

The Heart of a Responsible Community



Sustainability REPORT 2022

Parts Authority™
Auto Parts Super Stores
"The Answer Is Yes!"

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CEO's Welcome Letter

We are proud to present our inaugural Sustainability Report, which highlights our continuing efforts to make our business stronger while also making the world a better place to live in.

Within these pages you'll find details about the actions we've taken in recent years to make environmental, social and governance (ESG) factors part of our culture and everyday practices. Gathering these details has been a highly rewarding process marked by contributions from teams across the company. This process has brought to light many proactive efforts to save energy, improve worker safety, help the community, and step up to other challenges of our times. It makes me extremely proud of the great team members who make up the Parts Authority family.

It's fitting that we're publishing this report on the eve of the company's 50th anniversary, because our business has been steeped in an ESG ethic since the beginning. Simply put, Parts Authority serves as the heart of a sustainable community. We help make motor vehicles last longer, run cleaner and get people and goods where they need to go more safely and reliably. We're the vital link between makers and users of millions of car parts – and when our clients need anything, "The Answer is Yes". That same answer applies to diverse talent seeking careers with us, and to our many stakeholders who want to collaborate with us in new ways.

"Simply put, Parts Authority serves as the heart of a sustainable community."

In this report you will find facts and stories about Parts Authority's progress in making sustainability a priority:

➤ **Our Planet** – Learn about LED upgrades that may save 2.65 million kWh of energy per year, and our planet-friendly packaging, recycling, component sourcing and engine idling procedure.

➤ **Our People** – See how our labor, health and safety policies – and focus on inclusion and diversity – cultivate a more vibrant team.

➤ **Our Supply Chain** – Read how remanufactured parts conserve resources and how our team handles recalls.

➤ **Our Community** – Find out about our sponsorships nationwide, our ethics policy, and our success in achieving zero data breaches.

No doubt, we've already faced tough challenges this decade – from a deadly pandemic, to stress in the supply chain, to tragic war in Europe. We don't know what the future holds, but I have confidence in two things: our ability to get vital parts to our customers through a multi-channel platform, and our team's extraordinary commitment to excellence and professional service.

We hope you enjoy reading this report – the first of many as we continue on our sustainability journey.



Randy Buller

President and CEO of Parts Authority

Parts Authority - At a Glance

- A leading national distributor of automotive replacement parts, tools and equipment
- Serving over 70,000 auto repair shops, dealerships, fleets and national account locations
- 800,000 stock keeping units (SKUs) offered and over 550,000 SKUs stocked at any given time
- 700+ suppliers globally, with emphasis on leading brands and highest quality
- Founded in 1973 to provide a range of in-demand parts to auto shops
- Company has grown organically and through ongoing acquisitions
- 246 locations in the U.S. in 2021, and steadily expanding
- More than 7,000 dedicated team members across the country
- Precision service delivered by a professionally trained, experienced counter team



Strategy & Sustainability VP's Letter:

As we began work on our inaugural Sustainability Report, we could tell this would be a journey of discovery. We were confident that sustainable practices were going on across our organization, but we had never formally reported on ESG matters before. There were international frameworks and metrics to be grappled with, complex forms to be populated with data from across our many locations. What were we getting ourselves into?!

Fortunately, our Sustainability Report endeavor has been extremely rewarding and enlightening. Over a period of several months, we connected with a community of outstanding, dedicated professionals who have been advancing ESG concepts and practices within their enterprises, and who have kindly helped our report team at every turn – thank you all! And I think the reporting process has reminded us about two very important factors that characterize the automotive aftermarket in general and Parts Authority in particular:

1. Not only do ESG-related activities not hurt our core business activities; they enhance these activities. They make us sharper, nimbler, and more responsible. They spread best practices throughout the organization and encourage each member to look and do and go beyond their particular area of responsibility. These ESG activities provide a mission, a directive, a dictate, to take a closer, kinder, better look at our people, our planet, our products, and our communities as we strive for greater business efficiencies.

2. ESG and Sustainability are built into our DNA and we rarely take a break to acknowledge it. The entire purpose of our business, our *raison d'être*, is to keep America's cars on the road longer, to fix them and improve them, to extend their useful lives – and not to discard them or to send them to the scrapyard before we've helped to eke out every last useful resource that's been put into them. And even then, as we knew instinctively but discovered formally through our journey, the automotive aftermarket may be in the company of today's most resource-efficient industries. Cars are perhaps the only manufactured goods that are sold over and over and over again. The environmental impact of manufacturing a car is significant. Every year that we're able to keep an existing car on the road we save roughly 4 tons of CO₂ equivalent that otherwise would have been generated in manufacturing a new car.*



* Nakamoto, Y. & Kagawa, S. A generalized framework for analyzing car lifetime effects on stock, flow, and carbon footprint. J Ind Ecol. 2021;1-15. <https://doi.org/10.1111/jiec.13190>

Strategy & Sustainability VP's Letter:

Parts Authority is proud to be part of such a sustainable industry. Through our ESG reporting process we systematically confirmed that the Sustainability in our DNA is both broad and deep; that this is true for our oldest locations and our newest acquisitions; that one of our Utah stores loves the sturdy crates one of our vendors uses for deliveries and – unasked, undirected and naturally – uses them as product bins (see photo below); and that almost every store of ours independently developed its own recycling efforts, so our team's task became simply a matter of reporting on a robust, unheralded national recycling program. I could go on and on.

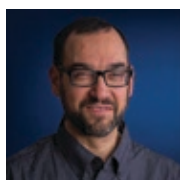
This inaugural Sustainability Report highlights a range of initiatives and metrics from across the company. We utilized the Sustainability Accounting Standards Board's (SASB) standards to understand material ESG topics for our industry and refer to the UN Sustainable Development Goals (SDGs) to help set goals and targets, which are summarized in each report section, as applicable. Besides the formal reporting, we've also brought forth a handful of stories that demonstrate this truth: that Corporate Sustainability, before it was a term, has always been in our company's blood and bones. It's how we think. It's how we operate. It's how we do business.

Parts Authority has grown from a single store almost 50 years ago to 246 locations in 2021 throughout the United States. We have become a leading warehouse distributor for the automotive aftermarket. Some of our stores have histories longer and even more interesting, with some tracing their origins to servicing the very first cars over 100 years ago. All of our regions and locations had humble beginnings. Their operations often started with a peddler, someone selling auto parts from the trunk of a car to service stations. They eventually grew into a store or a chain of stores, passed down through generations. We have team members who are the third and fourth generations serving the auto aftermarket.

We are humble yet proud. Our roots are in solid, old-fashioned mechanical parts, yet we also operate on the cutting edge of technology. We have a national footprint but are very much a local business. We trade in metal and circuitry, yet have an extensive reuse and recycle program. We connect the biggest and best-known automotive parts brands with the smallest independent repair shops and, through our partners and the wonders of the internet, to millions of individuals fixing and maintaining their own vehicles.



And our ESG journey of discovery and innovation continues! It has been my honor and privilege to compile our inaugural Sustainability Report and to share with you why and how Parts Authority is at the heart of a responsible community.



Ben Spitz
VP of Strategy & Sustainability

The Parts Authority Culture – Mission, Success Pillars and Values

Parts Authority's culture defines how we achieve our vision and fulfill our mission for our stakeholders – customers, team members, suppliers and owners. It's who we are as a company, what we stand for and how we work. We have been building our customer-centered culture across five decades of rapid growth, adapting to a world that's been changing at warp speed. In 2021, we reflected on this journey by clearly articulating our mission, core values and the expectations we have for our team members.

Our Mission

Our Mission is to be the customers' first-choice warehouse distributor of automotive aftermarket parts in multiple market channels, including professional parts technicians, retailers, jobbers, fleets, chains, and e-tailers. Parts Authority is also focused on team member satisfaction, career development and professional growth, which have been core values of the company since its inception.

All team members must be devoted to the success of the organization and meet their own professional goals. We can only reach our goals when our team fires on all cylinders! This can be accomplished through a focused and concerted team effort, and each team member plays a vital role in our success.

Our Pillars for Success

Our team's decisions and actions must keep the interests of all our stakeholders in mind and must strive to create stakeholder value. Our company's success and how we execute our mission are guided by four overarching pillars – which express what we expect from team members:

➤ **Passion, “Fire in the Belly”:**

We all must have a passion for our business, for our customers, and most importantly for our people. This means having the courage to take risks, challenge the status quo and go the extra mile to help others. Team members should exhibit “Fire in the Belly” and be determined to seize opportunities, drive results and focus on personal growth and development.

➤ **Technology:** We all must be adept at using current technology and tools, while also embracing new technology and innovation that will enhance organizational outcomes and advances in our industry. We transform, engage and evolve – and are empowered to make a difference.

➤ **Communication:** Team members must be comfortable with direct communication – getting straight to the point, while always being considerate, professional and respectful in all interactions. We are transparent and share knowledge and information about what matters most. This builds trust, which leads to collaboration and collective decision-making.

➤ **Customers:** We put our customers' needs first. This means we take on challenges, switch gears at a moment's notice, find solutions and get results. Our success is our customers' success.

The Parts Authority Culture – Mission, Success Pillars and Values

Our Values

Parts Authority's Values – which will never change – articulate our foundational beliefs and are part of who we are. They guide us in our decision-making and give us a sense of what is important in executing our Mission. These Values are:



Integrity: We are honest, and always act in the best interests of our stakeholders.



Teamwork: We grow and develop as a group and accomplish more than we ever could on our own.



Pride: As a team we are proud of our accomplishments but remain humble in our success.



Embrace Differences: Our team is the sum of our individual perspectives and experiences.

Team members are responsible for living up to the Values every day and being an example to others in the company. Working together helps us define our legacy.



Parts Authority's Approach to ESG Governance and Management

As part of Parts Authority's ESG journey, we have formed both an ESG board-level committee and an ESG company-level committee.

Board-Level ESG Committee

The board-level committee will meet annually to review progress of our ESG activities and offer guidance and direction regarding strategies Parts Authority should pursue to further its ESG progress. The most recent meeting was held in person in March 2022.

- EVP, Chief Human Resources Officer
- EVP of Supply Chain
- VP of Strategy & Sustainability
- VP of Marketing
- Legal Counsel
- 2 Regional Vice Presidents
- National Safety & Compliance Director
- National Facilities Manager
- Director of Fleet Operations

Company-Level ESG Committee

The company-level ESG committee will be meeting bi-annually. The most recent meeting was held online in January 2022. This company-level ESG committee is comprised of individuals from a broad spectrum of Parts Authority's departments and divisions. These include people with the following roles:

- Director of Warehouse Operations
- President, Eastern Warehouse Distributors
- General Manager, IMC
- General Manager, Fast Undercar

The role of the company-level ESG committee is twofold. The first role is to represent the company's multiple departments and divisions to help gather information related to our ESG activities and to bring their subject-matter expertise to bear on ESG initiatives and decisions. The second role is to assist with dissemination of ESG-related training and education to their respective teams.

As part of the ESG committee's work, we are working on updating and formalizing a number of policies and statements, including:

- Environmental, Social & Governance Statement
- Sustainable Procurement Policy
- Business Ethics and Personal Conduct Policy
- Records Retention Policy
- Environmental Practices Statement
- Whistleblower Policy
- Labor Practices Statement

To support our Sustainable Procurement efforts, we've also created a Supplier Corporate Social Responsibility Code of Conduct as well as a Supplier Assessment Questionnaire that we've begun to share with our suppliers to complete and sign.

In order to track the multiple metrics related to our various ESG efforts, we've also organized a KPI (Key Performance Indicators) Dashboard.

As part of our effort to improve our ESG standing, we underwent an independent assessment by EcoVadis in the summer of 2021 and we are planning to do so again before the end of 2022.

Throughout this report and unless stated otherwise, all figures and targets are based on using 2021 as our baseline year.

OUR PLANET

Like many other businesses, Parts Authority seeks to achieve an ambitious goal: to grow its business while simultaneously shrinking its environmental impact. However, we have two advantages. The first is that our innovations and investments in improving operational efficiency often deliver parallel benefits in mitigating our effects on the environment. The second advantage, as noted on page 26, is that the core of our business – extending the life of an automobile – delivers

inherent environmental benefits by helping customers reduce the lifetime carbon intensity of their vehicles.

Our definition of “the planet” is comprehensive rather than confined to the natural environment near our operating locations. Naturally, we embrace practices such as recycling, reusing and repurposing resources, and strive to reduce our reliance on virgin raw materials when possible. We believe that our output – auto parts placed in the hands of those who repair and optimize the performance of millions of cars – has the potential to influence global environmental processes such as climate change. [see for example “A generalized framework for analyzing car lifetime effects on stock, flow, and carbon footprint by” Yuya Nakamoto and Shigemi Kagawa at <https://doi.org/10.1111/jiec.13190>]



Environmental Practices Statement

This statement forms the basis for our environmental sustainability efforts. It contains the objectives and measures for each of Parts Authority’s material environmental issues. The statement describes our approach to: energy consumption and management; using clean technology; mitigating greenhouse gases and toxic emissions; handling waste and hazardous materials; and managing product lifecycles. This statement is managed by our ESG department and reviewed annually by the Vice President of Strategy & Sustainability. The statement affects company management. Company management will be provided with training and communications regarding the statement.

Energy Management - Retail and Distribution

Energy management for Parts Authority encompasses fuel consumption and purchased electricity consumption at each of our warehouses and stores in 2021 and fuel consumption in all leased and directly owned delivery vehicles and corporate vehicles during the same year. For 2021, our energy management calculations do not cover upstream or downstream third-party suppliers or distributors.

We are reporting our emissions according to the Greenhouse Gas Protocol guidelines. Per its guidance, we have identified Scope 1 emissions: those produced directly at our locations or in delivery vehicles; and Scope 2 emissions: indirect production of emissions through purchase of electricity.

With the help of Schneider Electric, we gathered data on natural gas at 153 locations and electricity usage at 231 locations. Estimates of fuel usage have been collected for all 2,604 gas and diesel vehicles leased or owned by Parts Authority and are further discussed under Managing Emissions. Based on this information, we arrived at preliminary Scope 1 and Scope 2 emissions for all fleet vehicles and all locations in 2021, as shown in the figures below.

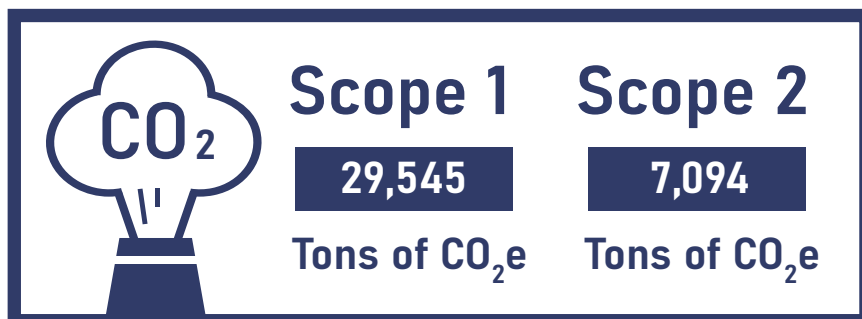
Using this data and data provided by our regional managers, we identified areas of inefficiency at our distribution centers and have begun a series of

energy-efficient upgrades such as: replacing fluorescent lighting across 27 distribution centers with energy-efficient LED bulbs, prioritizing locations with the oldest light fixtures. The LED light replacement is projected to save 2.65 million kWh of energy per year and we expect to continue with these upgrades. In addition to a lower carbon footprint, this will help to reduce our exposure to fluctuating energy prices.

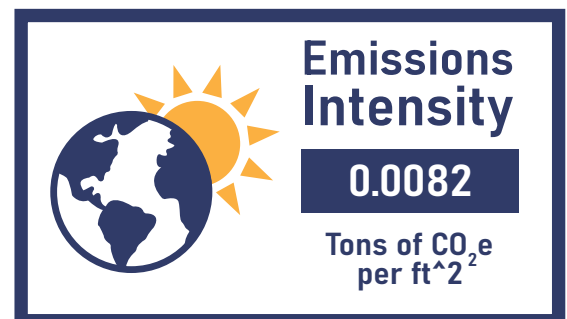
LED upgrades are projected to save up to **2.65 million kWh** of energy per year.

More information on energy management can be found under our SASB Disclosures Index.

Looking forward, we have several initiatives in the pipeline to improve our energy management. To further reduce the Scope 2 emissions of our locations, in 2022 we are installing sensor-enabled lighting in locations nationwide. Our energy management goals are also informed by industry standards developed by the Sustainability Accounting Standards Board (SASB), and the UN Sustainable Development Goals (SDGs). Our goal for 2024, aligned with SDG 12.6, is to have a more comprehensive Scope 1 and Scope 2 emissions calculation. We believe this is the best path forward and intend to set reduction targets once we have calculated our emissions.



Total: 36,639 mT CO₂e



Total: 533,000 Gigajoules

Managing Emissions

A key priority in our business is to get needed parts to our customers quickly. Customers are repairing cars that are sitting on a hydraulic lift, and they are effectively losing money if they don't yet have the parts they need to finish the job. Hence, prompt delivery of the part for this “last mile” is critical for the efficiency and profitability of our customers’ businesses.

To keep vital parts flowing, we maintain our own fleet of vehicles. As of the end of 2021 the Parts Authority fleet was composed of:

- 2,503 gasoline-powered vehicles and 101 diesel vehicles.
- Our gas vehicles drove over 60.9 million miles, consumed 2,313,717 gallons of gasoline and produced CO₂ equivalent emissions of 20,562 mT.
- Our diesel vehicles drove over 3.6 million miles, consumed 486,259 gallons of diesel and produced CO₂ equivalent emissions of 4,950 mT.



Managing Emissions

We have invested significantly in initiatives and capabilities involving intelligent and efficient delivery routing algorithms. Our routing algorithms enable us to batch deliveries for pre-programmed delivery zones in order to minimize miles driven while meeting customers' service level expectations. This is in addition to outfitting each vehicle with a tablet that enables route optimization. Furthermore, we have issued an Engine Idling Procedure (see below) to help manage fuel use and emissions across our fleet.

In 2022, Parts Authority is continuing its transition to more fuel-efficient vehicles. We have also ordered several dozen new hybrid electric vehicles to add to our fleet. Additionally, we are taking steps to update our fleets, when possible, with vehicles equipped with stop-start technology, which automatically shuts down internal combustion engines in stationary vehicles to reduce wasteful idling.

Our expectation is that in 2022 – thanks to more intelligent route batching and optimization, a stronger idling procedure and a more fuel-efficient fleet – we will see a decrease in the intensity of our greenhouse gas emissions as an outcome of modified business activity and miles driven.

Reducing Engine Idling and Emissions

Across America, about 6 billion gallons of fuel get wasted each year due to idling engines, which sends millions of tons of CO₂e into the atmosphere and lowers air quality at street level. (Source: US Dept of Energy: https://afdc.energy.gov/files/u/publication/idling_personal_vehicles.pdf) For many years, local Parts Authority managers have encouraged drivers to reduce their idling time during delivery cycles and have monitored other driver behaviors that unnecessarily boost emissions.

In February 2022, Parts Authority took steps to codify the best practices by issuing our first Engine Idling Procedure, which was developed by our director of fleet operations. The policy consists of:

- Instructions for drivers to shut off engines upon arrival at a delivery site, and upon returning to their origin (store or warehouse)
- Guidance to begin driving very soon after a cold-weather start (not idling for long periods)
- Reducing the idling alert (beeping sound) of vehicles to five minutes

By encouraging our drivers to make these practices a regular habit, we are empowering them to ensure cleaner air, a smaller carbon footprint and a more efficient company.



Design for Fuel Efficiency

It is noteworthy that most car repairs and maintenance at least indirectly improve fuel efficiency and reduce emissions. However, certain components have a very clear, direct impact on fuel efficiency and lower emissions. Parts Authority is proud that more than one in four parts we sell help vehicles increase fuel efficiency or reduce their emissions.

Among the parts we sell that can be directly credited with enhancing fuel efficiency are:

Mass Airflow Sensors

Sitting between the engine's intake manifold and the car's air filter, the MAF analyzes airflow and informs the engine's computer, which responds by optimizing the car's air-to-fuel ratio for optimal performance and fuel efficiency.



Oxygen Sensors/Air-Fuel Ratio Sensors

In a similar fashion, these sensors measure the amount of oxygen remaining in the car's exhaust and send the information to the car's powertrain control module, which responds by making subtle adjustments to optimize fuel economy.



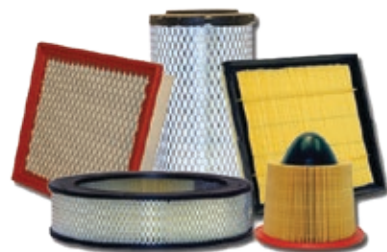
Spark Plugs

When electricity jumps across the gap between two of the plug's elements, it creates a spark in the engine's combustion chamber. Dirty plugs hinder effective ignition. In fact, worn spark plugs can decrease fuel economy by as much as 30%, according to The National Institute for Automotive Services.



Air Filters

These porous devices maintain airflow to the engine for proper combustion while protecting it from debris. Clogged or obstructed filters can reduce fuel efficiency.



Motor Oil

The optimal quality and viscosity of oil will reduce friction and prolong engine life. By contrast, oil that is dirty and compromised can reduce fuel efficiency.



Suspension and Chassis Parts

Updated suspension components, such as axles and shock absorbers, provide for a smoother ride that eases strain on the engine and improves fuel economy.



Design for Fuel Efficiency

Among the parts we sell that can be directly credited with reducing emissions are:

Catalytic Converters

Operating inside a car's exhaust pipe, these devices convert an estimated 90% of generated hydrocarbons, carbon monoxide and nitrogen oxides into carbon dioxide, nitrogen and water vapor.



Exhaust Manifolds

These direct the engine's exhaust toward the catalytic converter, to which they often are welded. Manifold integrity is crucial to ensuring that exhaust is not spewed directly into the atmosphere through cracks.



Exhaust Gas Recirculation Valves

The EGR valve returns a small amount of exhaust gas to the engine, which lowers the combustion temperatures and thus cuts down the amount of nitrous oxide that comes out of the tailpipe.



Positive Crankcase Ventilation Valves

The PCV valve constantly ventilates the engine crankcase and serves to prevent hydrocarbons from escaping into the air.



Evaporative Emission Control

An EVAP system acts to keep fuel vapors from escaping from the fuel tank, or overall fuel system, into the atmosphere.



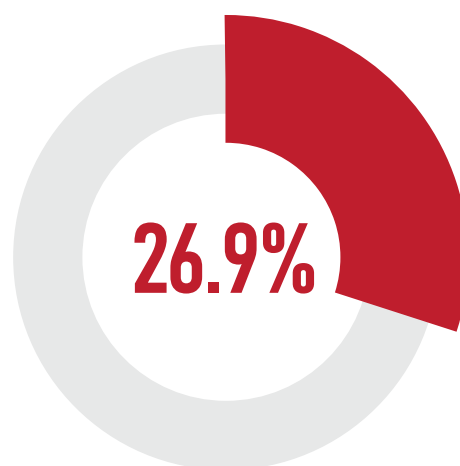
Design for Fuel Efficiency

More than 1 out of 4 products that Parts Authority sells either improves fuel efficiency of vehicles or reduces emissions.

Product Categories	% of Total Sales
Suspension and Chassis.....	14.7%
Oil and Lubrication Systems.....	2.7%
Spark Plugs.....	2.1%
Oxygen Sensors.....	1.4%
Mass Airflow Sensors.....	0.9%
Air Filters.....	0.9%
Total percentage of products sold that improve fuel efficiency	22.7%

Product Categories	
Catalytic Converters and Exhaust Manifolds.....	3.1%
EVAP Systems.....	0.8%
EGR Valves.....	0.2%
PCV Valves.....	0.1%
Total percentage of products sold that reduce emissions	4.2%

**Total products sold that improve
fuel efficiency or reduce emissions
as a percentage of total sales =
26.9%**



See appendix A for more complete list of part types that improve fuel efficiency and reduce emissions.

Waste Management

Waste management for Parts Authority involves taking an in-depth look at how we manage several key streams of waste and then discussing how existing protocols can be improved, what new strategies can be implemented, and how data collection can be streamlined for future goal-setting and reporting.

As a major automotive parts distributor, the waste we produce is mainly from packaging materials for inbound and outbound goods. Many locations have locally organized recycling of paper and cardboard packaging and wood pallets. Also, select locations collect scrap metals from customers. Parts Authority does not directly handle disposal of hazardous material except in the state of California. However, through a partnership with Clean Harbors we are able to collect and dispose of used oil for customers in Arizona, California, Florida, Georgia, Maryland, New Jersey, New York, Ohio, Oregon, Texas, and Washington. For 2021, we delved into the lifecycle management of goods in four categories:

- **Cardboard Recycling** – Collection and baling or compression of cardboard boxes for local pickup.
- **Pallet life cycle management** – Reuse of pallets in good condition, repairing minimally damaged pallets, or looking at ways to recycle broken pallets.
- **Managed Waste Oil Disposal** – Although we do not directly dispose of any used oils, we partner with Clean Harbors to help customers with this process (see above).
- **Scrap Metal Recycling** – Collection of scrap metal and resale to local recyclers to help keep materials out of landfills.

We collected recycling data for 2021 from a majority of Parts Authority warehouses and stores, which identified recycling or reuse processes at each location. Moving forward, we expect to gather additional data about the amount of recycled material or waste avoided.

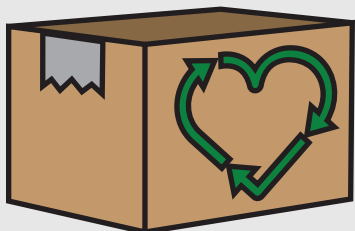
To assist with our data collection in 2021, we partnered with Integrated Waste, a company that helps businesses assess current waste management and create or optimize recycling programs. Integrated Waste has helped us standardize waste collection nationally, which will enable more accurate data and facilitate end-of-life disposal of the major waste streams.

Our 2021 recycling assessment showed that Parts Authority has robust recycling programs for some wastes, and highlights areas where we can improve the management of products at the end-of-life. The image on the following page offers a high-level view of our 2021 activities nationwide.

Waste Management

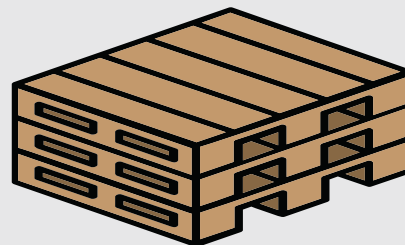
Paper and cardboard recycling at 83% of locations

16 locations have cardboard balers to help compress used cardboard for easier removal.



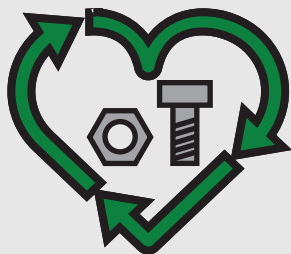
Pallet reuse and recycling at 68% of locations

Parts Authority reuses pallets whenever possible. However, multiple locations work with a pallet recycler to give excess and damaged pallets a second life.



65% of locations have organized scrap metal recycling

Additional locations with lower volumes of scrap metal have locally organized resale and reuse of scrap metal.



Managed waste oil disposal at 34 locations nationwide

We work with Clean Harbors to help remove and dispose of used oil at 34 locations. Locations with lower volumes of used oil have locally managed disposal.



For 2022 and beyond, we anticipate assembling waste type and weight data for the amount of waste produced in the four key categories.

We intend to set waste reduction goals, based upon information gathered in 2022. Key targets include:



- **Tracking** the amount of waste produced in order to set reduction targets for facilities by 2025.
- **Implement** a formal, nationwide recycling program concerning paper and cardboard by 2025.

Waste Management - Keeping the Recycling Wheel Turning

Parts Authority makes recycling a priority across our locations. Here are some of the recycling activities in two regions where we have the highest concentration of locations: New York-New Jersey and Southern California.



Sustainability in Packaging – Product Sourcing, Packaging, & Marketing

Parts Authority provides auto parts to a wide range of customers across the U.S. Many of these parts are delivered by our fleet drivers or sent via shipping services. In either case, the parts must be protected from damage in transit, and our approach to packaging these products strives to reduce the environmental impact of these activities.

We define packaging as the various materials our company purchases from third-party manufacturers, which our teams use to protect the integrity of auto parts and other shipped (or company delivered) products from damage in transit to the end customer.

These materials include but are not limited to:

- Corrugated paper (cardboard) boxes
- Heavy-duty paper mailers
- Inflatable air pillows
- Paper void fill
- Paper cushions



We have looked at all of the third-party materials we buy and use to preserve the structural integrity and aesthetics of an auto part while it is making the journey from our store, warehouse or fulfillment center to the end customer. In essence, these are materials the customer receives that are not the purchased auto part itself.



For 2021, we provided data points related to our partnership with a protective packaging supplier, Pregis, which is advancing our sustainable partnership initiative. Several years ago, we assessed the marketplace's packaging offerings using an ESG lens and, based on Pregis's suite of products, decided to make them our exclusive packaging supplier. Outcomes from that partnership to date are presented below.

Sustainability in Packaging - Product Sourcing, Packaging, & Marketing

Our research verified that a company-wide packaging initiative has achieved substantial success in introducing recycled and recyclable packing materials that are lightweight, highly protective and cost-effective. Key results of our partnership are:

- **In 2018**, a new type of air pillow, one that uses less virgin material, was introduced into our order fulfillment network. This has resulted in a 25% annual reduction of raw material usage. Air pillows are How2Recycle® (H2R) certified; customers can recycle them at store drop-off locations.
- **In 2020**, we began using Forest Stewardship Council® (FSC®)-certified, 100% recycled paper in our packing process, which has the effect of saving 15,677 new trees from harvest per year.
- **In the future**, we plan to introduce a curbside-recyclable mailer, which we estimate will reduce annual landfill waste by 9.6 tons.



We have set the following targets for sustainable packaging:

- **Ensure** a majority of our packaging is FSC certified by 2025.
- **Use of plastic** packaging material that is composed of 20% recycled-plastic by 2025.



Environmental Feature Story – Industry Engagement

Partnering to Keep Environmental Wellness a Priority

Across the country, Parts Authority leaders have pursued initiatives to reduce environmental impact while achieving greater efficiency and customer satisfaction. These initiatives may take different forms, but their core premise is to pursue sustainability in our practices and advocate for it across the industry.

For example, in the Greater Washington D.C. region Parts Authority has shown leadership over the years by partnering with, sponsoring or supporting several companies and agencies that focus primarily on environmental issues:

➤ **Greater Washington Clean Cities Coalition** is one of several independent chapters nationally that works to advance alternative automotive fuels, resources, and education. Parts Authority has been a sustaining member of the coalition for a decade and our regional general manager has served on the board for eight years.



➤ **DC Water is the Capitol** region's water and sewer authority. Parts Authority acts as DCW's sole parts supplier and strives to support them with all their alternative fuel needs.



➤ **Crystal Clean**, a pioneer in providing businesses with environmental services, partners with Parts Authority to service some of our top fleet customers. They also are prepared to assist with any accidental chemical spills.



➤ **Biosynthetic Technologies** is another of our partners, supplying us with advanced biosynthetic oil to help us meet the demand from our fleet customers.



Additionally, Parts Authority leaders in the region are involved in industry-shaping groups such as the Washington, Maryland, Delaware Service Station and Automotive Repair Association (WMDA), the Chesapeake Automotive Business Association (CABA) and others. More broadly, Parts Authority has leadership roles in many regional and national industry groups, including the Auto Care Association.

OUR SUPPLY CHAIN

Cars are among the most complex and sophisticated mass-produced devices that humans have ever created. The ease, convenience, freedom and capacity a vehicle delivers can easily make us oblivious to all of the moving parts – the mechanics, electronics, software – that have enabled the fruits of over a century of mobility. Oblivious, that is, until something breaks down. Even so, a robust automotive after-market allows for most repairs and maintenance to be done fairly quickly – if you can get the right parts.

Traditional vehicles are made of 30,000 distinct parts, while some of the latest electric vehicles have 15,000 parts. What's more, over the last several years we've seen how each make and model of vehicle needs distinctly different versions of the same type of part as compared to other vehicle models. Due to this "parts proliferation" distributors are finding it more challenging to stock less frequently ordered parts.

Nonetheless, Parts Authority has made a significant investment in stocking a larger percentage of the "long tail" of aftermarket components, to the point that we currently stock over 550,000 SKUs from over 700 global suppliers that can serve over 125 million vehicle repair needs.

Parts Authority's discipline and focus on building a best-of-class supply chain organization has made us a leader in the warehouse distribution ecosystem of the automotive aftermarket. As a leader we take responsibility not only for advancing our sustainability, but also to support the sustainability progress of our wide network of suppliers. Parts Authority is establishing a stronger sustainable procurement management system to better assess suppliers' sustainability efforts and spur collaboration to reach higher

It is worth noting that some of our suppliers are leaders in their own right in terms of sustainable manufacturing. One example is Tenneco, which has been named one of the World's Most Ethical Companies for 2022 by Ethisphere, and whose ESG leaders have generously shared their insights and suggestions for pursuing our sustainability initiatives. Several other suppliers have kindly shared their ESG experiences with us, which has helped with our efforts. In this section of our report we will touch on some of those elements, bearing in mind that we are still building the foundation of our sustainable procurement processes.

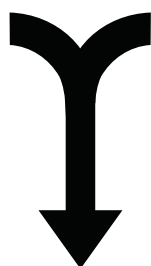
sustainability goals – and further enhance their business success.

As a starting point, Parts Authority has developed a Sustainable Procurement Policy, which sets goals for our supply chain from both an environmental and social perspective (see page 27). In support of the policy, we seek to have at least 60% of our top vendors sign our Supplier CSR (Corporate Social Responsibility) Code of Conduct by 2023. This code outlines our expectations for suppliers on material topics such as energy consumption, greenhouse gas emissions, health and safety, human rights and other topics. It helps to ensure that we prioritize working with signatories of the Supplier Code of Conduct that meet expectations articulated in the Code.

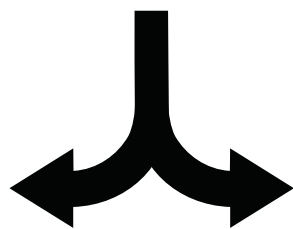
To assess our suppliers' maturity on ESG topics, we are creating a supplier questionnaire to gather information on relevant topics, actions, policies and certifications. The questionnaire will support conversations with our suppliers about how we can provide future support to improve their sustainability. In addition, we train our company's buyers on sustainability topics to ensure they grasp both the challenges and benefits of sustainable procurement and how to integrate these factors into supplier selection.

Reduce, Reuse, Recycle

**Remanufactured,
recycled and sustainably built
automotive components**



**Low carbon footprint
distribution operation
using 100% recycled
paper packaging**



**Repairing existing vehicles,
lowering their emissions
and reducing new
manufacturing**

Parts Authority strives to source components from environmentally and socially responsible vendors, including parts that are remanufactured as opposed to made new. On average, remanufactured parts require only 15% of the energy, materials, processing and emissions as a new part.

Parts Authority uses 100% recycled paper in its packaging, besides transitioning to best practices in lower mileage delivery routes, reduced idling time, LED lighting, recycling and waste management.

Our parts allow customers to repair and enhance the efficiency of their vehicles, which can keep vehicles on the road longer, reduce emissions, and reduce the need for the manufacture of new vehicles.



**Helping customers
reduce the lifetime
carbon intensity
of their vehicles**



Supplier Policies and Procedures

- **Sustainable Procurement Policy:** Contains objectives and measures for each of Parts Authority's material issues, including: general CSR performance of our supply chain; social performance; environmental performance; materials sourcing, and supply chain resiliency. This policy is managed by and reviewed annually by the Executive Vice President of Supply Chain. The policy affects our Supply Chain Team. The Supply Chain Team will be provided with training and communications regarding the policy.
- **Supplier CSR Code of Conduct:** Includes guidelines and expectations regarding our suppliers' sustainability practices. The Code helps us apply the leverage of our supply chain to encourage sustainable actions far beyond the reach of our specific operations. It also ensures that we prioritize working with the Supplier Code of Conduct signatories that meet expectations articulated in the Code. This policy is managed by and reviewed annually by the Executive Vice President of Supply Chain. The policy affects our suppliers. Our suppliers receive email communications regarding their obligations and are asked to sign the Code.
- **Supplier Questionnaire:** Sent to suppliers with Supplier CSR Code of Conduct, this assessment tool gives Parts Authority a clear, succinct overview of suppliers' sustainability actions. Our suppliers receive email communications regarding this questionnaire. Suppliers are asked to complete and sign the questionnaire.



Materials Efficiency

Decades before “sustainability” and “environmentalism” were buzzwords, the automotive aftermarket already had a sophisticated and widespread ecosystem of reusing, rebuilding and remanufacturing components. These activities developed out of necessity, economics and pragmatism. It takes significant investment to create the complex automotive replacement parts that often combine mechanical and electrical components. What gave rise to the Remanufactured Parts industry is that for certain components, some parts get worn down by daily use, while others, (the “core”) remain undamaged. Remanufacturers learned to salvage cores and to rebuild the necessary elements – thus giving the component new life by making it as functional as a newly manufactured version.

It is important to note the parts referenced below can be remanufactured, not merely recycled, and

We have good data about parts that can be remanufactured, as well as those we source that are remanufactured. However, there is a larger subset of components that are recyclable and that are made from recycled content, for which we currently do not have data.

*We estimate that nearly 1 out of every 10 parts (9%) Parts Authority sells is remanufactured.**

parts that are remanufactured offer a lower environmental impact compared to those that are recycled (see story on page 32). Battery recycling is somewhat different. See detailed description on page 31.

We calculated the volume of remanufactured parts we sell by conducting a survey of all parts in our inventory that carry a “core charge”. This charge, somewhat like a bottle deposit, is paid at the time of purchase by the customer, who then gets a credit upon returning that “core” to us. We package up returned cores and send them back to manufacturers, who in turn remanufacture the associated parts by refurbishing and rebuilding them to original OEM specifications.

By contributing to the remanufacturing ecosystem, we have achieved significant results.

Some top remanufactured components are:

- | | | |
|------------------------|-----------------------|------------------------------|
| ➤ Car batteries | ➤ A/C compressors | ➤ Rack and pinion assemblies |
| ➤ Catalytic converters | ➤ Disc brake calipers | ➤ Power steering pumps |
| ➤ Alternators | ➤ Starter motors | ➤ Fuel injectors |



* Analysis of Parts Authority's 2021 sales found that remanufactured parts comprised 8.97% of sales. See Appendix B for a more comprehensive list of remanufactured parts sold.

Product Safety: Recalls

Parts Authority takes pride in the quality of the parts we supply to customers. Although we do not manufacture any parts, we participate in rare product recalls that are directed by our suppliers. We are proud that out of 800,000 stock keeping units (SKUs) offered in 2021, we only had 14 voluntary, supplier-initiated recalls, resulting in no out-of-pocket costs. This means that Parts Authority achieves overall product reliability and labeling integrity of over 99.98% for all of the SKUs we stock.

A product recall typically occurs due to mislabeling of packaging by the supplier and is not linked to technical or mechanical issues. It is important for us to participate in these recalls so that our customers receive correct items for their repair and maintenance needs in a timely manner.

Our purchasing department tracks all recalls as they are issued by vendors, follows their protocol to either return or dispose of unsold parts, and reaches out to customers on any cases that required follow-up. This work may require coordination between our purchasing department, operations team and sales team in order to carry out corrective measures and ensure that our customers come first. Our product safety management process is a great example of Parts Authority's core values of integrity, teamwork and pride.

In general, we rely on the extremely high standards and quality control of our suppliers to minimize the occurrence of product recalls. In all cases, the products recalled in 2021 were due to factors outside of our knowledge or control, and thankfully were rare and of minimal impact.

0.002%
OF ALL PARTS RECALLED IN 2021

Keeping the Lead-Acid Battery Recycling Process Cranking

Few people know how widespread and sophisticated lead-acid battery recycling has become in recent years. It's estimated that more than 98% of all battery lead today is recycled, compared to 55% of aluminum drink cans, 45% of newspapers, 26% of glass bottles and 26% of tires.* Lead receives such attention due to the environmental and health risks it can pose if not handled properly.

Lead-acid batteries top the list of recycled consumer products due to their “closed loop” cycle. Typically, a new lead-acid battery contains 60 to 80 percent recycled lead and plastic right from the start. Then, when a spent battery is collected, it is sent to a permitted recycler who reclaims the lead and plastic using a strictly regulated process. The reclaimed materials are sent to a battery manufacturer to be turned into new batteries – and the cycle goes on and on.

These materials serve us in many other useful ways. Lead, plastic and acid components are reprocessed and manufactured into an array of products, including guideposts, cabling and detergents.



Parts Authority transports and distributes lead acid batteries in accordance with USDOT guidelines for hazardous materials based on the applicable regulations and requirements set forth in 49 CFR 173.159.



What is Parts Authority's role in this vast recycling process?

We act as stewards and orchestrators of the closed-loop recycling process. First, we add a “core charge” – similar to a soda can deposit – to the sale price of each lead acid battery. This charge serves as an incentive for customers to return their battery cores for proper recycling. When we receive their batteries, we ensure that they get passed safely over to our battery manufacturers and distributors, who in turn transport them to EPA-certified lead recycling smelters.

* Source: Environmental Protection Agency - <https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling>

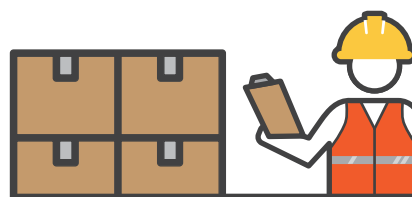
Our Supply Chain

Here's how our team contributes to this beneficial recycling process:

1. Parts Authority returns driver picks up battery cores from a customer's business.



2. Driver delivers those cores to one of our Return Centers, which issues a credit to the customer for the returned cores.



3. Our team members assemble pallets of cores, adhering to federal procedures designed to assure safe transportation of lead-acid battery cores.



4. Battery manufacturer picks up the palletized cores from our Center, and then transports them either to their location for temporary storage or directly to the smelter.



Due to the large number of batteries Parts Authority sells each year, we have become an active and integral part of this recycling process. It's good for our customers and our company – and especially good for our planet.

Advancing the Case for Sustainable Manufacturing

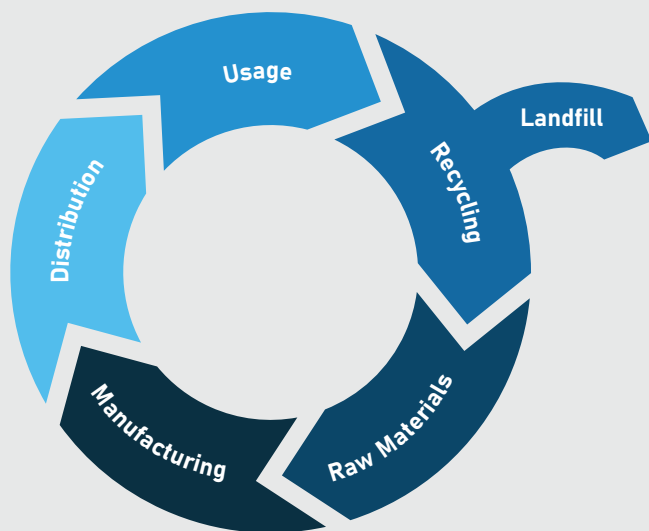
Recycling plays a valuable role in reducing Parts Authority's environmental impact, such as through our nationwide lead-acid battery recycling program and the use of recyclable materials in our shipping process. However, recycling auto parts does have certain drawbacks because of costs and CO₂e impacts associated with processing and transportation.

Fortunately, sustainable manufacturing holds the potential to greatly reduce environmental impacts

of auto parts manufacturing while also conserving energy and natural resources. Through this process, parts are designed and created in a way that facilitates efficient remanufacturing after sufficient wear has occurred. In other words, the part may perform in its OEM (Original Equipment Manufacturer) "first life" as well as one or more subsequent lives, without requiring a traditional recycling process.

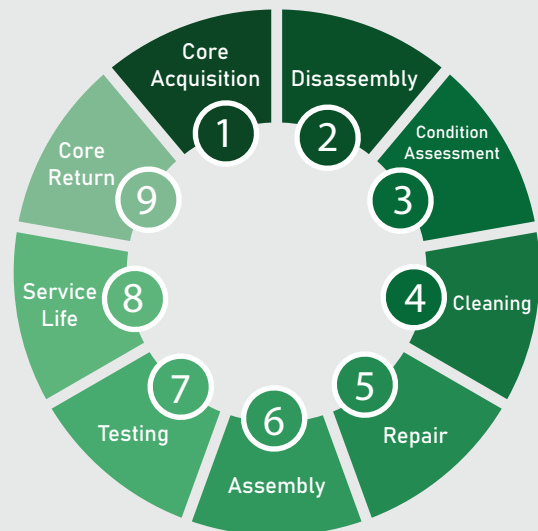
On the next page we can see the contrast between these two models:

Recycling Model vs. Sustainable Manufacturing



Recycling – Key Drawbacks

- More virgin material needed for new product production
- Excess transportation for moving resources
- Usable components wasted, end up in landfill



Sustainable Manufacturing – Key Benefits

- Mitigation of need for new manufacturing
- Minimal core movements
- Minimal additional parts required

Brake Calipers as Environmental Champions

Here is an example of the significant difference a sustainable manufacturing process can make in a common auto part: the brake caliper, used in ***more than a billion vehicles around the world.***

Using a traditional manufacturing process, a cast-iron caliper's construction requires 4.259 kg of virgin cast iron and 0.31 kg of virgin steel. By contrast, a caliper built using sustainable manufacturing techniques requires only 0.581 kg of virgin cast iron and only 0.257 kg of virgin steel. This translates into a profound difference in virgin material use. If we score the traditionally manufactured caliper with a CO₂e Emission Index of 100, it means that the ***sustainably manufactured caliper represents a 78% decrease in CO₂e per caliper.*** (Source: BBB Industries)

Results such as these have prompted Parts Authority to partner with sustainable manufacturing companies such as BBB Industries and many others for whom sustainable manufacturing is a priority.



OUR PEOPLE

Labor Practices

Parts Authority can only achieve its full potential – and supply its customers with high-quality parts – when our team is engaged and firing on all cylinders! Accordingly, we focus on enhancing team member satisfaction, career development and professional growth, which have been core values of the company since its inception.

For this report, we assembled information about our key employee programs, which are designed to create a positive and affirming work environment. Looking forward, we intend to collect and report data on specific metrics such as employee turnover and labor issues.



Our labor practices aim to make Parts Authority a great place to work. Some highlights and targets include:

- Continue to be an equal opportunity employer and assess candidates only based on experience and skills.
- Prohibit all forms of discrimination and harassment during the recruitment phase and after.
- Reduce team member injury by 5% by 2028.
- Reduce lost time cases by 4% by 2028.
- Improve manager/supervisor safety knowledge to address unsafe conditions or behaviors through additional training.
- Provide health and safety training to a majority of team members by 2025.



Labor Practices Statement

This statement forms the basis for our sustainability actions regarding labor rights, human rights and working conditions. It contains the objectives and measures for each of Parts Authority's material issues: health and safety; working environment and social dialogue; career development; anti-discrimination and harassment. This statement is managed by our Human Resources (HR) unit and reviewed annually by the Executive Vice President, Chief Human Resources Officer. The statement affects Parts Authority team members. Our team members will be provided with training and communications regarding the statement.

Compensation and Benefits

To support the wellbeing of our team members, Parts Authority provides competitive pay and benefits consistent with our status as an industry leader. These benefits are available to team members after 60 days of employment:

- Sick leave, safe leave and vacation days
- 6 paid company holidays
- 401K plan (eligibility after 90 days)
- Profit-sharing contributions
- Medical insurance
- Dental plan
- Vision plan
- Flexible spending accounts: Health Care FSA, Dependent Care FSA, Limited-Purpose FSA
- Life insurance
- Long-term disability insurance
- Voluntary coverage options: Critical Illness, Accident Insurance, Hospital Indemnity Plan, ID Theft, Legal Plan, Pet Insurance

We also encourage healthy lifestyles through our Wellness Program, which is being enhanced to include various local and enterprise-wide activities across multiple dimensions of good health. Beyond educational information on financial wellness, we will emphasize activities such as a one-minute stretch, walk and talk meetings and a cookbook of healthy recipes submitted by team members.

Additionally, in early 2022 we launched a new Employee Assistance Program, which offers no-cost confidential assessments, short-term counseling, referrals and follow-up services to team members who have personal or work-related problems.

Training and Development

We provide team members with a range of opportunities to learn, develop and grow in their careers. Among our initiatives are:

➤ **Career Development Portal** (powered by iCIMS): We are in the final stages of constructing an internal Talent Portal geared toward providing team members with the tools to search job opportunities across Parts Authority and showcase their expertise and experience, giving them greater visibility. The portal will also help leaders identify team members who may have the knowledge, skills and abilities for internal job roles we seek to fill.

➤ **Career Development Curriculum:** Development is currently underway on our Career Development Curriculum called “Challenge Yourself and Drive Your Future”. The curriculum is intended to provide team members with information on understanding their role in their own career journey, and is also intended to guide managers in supporting team members throughout the process.

Our People - Health and Safety

Additionally, in 2021 we worked with educational platform Docebo to launch Parts Authority Education, our Learning Management System, which is available to team members. We currently offer 140 courses and 16 custom curriculums to meet the needs of our team. One custom-built course, for example, covers the essentials of automation and robotics, which are poised to play a role in Parts Authority's warehouse operations in the years ahead.

Worker health and safety are paramount at Parts Authority, which is why we strive to create a safer workplace through a multifaceted, nationwide program. Our vision is for every team member to be able to work free of hazards, to return home safely every day, and to avoid preventable accidents and injuries.

Although safety has always been important for our company, we strengthened our commitment to this priority in March 2019 when we appointed the company's first National Safety & Compliance Director. The director has created and implemented a program that strives to address systemic safety risk while also engaging team members in a culture that emphasizes proactive accident mitigation. The program is guided by three principles:

- **To ensure** that there is strong commitment from team members to prevent accidents and injuries before they happen.
- **To manage** accidents properly when they do happen (from timely reporting to full closure) and to return the injured person to full duty or alternative work as quickly as possible.
- **To approach** every aspect of the safety program with a sense of urgency and effective implementation and accountability.

Safety program highlights include: monthly scorecards for locations, which capture metrics related to injuries, accidents, days away and other factors; monthly safety inspections for each branch, and driver-specific training to help reduce preventable accidents on the road.

In the 2021 calendar year, Parts Authority recorded these safety-related results across the company:

- **Safety inspections conducted for over 200 locations**
- **Lost-time workplace accident rate of 6.9** – 213 lost-time workplace accidents and 72 other recordable accidents (in the context of 9.4 million total hours worked in 2021 across the company) based on OSHA calculation using 200,000 hours (100 employees working 40 hours a week for 50 weeks a year). To reduce such injuries, we are implementing a hybrid (computer/in-person) musculoskeletal injury prevention program, with focused training at sites with higher injury rates, as well as a formal return-to-work program.

Our People - Health and Safety

- **10.28 accidents per million miles driven** - We experienced 571 total vehicle accidents in 2021. To help reduce accidents, we are planning a formal defensive driving instruction program and a "lead driver" program, in which a seasoned driver with an excellent record provides three days of coaching to newly hired fleet drivers.



Parts Authority has set the following safety goals for 2028 as part of our overall focus on continuous improvement and employee wellbeing:

[Note: all percentages are calculated proportionally, as relevant, to the total number of team members, hours worked, or miles driven.]

- **Reduce** vehicle accident rate by 5%
- **Reduce** team member injury rate by 4%
- **Reduce** lost time case rate by 4%
- **Improve** manager/ supervisor safety knowledge to address unsafe conditions or behaviors across drivers and warehouse and branch team members
- **Educate** team members on safety policies/procedures
- **Improve** warehouse property risk issues

Managing Risks or Hazards Associated with Chemicals in Products

Parts Authority distributes third-party manufactured auto parts. Any health and safety risks related to the manufacturing of products with hazardous chemicals are not material to our operations.

Still, to manage potential chemical-related risks involving products in our supply chain, Parts Authority primarily sells third-party products from known, regulated (U.S. and/or EU), quality, brand-name manufacturers. Such manufacturers disclose chemical information on product information sheets and they sell products regulated under the U.S. Consumer Product Safety Act.

Parts Authority relies on manufacturers to test, certify and market their products based on applicable laws regarding banned or illegal substances. Additionally, we procure chemical management information, which is updated regularly using a third-party company, 3E/Verisk.

Finally, Parts Authority evaluates locations and relevant activities to ensure proper storage of all chemicals. We provide emergency response equipment such as eye wash stations, first aid kits, absorbent material and other tools and equipment.

COVID-19

As Parts Authority is considered an essential, non-healthcare business (infrastructure) we have remained in operation throughout the pandemic. This mandate and privilege required that we operate in uncharted territory with unpredictable issues, countrywide fear due to COVID-19 knowledge gaps, rapidly changing health guidance, and federal and state regulatory contradictions.

At the beginning of the pandemic, Parts Authority took the following steps prior to any official guidance from federal or state agencies:

- Office personnel were designated to work from home.
- All non-essential travel was halted.
- Changes in sick leave and vacation policies were enacted to account for those who may have gotten sick and also for those who sought to self-isolate as a prophylactic measure.
- Cleaning kits (sanitizing chemicals) were sent to each branch to ensure that they had such tools on hand.
- Information regarding COVID-19 and the company's response was compiled and sent to all team members (a practice that continued, as needed, throughout the pandemic.)
- A COVID-19 team was created, and an email box was established to report all COVID issues or concerns.
- Reporting Protocols were developed for the above.
- A COVID Log was created to track all reports of self-isolation, virus exposure, positive/negative tests, symptoms, etc.
- A general pandemic safety plan was developed.
- A daily COVID call, which brought together the CEO and management members (to director levels), was held for the first few months of the pandemic to address relevant issues.

Once federal and state agencies had provided guidance, we incorporated it into the Parts Authority Business Pandemic Safety Plan. Such guidance included:

- Pre-shift symptom and temperature checks for team members
- Cleaning checklists
- Location virus exposure logs
- Face Covering Policy – including sourcing and supply of face coverings
- Protocols for determining when team members could return to work following exposure or positive tests or COVID symptoms
- Location admission policy and demarcation to comply with social distancing requirements
- Post-exposure facility cleaning and sanitizing by third-party vendors
- Development of specific plans to comply with New York and California guidelines
- Reporting positive cases to local health departments
- Constant updating of all of the above as federal, state and local guidelines evolved

Our People - Employee Engagement, Diversity & Inclusion

Parts Authority's mission is to be both the first choice for auto professionals and an employer of choice for current and prospective team members. Accomplishing these missions requires the contributions of our diverse and valued team members. This is why we appreciate and embrace the range of individual unique characteristics, experiences and other variables that influence personal perspectives and positively impact the workplace.

We are taking action to create an inclusive environment where diverse voices are active in all aspects of our organization. For this report, we are presenting information about key initiatives in this regard. In the future, we plan to collect and report data on specific diversity and inclusion metrics.

Diversity and Inclusion Committee

In June 2020, we created our Diversity and Inclusion (D&I) Committee, in response to an ever-growing need. The committee helps us tap into the unique life perspectives of our team members and prioritize recognizing, respecting and valuing differences among team members.

Committee members are selected through an application process, serve one-year terms and participate in three one-hour meetings per month. Their role is to help Parts Authority develop a strategy and implement initiatives to guide the work of diversity, equity, and inclusion at our company. The committee strives to:

- **Strengthen** team members' perspectives as they relate to diversity and inclusion
- **Seek** team member and leadership feedback regularly
- **Seek** meaningful opportunities for events and community outreach that foster diversity and inclusion
- **Assess** the company's culture and composition to determine strengths, opportunities, and areas for improvement
- **Provide** input on the company's policies and procedures through a diversity and inclusion lens, by working directly with the company's Manager of Education and Diversity & Inclusion, who acts as a resource for information, education and guidance
- **Evaluate** and select appropriate training and development opportunities to guide diversity and foster inclusivity

New Leadership Role: Education, Diversity and Inclusion

In October 2020, we established a new role: Manager of Education, Diversity and Inclusion. We welcomed Jillian Weishaar as our first professional in this role. A seasoned corporate training and education manager, Jillian holds a certificate in Diversity and Inclusion in the Workplace from the ESSEC Business School, and certification in specific areas such as cultural competence, confronting bias and inclusive leadership. She is a member of the Center for Automotive Diversity and Inclusion Advancement DEI (Diversity, Equity and Inclusion) Roundtable.



"Creating space for diversity and inclusion – with the goal of sustainable equity for all – starts with the desire for change and the ability to honestly and objectively assess where you currently stand. This is where Parts Authority gets it right. While we may be early in our journey, there is an innate determination to drive forward and to acknowledge our gaps transparently. I am incredibly proud of how far we have come, knowing that this progress would not be possible without leaders who truly get it."

- Jillian Weishaar

Diversity in Recruitment

We are committed to recruiting and hiring a more diverse applicant pool. One strategy we are pursuing is making our recruiting messages connect with a greater array of prospective team members by avoiding insular or hidebound language and concepts. To broaden the appeal of our recruiting marketing we are working with Textio, a company that provides guidance on expanding the inclusivity of language through augmented writing tools. In essence, their system alerts writers to corporate clichés and jargon that fail to engage a broader range of candidates.

Women at Parts Authority

In addition to recruiting a more diverse pool of team members, we are committed to creating more opportunities for women in the auto parts industry. Next year, we plan to offer additional support for women to grow into management roles through learning opportunities and support groups.



Our 2026 goal, aligned with SDG 5.5, is to reach a gender ratio of 15% in management positions.

Anti-Harassment and Diversity Training

Parts Authority wants team members to work without fear of being harassed or marginalized. This is why we administer an anti-harassment training curriculum through our Learning Management System. Team members in every state participate, even though such training is required in only three of the states in which we operate. Through this training, team members gain an understanding of relevant topics with an emphasis on discrimination, sexual harassment, bystander intervention, diversity and inclusion. More than 1,000 newly hired team members completed this training during fiscal year 2021 and the first quarter of 2022.



Our 2025 goal is to have a majority of our team members complete discrimination and harassment training.

Employee Engagement Survey

In 2021, Parts Authority developed its first company-wide employee engagement survey, which was fielded in early 2022. The survey questions were designed to give team members a way to express their views on how well we provide them with the kind of working experience they expect and deserve. We anticipate that we will report on the survey findings and our subsequent actions in a future report.

Center for Automotive Inclusion and Advancement

Parts Authority is proud to sponsor the Center for Automotive Inclusion and Advancement (CADIA), a national group that aims to create avenues of success for people of all diversity dimensions in automotive by providing professional development opportunities. Jillian attends a monthly roundtable conversation with the goal to advance DEI within the automotive space together. Each month, participants are chosen to lead a discussion on a specific DEI topic. Jillian also has a weekly meeting with a cohort as a part of the CADIA certification process.

His breast cancer diagnosis sparked a personal quest

In 2012, Parts Authority's Gene Kelly discovered a pea-size lump in his breast. It caused no pain so he was inclined to ignore it, but instead decided to get it checked by the doctor. It was the right decision. Gene was diagnosed with breast cancer and over the ensuing months underwent a modified mastectomy, had a dozen lymph nodes removed and received strong chemotherapy and radiation. About nine months after he discovered that tiny lump, Gene had become a breast cancer survivor.

But for Gene, the Florida district manager for Parts Authority, the cancer ordeal has fueled a personal quest to raise the profile of male breast cancer, which too often goes undetected and untreated. He has shared his story in an article and video with the entire Parts Authority community, which is predominately men, offering information that could save their lives.

Gene's willingness to tell his personal story has brought attention to a disease that is rarely associated with men's health. What's more, it brings another dimension to Parts Authority's overall effort to raise awareness of breast cancer and the importance of self-examination. For many years now, and most recently in October 2021, during Breast Cancer Awareness Month, team members in locations across the nation wore pink shirts and took part in events to raise funds and awareness so that someday breast cancer will be a thing of the past – for women and men.





OUR COMMUNITY

We understand that we cannot create a more sustainable business solely by refining our processes or making select investments in better tools. True sustainability demands consideration of a broad community of people – whose lives Parts Authority is committed to enhancing through our work. Among those who bring vibrancy to this community are:

- **Team Members** – who drive success in our sustainability efforts and act as volunteers in a range of organizations
- **Suppliers** – who act as our partners in implementing enlightened, high-value programs
- **Customers** – who act on their commitment to sustainability by taking part in our recycling programs and properly disposing of hazardous waste
- **Local Nonprofits** – who make our towns and cities stronger, drawing on resources such as funding from companies like ours

Sponsorships

Parts Authority not only competes in the aftermarket industry, but we are committed to keeping this industry thriving by cultivating diverse talent. At the national level, we sponsor two organizations that are doing vital work in this regard:

University of the Aftermarket Foundation – For more than 35 years, the foundation has provided funding for aftermarket education programs and research. Its financial support ensures the continued development and distribution of courses in ever-broadening areas. In 2021 alone, the foundation provided more than 400 scholarships and more than \$700,000 in funding to help train America's next generation of automotive professionals.



Women in Auto Care – A community of the Auto Care Association, Women in Auto Care provides opportunities, education and career leadership to women in the auto care industry through conferences, networking, scholarships, education, data, awards and a curated mentorship program that offers women career coaches based on individual goals and experiences.



Ranching and Inspiration to Transform Men's Lives

Substance abuse is a disease that affects many American families in one way or another, and Parts Authority is striving to be part of the cure. In Los Angeles, our team proudly sponsors The Rivers Edge Ranch (RER), which serves adult men who seek to recover from substance abuse. These men – often veterans, parolees or homeless – have been referred to RER by family, friends, churches and community groups. The men must make a one-year commitment to RER's multi-phase approach, which integrates manual labor, animal-assisted therapy, service to others, and faith and mentoring support.



Parts Authority was first introduced to RER by Doug Whiteman, a long-time Parts Authority customer and now the Vice President of RER. When Doug first approached us about sponsoring RER, we initially viewed it mainly as a way to help a good customer. But after five years of involvement with the group, it is now more about helping the men, the people who work with them and the community.



Annually, RER organizes a fund-raising banquet, which Parts Authority has supported as a Gold sponsor, with eight team members in attendance. Those who take part in the event have a great meal, join in fund-raising raffles and auctions, and enjoy entertainment performed by RER members. Most important, they get to meet the men enrolled in the program, to hear their stories and to meet their families. Attendees get to see how the lives of these men and those around them have been changed by RER.

Over the years we have had many different Parts Authority Team Members attend the banquet, all of whom depart with a sense of appreciation, thankfulness and inspiration. We are very proud of RER and Parts Authority's involvement with this highly innovative and effective group.

Our Community

Supporting Sports for Young and Old



Parts Authority is proud to support sports and athletics all across the country. Our local superstores support a number of charity golf events year after year, as well as teams and activities as diverse as high school football teams, junior hockey and even a fishing club. One of our marquee sponsorships is for the New York Islanders hockey team (see photo). We also are proud to sponsor both the New York Mets (see photo) and the New York Yankees. We love having both teams here in our own backyard.



Sally McNulty is a touring car driver who is making big waves in the world of motorsports. She competes across the U.S. in partnership with Honda Performance Development and with sponsorship from Parts Authority. She races Honda's factory-built turnkey Civic Si race cars and is very competitive in the SRO TC America, for which she will fight for the championship in 2022. A first-generation racer who has moved up the professional ranks, Sally hopes to become the first-ever woman to win a TC America race or overall championship on the touring car circuit!

Representative Company Sponsorships

Across the nation, Parts Authority helps to build vibrant communities by providing financial support and volunteer action. Here are just a few of the organizations we support:

- American Cancer Society
- American Heart Association
- Autism Speaks
- Big Brothers of America
- Boy Scouts Of America
- Cancer Walk 2021
- Co/Lab Theater Group
- Kids Kicking Cancer
- Lubavich Yeshiva
- Marines Second Chance Car Show
- Mr. October Foundation
- New York-Presbyterian Hospital
- Northwell Health Foundation
- Relay for Life
- Rescue Mission of Middle GA
- Ronald McDonald House
- The Rivers Edge Ranch
- University of the Aftermarket Foundation
- WMDA Alzheimer's Association
- Women in Auto Care

Business Ethics

Parts Authority embraces the value of Integrity, which is demonstrated in how we conduct business. We strive to ensure that our business is executed in ways that reflect the highest ethical standards and that reduce the risk of corruption, bribery or other unethical activity.

As Parts Authority has grown over the years, both organically and by acquisitions, we've developed a multiplicity of directives, or Standard Operating Procedures (SOPs) for numerous operational functions to ensure safe, honest, responsible, accountable and transparent operations. These SOPs cover everything from the safe way to load and unload merchandise, data entry for incoming products, how to handle returned parts, to how customers are credited for such returns, and much more. The SOPs and the various levels of oversight combined with an experienced Loss Prevention team minimize the opportunity for fraudulent activity by either customers or team members. The SOPs also endeavor to share and promote best practices throughout our company.

Our extensive Team Member Handbook outlines many of our policies and expectations as to the conduct of everyone in Parts Authority. Additionally, we have a comprehensive Managers Handbook that outlines responsibilities and complements the extensive library of SOPs, which is available on the Parts Authority internal website (called PAReps). These resources guide team members in how to handle most conventional activities, as well as unconventional and emergency situations.

Parts Authority distinguishes itself in the marketplace with its anti-poaching philosophy. We don't solicit job candidates employed by our direct competitors. We are proud of the team members who join the Parts Authority family and contribute to our culture of integrity, teamwork, pride and embracing differences.

To formalize existing best practices, we are implementing a Business Ethics and Personal Conduct Policy that details principles and goals regarding business ethics, covering such topics as bribery, corruption, money laundering, conflicts of interest, and others.

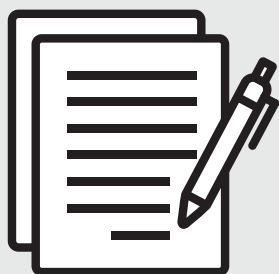


Business Ethics and Personal Conduct Policy

This policy forms the basis for our commitment to ethical business conduct, including: responsible information management; corruption and bribery; anti-competitive behavior, and conflicts of interest. This policy is managed by our HR and Legal departments. The policy affects Parts Authority team members. Our team members will be provided with training and communications regarding the policy.

Data Security

Our technology team plans and executes a range of strategies to identify and address data security risks across the enterprise. Parts Authority maintains a written information security program, which encompasses policies, standards, procedures and guidelines. Taken together, these elements establish operational security controls to govern security for processing, storage and transmission of customer data.



Records Retention Policy

We have created a schedule that describes the length of time that various types of records and documents should be kept. This document provides background on retention periods and lists optional retention periods that Parts Authority has in place. This policy is managed by our legal department and reviewed annually by our General Counsel. The policy affects Parts Authority team members. Our team members will be provided with training and communications regarding the policy.

We define data security as the protection of company, client, partner and customer information through a combination of strategy, technology and professional skill. This data encompasses proprietary and personal information such as, but not exclusively:

- Customer contracts, orders and invoices
- Customer credit information
- Location data
- Supplier information
- Email communications

Our work in pursuing data security encompasses all company processes aimed at protecting our valued customers' data from-

accidental or unlawful destruction, loss, alteration, unauthorized disclosure or access.

We developed our security program using best practices based on industry standard frameworks, including the National Institute of Standards and Technology (NIST) CSF and NIST 800-171; ISO 27001; the Center for Internet Security (CIS) as it relates to procedures, processes, training and awareness and critical technology controls; and SANS CSC. Parts Authority periodically tests the security program's effectiveness by facilitating both internal and external independent assessments.

For this report our Chief Information, Technology & Digital Officer and his team provided the company's data-breach result, as well as the summary below of current and planned data security activities.

- Parts Authority had **zero data breaches** in 2021.
- Parts Authority is currently updating its information technology policies in collaboration with a third-party expert.
- The technology team is enhancing cybersecurity by implementing Laptop File Encryption, Privileged Access Management, Next Generation Firewalls, Multi-Factor Authentication for applications and VPN, and Cloudflare website and DNS Security.

Looking forward, initiatives on the Parts Authority Roadmap include:

- Advanced Endpoint Threat Protection System
- Intrusion Detection/Protection System
- Security and Event Management System
- Security Operations Center
- Threat Intelligence Reporting
- Managed Defense
- Malware Forensics
- Network Forensics
- Advanced Persistent Threat Hunting
- Additional Cyber Security Training

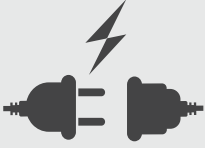






About the Sustainability Report

We are committed to advancing sustainable practices across our organization, and to measuring our progress with rigor and transparency. Our process is aligned with global principles and best practices to help improve our effectiveness and give us meaningful benchmarks as we progress in our program from year to year.

Data gathered and reported here is for fiscal year 2021, with additional qualitative information regarding activities from before this report's publication.

In order to write a replicable and universally understandable sustainability report, we aligned ourselves with the Sustainability Accounting Standards Board (SASB) reporting framework, which is a widely adopted and trusted framework for sustainability reporting. The framework follows the materiality approach, which assesses which areas of ESG are important or material for a company, and provides guidance for the company's reporting approach. To simplify this reporting process, SASB provides the material issues for various industries. As a distributor of auto parts and not a manufacturer, we identify mainly with the 'Multiline and Specialty Retailers & Distribution' industry and partially, where relevant, with the 'Auto Parts' industry, because this industry is material to our suppliers. The SASB-informed material topics are summarized in the SASB Disclosures Index on page 57.

Material Issue	Relevance to Parts Authority
 Energy Management	Energy management and awareness of energy consumption are necessary parts of any company's sustainability agenda. For us, this means addressing the energy consumption of our warehouses, stores and transport infrastructure.
 Data Security	As a distributor of auto parts, we hold large quantities of customer and supplier data. This data must be stored securely to avoid negative consequences of a data breach, so we must practice excellent data and information management.
 Labor Practices	As an employer it is our responsibility to provide team members with acceptable labor practices. This means complying with relevant local laws and regulations.
 Employee Engagement, Diversity & Inclusion	We strive to engage our team members through dialogue and development, and cultivating a culture marked by inclusion, diversity and mutual respect.
 Product Design & Lifecycle Management	As a seller of auto parts, we have the power to sell sustainable products. This means expanding our product selection to include products that are more sustainable, and to offer such products to our customers to help them operate in more sustainable ways.

Material Issue

Relevance to Parts Authority



Waste & Hazardous Materials Management

Waste and materials management is important for every company. Since we sell products and have a significant operational infrastructure, we need to monitor and ensure the safe and correct disposal of waste that we produce.



Product Quality & Safety

Product quality and safety concerns itself with health and safety risks to end users. As a distributor of auto parts, we source our products from reputable vendors known for their robust quality assurance programs, many of which are independently audited and assure that the products we sell are safe for their intended and prescribed use.



Materials Sourcing & Efficiency

This material issue addresses our supply chain. The sources from which we procure products can have a significant environmental and social impact, both for us and for every client who purchases products from us.



Competitive Behavior

We are a company of a considerable size with a commensurate responsibility to conduct business in an ethical manner. We must uphold the pillars of a free market by not engaging in behavior that would give us an unfair advantage.

In addition to applying SASB guidance, we have incorporated the United Nations Sustainable Development Goals (SDGs) into our reporting framework. The SDGs are a set of 17 goals set by the UN in 2015 as part of a 2030 agenda for sustainable development. Similar to the SASB materiality framework, SDGs help us identify goals we can advance, evaluate existing contributions and plan for future enhancements.

For this report, we have identified five SASB-aligned SDGs; the table below demonstrates how they influence each other. We used these five SDGs to help set several sustainability targets in this report, further explained in the following pages.

Material Issue	Multiline & Specialty Retailers & Distribution	Auto Parts	SDG Aligned
Energy Management	✓	✓	11
Data Security	✓		
Labor Practices	✓		8, 9
Employee Engagement, Diversity & Inclusion	✓		5
Product Design & Lifecycle Management	✓	✓	12
Waste & Hazardous Materials Management		✓	11, 12
Product Quality & Safety		✓	9, 12
Materials Sourcing & Efficiency		✓	12
Competitive Behavior		✓	8

United Nations Sustainable Development Goals

Below are the UN Sustainable Development Goals (SDGs) to which Parts Authority is striving to contribute.

Following each SDG are the related steps Parts Authority intends to take.



SDG 5 on gender equality by increasing our percentage of women employed, increasing female representation in our leadership positions, and improving working conditions for women by providing things such as paid maternity leave.

(5.1 End all forms of discrimination against all women and girls everywhere)

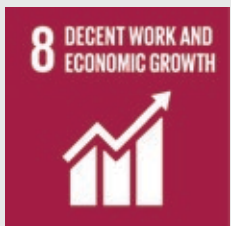
Parts Authority intends to:

- Implement anti-discrimination and anti-harassment training for a majority of team members by 2025.
- Promptly address any report of discrimination or harassment filed and follow up with appropriate and adequate next steps in a timely manner.

(5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life)

Parts Authority intends to:

- Introduce a women's networking and support group by 2025.
- By 2026 offer additional learning opportunities to women in the company to help them grow into management roles.



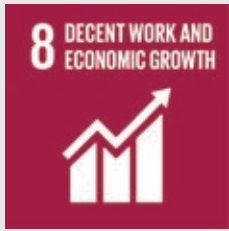
SDG 8 on decent work and economic conditions by improving our overall working conditions and providing employees with fair wages and compensation.

(8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value)

Parts Authority intends to:

- Continue to be an equal opportunity employer and assess candidates only based on experience and skills.
- Prohibit all forms of discrimination and harassment during the recruitment phase and after.

United Nations Sustainable Development Goals



(8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment)

Parts Authority intends to:

- Reduce team member injury by 5% by 2028.
- Reduce lost time cases by 4% by 2028.
- Improve manager/supervisor safety knowledge to address unsafe conditions or behaviors through additional training.
- Provide health and safety training to a majority of team members by 2025.



SDG 9 on industry, innovation, and infrastructure by providing more jobs in the manufacturing sector and increasing R&D in the industrial sector.

(9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending)

Parts Authority intends to:

- Offer training to team members to develop their sector knowledge and their work-related skills.



SDG 11 on sustainable cities and communities by monitoring the products we sell, as we contribute to cleaner air and more sustainable urban life.

(11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management)

Parts Authority intends to:

- Comply with applicable laws and regulations concerning the environment.
- Tracking the amount of waste produced in order to set reduction targets for facilities by 2025.
- Implement a formal, nationwide recycling program concerning paper and cardboard by 2025.

United Nations Sustainable Development Goals



SDG 12 on sustainable consumption and production patterns by improving the quality of our products and making them last longer, thereby reducing the total global material footprint.

(12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse)

Parts Authority intends to:

- Tracking the amount of waste produced in order to set reduction targets for facilities by 2025.
- Implement a formal, nationwide recycling program concerning paper and cardboard by 2025.
- Ensure a majority of our packaging is FSC certified by 2025.
- Reach 20% of recycled-plastic packaging by 2025.
- Contribute to repairs of an estimated 10 million vehicles each year to extend their lifetimes.

(12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle)

Parts Authority intends to:

- Participated in CDP private markets pilot to help establish benchmark for private companies looking to assess climate-specific risks and opportunities.
- Calculate and report on our Scope 1 and 2 emissions by 2024.



KPI Dashboard

We have created a digital dashboard that offers an overview of all of Parts Authority's sustainability key performance indicators. The dashboard contains KPIs (Key Performance Indicators) for each pillar, addressing details for each material issue. This dashboard will help us monitor our sustainability KPIs regularly, as well as track our progress and performance improvements over time. We plan to update this dashboard annually.

The chart below references Sustainability Accounting Standards Board (SASB) indicators for the Multiline and Specialty Retailers & Distributors industry as well as select standards for the Auto Parts industry.

SASB Code	Accounting Metric	Parts Authority Response
Energy Management		
TR-AP-120a.1 CG-MR-130a.1	1. Total energy consumed 2. Percentage grid electricity 3. Percentage renewable	1. Total energy consumed: 533,000 Gigajoules 2. Percentage of total consumed energy accessed via electric grid: 14.4% or 77,000 Gigajoules 3. Parts Authority is reporting information on percent renewable electricity at two of our largest locations: San Bernadino, CA: 30.9% of grid electricity is renewable and Bronx, NY: 5% of grid electricity is renewable.
Data Security		
CG-MR-230a.1	Description of approach to identifying and addressing data security risks	Parts Authority has a written information security program based on industry standard frameworks, including the National Institute of Standards and Technology (NIST) CSF and NIST 800-171; ISO 27001; the Center for Internet Security (CIS).
CG-MR-230a.2	1. Number of data breaches 2. Percentage involving personally identifiable information (PII) 3. Number of customers affected	1. Number of data breaches: 0 2. Percentage involving PII: N/A 3. Number of Customers affected: N/A
Labor Practices		
CG-MR-310a.1	1. Average hourly wage 2. Percentage of in-store employees earning minimum wage	Not reported.
CG-MR-310a.2	1. Voluntary turnover rate for in-store employees 2. Involuntary turnover rate for in-store employees	Not reported.
CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Not reported.

SASB Code	Accounting Metric	Parts Authority Response
Workforce Diversity & Inclusion		
CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for 1. Management and 2. All other employees	Not reported.
CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Not reported.
Product Sourcing, Packaging & Marketing		
CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	Not reported.
CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Since Parts Authority distributes third-party manufactured auto-parts, health and safety risks related to the manufacture of products with hazardous chemicals is not material to our operations. To manage potential risks, we primarily sell products from regulated brand-name manufacturers, review product information sheets, and work with a third-party company to update Safety Data Sheets. More information on page 38.
CG-MR-410a.3	Discussions of strategies to reduce the environmental impact of packaging	Existing and planned strategies include: <ul style="list-style-type: none"> • Use of How2Recycle certified air pillows (2018), which reduces the raw materials needed per pillow by 25% • Adoption of Forest Stewardship Council (FSC) certified, 100% recycled paper in packing process (2020) • Planned introduction of curbside-recyclable mailer, which will reduce annual landfill waste by 9.6 tons More information on page 23.
Product Safety		
TR-AP-250a.1	Number of recalls issued; total units recalled	Parts Authority is not a parts manufacturer and does not issue recalls. However, 14 voluntary recalls were issued by various parts suppliers. More information on page 30.

SASB Code	Accounting Metric	Parts Authority Response
Design for Fuel Efficiency		
TR-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Parts Authority is not reporting this information; however, 26.9% of products sold help to improve fuel efficiency or reduce emissions. More information on page 18.
Materials Sourcing and Efficiency		
TR-AP-440b.1	Percentage of products sold that are recyclable	Almost 1 in 10 products sold by Parts Authority is remanufactured. More information on remanufactured products on page 29.
TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content	Parts Authority does not disclose this. Information on remanufactured products can be found on page 29.
Competitive Behavior		
TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Not reported.

Embracing Technology

One of the most exciting developments at Parts Authority is the launch of a new, state-of-the-art distribution center in Connecticut. This 225,000 square-foot location is equipped with two robotic goods-to-person delivery systems that optimize product put-away, storage and retrieval. These high-tech systems lead to a significantly more efficient throughput. The systems also deliver a more skilled work experience for our team members, who can devote more time to preparing error-free packages for customers. The new distribution center has the latest in LED lighting technology and occupancy sensors, and will be our first location to investigate LEED (Leadership in Energy and Environmental Design) Certification.



Monitors for team member announcements and employee engagement information

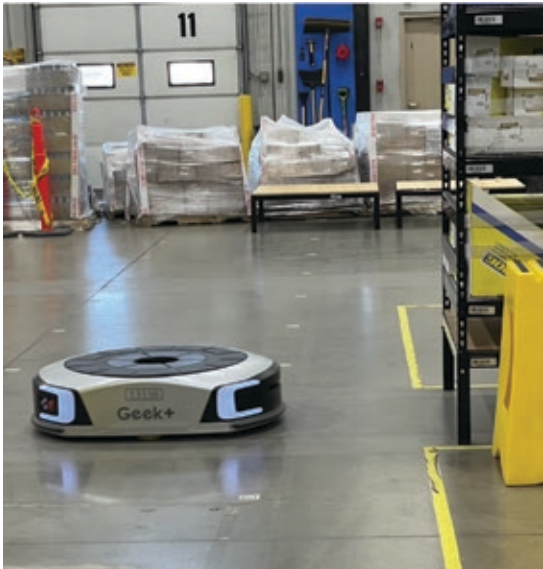


Conventional racking with wire security guidance for forklifts (notice grooves in the floor)

Embracing Technology



Geek+ robots queued up for rack transport



Geek+ robot picking up a rack



Geek+ robot transporting rack

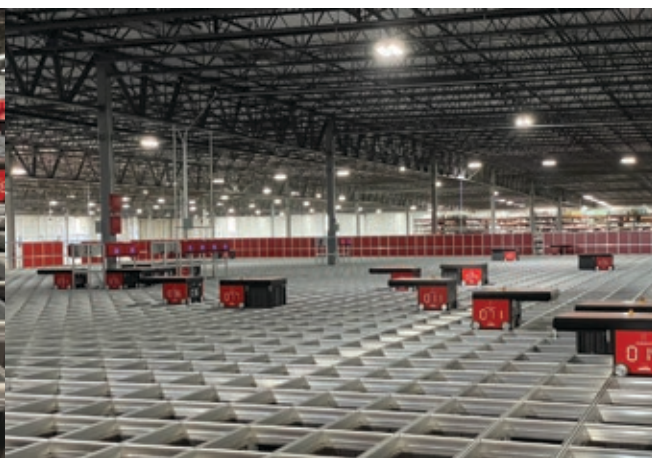
Embracing Technology



Team member demonstrating manipulation of Geek+ robot



Demonstration of safety features of Geek+ robots, which can detect nearby objects and slow down to avoid collisions



Top of AutoStore system with its robots

Conclusion

We hope our inaugural ESG report has given you a glimpse of Parts Authority's approach to sustainability and our company's genuine enthusiasm for integrating ESG concepts into our daily work. For our report team, 2021 gave us an opportunity to spotlight the impressive ESG-related work being initiated and advanced by our team members across the country. It also was a year in which we set the stage for what will be ongoing refinement and improvement in the ESG area.

Our vision going forward is to maintain our momentum by identifying more Key Performance Indicators for various parts of our business and refining our methods for tracking our progress. Part of this work will involve building out from existing platforms, such as making our incandescent-to-LED replacement project even more effective by adding occupancy sensors. Another part will entail establishing policies and instituting training and communications to help stakeholders fulfill their roles as capable ESG stewards. And, of course, we will collect data and stories throughout the year to deliver our second ESG report – one of many more to come – to keep you informed of our progress.

We believe that these efforts will make us a stronger company, a better corporate citizen and a more effective performer in our role as ***The Heart of a Responsible Community.***



Appendices

Appendix A: List of Part types that Parts Authority sells that increase fuel efficiency and/or reduce emissions, including Part category designation number

List of Part types that increase fuel efficiency, including Part category designation	7532 Suspension Control Arm Bushing
	7600 Suspension Strut Mount
6192 Air Filter	52376 Suspension Strut Mount Kit
10328 Air / Fuel Ratio Sensor	56949 Air Suspension Shock
5128 Mass Air Flow Sensor	10933 Suspension Stabilizer Bar Bushing Kit
6072 Fuel Injection Idle Air Control Valve	10922 Suspension Kit
5340 Engine Oil Filter	7504 Suspension Trailing Arm
12138 Engine Oil	7500 Suspension Track Bar
12429 Engine Oil Filter Housing	7596 Suspension Strut Cartridge
5562 Engine Oil Pan	10489 Suspension Control Arm Bushing Kit
4588 Engine Oil Pressure Switch	10400 Steering Tie Rod End Assembly
10434 Automatic Transmission Oil Cooler Hose Assembly	7572 Shock Mount
10396 Engine Oil Pan Gasket Set	7592 Suspension Strut Bellows
2084 Engine Oil Cooler	
2088 Automatic Transmission Oil Cooler	List of Part types that reduce emissions, including Part category designation
5564 Engine Oil Pump	
13795 Engine Oil Pressure Sensor	
10619 Engine Oil Cooler Hose Assembly	5808 Catalytic Converter
5436 Engine Oil Pan Gasket	14724 Catalytic Converter with Integrated Exhaust Manifold
19159 Diesel High Pressure Oil Pump	11127 Exhaust Manifold Heat Exchanger
5132 Oxygen Sensor	15114 Exhaust Manifold Hardware Kit
7212 Spark Plug	19013 Catalytic Converter and Pipe Assembly
7228 Spark Plug Wire Set	4968 EGR Valve
15174 Suspension Strut and Coil Spring Assembly	12040 Evaporative Emissions System Leak Detection Pump
10401 Suspension Control Arm	6268 Fuel Tank
7556 Shock Absorber	5180 Vapor Canister
16658 Steering Tie Rod	5900 Fuel Tank Cap
10070 Suspension Ball Joint	4936 Vapor Canister Purge Valve
7580 Suspension Stabilizer Bar Link Kit	16992 Vapor Canister Vent Solenoid
19837 Suspension Strut	5148 Vapor Canister Purge Solenoid
7584 Suspension Strut Assembly	4436 Fuel Tank Sending Unit
50548 Air Suspension Strut	17130 Fuel Tank and Pump Assembly Combination
16634 Air Suspension Spring	5052 PCV Valve
12719 Air Suspension Compressor	11798 PCV Valve Hose
15108 Air Spring to Coil Spring Conversion Kit	

Appendix B: List of Remanufactured Parts that Parts Authority sells, including Part type designation number

2476 Vehicle Battery	6013 Diesel Fuel Injector Pump
5808 Catalytic Converter	47959 HVAC Control Module
2412 Alternator	19714 Drive Motor Battery Pack
6628 A/C Compressor	15322 Power Brake Booster Vacuum Pump
1704 Disc Brake Caliper	1844 ABS Control Module
4152 Starter Motor	19159 Diesel High Pressure Oil Pump
7388 Rack and Pinion Assembly	18582 Integrated Control Module
7380 Power Steering Pump	14756 Fuel Pump Driver Module
6224 Fuel Injector	2888 Body Control Module
14724 Catalytic Converter with Integrated Exhaust Manifold	16127 Fuel Injector Control Module
5128 Mass Air Flow Sensor	16802 ABS Hydraulic Assembly
6472 Fuel Injection Throttle Body	6132 Fuel Injection Pump
7416 Steering Gear	13652 Transmission Control Module
5764 Turbocharger	11167 Diesel Fuel Injector Nozzle
1884 Power Brake Booster	13835 Diesel Fuel Injector Driver Module
2308 Drive Shaft	10462 Lighting Control Module
1912 ABS Wheel Speed Sensor	2700 Generator
7108 Distributor	58853 Air Brake Disc Brake Caliper
48241 Direct Injection High Pressure Fuel Pump	59836 Powertrain Control Module
1516 Power Window Motor	12955 HVAC Auxiliary Fan Control Module
8824 Windshield Wiper Motor	20542 Power Steering Pump Kit
13629 Electronic Throttle Body Module	14477 Power Steering Control Module
10543 Engine Control Module	11303 HVAC Heater Control Panel
8856 Windshield Wiper Linkage	

Contact



For questions or additional information about our sustainability efforts please contact us at:
ESG@partsauthority.com

The information presented in these materials is believed to be materially correct as at the date hereof, but may not necessarily be complete or accurate and may change at any time without notice. Parts Authority makes no representation or warranty, express or implied, with respect to the accuracy, reasonableness, or completeness of any of the information contained herein. Some of the information and data contained herein has been provided, prepared and/or compiled by third-party sources deemed reliable, but has not necessarily been independently verified, audited, attested or assured by Parts Authority or any third-party. Parts Authority does not accept any responsibility for the content of such information and does not guarantee the accuracy, adequacy, or completeness of such information.

The information presented in these materials includes estimates, projections, and other “forward-looking statements”. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and, in each case, their negative or other various or comparable terminology and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially. We undertake no obligation to update or revise any forward-looking statements, whether because of new information, future events, or otherwise.

Please consider the environment before printing this report. Thank you.