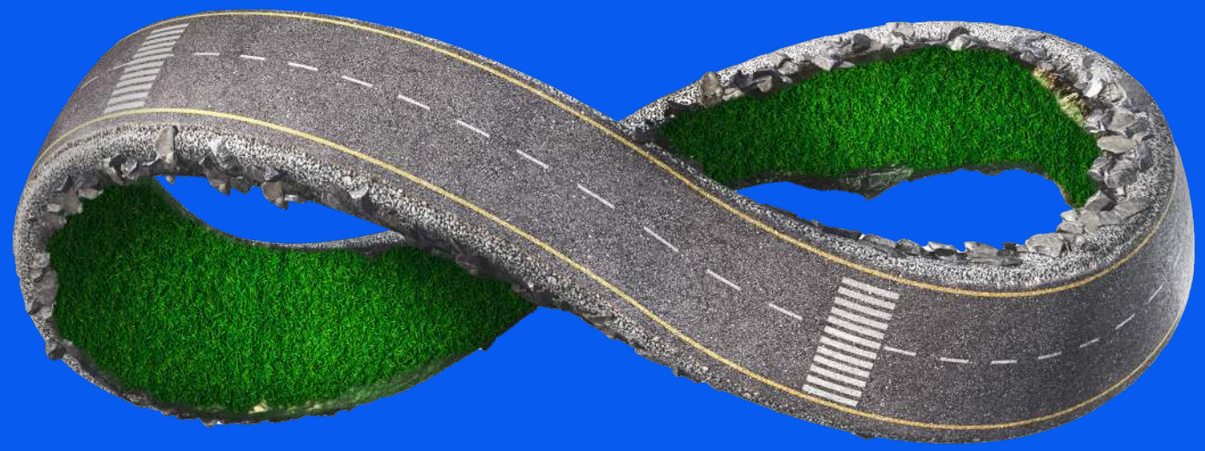
Many chemicals used in vehicle components, such as heavy metals, lead-acid from batteries, and certain plastics, can leach harmful substances into the soil and groundwater. These substances can contaminate local ecosystems, affecting plant and animal life and potentially entering the food chain, posing risks to human health.

The global challenge of meeting the growing mobility needs of humanity while minimizing resource consumption is a key business opportunity for LKQ. Our salvage, refurbishing, remanufacturing, recycling, and distribution activities make us a leading global player in the circular economy and responsible stewards of Earth's resources. Every well-maintained vehicle whose useful life is extended eliminates the need for a new vehicle to be manufactured.

1. JD Power
2. McKinsey & Company
3. American Chemistry Council

1. Purchasing Used Vehicles

3. Removing Hazardous Materials



4. Providing Cost-Effective Parts Options to Consumers

2. Identifying Valuable Salvage Parts

Our process reduces landfill waste, extending the useful life of vehicles, and providing attractive and cost-effective options to consumers.

Did you know?

Vehicles are one of the most recycled consumer products on the planet

95% of materials in a vehicle can be refurbished, remanufactured, or recycled

More than half the weight of an average vehicle is from steel, a carbon-intensive industry

Every ton of recycled steel conserves 1,134kg of iron ore, 635kg of coal, and 54kg of limestone

Sources:
Alliance for Automotive Innovation
American Iron and Steel Institute

Why Do We Salvage?

Salvaging vehicle parts is not just good for the planet, it is good for customers and business. **Approximately 22% of our global revenue in 2023 was linked to salvage.**

Our extensive network of salvage dismantling facilities allows us to pass on cost savings to customers, saving them hundreds or thousands of dollars when compared with purchasing a new part. LKQ is able to offer auto parts at competitive prices across a range of markets thanks to a unique mix of capabilities. This includes our distribution network, a deep and broad inventory of quality collision and mechanical repair products and specialty vehicle aftermarket products, high fulfillment rates, delivery reliability, and superior customer service.

The majority of our revenue from salvage-related activities is generated by our Wholesale - North America operating segment, which has witnessed record revenue growth and the highest profit margins across all segments of our business.

Additionally, each year, we develop, innovate, and improve our Sustainability services in areas such as vehicle recycling and parts remanufacturing that make our business even more compelling and drive better environmental outcomes.

The expansion of motor vehicle use around the world makes vehicle recycling a truly global opportunity. The global market for automotive parts remanufacturing alone is anticipated to reach US$96.4 billion by 2027, growing at a compounded annual rate of 8.7% from 2020 to 2027.[1]

1. Remanufacturing Industries Council

We See Value Where Others Don't

	2017 Nissan Sentra Transmission	2018 Nissan Altima Headlamp	2018 Jeep Wrangler Tail Lamp	2018 Honda Pilot Decklid
New Original Equipment Manufacturer (OEM)	**$3,374**	**$484**	**$155**	**$6,202**
Remanufactured	**$2,567**	**$305**	**N/A**	**N/A**
Recycled OEM	**$2,050**	**$225**	**$70**	**$1,400**
Average Savings vs OEM	**32%**	**45%**	**55%**	**77%**

For illustrative purposes, numbers vary by vehicle make/model/year; as of April 2024

Capitalizing on Global Salvage Opportunities

Spotlight on Rhenoy

In February 2023, LKQ acquired Rhenoy Group, strengthening its presence in the European salvage business. Rhenoy is a leading supplier of remanufactured engines and recycled OEM car parts. Rhenoy operates a salvage dismantling facility in the Netherlands and remanufacturing plants in both the Netherlands and Poland. LKQ's extensive market-leading distribution network in Europe will enable Rhenoy to reach a greater number of customers.

Strategic acquisitions such as this are a critical part of LKQ's efforts to profitably expand its contributions to the circular economy. Our acquisition of Rhenoy is a testament to our commitment to deliver affordability to customers and Sustainability to the world.

LKQ Atracco, a Nordic Leader

Atracco, an LKQ subsidiary based in Sweden, is a leader in environmentally friendly vehicle dismantling and sales of vehicle parts online, which are primarily sold back to insurance repair shops. We have over 1.5 million parts and access to an additional 1.5 million through our partners for purchase across facilities and shops in the region. The Atracco business consists of salvaging, reusing, and recycling used vehicle parts.

Sweden and Norway have the highest penetration of electric vehicles, which provides Atracco an influx of inventory to use as the world transitions towards electric vehicles. Our dismantlers are trained in handling electric vehicles and their components with expertise in safely handling high-voltage components. Our part in the circular economy includes extending the life of vehicle parts.

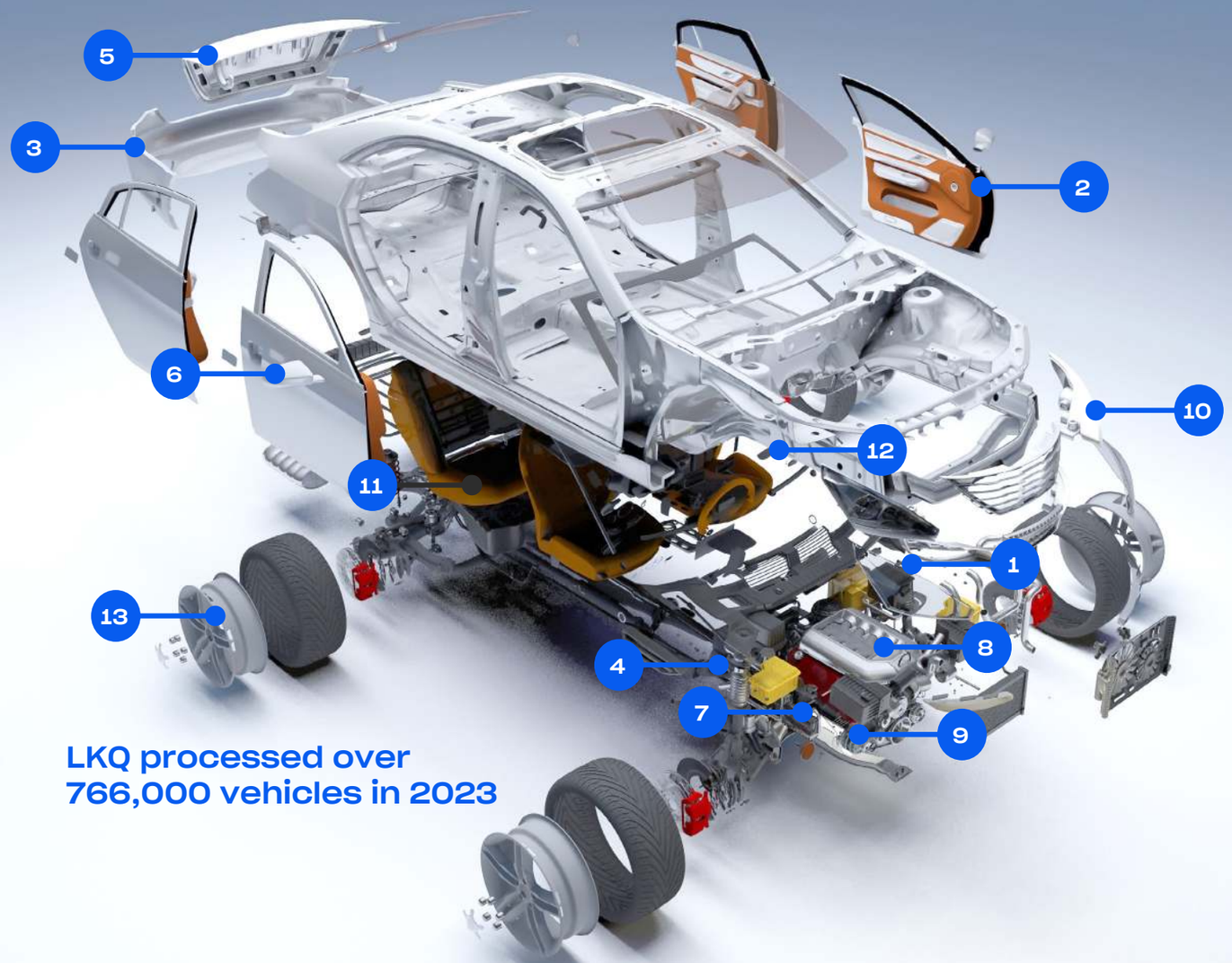
Replace Your Hybrid Battery With Green Bean

In 2021, LKQ acquired Green Bean Battery. Green Bean acquires hybrid battery cores from multiple sources, and reconditions them using proprietary technology to create reliable, reconditioned batteries for hybrid vehicles.

This reconditioning process reduces the natural resources needed for the manufacture of new batteries.

What Do We Salvage?

The salvaging experts at LKQ, proprietary technology, and partnerships with recycling firms combine forces to increase the value extracted from each salvaged vehicle.



LKQ processed over 766,000 vehicles in 2023

Generating Economic and Sustainable Value

1 **Batteries**
Reused or components recycled

2 **Body Panels**
Reused, refurbished, remanufactured, or metals recycled

3 **Bumpers**
Reused, refurbished, remanufactured, or metals recycled

4 **Catalytic Converters**
Precious metals recycled

5 **Deck Lids and Trunks**
Reused, refurbished, remanufactured, or metals recycled

6 **Door Mirrors**
Reused, refurbished, or remanufactured

7 **Electronics**
Reused, refurbished, or components recycled

8 **Engine, Transmission, and Other Drivetrain**
Reused, refurbished, remanufactured, or metals recycled

9 **Oils, Coolants, Fuel, and Other Fluids**
Reused or recycled

10 **Headlamps and Taillamps**
Reused

11 **Plastics and Interior Components**
Reused, refurbished, remanufactured, or recycled

12 **Radios**
Reused, refurbished, or components recycled

13 **Wheels and Tires**
Reused, remanufactured, or metals recycled

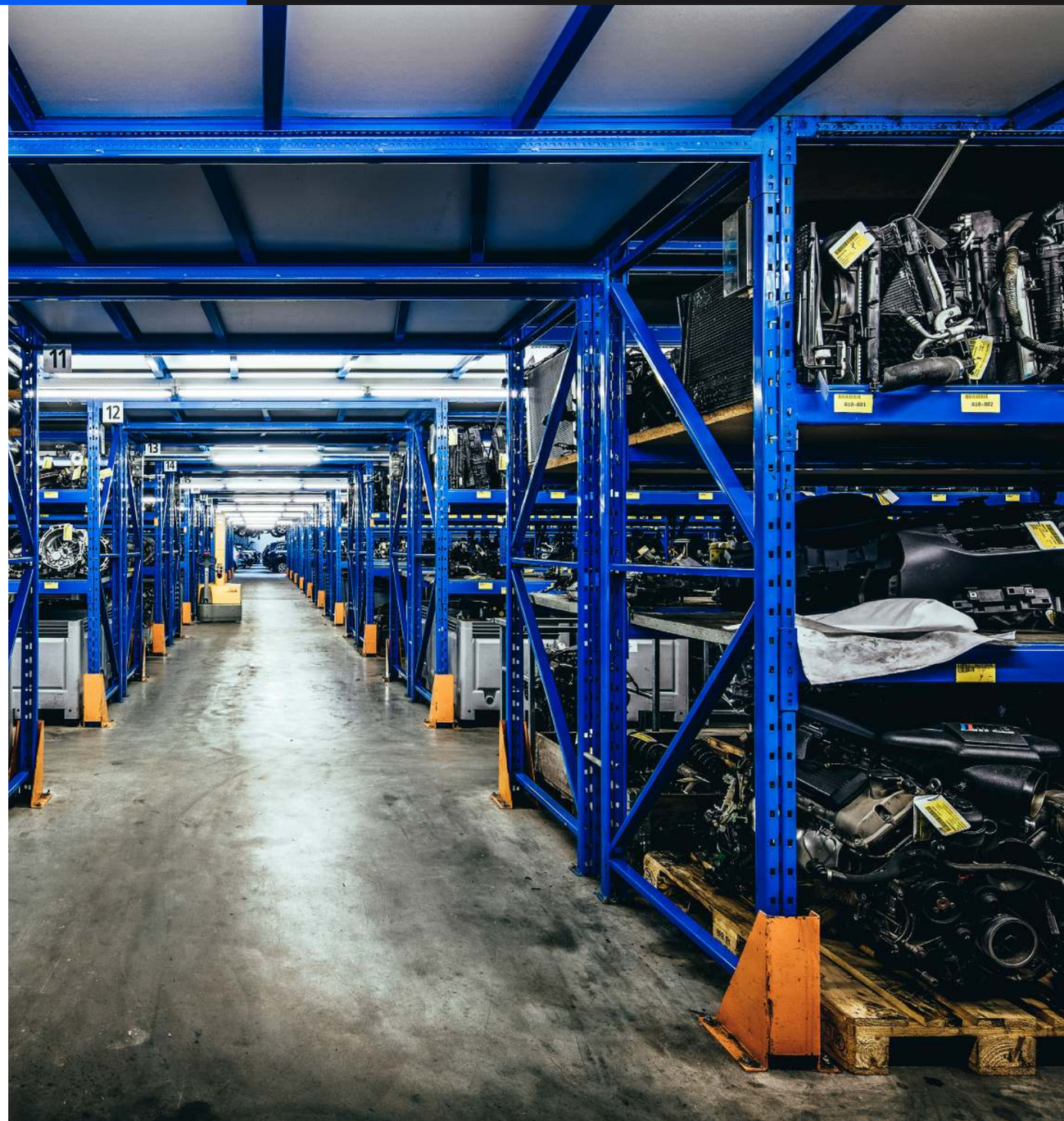
Salvage in Numbers

Vehicles Processed: 766,000
Individual Parts Sold: 12,630,000

	2023[1,2] ('000s)
Anti-freeze/washer fluid (liters)	1,116
Batteries	706
Catalytic Converters	1,488
Fuel (liters)	14,355
Scrap (metric tons)	932
Tires	1,997
Waste Oil (liters)	8,641

	2023[3] ('000s)
Aluminum (metric tons)	48
Copper (metric tons)	4
Steel (metric tons)	62
Other (metric tons)	2

1. Figures include achievements from our salvage operations in North America and Europe.
2. Figures measured in our salvage operations. Other achievements are, depending on the LKQ business, measured or estimated when no on-site measurement process is available.
3. This data represents an estimated annual weight of products recovered and recycled, and waste generated by our manufacturing, remanufacturing and related core processing centers including precious metals. Non-hazardous waste data is provided by our waste collection service provider. Other recycled materials are a mixture of plastic regrind, catalyst materials, and precious metals.



How Do We Salvage?

The majority of our 102 salvage facilities around the globe use proprietary AI technology to identify the salvageable parts from vehicles we procure.

Trained personnel follow standardized protocols to disassemble vehicles in a systematic manner, optimizing the use of time and resources. Comprehensive safety protocols are in place, including regular training on safe dismantling practices, and adherence to occupational health and safety regulations. Special attention is given to handling hazardous materials, such as fluids, batteries, and airbags, with proper containment and disposal procedures in place. Comprehensive documentation is maintained throughout the dismantling process, including records of vehicle identification, parts inventory, and disposal certificates for hazardous materials. This ensures transparency and accountability while facilitating traceability and compliance with legal requirements.

In 2023, we remanufactured over one million items with a collective weight of nearly 26,500 metric tons of materials, extending their useful life, saving natural resources needed for manufacturing new parts, and keeping these items out of landfills.

An additional 65 facilities are organized under our Self Service business. Aptly named "Pick Your Part," they cater to customers looking for a cost-effective way to repair their vehicle and get back on the road. Customers visit one of these operations, pull the used auto part needed, and finish the repairs themselves. There's no mechanic, no auto parts shop, and no labor cost.

Vehicle dismantling process

1. Proprietary AI technology and electronic bid system work together to identify and bid for vehicles
2. Vehicles from successful bids are delivered to dismantling facility or workshop
3. Parts are tested or verified
4. Fluids are drained and repurposed or recycled through independent third-party firms
5. Catalytic converters are recovered and recycled
6. Parts are removed for resale
7. Parts identified for resale go through rigorous QC process
8. Parts are staged for sale for customer call-in or B2B purchases
9. Wide distribution network allows customers to have the best options for their needs
10. Part is packaged and delivered to the customer
11. The rest of the vehicle is separated by materials recovered and recycled through independent third-party firms

LKQ Academy: Educating Our Customers

In our European segment, through the LKQ Academy, we are supporting our customers to become the "workshop of the future". The technical expertise needed to support the advancement of vehicles is progressing faster than ever before. With each new generation of vehicle brought to market, the technological complexity increases the demands placed on workshops and their technicians. Electrification, digitalization, driving assistance and the multitude of computer systems incorporated into vehicle design and operations have a major impact on how those vehicles are serviced. As we strive to become the leading advanced aftermarket repair and maintenance training provider in Europe, we enable our customers and partners to meet these technological challenges.

Our advanced training covers the nine different areas of vehicle technology: diagnostics, electrics and electronics, engine management, hybrid technology, powertrain, air conditioning, chassis and body, surfaces, and trucks and trailers. Our innovative range of services help our customers to grow their businesses and prepare for the future. LKQ's unique pan-European training program empowers partners, customers, and employees to thrive with latest technical know-how. Today, more than 2,200 courses in 14 languages are available and our offering continually develops, expanding into our European markets.

Highly skilled mechanics work more efficiently, lowering their operational footprint and reducing returns due to incorrect ordering, thus reducing waste and overall CO_2e. To further this, in 2023 we introduced training for body shops in the UK, Germany, and Italy with the goal of introducing mechanics to the importance of Sustainability.

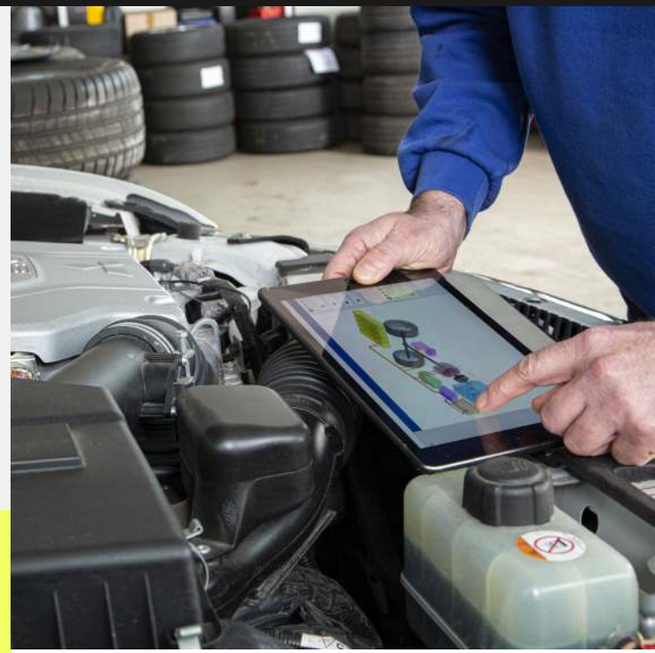
Online courses

In-person courses

Training center courses

Facts and figures

+45K Registered users	**4.54** Customer Satisfaction Index (out of 5)	**+63K** Certifications released	**14** Countries **14** Languages
+360 Training sites	**+170** Lectures	**+2,200** Training contents in EU	**WEBAPP** For a flexible user experience



Highly skilled mechanics work more efficiently, lowering their operational footprint and reducing returns due to incorrect ordering, thus reducing waste and overall CO_2e.

Managing the Environmental Impact of Our Operations

As we deliver sustainable outcomes through our customers, we are consciously balancing their needs with a commitment to reduce the environmental impact of our operations. We maintain operational excellence while pulling the right levers to be a responsible steward of our planet.

Greenhouse Gas (GHG) Emissions

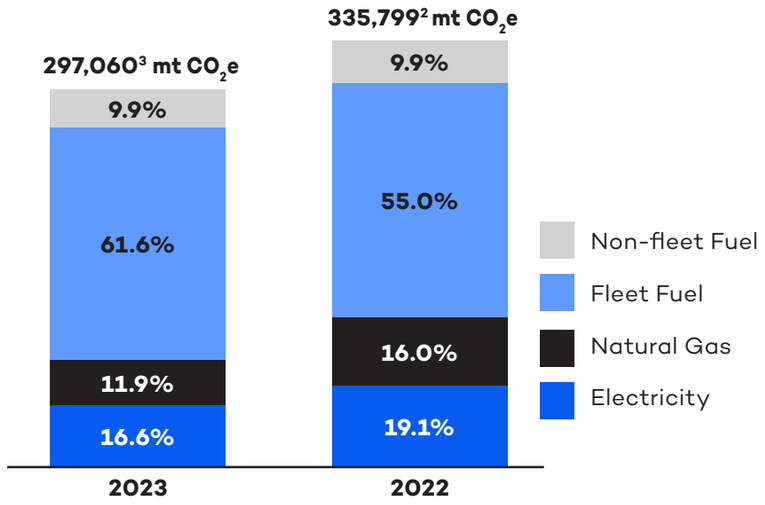
A core focus in managing the environmental impact of operations is managing GHG emissions. Emissions from our operations come primarily from our fleet of vehicles and property. These include Scope 1 (emission sources controlled and owned by LKQ) and Scope 2 (indirect emissions through purchase of electricity, steam, heat, or cooling).

In 2023, we achieved a 12% decrease in our global Scope 1 and Scope 2 emissions, compared with the prior year. The reduction versus 2022 is mainly related to a reduction in our Scope 2 emissions[1] (-22% vs 2022) resulting from multiple initiatives applied across our operations such as the increased use of renewable electricity and property efficiency upgrades through Light Emitting Diode (LED) lighting and branch refurbishments.

Total Scope 1 and Scope 2 GHG Inventory by Operating Segment (mt CO_2e) - Comparison

	2023	2022	2023	2022	2023		2022	
	Scope 1		Scope 2		Total	%	Total	%
Wholesale - North America	128,778	138,858	33,153	33,913	161,931	55%	172,771	51%
Europe	77,034	89,161	9,127	19,874	86,161	29%	109,035	32%
Specialty	36,201	37,296	4,330	5,215	40,531	14%	42,512	13%
Self Service	5,104	6,141	3,332	5,340	8,436	3%	11,481	3%
Total Emissions	**247,117**	**271,457**	**49,943**	**64,342**	**297,060[3]**		**335,799[2]**	

Total Scope 1 and Scope 2 GHG Inventory by Source - Comparison



Scope 3 emissions from upstream and downstream activities account for a significant majority of our total emissions. Given their importance, our journey to measure and manage Scope 3 has begun. An initial heatmap analysis has been completed to determine the categories that are likely to be material for our business.

Of these, we believe that Category 1, Purchased Goods and Services (from our upstream activities) is the most material. Applying a spend-based approach we estimate total Category 1 Scope 3 emissions of 2.4 million mt CO_2e in 2023.

1. In accordance with the GHG Protocol, our methodology for calculating emissions from purchased electricity utilizes market-based factors, provided by verifiable certificates from suppliers that confirm both the emission factors and their origins. In instances where such certificates are not available, we employ location-based emissions factors relevant to the country of electricity purchase. All other Scope 1 and Scope 2 emissions were calculated based on usage multiplied by location-based emissions factors relevant to the country of purchase. We have engaged Net0, an independent third party to assist in the assessment and calculation of our Scope 1, 2, and 3 emissions.
2. Updated number as a result of a re-calculation process completed in 2023 with the aim to enhance the accuracy and completeness of data (original data reflected in the 2022 Sustainability Report 356,104 mt CO_2e).
3. In August 2023, LKQ completed the acquisition of Uni-Select. Our 2023 Scope 1 and 2 emissions do not include any emissions for this acquisition unless business operations were merged into existing LKQ operations. Whole year emissions for Uni-Select will be included in 2024. We are utilizing the GHG Protocol Corporate Accounting and Reporting standard guidance as published by the World Resources Institute and the World Business Council for Sustainable Development to develop our approach with the aim of providing a standardized approach and principles to use in preparing our GHG emissions inventories.

Levers to Manage the Environmental Impact of Our Operations

In responsibly managing the impacts of our operations, we are committed to further developing our decarbonization roadmap with a key focus on the areas below.

Fleet Efficiency Enhancements

- Transitioning to electric vehicles (EVs) across vehicle classes, where operationally feasible and economically viable.
- Increasing fleet fuel efficiency (route optimization, driver training, etc.).
- Downsizing from one fleet class to a smaller fleet class where applicable.
- Utilizing Liquefied Petroleum Gas (LPG) or Compressed Natural Gas (CNG) as an alternative fuel to gasoline or diesel where applicable.

Snapshot of Key Initiatives

- Installing EV charging infrastructure at multiple locations across Europe and North America. As we expand our EV fleet, we will expand our EV charging infrastructure accordingly.
- In the UK, approximately 28% of our heavy-goods vehicles (HGVs) use bio-CNG.

Renewable Energy Investments

- Purchasing unbundled Renewable Energy Certificates (RECs) for electricity consumption where applicable.
- Entering into Power Purchase Agreements (PPAs) or virtual Power Purchase Agreements (vPPAs) with renewable energy developers where applicable.
- Investing in Photovoltaic (PVs) panels where applicable.

Snapshot of Key Initiatives

- PV panels have been installed at our LKQ Fource Central distribution center (CDC) and are operating successfully.
- In 2023, we have continued to work on PV installations at our LKQ Euro Car Parts Distribution Center in the UK and at LKQ Atracco.
- We are also working on PV projects at LKQ DACH CDC in Sulzbach-Rosenberg, Germany and a number of smaller properties across Europe.

Property Upgrades and Efficiency

- Executing projects such as LED lighting, Internet of Things (IoT) systems, and smart meters to improve energy efficiency in our buildings.
- Replacing current heat or air pump energy sources to electrified solutions.

Snapshot of Key Initiatives

- We continue to make the lighting in our buildings more energy efficient using LED lighting and sensors, installing LEDs at multiple locations across North America and Europe. In 2023, our real estate team converted 292 branches to LED lighting.
- We are exploring the possible rollout of smart meters throughout our portfolio in Europe. This will record our energy consumption data in real time, which could also be used for monthly CO_2e reporting and performance monitoring.
- Our CDC in the Netherlands, which is equipped with the latest technology in mechanization combined with traditional warehousing and is operated with a new warehouse management system, was awarded the BREEAM Excellence Certificate.
- We continue to replace the shutter doors in our warehouses and branches to provide better insulation where possible.

People-Led Performance

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25 A Culture of Empowerment and Professional Growth

25 Employee Engagement Leads to Better Performance

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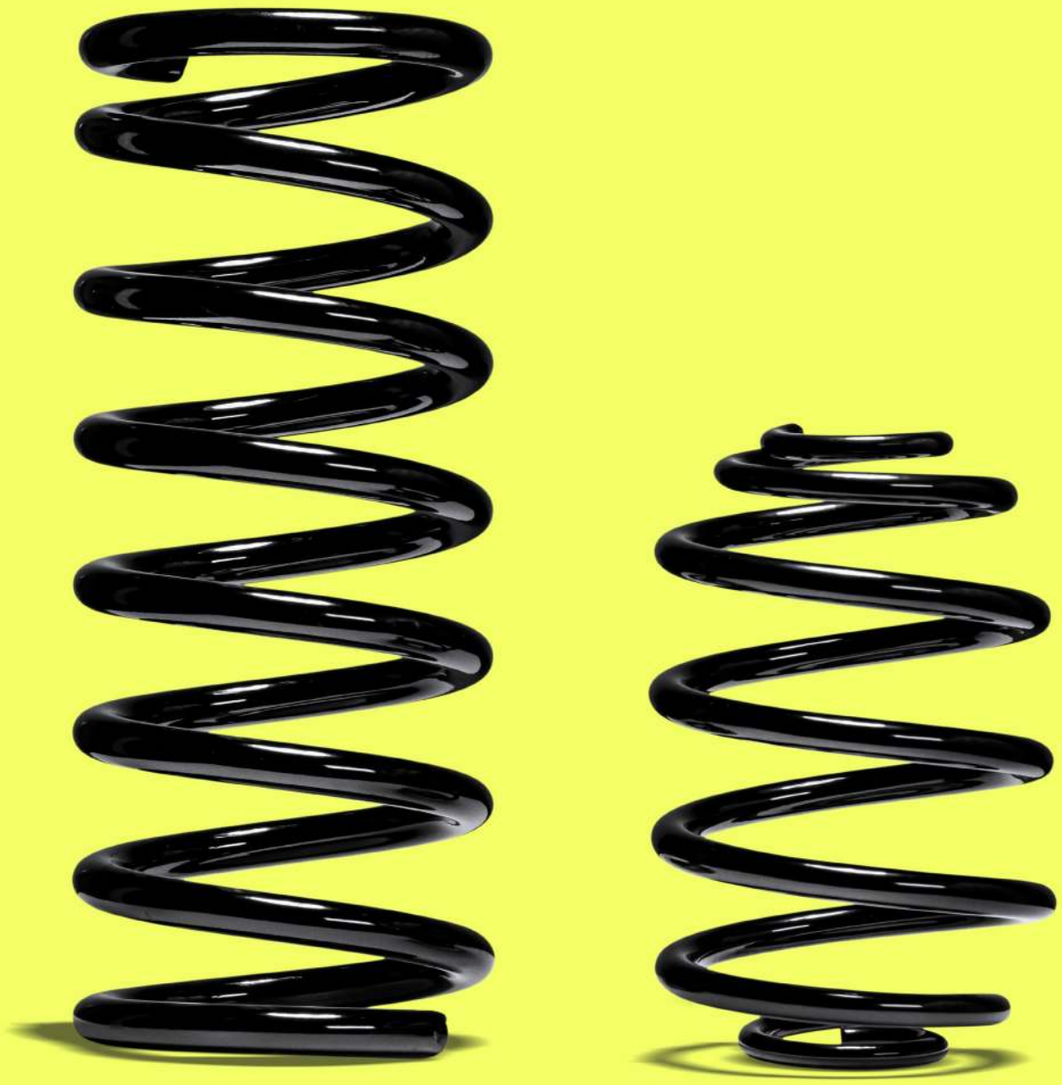
28 Employee Spotlights



Coil Springs

Safety is Our Number One Priority

Safety is a critical aspect of our business. From our team members working in the salvage yards dismantling vehicles and our warehouse workers operating forklifts to our drivers within our fleet, we are committed at all levels of our organization to promote and operate a culture that keeps all our people safe.

Our commitment to safety is demonstrated by, but not limited to, our safety trainings, regular workplace safety communications, and proper usage of equipment.

We encourage our employees to report safety concerns through our global anonymous hotline and through the North America LKQ Safety Pit Stop Program.

Our Risk Management team conducts safety reviews/audits on-site throughout the year to further support the efforts of local management.

Fleet Safety

Our collective safety efforts are part of an operational culture that prioritizes keeping our employees safe. Part of these efforts utilize safety technology, such as camera systems, which help monitor and correct driver behavior. Approximately one third of our European fleet has utilized these camera systems, and in 2023, we began to roll out this technology in North America. Additionally, our European segment operates a Road Safety Campaign, which was first introduced in 2022, that raises awareness about important topics such as safe driving practices and sustainable driving efforts.

4.8

2023 Total Recordable Incident Rate (TRIR)[1]

(2022 Rate: 5.2)

4.0

2023 Days Away, Restricted and Transferred (DART)[2]

(2022 Rate: 4.2)

1. TRIR (Total Recordable Incident Rate) is a mathematical calculation that describes the number of employees per 100 full-time employees that have been involved in a recordable injury or illness. # of recordable incidents x 200,000 / total number of labor hours worked = TRIR
2. DART (Days Away/Restricted or Job Transfer Rate) is a mathematical calculation that describes the number of recordable incidents per 100 full-time employees that resulted in lost or restricted days or job transfers due to work-related injuries or illnesses. # of recordable incidents x 200,000 / total number of employee hours worked = # of DART incidents.

The numbers above refer to North America only. We are aligning our non-North American safety reporting to the Occupational Safety and Health Administration (OSHA) definitions and plan to report consolidated global safety performance metrics.

A Culture of Empowerment and Professional Growth

We strive to create an environment where creativity thrives and people are empowered to make decisions that are best for their team and the business. This practice comes from recognizing that some of the best suggestions for improvement come from those closest to our operations and customers. One example of this practice in action is our North American "Great Ideas" program, where team members submit innovative ideas to improve operational efficiencies within the organization.

In 2023, on average, every employee completed seven professional development courses, representing over 300 thousand courses taken in total. We offer close to 6,000 courses across 25 disciplines including Sustainability, Inclusion and Belonging, Leadership, Functional On The Job Training, Technology, Productivity, and additional skill-enhancing trainings. Employees are also eligible for a company-sponsored Tuition Assistance Program.

In 2023, we made a number of changes at the senior leadership level. Our incoming CEO, Justin Jude, has been with LKQ for close to 20 years. He has served in a variety of roles across the Company's North American Sales, Supply Chain, and Information Systems departments. Justin is replaced by John Meyne, previously Vice President of Operations for Wholesale - North America. In addition, Andy Hamilton became Senior Vice President & President and Managing Director of LKQ Europe, having previously been CEO of LKQ Euro Car Parts. Justin, John, and Andy are prime examples of LKQ's 'promote from within' culture. Promoting from within has been proven to reduce employee turnover, contribute to high company morale, a culture of upward mobility, and reduce hiring costs.

By implementing thoughtful and strategic succession processes, and dedicating resources to invest in the professional growth of our staff, we facilitate the acquisition and retention of knowledge and the development of company and industry-related experience. In turn, this approach opens doors for promotional opportunities for our team members.

Employee Engagement Leads to Better Performance

Our global employee engagement survey is an opportunity to listen to our organization and understand what we are doing well for our employees and where there is opportunity for improvement. For our annual surveys, we partner with a third party, WorkBuzz, an employee engagement survey platform.

The 2023 survey had a six percent higher participation rate than the 2022 survey, and we were pleased to see so many positive responses from our team members. This year, LKQ was recognized as a 5-Star Employer in North America, Mexico, and India by WorkBuzz.

Based on our global employee engagement survey, LKQ employees say our Company is a great place to work, they feel safe and trusted to do their job, have an understanding of their own personal contributions to the success of the business, and emphasize our positive culture of fairness, respect, and inclusivity.

We take action on the results of the employee engagement survey through our, "You Said. We Delivered." initiative and implemented a communication strategy to ensure that said efforts are communicated at every level in the organization.

LKQ received certification by Great Place To Work® in 2023

2023 Employee Engagement Survey

89%
Participation Rate
(Compared with 83% in 2022)

74
Engagement Score
(Compared with 74 in 2022)

91%
Agree
"I understand how my work contributes to the success of the business."

91%
Agree
"I am clear about what is expected of me in my job."

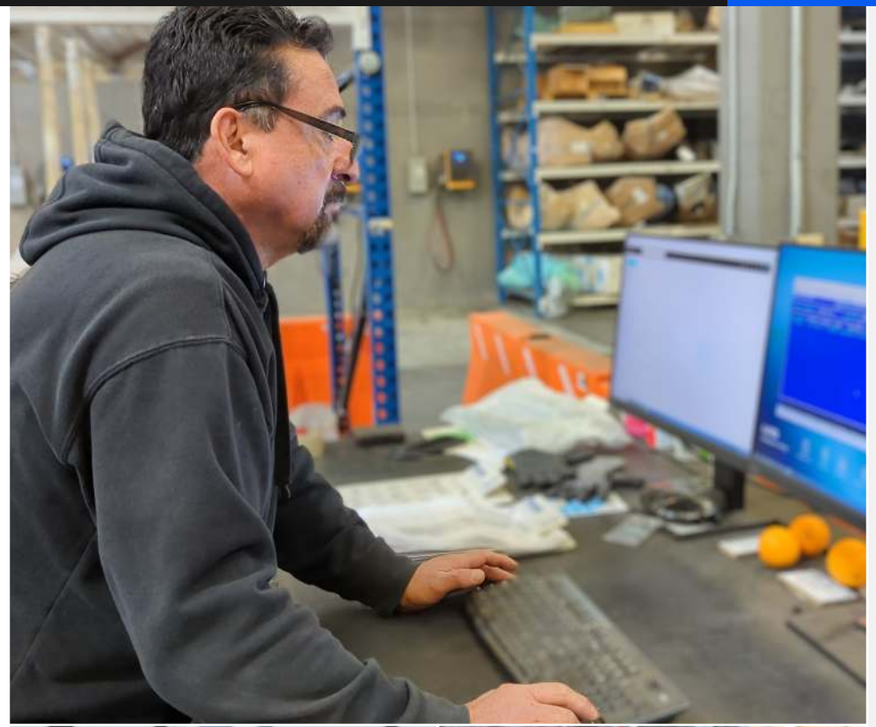
93%
Agree
"I am trusted to do my job effectively."

An Inclusive and Equitable Culture Promotes Diverse Representation

We recently established a 'Respect and Inclusivity Commitment' for our employees. This commitment is designed to ensure all of our team members can come to work every day with peace of mind, knowing that we are committed to promoting a caring, inclusive, and accessible environment where they can flourish and thrive in a physically and psychologically safe atmosphere supported by the knowledge that we act decisively if that is not the case.

As a result of our 2021 global employee engagement survey, in which employees expressed a desire for a more comprehensive approach to wellness, we launched the Inspired to Thrive initiative. Our efforts started with physical and mental wellbeing and evolved into a global initiative that encompasses five key areas (see right panel) that enrich the lives of our team members, both inside and outside of the workplace.

At LKQ, we champion a culture of respect and inclusivity, allowing everyone to be their authentic selves. We are committed to maintaining a physically and psychologically safe and inclusive environment, free from bullying and harassment, in alignment with our core values.



Our Inspired to Thrive initiative provides our employees opportunities to flourish, not just in the workplace, but in all aspects of life.

Holistic Well-being
The physical and mental wellness of our team members are our top priorities. We offer an array of support services, from wellness programs to mental health resources, designed to keep everyone healthy in body and mind.

Financial Empowerment
Beyond competitive compensation, we provide tools and educational resources to build a secure financial future (e.g., saving for retirement or planning a major life event).

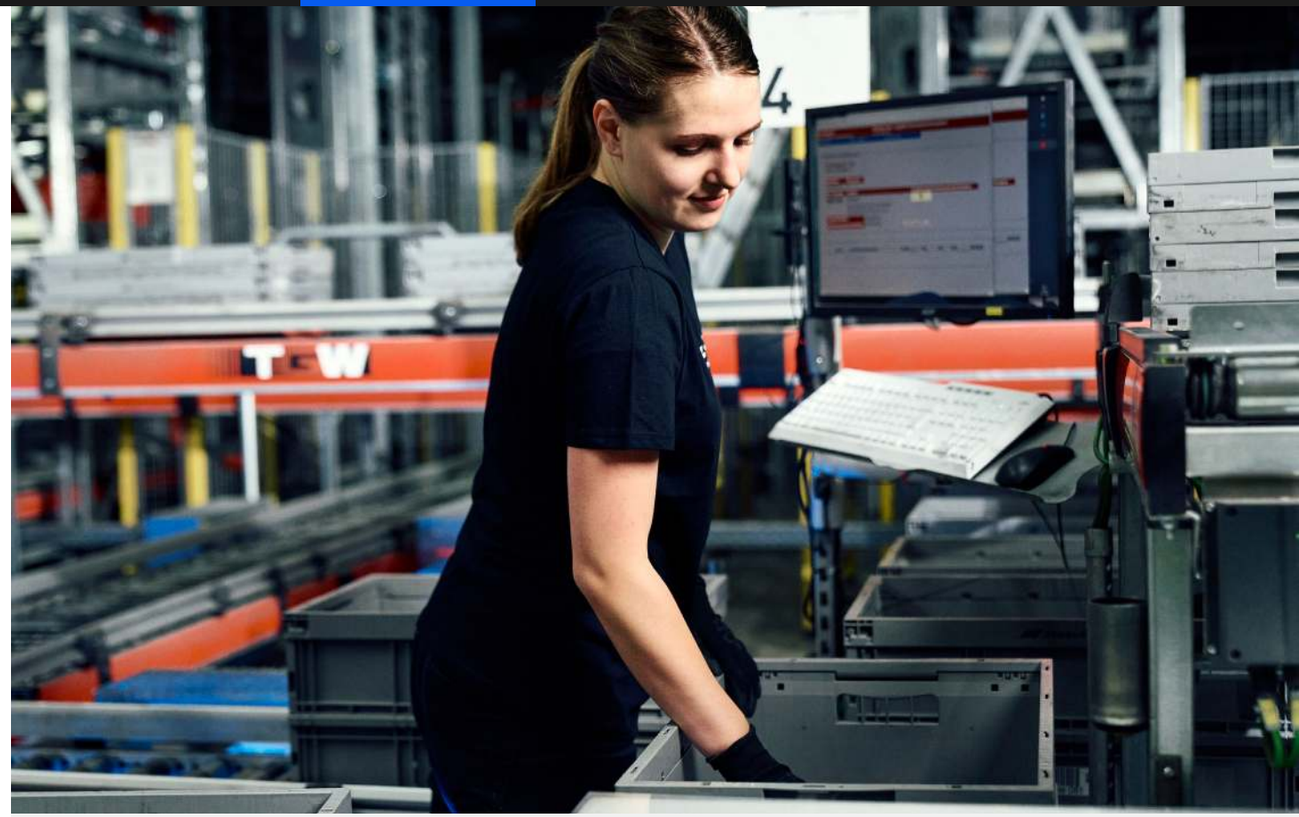
Inclusive Culture
Our strength lies in our diversity. We aim to foster an inclusive workspace where every individual feels a deep sense of belonging and is empowered to be their authentic self.

Professional Growth
At LKQ, our employees' growth is our success. We provide ongoing learning and development opportunities, equipping our team members with the skills and knowledge they need for their next career milestone.

Sustainability and Community Engagement
Our commitment to Sustainability goes beyond our operations; we strive to make a positive impact in the communities we serve. Our team members are encouraged to volunteer and contribute to causes they are passionate about, amplifying our collective efforts for a more sustainable world.

We are Actively Working to add Diverse Talent to Our Workforce

As part of our recruitment efforts, our partnerships include:



Inclusion and Diversity Focus Areas in 2023

- Supported the supplier diversity program
- Identified Inspired to Thrive Champions
- Expanded Inclusion Groups
- Measured diversity talent plan effectiveness
- Mentorship/Sponsorship that enabled advocacy for diverse talent
- Incorporated Community Involvement and Diversity Partnerships

An equitable and inclusive culture allows diversity to thrive

In support of our commitment to fostering this type of culture, we developed the following framework to guide our actions:

1. Implement policies that support an environment free of harassment and discrimination, with global ethics training

2. Raise awareness through training, modeling inclusive behaviors, and integrating inclusion into the interview process

3. Invest in diversity partnerships and integrate diverse candidates into talent decisions

4. Encourage innovation and acceptance by integrating inclusion and belonging into business operations

5. Make targeted, strategic investments to help our communities flourish and thrive.

"We want to retain as many of our people as possible so I work hard to make our team feel like they are a family; I want them to feel like they are part of MY family."

Anthony Desio

Employee Spotlight:

Anthony Desio

Safety and Maintenance Supervisor
Wholesale - North America

Anthony Desio served for 20 years in the United States Navy. During his service, Anthony was a leader in safety management ensuring that the necessary safety procedures were in place and followed meticulously.

With a Bachelors degree in Fire Administration and Fire Investigation as well as a deep personal interest in safety in the workplace, a leadership role that involved safety was a natural fit for him. Anthony is passionate about safety because to him, it represents a critical part of what it means to be a family: maintaining the well-being of those around you.

Following his retirement from the service in 2022, Anthony joined LKQ as a Safety Manager, and proudly refers to his colleagues as "my family."

LKQ is proud to celebrate its veterans and honor those who have served in the armed forces.

The Veterans Network mission is to empower our proud community of employee veterans, Guard & Reservists, military spouses, and supporters who encourage each other through shared experiences, veteran recruitment, career development, outward engagement, professional growth, and retention.

"Diversity, of all types, brings a variety of important different perspectives to the decision-making process."

Sophie Bond

Employee Spotlight:

Sophie Bond

Director Human Resources
Europe

Sophie Bond started her career in Talent Acquisition with Euro Car Parts and progressed quickly within the organization after seizing the opportunity to take on a role in HR, which is when she discovered a passion for business partnering. At this time, the automotive industry, traditionally male-centric, could be a challenging environment for a woman, but this challenge was the catalyst that spurred Sophie to succeed and achieve.

When LKQ acquired Euro Car Parts in 2011, Sophie was impressed by the spirit of the organization. From her perspective, she saw that individuals were encouraged at every level to bring ideas and suggestions to improve the business and the productivity of the people around her. In this environment, Sophie felt empowered to show her own initiative and this was rewarded by a number of promotions in her over thirteen years at LKQ.

Today, Sophie leads the European HR Business Partners across LKQ Europe.

The mission of the Women's Network is to support the development of women across all sectors and roles within LKQ. We aim to achieve this through our three core pillars of Development, Recruitment, and Outward Engagement. By bringing together our unique backgrounds, we seek to enhance our support for team members, the Company, and the community, while creating an inclusive environment where everyone thrives. All employees of LKQ and its subsidiaries are eligible to become members of the Women's Network.

Strong Governance and Ethical Practices

30 A Governance Structure That Ensures Accountability of Sustainability Efforts

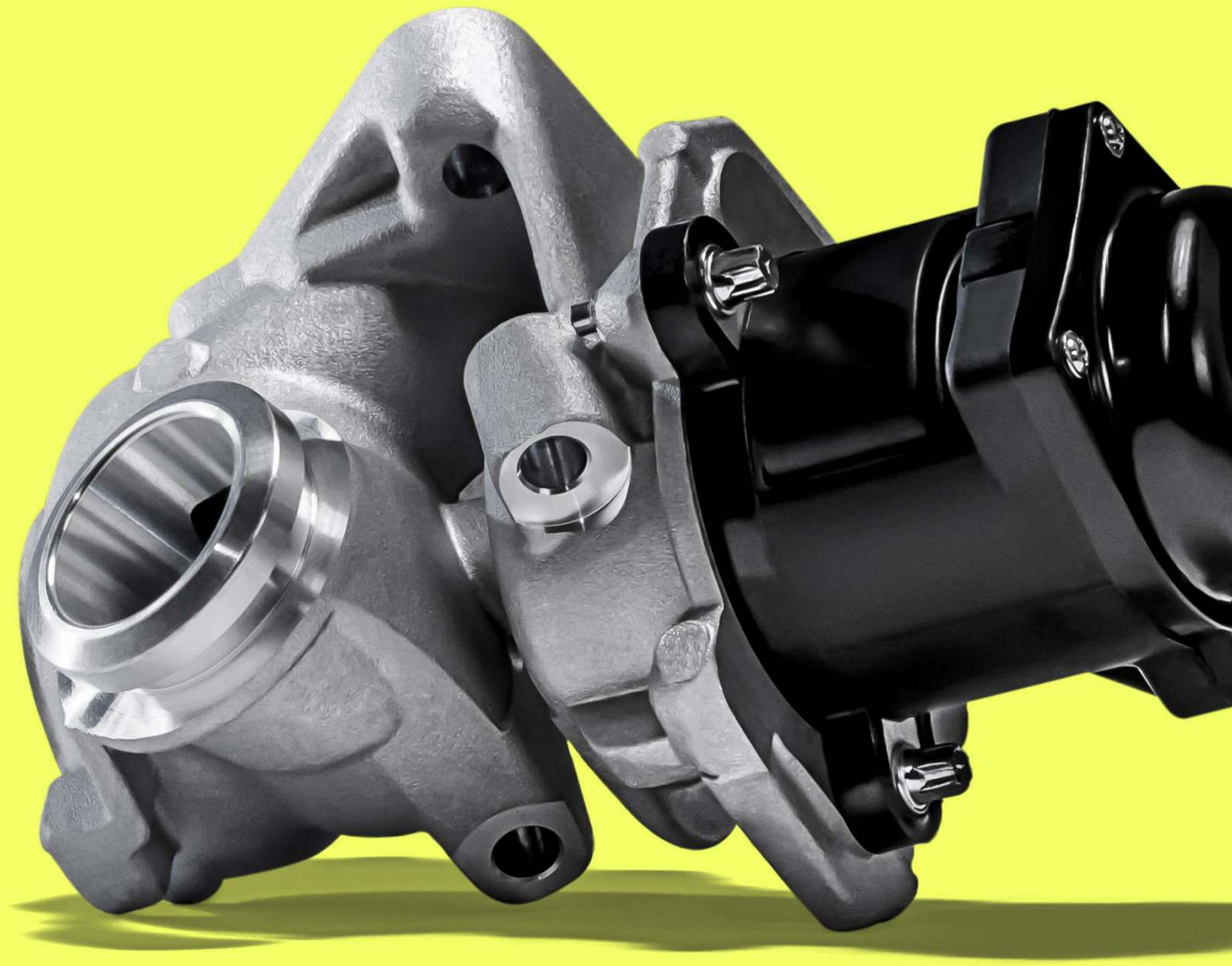
31 Oversight and Support by a Diverse and Independent Board

32 We Operate with the Highest Ethical Standards

35 Giving Back is Part of Our Culture

36 Joseph M. Holsten Scholarship

37 Meeting New Disclosure Rules and Regulations



Exhaust Gas Recirculation Valve (EGR Valve)

A Governance Structure that Ensures Accountability of Sustainability Efforts

We operationalize Sustainability throughout the organization with accountability and oversight at the board and management levels. We have a VP Sustainability who reports directly to our Senior Vice President and Chief Financial Officer. As a result, Sustainability has a seat and, more importantly, a voice at the table. Our VP Sustainability updates the Board annually.

The Board's Compensation and Human Capital Committee provides oversight on the Company's programs and policies relating to community involvement, culture, and human capital, including diversity, equity and inclusion, workforce health, safety and engagement, and leadership development and effectiveness. The Governance/Nominating Committee of the Board has responsibility for overseeing the Company's other Sustainability initiatives.

In addition, our VP Sustainability updates the Risk Management Committee and the Sustainability Advisory Committee quarterly.

"We enthusiastically support the Sustainability efforts at LKQ. Through regular communication with our CEO and VP Sustainability, we provide strategic guidance, ensuring that board oversight of Sustainability is a top priority. We will continue to be an active participant as our Company's Sustainability journey evolves."

LKQ Board of Directors

LKQ's Sustainability Governance Structure

Oversight and Support by a Diverse and Independent Board

Our Compensation and Human Capital Committee considers effective practices to incentivize and align management with strategic goals. LKQ's executive compensation plans include a high percentage of at-risk compensation and are designed to ensure a culture of pay-for-performance. Since 2021, our long-term cash incentive programs have included a multiplier that may increase or decrease earned amounts by up to 10% based on performance against our multi-year Sustainability objectives.

Our Board by the Numbers

As of 12/31/2023

9 Board Members

78% Independent

7.5 Years Average Tenure

44% Diverse[1]

5 New Directors Over the Past 6 Years

3 Female Board Members

1. The diversity metric includes ethnicity and gender

Patrick Berard
Director

Meg Ann Divitto
Director

Joseph M. Holsten
Chair Emeritus

Blythe J. McGarvie
Director

John William Mendel
Director

Jody Greenstone Miller
Director

Guhan Subramanian
Chairman of the Board

Xavier Urbain
Director

Dominick Zarcone
President and
Chief Executive Officer

LKQ Board of Directors as of 12/31/2023

We Operate with the Highest Ethical Standards

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, among other topics. LKQ has an online, in-house training system (LKQ You) through which our employees take classes to help them understand the rules relating to these issues and the importance of adhering to the rules. All employees, including part-time employees, are trained on our ethics program when they join the Company, and receive regular training on our policies periodically thereafter.

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

At LKQ, we endeavor to conduct our business in a socially responsible and ethical manner consistent with human rights principles. Our approach to human rights is guided and informed by international standards. We are committed to embedding respect for human rights throughout all aspects of our business and within all geographies in which we operate. Our Human Rights Statement details our commitment to freedom of association, ethical supply chain management, workplace health and safety, prevention of human trafficking, and diversity, inclusion, non-discrimination, and non-harassment.

Product and Process

At LKQ, we stand behind the integrity of our products with the LKQ Parts Replacement Promise[1]. Our Commitment to Quality allows us to back our recycled and aftermarket collision products with warranties, which are the best in the industry. Our recycled, reconditioned, remanufactured, rebuilt, aftermarket, heavy truck, and self-service parts come with a warranty in the LKQ Parts Replacement Promise program. Our Quality Assurance (QA) Team is responsible for overseeing product quality and safety at LKQ. 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 Privacy and Cybersecurity

We are dedicated to upholding data privacy laws that dictate the responsible collection, storage, usage, sharing, transfer, and disposal of personal information in our operations. With the introduction of new and expanded data privacy regulations worldwide, our Privacy and Cybersecurity teams work with the business to ensure our compliance. These teams are tasked with creating and implementing suitable technical, physical, and administrative safeguards to prevent unauthorized access, use, disclosure, alteration, or destruction of personal data. Additionally, our Incident Response Plan is tested through annual table top exercises. Employees are key to protecting data, so we educate and involve our team members in this important matter.

LKQ's Board is actively involved in oversight of LKQ's risk management program, and cybersecurity represents an important component of LKQ's overall approach to risk management. LKQ's cybersecurity policies, standards, processes, and practices are fully integrated into its operations and are based on recognized frameworks established by the International Organization for Standardization, the National Institute of Standards and Technology, and other applicable industry standards. In general, LKQ seeks to address cybersecurity risks through a comprehensive, cross-functional approach that is focused on preserving the confidentiality, integrity and availability of the information that LKQ collects and stores by identifying, preventing, and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.

LKQ's Board of Directors, through its Audit Committee, oversees ethical issues and monitors the implementation of ethics policies within the organization.

1. North American customers only

Bribery and Corruption

LKQ is dedicated to upholding compliance with all applicable laws and regulations that prohibit corruption, bribery, money laundering, or similar behaviors in any region where we operate. Our stance on bribery and corruption is unequivocal. We refrain from offering, providing, soliciting, or accepting bribes or any form of inducement to unfairly gain business, establish business connections, sway decisions in favor of LKQ, or for any other unethical purpose.

Protection of Whistleblowers

The Speak Up Program at LKQ demonstrates our strong commitment to fostering a transparent and ethical environment. We prioritize upholding high ethical standards and value our employees' role in ensuring that we win with integrity.

The main goals of our Speak Up Program include:

- **Encouraging Open Communication:** Employees are encouraged to report misconduct promptly, knowing their efforts are valued.
- **Building a Culture of Trust:** We nurture a culture of integrity where raising concerns is respected and addressed swiftly.
- **Providing Clear Reporting Channels:** We stress the importance of accessible reporting channels for employees to communicate concerns.
- **Ensuring Confidentiality and Protection:** We ensure confidentiality in the Speak Up Program and have zero tolerance for retaliation.

Lobbying and Political Contributions

At LKQ, all lobbying activities and expenditures for lobbying are filed in states in which LKQ engages with those governments, and it registers on the federal level in accordance with federal guidelines. LKQ also has a political action committee (PAC). The participation and reporting of actions taken by those involved in the PAC follow all applicable federal and state guidelines. Our corporate donations (combined between the federal and state level in the US) are less than $0.5 million. LKQ does not donate corporate funds to federal candidates.

LKQ Europe is registered on the European Parliament Transparency Register. This includes its fields of interest, membership and affiliations to associations, federations, networks, or other bodies, as well as the annual costs attributable to activities covered by the Register. These costs are less than €0.2 million. LKQ Europe is a signatory to the Transparency Register Code of Conduct.

Environmental Stewardship

LKQ is committed to being good stewards of the environment by maintaining an environmental management system (EMS) to help reduce our environmental impact and increase operating efficiencies. The EMS framework consists of performance monitoring, evaluation, and improvements. Performance monitoring includes self-inspections and independent external audits. The self-inspections are conducted by facility personnel and uploaded to a cloud environmental compliance platform. The independent external audits are conducted by third-party environmental consultants. These audits are currently being conducted at our salvage and manufacturing facilities.

Certain operating facilities maintain Stormwater Pollution Prevention Plans (SWPPP), Spill Prevention Control & Countermeasures (SPCC) plans, and stormwater, wastewater, and air permits. LKQ retains environmental consulting firms to review, develop, and update these permits and plans as necessary.

We oversee the administration of numerous federal, provincial, and state issued Waste Generator registrations, which allow our operations to safely dispose of hazardous and non-hazardous waste.

Our Risk Management Department conducts monthly environmental compliance calls with operations to review recent and upcoming regulatory changes, discuss lessons learned from inspections and audits, and share best management practices.

We maintain an environmental training curriculum for employees in our salvage, manufacturing, warehouse, and retail divisions to increase environmental stewardship and compliance awareness and competence.

Additional details are available in our Environmental Statement.

Certification Highlights:

- ISO 9001 - Quality Management - Various European Operations and Warn Manufacturing
- ISO 14001 - Environmental Management - LKQ Atracco and Warn Manufacturing

Supply Chain

In 2022, LKQ adopted a Global Supplier Code of Conduct[1], which is an extension of LKQ's Code of Ethics. The aim is to hold our vast supplier network to meet or exceed LKQ's policies and practices in relation to risk assessment and due diligence for human rights, labor practices, and environmental standards. We are committed to the observance of human rights and the protection of our environment. LKQ is aware of our accompanying responsibility in the procurement of products and services, and we commit ourselves to comply with our standards. We also expect our suppliers to respect human rights and protect the environment. To this end, we are intensifying cooperation with our suppliers to promote the social and environmental impact of our supply chain.

Supply Chain Due Diligence Program

We want to build strong relationships with our suppliers based on trust and transparency. Our aim is to ensure a reliable and sustainable supply chain, following a holistic approach focused on compliance with laws and regulations and ethical and sustainable business conduct.

We integrate sustainability into all procurement decisions, partnering with our suppliers to reduce our impact on the environment and to have a positive influence on people and local communities in which we operate.

Legal implementation is carried out through the inclusion of the Supplier Code of Conduct in all new contracts and contract renewals, wherein we ask our suppliers to either sign up to our Supplier Code of Conduct or confirm they have policies and procedures setting an equivalent framework.

Supplier Risk and Sustainability Assessment

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

During the first half of 2023, we ran a pilot phase of the project on a group of 4,210 suppliers, selected based on relevance, category, and the German Supply Chain Due Diligence Act (LkSG) requirements. 99.5% of these suppliers were uploaded and assessed using the EcoVadis IQ platform, where risk level is related to the industry sector, the size of the company and the country where the company operates, and to the relevance of the supplier for the European segment.

The original 3-year plan defined at the end of 2022 was reviewed after the pilot phase, and a new plan has been approved, with the goal of completing the risk analysis on 100% of the supply base (over a threshold of € 1,000) by the end of Q1 2025.

The risk and sustainability assessment process provides compliance and financial-health checks as well, and a more detailed sustainability and risk assessment on the suppliers at higher risk or that are significant to LKQ, selected according to our Supplier Risk Framework.

Sourcing Minerals Responsibly

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

1. Please see our Global Supplier Code of Conduct for more information on how we require our suppliers to ensure compliance with the Supplier Code by each of its officers, directors, employees, other workers, representatives, agents, subcontractors, and sub-tier sources who are involved in the procurement and production process related to products and services provided to LKQ Corporation and its affiliates, (pages 1-10) and the formal channels in which a supply chain worker or supplier can raise concerns (pages 8-10).

Giving Back is Part of Our Culture

In 2020, LKQ established the LKQ Community Foundation, with the mission of building strong partnerships with our employees and the communities in which we operate. The Foundation's four areas of focus are:

1. **Health and human services**
2. **Technical and general education**
3. **Environmental stewardship**
4. **First responders**

In 2023, we donated $4.01 million. Going forward, as part of our Sustainability goals, we are committed to donating a minimum of $4 million annually.

"We are proud to support charitable organizations who help our communities where we live and operate."

Dominick Zarcone
President and Chief Executive Officer

LKQ Cares Holiday Vote Charitable Program

2023 marked the third year of the LKQ Cares Holiday Vote charitable program, a program that donates $1 million to philanthropic organizations. $500 thousand of those funds are determined based on votes from LKQ team members, customers, and other stakeholders. Recipients of this year's donations included:

- American Cancer Society
- Ben Support for Life
- Children's Miracle Network Hospitals
- Collision Repair Education Foundation
- Environmental Defense Fund
- Make-A-Wish
- Skills USA
- The Ocean Cleanup
- UNICEF
- United Nations World Food Programme

Giving Back Spotlights

Ben Support for Life
Provides support for anyone who currently works or has worked in the UK automotive industry; support includes helping people with their mental health, physical health, and general wellbeing.

Collision Repair Education Foundation
Supports collision repair educational programs, schools, and students to create qualified, entry-level employees and connect them with an array of career opportunities.

International Rescue Committee

LKQ is strengthening its commitment to people and the planet by partnering with the International Rescue Committee (IRC), a global non-profit organization that helps people affected by humanitarian crises.

This partnership exemplifies LKQ's unwavering commitment to the power of compassion and humanity, and standing with those facing vulnerabilities during challenging times. As an international leader in humanitarian relief, the IRC is committed to partnering with companies like LKQ to help rebuild the lives of millions of people with data-driven, cost-effective, and scalable programs while fighting for a world where women and girls have an equal chance to succeed.

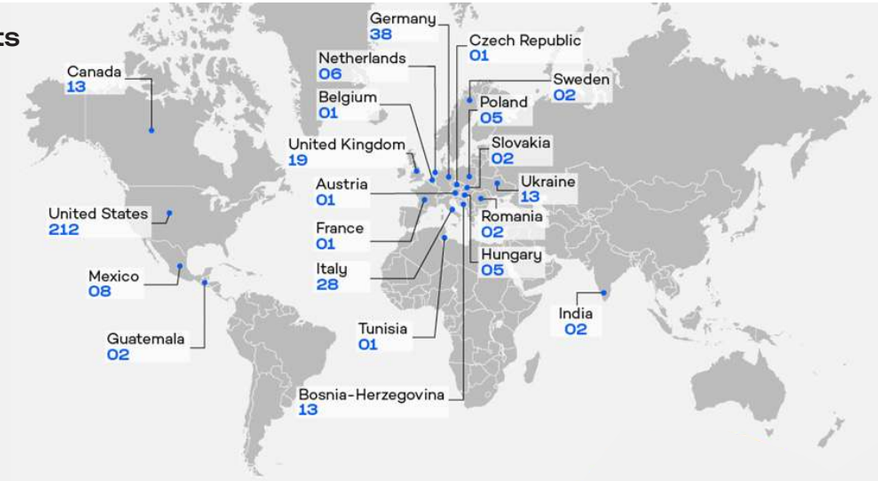
Joseph M. Holsten Scholarship

At LKQ, we believe that investing in our employees' families is one of the most important things we can do. We understand that education is a key component of a successful future, and we want to help ensure that our employees' children and dependents have every opportunity to achieve their goals and reach their full potential. The Joseph M. Holsten Scholarship was established for the children and dependents of LKQ employees around the world to pursue post-high school education, including technical and vocational schools.

Our employees have been the driving force behind our growth and accomplishments. This scholarship is intended to help LKQ continue to attract and retain top talent, while also making a meaningful impact on the lives of our employees' families.

In 2023, LKQ awarded 375 Joseph M. Holsten scholarships for the 2023/2024 school year, distributing a total of $937,500 across the globe to children and dependents of our exceptional LKQ employees. These scholarships are more than just financial aid — they are stepping-stones to brighter futures, building blocks for dreams, and a testament to our collective commitment to fostering educational and personal growth.

Scholarship recipients across the globe



Elizabeth Bohemier - Canada

"I have been fortunate enough to receive the Joseph M. Holsten Scholarship for the past three years, allowing me to not only focus on my studies in Environmental Sustainability and Business, but the freedom to find my true calling. The scholarship has helped me maintain my 4.0 GPA and sustain my place on the Dean's List. This scholarship has also given me the opportunity to find balance in my life and my true career path. Thank you LKQ for offering this appreciated scholarship."

Ian de la Cruz - Mexico

"I was thrilled when I received the email that I had been selected for the Joseph M. Holsten Scholarship. The scholarship helped me cover the costs of university enrollment and books, and I also started studying a third language since it is required for the degree I am pursuing — International Business. I feel very fortunate to be a recipient of the scholarship and grateful to LKQ for providing this benefit to the children of their employees in support of our education."

Likhitha Ridhi Kishore - India

"It is an immense honor and privilege to receive this recognition from LKQ. Receiving this scholarship not only alleviates the financial burden of pursuing my education but also serves as a profound encouragement for me to continue striving for excellence in my pursuit of my bachelor's degree in Architecture. LKQ's investment in my future motivates me to work diligently towards my goals and to make the most of the opportunities that come my way. I assure you that I will make the most of this opportunity and endeavor to uphold the values and principles that LKQ stands for."

Jackson Swafford - US

"I'm so thankful for the Joseph M. Holsten Scholarship! Being a college student diving into Commercial Songwriting means I've got a lot to handle. This scholarship has been amazing because it lets me focus way more on making music and my classes without stressing so much about money. A huge shoutout to everyone who makes the Joseph M. Holsten Scholarship happen. Your help means the world to me and is really changing my journey for the better."

Meeting New Disclosure Rules and Regulations

As a global company, we are working towards meeting the needs of several Sustainability-linked rules, regulations, and reporting standards. Whether voluntary or mandatory, our aim is to disclose information that is accurate and useful for our stakeholders. We are closely tracking the regulations and aim to use interoperability wherever possible.

Corporate Sustainability Reporting Directive (CSRD)

Summary of the Regulation: In January 2023, the CSRD entered into force and requires companies to disclose a broad range of data relating to their environmental, social, and governance practices. The mandate requires companies to report not only the impacts of Sustainability on financial performance and condition (Financial Materiality) but also on how our business activity impacts the natural environment and society (Impact Materiality).

Our Preparedness: Although this is a European directive, it will impact LKQ because of our significant operations in the European Union. We have preliminarily identified material topics under Financial Materiality and Impact Materiality, which are together referred to as "Double Materiality." The three pillars of our strategy will allow us to meaningfully integrate material topics and showcase how we are managing risks and capitalizing on opportunities. See our Appendix for more information on our DMA.

EU Taxonomy for Sustainable Activities

Summary of the Regulations: The EU's Taxonomy for sustainable activities is crafted to direct the EU economy's evolution towards fulfilling its European Green Deal objectives, notably the 2050 climate-neutrality goal. Functioning as a classification mechanism, its primary aim is to offer clarity to corporations, financial markets, and policymakers regarding which economic activities qualify as sustainable. In its role as a screening instrument, it aims to channel investment streams towards these sustainable activities.

Our Preparedness: The key aim of the EU Taxonomy is to enhance transparency on sustainable performance. As of 2023, LKQ is collecting data aligned with Regulation (EU) 2020/852 requirements for the classification system for sustainable economic activities that contribute to the European Union's six environmental objectives. In 2024, we will continue to work on our compliance readiness for reporting in 2026 on 2025 data, aligned with our CSRD reporting timeline.

US Securities and Exchange Commission (SEC) Climate Disclosure Rules

Summary of Rules: In March 2024, the US SEC released rules on climate-related disclosures from US registered companies aimed at helping investors make more informed decisions. Similar to the regulations from California, these rules require companies to disclose GHG emissions and how climate risks are managed. While there are differences, the overlap between the SEC rules and California's twin regulations are considerable.

Our Preparedness: Our preparation for meeting this disclosure mandate will not be dissimilar to the Taskforce for Climate-Related Financial Disclosures (TCFD) framework, which will allow us to effectively meet specific requirements of the rules including transition plans, scenario analysis, and internal carbon pricing if risks are deemed material. As of the publication date of this report, an administrative stay has been issued on the SEC rule; LKQ is actively monitoring the status.

Climate Corporate Data Accountability Act and Greenhouse Gases: Climate-Related Financial Risk Act

Summary of the Regulations: In October 2023, California passed the Climate Corporate Data Accountability Act (Senate Bill 253) and the Greenhouse Gases: Climate-Related Financial Risk Act (Senate Bill 261). The laws require disclosure of GHG emissions and climate-related financial risk, including physical risks and transition risks from climate change.

Our Preparedness: This report generally, and our continued alignment with the TCFD framework specifically, allow us to effectively describe climate-related risks, measures taken to reduce and adapt to such risks, and related metrics, including GHG emissions. We will follow along this path to comply with our obligations under these two laws.

Appendix

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Brake Pad

Double Materiality Assessment

A key component of our readiness for the Corporate Sustainability Reporting Directive (CSRD) is conducting a Double Materiality Assessment (DMA) with reference to the Delegated Regulation on sustainability reporting published on December 22, 2023, entered into force on December 25, 2023.

As part of this assessment, we built upon our single materiality study and conducted our first DMA with the support of a third-party service provider. We utilized a comprehensive framework to analyze and disclose our Sustainability-related risks, opportunities, and impact.

The following 16 preliminary sub-topics emerged from the assessment which were mapped to the relevant topical European Sustainability Reporting Standards (ESRS).

In 2024, we will begin our prefiling readiness preparation. We will share our progress and methodologies as we continue to learn from industry associations, peer dialogue, and continued guidance released from European Financial Reporting Advisory Group (EFRAG).

ESRS Topical Standards	ESRS Sub-Topics
E1 - Climate Change	Climate change adaption
	Climate change mitigation
	Energy
E2 - Pollution	Pollution of water
E5 - Circular Economy	Resource inflows, including resource use
	Resource outflows related to products and services
S1 - Own Workforce	Working conditions
	Equal treatment and opportunities for all
S2 - Workers in the Value Chain	Working conditions
	Equal treatment and opportunities for all
	Other worker-related rights
S4 - Consumers and End-Users	Personal safety of consumers and/or end-users
	Social inclusion of consumers and/or end-users
G1 - Business Conduct	Corporate culture
	Protection of whistleblowers
	Corruption and bribery

Our double materiality assessment may change as we continue to refine our DMA methodology.

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: Consumer Goods Sector, Multiline and Specialty Retailers & Distributors CG-MR

Reporting Period: Annual Year 2023 (January 1 through December 31, 2023)

Data is unaudited

	Accounting Metric	Code	Disclosure
Energy Management in Retail & Distribution	Total Energy Consumed (Gigajoules - GJ) Percentage Grid Electricity (%) Percentage Renewable (%)	CG-MR-130a.1	4,358,139.5 15.8% 3.8%
Data Security	Description of approach to identifying and addressing data security risks	CG-MR-230a.1	See Data Privacy and Cybersecurity section of the report (page 32)
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	CG-MR-230a.2	1) LKQ did not experience any material security incidents in 2023. 2) (See above) 3) (See above)
Labor Practices	(1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region	CG-MR-310a.1	1) $21.57[1] (North America) / €12.60[3] (Europe) 2) 1.0%[1,2] (North America) / 3.9%[3] (Europe)
	(1) Voluntary and (2) involuntary turnover rate for in-store and distribution center employees	CG-MR-310a.1	1) Voluntary turnover: 23.8% 2) Involuntary turnover: 7.2%
	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 2023 through 2019, we incurred an immaterial amount of monetary losses as a result of legal proceedings associated with labor law violations.

1. Disclosure metric includes employees from Canada and the US.
2. Disclosure metric states 1% of employees included are paid at minimum wage. All others are paid above minimum wage as LKQ implemented a standard minimum wage well above the national and most state and provincial requirements.
3. Disclosure metric includes employees from Austria, Belgium, Czech Republic, France, German, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Romania, Slovakia, Spain, Sweden, Switzerland, Ukraine, and UK.

SASB Index

(Continued)

	Accounting Metric	Code	Disclosure		
Workforce Diversity & Inclusion	Percentage of Gender Representation of Employees	CG-MR-330a.1	Male:		80.5%
			Female:		19.5%
	Percentage of Gender Representation of Employees by employee category	CG-MR-330a.1	Executive Management	Male	78.2%
				Female	21.8%
				Not Disclosed	0.0%
			Non-executive Management	Male	84.1%
				Female	15.9%
				Not Disclosed	0.0%
			All Other Employees	Male	80.2%
				Female	19.8%
				Not Disclosed	0.0%
	Percentage of Ethnicity Diversity Group Representation of Employees[1]	CG-MR-330a.1	Black or African American:		12.0%
			Hispanic or Latino:		23.8%
			White:		52.7%
			Not Specified:		2.6%
			Other:		8.9%
	Percentage of Ethnicity Diversity Group Representation of employees by employee category[1]	CG-MR-330a.1	Executive Management	Black or African American:	0.0%
				Hispanic or Latino:	0.0%
				White:	93.6%
				Not Specified:	1.6%
				Other:	4.8%
			Non-executive Management	Black or African American:	4.6%
				Hispanic or Latino:	13.7%
				White:	72.4%
				Not Specified:	3.8%
				Other:	5.5%
			All Other Employees	Black or African American:	13.1%
				Hispanic or Latino:	25.2%
				White:	49.9%
				Not Specified:	2.5%
				Other:	9.4%
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	CG-MR-330a.2	During each of the years 2023 through 2019, we incurred an immaterial amount of monetary losses as a result of legal proceedings associated with employment discrimination.		

1. Diversity Group Representation metric includes only North American employees. See EEO-1 report filed with the US Government's Equal Employment Opportunity Commission (EEOC).

SASB Index

(Continued)

	Accounting Metric	Code	Disclosure
Product Sourcing, Packaging & Marketing	Revenue from products third-party certified to environmental and/or social Sustainability standards	CG-MR-130a.1	All of our suppliers operate within the parameters of their local rules and regulations, providing LKQ products within North America and Europe. These suppliers are subjected to various environmental rules and regulations. We anticipate having more impactful supplier data in our next report as we solidify our Global Supplier Code of Conduct and accompanying policies and procedures.
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-MR-230a.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-230a.3	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. In North America, our QA Team has set vendor packaging standards to ensure product packaging stands up to high humidity climates, in which many of our suppliers reside. The time products spend in ocean containers, which can be extremely hot and humid, are a factor as well. 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. LKQ does not introduce additional packaging during our logistics operations from the point of goods arrival at our warehouses to the point of delivery to our customers, if possible. We achieve this mainly by using reusable containers and dedicated logistics equipment for the storage and transportation of products we carry. In some regions, we use recycled cardboard boxes for shipping and transportation purposes whenever possible. Cardboard is a sustainable material and we also recycle materials from packaging to warehouse whenever and wherever possible.
Activity Metric	Number of retail locations and distribution centers (excluding land)	CG-MR-000.A	Approximately 1,650
	Total area of retail locations and distribution centers (excluding land)	CG-MR-000.B	Approximately 4.6 million m^2

TCFD Index

While LKQ Corporation has few climate change-related risks, our Board of Directors and management team oversee and manage those climate change-related risks with the same attention to detail and seriousness as we do for other potential or smaller scale risks. A full qualitative and quantitative climate-related risk analysis will be completed in 2024.

Governance

Our Board of Directors has ultimate oversight of climate-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-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 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 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 make efforts to be in complete compliance with such requirements at all times.

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 US 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 salvaged 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.

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. By 2050, LKQ aims to achieve net zero emissions across our own operations, in alignment with the Paris Climate Accord. In 2023, we are performing an inventory of our Scope 3 GHG emissions.

Master Table of Data and Information

Report Section	Disclosure
We are LKQ	Approximately 49,000 employees worldwide
	Operates out of approximately 1,650 locations worldwide: Wholesale - North America 550; Europe 990; Specialty 45; and Self Service 65.
	Global revenue is split across four operating segments as follows: 38% in Wholesale - North America; 46% in Europe; 12% in Specialty; 4% in Self Service
	Acquired over 300 businesses since our founding
About this Report	Scope 1 and 2 emissions in 2023 are 22.3mt CO_2e/$m in revenue, -11,8% vs 2021 (2022: 26.2mt CO_2e/$m+3.8% vs 2021)
	Achieved an 89% participation rate and overall engagement score of 74 in our Employee Engagement Survey
	19.5% of our global workforce is female
	Contributed $4.01 million through LKQ's Community Foundation in 2023
	100% of salaried, office and sales-related team members completed Code of Ethics attestation in 2023; nearly 18,000 employees completed training and attestation online
Why Do We Salvage?	Approximately $3 billion (22%) of global revenue is linked to salvage
Capitalizing on Global Opportunities	LKQ Atracco carries 1.5 million parts with 1.5 million available through partners
Salvage in Numbers ('000)	Number of Vehicles Processed: 766
	Individual Parts Sold: 12,630
	Anti-freeze/washer fluid (liters): 1,116
	Batteries: 706
	Catalytic Converters: 1,488
	Fuel (liters): 14,355
	Scrap (metric tons): 932
	Tires: 1,997
	Waste Oil (liters): 8,641
	Aluminum (metric tons): 48
	Copper (metric tons): 4
	Steel (metric tons): 62
	Other (metric tons): 2

All figures are for year-end 2023 unless otherwise mentioned

Master Table of Data and Information (Continued)

Report Section	Disclosure
How Do We Salvage?	102 facilities and workshops engage in salvage activities
	Remanufactured over 1 million items with a collective weight of nearly 26,500 metric tons
	65 "Pick Your Part" facilities and workshops where customers can retrieve parts on their own
LKQ Academy: Educating our Customers	2,200 training courses in 14 languages in as many countries to customers and partners (Europe)
	Over 45,000 registered users (Europe)
	Scored 4.54 out of 5 in our Customer Satisfaction Index (Europe)
	Released over 63,000 certificates (Europe)
	Over 360 training sites (Europe)
	Organized over 170 lectures (Europe)
Managing the Environmental Impact of Our Operations	Scope 1 and 2 emissions in 2023 (vs 2022) for each operating segment are as follows: Wholesale - North America: 161,931mt CO_2e (172,771) Europe: 86,161mt CO_2e (109,035) Specialty: 40,531mt CO_2e (42,512) Self Service: 8,436mt CO_2e (11,481)
	Total Scope 1 and 2 emissions in 2023 (vs 2022) by source were as follows: Electricity: 16.6% (19.1%) Natural Gas: 11.9% (16.0%) Fleet Fuel: 61.6% (55.0%) Non-fleet Fuel: 9.9% (9.9%)
Levers to Manage the Environmental Impact of Our Operations	Approximately 28% of our heavy-goods vehicles (HGV) in the UK use bio-CNG
	In 2023, we converted 292 branches to LED lighting

Master Table of Data and Information (Continued)

Report Section	Disclosure
Safety is Our Number One Priority	4.8 Total Recordable Incident Rate (TRIR) (vs 5.2 in 2022)
	4.0 Days Away, Restricted and Transferred (DART) (vs 4.2 in 2022)
A Culture of Empowerment and Professional Growth	300,000 professional development courses taken in 2023 (average 7 per employee)
	6,000 courses offered across 25 disciplines
Employee Engagement Leads to Better Performance	91% of employees understand how their work contributes to the success of the business
	91% of employees are clear about what is expected from them in their jobs
	93% of employees believe they are trusted to do their job effectively
Oversight and Support by a Diverse and Independent Board	9 board members
	78% board members are Independent
	Board members have an average tenure of 7.5 years
	Board diversity is 44%
	5 new directors have joined in the past 6 years
	3 board members are female

All figures are for year-end 2023 unless otherwise mentioned

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