



2020

SUSTAINABILITY REPORT

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Message from Our CEO



Dear LKQ employees, customers, stockholders, and stakeholders,

On behalf of everyone in the LKQ family, I am honored to provide you with our company's first Sustainability Report. While this is our first report, we have been an environmental leader since the day we were founded in 1998 as a salvage dismantler and recycler of passenger vehicles. Today we are the largest recycler of vehicles in the world, with our North America operations recycling more than 90% of the materials from the vehicles we procure that would otherwise go into landfills.

As a global company with over 1,500 locations in over 25 countries, you will not be surprised to read in the pages that follow a lot of information about how we focus on environmental sustainability. This includes information about how we manage:

- our facilities,
- our transport functions and use of alternative fuel fleets,
- our routing decisions,
- our environmental footprint, and
- our compliance practices.

Clearly, we believe our operations make us environmental leaders.

Additionally, we have a strong focus on our social – or people – issues. We provide over 40,000 jobs, almost 80% of which are hourly, that come with an outstanding package of benefits. It is hard to imagine what is more important to any of us than to provide for ourselves and our families with both income and benefits.

We hope the information in this report is useful and interesting. We view environmental, social and governance (ESG) elements within this report as integral to our enterprise approach to sustainability. We recognize we are on a journey, and we welcome your feedback. Thank you for your interest in LKQ.



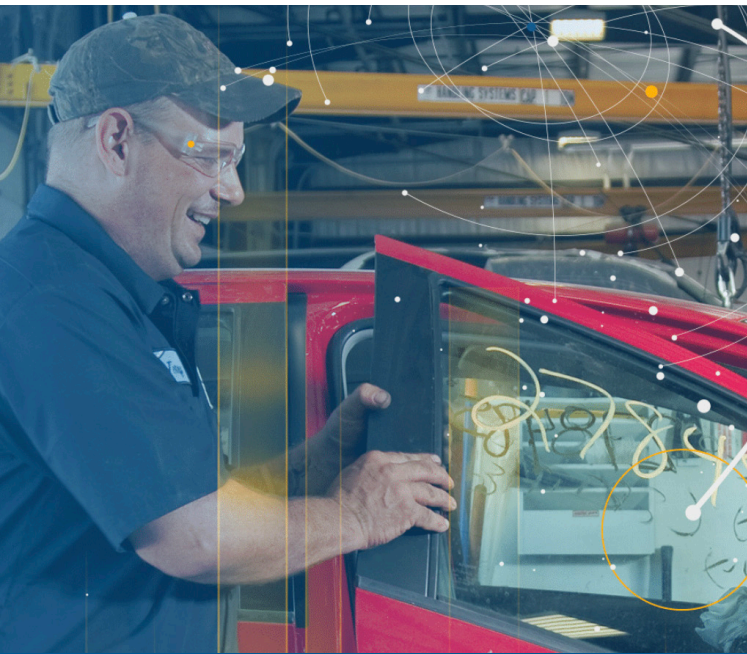
Sincerely,

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

Dominick Zarcone

President and Chief Executive Officer

LKQ at a Glance



LKQ'S GLOBAL PRESENCE

(as of December 31, 2020)

**CHICAGO,
ILLINOIS, USA**

Headquarters

\$11.6B

2020 Revenue

40,000+

Employees

25+

Countries

1,500+

Locations

**GLOBAL
LEADER**

In automobile
recycling

At LKQ Corporation (“LKQ”), we are proud to be the largest recycler of vehicles in the world, with ESG at the center of what we do since our founding in 1998. Our salvage vehicle operations recycle more than 90% of the materials from end-of-life vehicles that would otherwise end up in a landfill. The same level of commitment we make to the environment, we also make to our customers through our commitment to quality with our industry leading depth and breadth of inventory, fulfillment rates, and service reliability, and to our employees by treating them with dignity and respect. We believe that delivering long-term value for our stakeholders is important to our success.

WHO WE ARE

LKQ is the leading provider of alternative and specialty parts to repair and accessorize automobiles and other vehicles. LKQ offers its customers a broad range of replacement systems, components, equipment and parts for automobiles, trucks, and recreational and performance vehicles. LKQ has operations in North America, Europe and Taiwan.

We were initially formed in 1998 through the combination of a number of wholesale recycled products businesses and subsequently expanded through internal development and acquisitions of aftermarket, recycled, refurbished, and remanufactured product suppliers and manufacturers; self service retail businesses; and specialty vehicle aftermarket equipment and accessories suppliers.

LKQ MISSION STATEMENT

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

About This Report

For our inaugural Sustainability Report, we have focused on our environmental and social performance in our North America and Specialty segments, which represented over 50% of our consolidated revenue in 2020; our governance summary and policies and principles are related to our global operations. We expect to include additional data on our Europe segment in our 2021 report.

We engaged with various internal and external stakeholders, including stockholders, to complete our first materiality assessment and identify priority sustainability topics. To guide our disclosure approach within this report, we have referenced leading, global sustainability standards, such as the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). Below is a list of the most material sustainability topics (the “Material Topics”) identified during our materiality assessment.

Our Material Topics	Location in This Report
Recycling	Pg 7-8
Energy Management & Carbon Emissions	Pg 9-10
Health & Safety	Pg 12
Diversity	Pg 13
Employee Engagement	Pg 14
Supply Chain — Social Screening & Packaging	Pg 15
Board & Leadership Pay / Performance Incentives / Diversity / Structure	Pg 17-19

While we are not obtaining third-party assurance for this report, we will consider obtaining assurance for future sustainability reports.

We are in the process of setting specific goals for each of our Material Topics and expect to include these goals in future sustainability reports.



Environment

As the largest global recycler of vehicles, our commitment to the environment is central to our culture, and extends throughout our salvage, distribution, and our Do-It-Yourself (“DIY”) self service operations to the epicenter of our company. We focus on running efficient operations that minimize our impact on the environment, including our carbon emissions, effluent and waste.

Our three environmental priorities relate to our recycling operations, our transportation and logistics, and our facilities. For each priority area, we have developed and implemented our initiatives to ensure we operate safely and responsibly. We recognize we need to do more, and we will work on developing our emissions reductions targets across our organization and by type of energy usage. For example, our European segment is committed to reducing CO₂ emissions and making its contribution to meeting the targets of the Paris Agreement. We hope to be able to disclose more on our progress in our next sustainability report.

Environment

ENVIRONMENTAL OVERSIGHT

LKQ employs environmental compliance professionals who work to minimize the impact of our facilities on the natural environment. To help identify ways to reduce our impact, we monitor our use of resources, including fuel and electricity.

LKQ Environmental Compliance Managers oversee compliance for stormwater environmental permitting and regulatory matters, and provide regular training on environmental compliance. As part of our acquisition due diligence, environmental assessment is one aspect of our process as LKQ desires to invest in businesses with good environmental stewardship.

LKQ has developed and implemented a number of environmental stewardship programs designed to assist our local management with environmental standards and best practices. Our programs are designed to meet federal, state, and local regulatory requirements and conform to the requirements of our various environmental permits. In many cases, LKQ has retained environmental consulting firms to develop state specific Stormwater Pollution Prevention Programs, Spill Prevention Control & Countermeasures, as well as conduct independent audits of our U.S. recycling facilities. LKQ manages numerous Waste Generation IDs which allow our operations to properly dispose of various hazardous materials.

Our North American Recycling Achievements

	2019	2020
Number of vehicles procured	887,000	818,000
Anti-freeze/Washer fluid (gallons)	347,000	305,000
Catalytic converters	1.5M	1.5M
Fuel (gallons)	4.2M	3.9M
Tires	2.6M	2.3M
Tons of crush auto/scrap	1.2M	0.9M
Batteries	630,000	658,000
Waste oil (gallons)	2.6M	2.3M
Total number of individual parts sold	15.2M	14.6M

Note: Table above lists the approximate number or amount of parts or other materials removed from the passenger vehicles procured for our North American operations.

INDEPENDENT ENVIRONMENTAL AUDITS

LKQ began an Independent Environmental Audit Program in 2003 to obtain outside professional assessments for our recycling and self-service facilities in North America. The environmental consultants utilized for this program conduct annual on-site reviews and subsequently provide reports to our local facility manager and our Environmental Compliance Managers. These reports are utilized to monitor compliance and initiate on-site improvement as deemed needed. Ongoing feedback is used to improve our procedures and performance.

STORMWATER MANAGEMENT

The LKQ Risk Management department currently oversees the compliance of active industrial stormwater permits within the United States. Provinces in Canada do not require government issued stormwater permits for our operations, but do require our facilities to adhere to similar environmental standards and regulations.

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

Obtain, renew, and when necessary, work to closeout stormwater permits.

Manage the ordering and delivery of stormwater sampling kits to facilities that require sampling as a condition of their permit.

Initiate the development or modification of stormwater pollution prevention plans (SWPP) and spill prevention control and countermeasure (SPCC) plans required as a condition of our stormwater permit and other environmental regulations.

Work directly with facilities supporting their efforts to correct any deficiencies identified during internal, independent, or regulatory inspections.

SALVAGE AND RECYCLING

LKQ plays an important role in enabling a circular economy. Our recycling operations in North America recycle over 90% of the materials from total loss and end-of-life vehicles that would otherwise end up in a landfill. We recover the salvageable parts that can be used in the repair of other vehicles and the fluids and tires that can be recycled, repurposed or re-used in our operations; the remaining portion of the vehicle, which is predominantly scrap metal, is sold to and processed by metals recycling companies.

We closely track the materials we recover and recycle from each vehicle procured in our salvage operations. The table below highlights the recycled and recovered materials recycled and sent to third-parties for remanufacture or processing, materials sold to third parties for scrap value, and parts received by LKQ remanufacturing (Reman) to process and sell as finished goods.

Summary of Materials Processed				
(in millions of lbs)	2017	2018	2019	2020
Aluminum recycled	77.4	72.6	76.4	64.0
Copper recycled	51.5	52.6	51.4	42.0
Steel recycled	134.1	147.3	148.6	128.6
Other recycled	28.5	28.4	18.8	4.9
Total recycled	291.5	300.9	295.2	239.5

Note: Table above lists the approximate weight of certain materials removed from the passenger vehicles procured for our North American operations. Other recycled materials is a mixture of plastic regrind, catalyst materials and precious metals.



Environmental sustainability designed at the core of our new 50,000 m² warehouse near Rotterdam

Roof will be fully equipped with photovoltaic panels, making the building completely energy self-sufficient

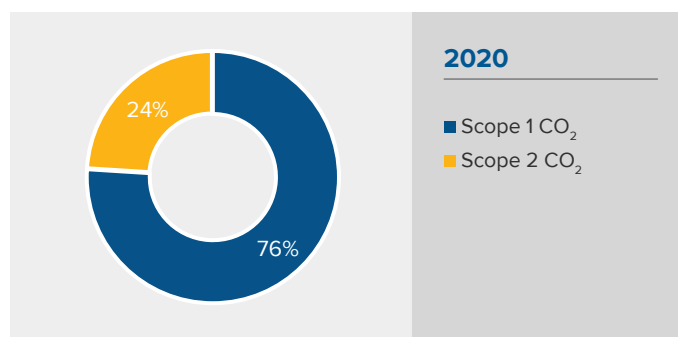
BREEAM 'Excellent' certification for sustainability

Charging infrastructure for electric vehicles

Large number of windows provides plenty of daylight, creating a pleasant working environment

CARBON EMISSIONS AND ENERGY USE

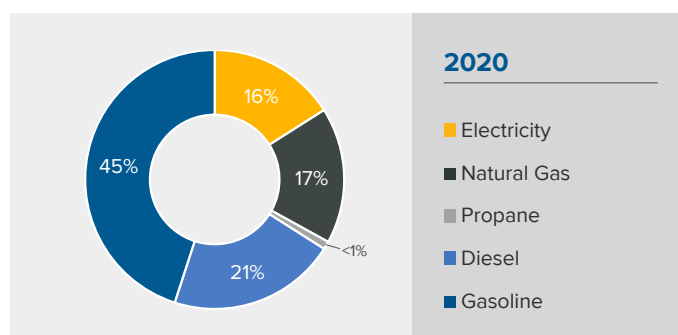
Carbon Emissions



Carbon emissions (metric tons)

	2019	2020
Scope 1 CO ₂	185,236	153,292
Scope 2 CO ₂	53,975	49,211
Total	239,211	202,503

Energy Use



Energy use (GJ)

Fuel Type	2019	2020
Electricity	502,683	459,511
Natural Gas	553,132	487,398
Propane	3,454	2,624
Diesel	674,297	599,784
Gasoline	1,585,840	1,248,482
Total	3,319,405	2,797,799

FLEET

LKQ has implemented a state-of-the-art logistics network aimed at efficiently delivering our product by effectively reducing fuel consumption and minimizing emissions. We are committed to improving the environmental performance of our global logistics network.

Within the last two years, we have taken steps to improve the efficiency of our deliveries across North America using dynamic routing through route optimization software. With dynamic routing, we optimize the number of routes daily, in the best sequence possible. This software reduces the number of deliveries without sacrificing optimal customer service and product fulfillment rates. We completed the roll-out of a dynamic routing initiative across our North America operations during the first half of 2020.

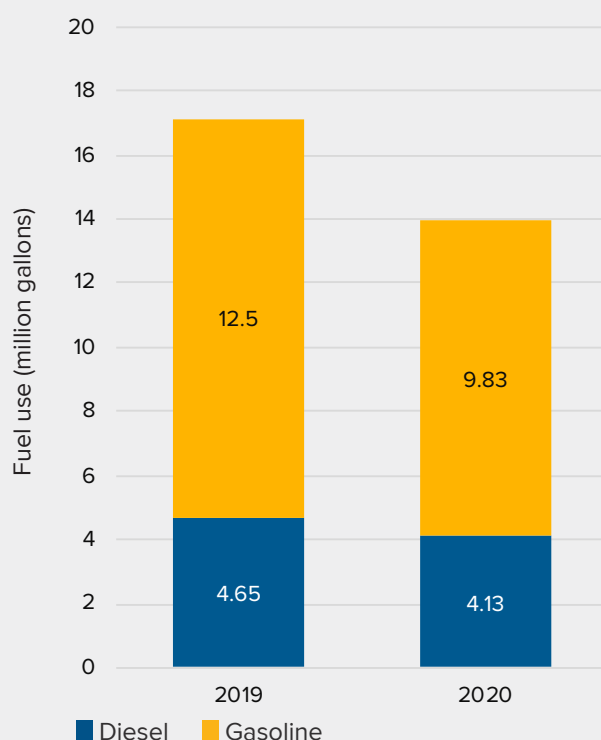
We have purchased a number of alternative energy vehicles as we transition to adopting a lower emission fleet. In certain regions across North America, we introduced a propane fleet in 2017 and have consistently added more propane trucks to our fleet in subsequent years. Additionally, we have placed orders for a limited number of electric vehicles (semi-trucks and pickup trucks) to use in our North America operations. Within certain regions of North America, we have internal goals to increase the percentage of total bi-fuel units within the route sales (delivery) fleet each year.

In Europe, LKQ has started to measure its direct fuel consumption and is working on a fleet management solution to reduce mileage, fuel cost and CO₂ of its fleet.

FACILITIES

We have undertaken a number of initiatives at our facilities to reduce our energy use and related carbon emissions. Over the last several years, we have upgraded the lighting to more energy efficient LED lighting at certain locations. The upgrades typically have an approximate two-year payback in savings. All of our build-to-suit leases and most of our new leases have LED lighting. We expect to roll out lighting efficiency upgrades to more facilities in the coming years. Additionally, following the lead of LKQ Europe, we are exploring more opportunities to add solar panels and purchase renewable energy for our facilities.

Fleet Fuel Use



Note: Data includes all businesses in our North America and Specialty segments. We track data from fuel card transactions for all of our vehicles out on the road, from passenger cars and vans, up to heavy-duty trucks and tractors. The data excludes the relatively small amount of fuel for yard operations like forklifts and front-end loaders.



Our People

Our mission statement prominently includes our goal of “building strong partnerships with our employees and the communities in which we operate.” We strive to attract and retain the best people with competitive compensation and benefits, opportunities for personal growth and development, and a culture that emphasizes safety and fair and equitable treatment.

Our People

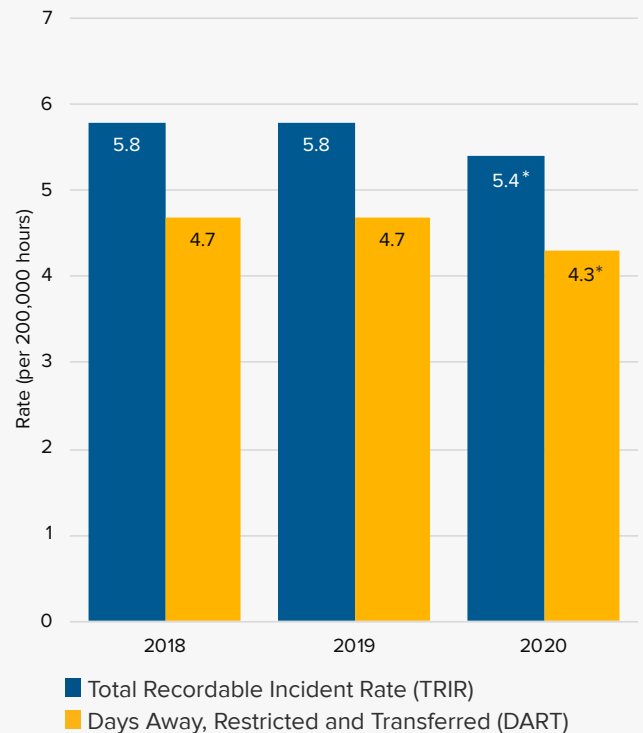


EMPLOYEES

Health & Safety

Our people are our most valuable asset. We are committed to providing all of our employees with a safe and secure work environment where no one is subject to unnecessary risk. Our health and safety department continuously monitors and addresses compliance with respect to working conditions. We have implemented a robust safety management program, and we are dedicated to continuously improving our performance. Engaging employees on our safety programs requires regular training and ongoing prevention initiatives, risk assessments and inspections, and sharing best practices.

Workforce Safety Performance



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

TRIR - a mathematical calculation that describes the number of employees per 100 full-time employees that have been involved in a recordable injury or illness.

$$\text{TRIR} = \frac{\text{Number of OSHA Recordable Cases} \times 200,000}{\text{Number of Employee Labor Hours Worked}}$$

DART - a mathematical calculation that describes the number of recordable incidents per 100 full-time employees that resulted in lost or restricted days or job transfer due to work related injuries or illnesses.

$$\text{DART Rate} = \frac{\text{Total Number of DART incidents} \times 200,000}{\text{Number of Employee Labor Hours Worked}}$$

*Excludes COVID-related incidents

DIVERSITY

We value and promote inclusion and diversity in our workplace. We recognize that a diverse mix of backgrounds, skills and experiences drives new ideas, products and services. We recruit, hire, promote and retain employees based on merit and demonstrated skills.

We have a long-standing commitment to equal employment opportunity. It is our policy and practice to hire, train, promote and compensate employees, and administer all of our personnel policies without regard to race, color, ethnicity, national origin, ancestry, citizenship status, religion, religious creed, sex, gender, gender identity and expression, age, disability, protected medical condition, marital status, veteran or military status, sexual orientation, pregnancy, genetic information or any other characteristic protected by civil rights laws. We do not tolerate harassment or retaliation against persons who report improper behavior.

	2018			2019			2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total

Total U.S. Workforce (%)

Asian	1.5	0.4	1.8	1.5	0.4	1.8	1.5	0.4	1.8
Black or African American	11.2	1.6	12.7	11.4	1.6	12.9	10.6	1.5	12.1
Hispanic or Latino	18.6	3.2	21.9	18.5	3.2	21.8	19.4	3.5	22.9
White	45.8	9.9	55.7	46.6	9.9	56.5	48.2	10.3	58.5
Other*	6.8	1.1	7.9	5.9	1.1	7.0	4.0	0.7	4.7
TOTAL	83.9	16.1	100.0	83.8	16.2	100.0	83.7	16.3	100.0

Total Non-Salaried U.S. Workforce (%)

Asian	1.5	0.3	1.8	1.5	0.3	1.8	1.5	0.3	1.8
Black or African American	12.8	1.6	14.4	12.9	1.7	14.6	12.1	1.6	13.7
Hispanic or Latino	20.8	3.6	24.4	20.4	3.7	24.1	21.7	4.1	25.8
White	42.1	9.1	51.1	43.1	9.3	52.4	44.3	9.5	53.8
Other*	7.1	1.1	8.2	6.0	1.1	7.1	4.1	0.8	4.9
TOTAL	84.3	15.7	100.0	83.9	16.1	100.0	83.8	16.2	100.0

Total Salaried U.S. Workforce (%)

Asian	1.4	0.8	2.1	1.3	0.8	2.1	1.3	0.7	2.0
Black or African American	3.7	1.3	5.0	5.3	1.0	6.4	5.5	1.1	6.7
Hispanic or Latino	8.6	1.6	10.2	11.1	1.4	12.5	11.5	1.4	12.9
White	63.0	13.5	76.5	60.2	12.5	72.6	61.6	12.9	74.5
Other*	5.3	0.9	6.2	5.5	0.9	6.4	3.6	0.4	3.9
TOTAL	81.9	18.1	100.0	83.4	16.6	100.0	83.5	16.5	100.0

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

ENGAGEMENT, TRAINING & RETENTION

We offer excellent entry-level career opportunities with recruitment targeted to different functions in our organization. Additionally, we are proud of our work and partnership with organizations to recruit current service members, reservists, veterans and their spouses.

LKQ offers employees an excellent career path with progression opportunities across the organization, both functionally and geographically. We provide role-based training that provides our employees highly transferable skills.

We utilize an e-learning platform ("LKQU") to provide employees with various training and learning opportunities. Over the past several years we have deployed courses related to health and safety, operational and technical skills, compliance, product knowledge, hard and soft skills, management skills and company policies. Our employees in the U.S. and Canada completed more than 750,000 courses in 2019 and 770,000 courses in 2020 via LKQU.

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

LKQ proactively listens to its people. Everyone has a voice. All full-time employees partake in an annual performance review where they receive feedback and can discuss career progression and goals. We have also created our Great Ideas Initiative for employee feedback. We have received actionable ideas on how to improve our operations and culture.

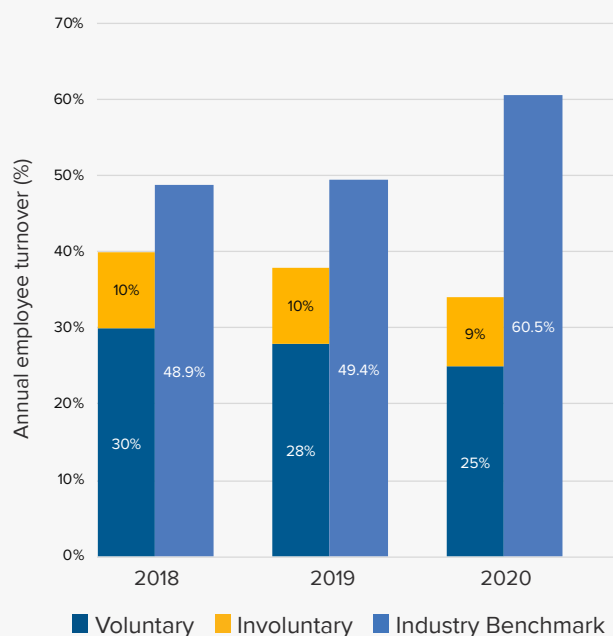
Employee feedback and engagement are important to us. One initiative that we have undertaken to improve employee engagement is conducting Stay Interviews. A Stay Interview is a two-way conversation between a manager and a direct report, where the manager asks the employee how the manager or the Company can make the employee's job better. The process is meant to shed light on any possible problems that may be addressed by the manager. It is also an opportunity for the manager to build trust with the employee and to assess the degree of employee satisfaction and engagement. The U.S. Bureau of Labor Statistics reports that the annual turnover rate in the trade, transportation, and utilities industry was approximately 49% in 2018 and 2019, and over 60% in 2020. While we have a great opportunity to continue to improve, since initiating our Stay Interview program and improving our employee benefits offerings in 2018, our overall employee turnover rate in the U.S. and Canada has decreased from 40% in 2018 to 38% in 2019 to 34% in 2020.

Benefits That Make a Difference*

- Medical
- Dental
- Vision
- Prescription
- FSA/HSA
- Short Term Disability
- 401K Retirement Plan (with company match)
- Company Paid Life Insurance
- Company Paid Long Term Disability
- Employee Assistance Program
- On Call Travel Assistance
- Scholarship Program
- Tuition Assistance
- Employee Assistance Fund
- Paid Time Off
- LKQ Community Foundation

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

Employee turnover



Employee turnover rate is the total terminations (excluding those relating to the elimination of a position) as a percentage of the average total headcount of all employees in the U.S. and Canada in each year.

Industry Benchmark is U.S. Bureau of Labor Statistics data on annual turnover rate in the trade, transportation, and utilities industry.



SUPPLY CHAIN

LKQ is dedicated to working with our suppliers and customers to ensure our labor standards are upheld. Our Master Supply Agreement sets forth our strict requirements for our largest supplier partners for our North America operations and includes specific sustainability requirements by which they must abide. Failure to comply can result in immediate action up to and including termination of the supplier relationship.

Supplier Sustainability Requirements

- Warrant that the supplier is in compliance with, and requires its subcontractors, suppliers, and any person under its control to comply with, all applicable laws relating to ethical and responsible standards of behavior, including those dealing with human rights (such as those related to human trafficking, slavery, and conflict mineral sourcing), environmental protection, sustainable development, and bribery and corruption.
- Adopt and implement appropriate and effective policies to ensure compliance with LKQ's ethical and responsible requirements.









Governance and Integrity

Our Board of Directors and our executive team are committed to integrity and honesty. We strive to be fully transparent in our public disclosures including the reports covering our financial results, financial condition and financial reporting.







Governance and Integrity

OUR BOARD OF DIRECTORS

LKQ is governed by a 12-member board of directors, 10 of whom are independent under NASDAQ guidelines, and we have separate Chairman and CEO roles. Our directors bring extensive experience to drive stockholder value creation. We have an ongoing process to refresh and strengthen our board composition, exemplified by appointing six new directors over the last two years (denoted by orange highlight in the table below).

		Years on Board	Age	Relevant Experience	Key Skills	Joined LKQ since 2018	Independent
	Joseph Holsten	17.4*	68	Former CEO of LKQ	Extensive knowledge of LKQ business and recycling industry		
	Dominick Zarcone	3.9	62	President and CEO	Extensive industry and finance experience		
	Patrick Berard	1.5	67	CEO and Director of RexelGroup	Variety of leadership positions in European distribution businesses	●	●
	Meg Divitto	2.7	49	General Motors/Motorola/IBM	Expertise in automotive technology	●	●
	Robert Hanser	5.4	67	Robert Bosch GmbH	Extensive European automotive aftermarket experience		●
	Blythe McGarvie	9	64	Bic CFO/Harvard Business School professor	CPA with experience in European operations		●

* Reflects service since our initial public offering in October 2003

		Years on Board	Age	Relevant Experience	Key Skills	Joined LKQ since 2018	Independent
	John Mendel	2.7	66	American Honda Motor Company Automotive Division/Mazda/Ford	Knowledge of automotive industry	●	●
	Jody Miller	2.7	63	Board member TRW/CEO of Business Talent Group	Diverse technology, automotive, and Board experience	●	●
	John O'Brien	17.4*	77	CEO of Allmerica Financial	Board experience, insurance and financial expertise		●
	Guhan Subramanian	8.2	50	Professor at both Harvard Business School and Harvard Law School	Knowledge of corporate governance and Board of Directors legal processes		●
	Xavier Urbain	1.3	64	Previous Group CEO at CEVA Logistics	Significant global supply chain and logistics experience	●	●
	Jacob H. Welch	0.7	36	Partner of ValueAct Capital	Investment management and public market experience	●	●

Performance-based Compensation Practices

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

The Compensation Committee carefully considers the most effective ways to motivate and incentivize management to accomplish specific compensation strategic goals. Objective, tailored metrics with challenging performance targets are chosen annually to align LKQ's compensation program with its strategic plan and to effectively align the interests of management with stockholders. Refer to our 2021 Proxy statement filed with the SEC on March 22, 2021 for further information regarding our executive compensation.

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

Beginning in 2021, we added relevant ESG metrics to our incentive compensation plans for certain senior executives.

ETHICS AND COMPLIANCE

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

Our General Counsel has managerial responsibility for developing our business ethics policies, including anti-bribery and anti-corruption rules, and monitoring compliance. Our Board of Directors maintains oversight of our compliance programs and receives regular reports on raised or suspected ethical violations.

PRODUCT QUALITY

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

The [LKQ Parts Replacement Promise](#) sets the bar in providing coverage for our products beyond the purchase date. We provide a free 6 month/6,000 mile warranty on light-duty recycled mechanical parts purchased from LKQ-branded locations. Our recycled, reconditioned, remanufactured, rebuilt, aftermarket, heavy truck and self-service parts all come with a warranty in the LKQ Parts Replacement Promise program.

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

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

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. Given the diverse nature of our business, we have incorporated guidelines from the SASB Multiline and Specialty Retailers & Distributors, Road Transportation, and Auto Parts standards.

Accounting Metric	Code	Disclosure
Energy management & GHGs¹		
(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	CG-MR-130a.1	(1) 2020: 2,797,799 GJ 2019: 3,319,405 GJ
		(2) 2020: 16.4% electricity 2019: 15.1% electricity
		(3) n/a
Gross Scope 1 emissions	TR-RO-110a.1	2020: 153,292 metric tons CO ₂ 2019: 185,235 metric tons CO ₂
Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TR-RO-110a.2	See Environment section of this report
Total fuel consumed	TR-RO-110a.3	2020: 1,848,265 GJ fleet fuel 2019: 2,260,137 GJ fleet fuel
Recycling & Waste		
(1) Total amount of waste from manufacturing (2) percentage hazardous (3) percentage recycled	TR-AP-150a.1	2020: 6.4 million lbs 2019: 8.2 million lbs 2018: 9.8 million lbs
		2020: 20.6% 2019: 19.3% 2018: 16.4%
		2020: 97.4% 2019: 97.3% 2018: 96.8%

- ¹ Energy and greenhouse gas data covers U.S. and Canada operations
² Data covers North America employees only; 2020 data excludes COVID-related incidents
³ Employee turnover rate covers U.S. and Canada employees

Health & Safety		
(1) Total recordable incident rate (TRIR) ² (2) Fatality rate for (a) direct employees and (b) contract employees ²	TR-RO-320a.1	(1) 2020: 5.4 per 200,000 hours 2019: 5.8 per 200,000 hours 2018: 5.8 per 200,000 hours (2) 2020: 0 fatalities 2019: 0 fatalities 2018: 0 fatalities
(1) Voluntary and (2) involuntary turnover rate ³	TR-RO-320a.2	(1) 2020: 25% 2019: 28% 2018: 30% (2) 2020: 9% 2019: 10% 2018: 10%
Workforce Diversity		
Percentage of gender and racial/ethnic group representation for 1) management and 2) all other employees.	CG-MR-330a.1	See Diversity section of this report
Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	CG-MR-330a.2	During each of the years 2020 and 2019, we incurred an immaterial amount of monetary losses as a result of legal proceedings associated with employment discrimination.
Activity Metric		
Number of facilities		2020: 1,500 2019: 1,700
Number of vehicles in commercial fleet		2020: 7,628 2019: 8,285
Number of shipments		2020: 800,307 delivery routes 2019: 1,151,271 delivery routes

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